

DATE : May 25, 2016

TO : Supervisor Theodore Lipscomb, Sr., Chairman, County Board of Supervisors

FROM : Scott B. Manske, Comptroller

SUBJECT: **Recommendation for Underwriter Services for the issuance of the 2016 General Airport Revenue Refunding Bonds and options to provide underwriter services during 2017-2019**

### **Background**

In January of 2016, Milwaukee County authorized (File 16-70) the issuance of a not-to exceed amount of \$55 million of General Airport Revenue Refunding Bonds (GARRBs) to refund the balance of the outstanding Airport Revenue Bonds (Series 2005A, Series 2006A, and Series 2007A).

The Resolutions authorized parameters under which the Comptroller is able to approve the sale of the bonds.

In February 2016, the Office of the Comptroller issued a Request for Proposals (RFP) for underwriter services for the County's upcoming GARB issuances (refer to **Exhibit 1** for the RFP). In addition, the RFP included options for the County to use the selected underwriter to facilitate subsequent General Airport Revenue Bond issuances that may occur in 2017-2019.

The scope of services for the senior managing underwriter firms included the following:

- Assisting the County and its financial advisor in developing the optimal plan of finance, including the quantitative analysis needed to support this effort;
- Participating in planning, structuring, and executing the financings contemplated under the plan of finance;  
Assessing market conditions and their impact on the timing of any financings;
- Reviewing all disclosure, sale and other relevant financing documents including the airport consultant feasibility report in conjunction with co-Bond Counsels and the County's financial advisors;

- Assisting in obtaining credit ratings and bond insurance (if necessary), including preparing presentations, and attending and participating in rating agency and bond insurer meetings;
- Managing the marketing and sale of any bonds issued pursuant to the plan of finance;
- Completing all administrative obligations required to properly close the issue(s);
- Attending all required meetings and conference calls.

### **Selection of Underwriters**

The RFP was issued on February 25, 2016 and notice of it was published in the Bond Buyer and the Daily Reporter. The Bond Buyer is the leading publication for bond financings and related information.

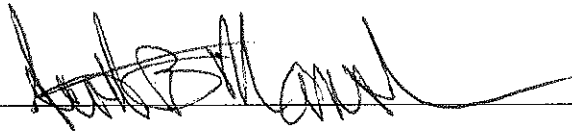
The Office of the Comptroller received nine responses that were reviewed by a panel made up of officials with backgrounds in government finance from both inside the County and other units of government. The recommendation of the firm to serve in an underwriting capacity for Milwaukee County was reached by the RFP selection panel after reviewing and scoring all nine proposals.

Bank of America Merrill Lynch (BofAML) was recommended as the underwriter by the panel. BofAML, finished 2015 as the number one ranked senior manager of municipal debt nationwide and as a top ranked underwriter for airport transactions. BofAML served as senior manager on each and every one of the County's four previous airport transactions.

The County will work with BofAML's Airport Finance Group. Nancy Clawson heads the Airport Finance Group and will be the primary contact for the County. Ms. Clawson served as the lead banker on each of the County's previous four airport financings. Ms. Clawson's experience encompasses analyzing and creating bond indentures, knowledge of the latest aviation legislative changes and rating agency concerns, incorporating the full range of GARB, passenger facility charge and customer facility charge structures into airport capital plans and presenting airport revenue bond credits to the rating agencies for the highest possible ratings. Ms. Clawson's previous experience includes serving as the Chief Financial Officer at the City of Chicago's Department of Aviation, which oversees O'Hare and Midway Airports, and before that as a partner at Chapman and Cutler practicing municipal finance law.

**Recommendation**

The Office of the Comptroller, based on the recommendation of the underwriter review panel, recommends adoption of the attached resolution, which requests that Bank of America Merrill Lynch be retained as underwriter for the 2016 GARB refundings and any potential GARB issuances that occur in 2017-2019. Assuming that the County would issue \$50 million of refunding GARBs, the 2016 estimated cost of issuance for the underwriting is estimated to be \$105,500.



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Scott B. Manske  
Comptroller

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