

COUNTY OF MILWAUKEE  
INTER-OFFICE COMMUNICATION

DATE: December 27, 2023

TO: Supervisor Marcelia Nicholson, Chairwoman, County Board of Supervisors

FROM: Scott B. Manske, Comptroller

SUBJECT: **Initial Authorizing Resolution for the 2024 General Obligation Bond and Note Issuances for Capital Projects**

REQUEST

The Office of the Comptroller is requesting the approval of the attached initial authorizing resolution for the issuance of a not-to-exceed amount of \$247,765,000 of general obligation bonds or notes to finance capital projects. The resolution also authorizes the reimbursement of expenses related to projects that occur prior to the issuance of the bonds or notes.

BACKGROUND

The 2024 bonds or notes will finance projects contained in the 2024 Capital Improvements Budget<sup>1</sup> (“2024 Budget”) and other projects that have been approved, but not yet financed.

2024 Capital Improvements Budget<sup>2</sup>

The 2024 Budget included \$53,550,497 of budgeted bond/note proceeds to finance various capital improvement projects. After the approval of the budget, County Board Resolution 23-919 was approved that advanced \$9,248,410 bond financed appropriations from 2025 into 2024. The table below provides a summary of the not-to exceed amount.

*Table 1: Not-to-Exceed Amount Summary*

2024 Adopted Capital Project Financings	\$62,798,907
Previously Approved Projects	\$173,878,534
Inflationary Factor/Contingency	\$7,100,000
Cost of Issuance, Underwriter's Discount, Rounding	\$3,987,559
Total Not-to-Exceed Amount	\$247,765,000

1 2024 Capital Improvements Budget Summary is attached.

2 The 2024 Adopted Capital Project Financings includes \$9,248,410 of bonds approved in County Board Resolution 23-919

Although the total not-to-exceed amount is \$247,765,000 it is likely that the actual amount will be significantly less. Based on previous experience, some of the projects adopted in 2024 and previously adopted projects will be financed in future years. The Office of the Comptroller will continue to monitor ongoing projects and refine the size and the structure of the financings during the drafting of the parameters resolutions and immediately prior to the sales of the bonds and notes.

**Initial Authorizing Resolutions Not to Exceed \$247,765,000**

The Office of the Comptroller has prepared estimated debt service schedules for the issuance of a not-to-exceed amount of \$247,765,000 in bonds/notes. The amount is the sum of the 2024 Capital Improvements Projects (\$62,798,907) previously approved projects that may be included in the 2024 financings (\$173,878,534), an inflationary factor (\$7,100,000), and Underwriter's Discount/Cost of Issuance (\$3,987,559). The estimated gross debt service from the not-to-exceed schedules is \$352,542,000 which includes \$104,777,000 of interest costs.

The Office of the Comptroller anticipates issuing separate series of bonds for corporate purpose bonds (long-term), promissory notes (short-term/equipment), promissory notes (transit), promissory notes (taxable), a stand-alone bond issue for the Forensic Science Center, a stand-alone issue for the Highway North Shop, and a stand-alone issue for the new Milwaukee Public Museum building. The Office of the Comptroller will request approval of separate parameters resolutions prior to the issuance of the bonds/notes. These resolutions will provide the Office of the Comptroller with the authority to complete those transactions.

Table 2, on page three of the report, includes a list of the various components of the not-to-exceed amount of \$247,765,000.

## Authorizing Resolutions for 2024 Debt Issuances for Capital Projects

Page | 3

Table 2: Projects Included in the Not-to-Exceed Amount

Project Number	Description	2024 Bond/Note Amount
2024 Budget		\$62,798,907
<u>Previously Approved Projects</u>		
WC020901	Forensic Science Center - Phase 2	\$77,107,104
WM012301	New MPM Building	\$45,000,000
WH024201	North Shop Improvements	\$15,000,000
WP032001	North Point Parking Lot	\$5,496,534
WY045606	New DHHS Admin Coggs Building	\$4,649,886
WT015401	Bus Replacement - 30 Clean Diesel	\$3,645,000
WP037201	McKinley Park Flushing Channel	\$2,895,441
WT014801	FDL Garage Fire Alarm and Sprinkler System Repl	\$2,565,721
WC006201	CJF - Building Roof Replacement	\$2,049,500
WZ011901	Zoo Adventure Africa-Elephants Exhibit	\$2,020,036
WC027001	CJF Elevator Modernization	\$1,730,130
WP071301	KK Parkway 43rd to 51st	\$1,553,120
WZ017601	Zoo Aviary Air Conditioning	\$1,546,900
WJ011301	Disaster Recovery Back Up Power	\$1,452,627
WP069501	Washington Park Bridge Replacements	\$1,254,698
WV004301	Oakwood Liftstation Upgrade	\$1,010,963
WP056901	New Service Bldg & Srvs Yard - Washington Park	\$773,883
WU020103	Phased Electrical Services (2023)	\$762,181
WP005046	Lincoln Park Baseball Lighting	\$595,104
WP073201	South Shore Playground	\$593,605
WH026301	W. Beloit Rd. (CTH T)-S. 108th St. to W. Oklahoma Ave.	\$350,000
WP072501	Vogel Playground Replacement - Construction	\$278,737
WT015501	FDL Bus Storage and Garage Ventilation and Exhaust	\$271,420
WP070701	Old Loomis Road Reconstruction	\$170,000
WP051701	Noyes Park Hard Surfaces – Road, Parking Lot &	\$152,120
WH011101	W Forest Home Ave (CTHOO)-Hi-View Dr to S N Cape	\$150,000
WS013101	McGovern Senior Center Roof Replacement - Design	\$150,000
WP056601	Dretzka Park Eliminate High Voltage - Design	\$144,009
WH026501	W. College Ave. (CTH ZZ)-S. 26th St. to W. Howell Ave.	\$100,000
WH011701	Signals CTH PP (Good Hope Rd) 99th St. & 60th S	\$85,495
WH026701	W. Silver Spring Dr (CTH EE)-N. 124th St. to W. Appleton	\$80,000
WH026801	S. 76th St. (CTH U)-W. Layton Ave. to W. Howard Ave.	\$80,000
WH026601	W. Forest Home Ave. (CTH OO)-W. Speedway Dr. to S.	\$70,000
WS014301	Sr Center-Back Up Power Generators	\$64,320
WH025701	Signal at College Ave & 20th St Intersection	\$20,000
WH011801	Signals CTH PP (Good Hope Rd)-CTH W (Prt Wsh Rd)	\$10,000
	Financing for Previously Approved Projects	\$173,878,534
	Inflationary Factor	\$7,100,000
	Cost of Issuance, Underwriter's Discount, Rounding	\$3,987,559
	<b>Total Not-to-Exceed</b>	<b>\$247,765,000</b>

## **DEBT ISSUANCE CONDITIONS**

Wisconsin State Statute Section 67.045 outlines the conditions under which a county may issue debt. To comply with the referenced State Statute, approval of the attached initial authorizing resolution will require a  $\frac{3}{4}$  vote (14 votes) of the County Board of Supervisors.

The authorizing resolutions for the bonds and notes include an initial resolution and a resolution directing publication of notices to the electors. The authorizing resolutions also permit the County to reimburse itself for any expenditures made prior to the issuances. Each of the items in the resolution requires Finance Committee and County Board approval.

### **U.S. Treasury Regulation Compliance**

U.S. Treasury Regulation Section 1.150-2 describes the conditions under which the County may expend County funds on a project currently and later reimburse itself with bond proceeds. The first step in providing for such reimbursement to occur is an expression of intent by the County to reimburse itself for expenditures incurred prior to issuing the bonds. Therefore, the attached resolution expresses that intent.

Expressing this intent will allow the County to reimburse itself for expenditures incurred as long as the expenditures comply with IRS rules summarized below:

- No expenditure made 60 days prior to the date of the adoption of the reimbursement resolution can be reimbursed with bond proceeds (other than architectural and engineering fees and similar costs).
- Bonds must be issued within 18 months of the later of:
  - The first date that a reimbursed expenditure is made.
  - The placed-in-service date of the project for which the reimbursed expenditure was made (or the date of abandonment of the project for which the reimbursed expenditure was made).
- Bonds must be issued within three years of the date of the first reimbursed expenditure in any event.

**RECOMMENDATION**

The Office of the Comptroller requests that the Finance Committee approve and recommend the attached resolution. The resolution authorizes the issuance of a not-to-exceed amount of \$247,765,000 of bonds and notes. The resolution also authorizes the reimbursement of expenses related to projects that occur prior to the issuance of the bonds and notes.

The Comptroller will submit subsequent resolutions prior to the sales that will provide parameters for the issuances, delegate approval of the sales of the bonds/notes and authorize an administrative transfer to pay costs associated with the debt issuances. The subsequent resolutions will also delegate the bid opening and approval of the winning bidder for the sales of the issuances to the Comptroller. The Comptroller's approval will be limited to sale results that fall within the parameters outlined in the resolutions.

Scott B. Manske

Scott B. Manske  
Comptroller

cc: David Crowley, County Executive  
Supervisor Liz Sumner Chairwoman, Finance Committee  
Mary Jo Meyers, Chief of Staff  
Kelly Bablitch, Chief of Staff, County Board  
Pamela Bryant, Capital Finance Manager  
Justin Rodriguez, Capital Projects Manager  
Vince Masterson, Capital Budget Manager  
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