

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE : February 18, 2013

TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM : Scott Manske, Comptroller

SUBJECT: **Recommendation for Underwriter Services for the issuance of the General Airport Revenue Bonds during 2013 and 2014**

Background

In January of 2013, Milwaukee County authorized the issuance of a not-to exceed amount of \$60 million of General Airport Revenue Bonds (GARBs) to finance various airport capital improvement projects included in the 2011-2013 Capital Improvements Budgets and authorized the issuance of a not-to exceed amount of \$3.5 million of General Airport Revenue Refunding Bonds. The Comptroller was delegated the power to execute the sale of the bonds subject to the limitations in the two resolutions.

In January 2013, the Office of the Comptroller issued a Request for Proposals (RFP) for underwriter services for GARBs that could be issued during 2013 and 2014 (refer to **Exhibit 1** for the RFP). The purpose of the RFP was to solicit information from qualified firms concerning the issuance GARBs.

It should be noted that no cost will be incurred by the County if it decides not to pursue the issuance of GARBs. Any costs for underwriter services for work performed by them will be their responsibility if the County decides not to move forward.

While the County anticipates utilizing more than one underwriter (refer to Selection of Underwriters section below for actual recommendations), 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 in

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conjunction with Bond Counsel and the County's financial advisors;

- Assisting in obtaining credit ratings, including preparing presentations, and attending and participating in rating agency 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;
- At the County's option, utilize the selected underwriting team to provide assistance with the refunding other outstanding bond issues;

Selection of Underwriters

The RFP was issued on January 4, 2013 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 15 responses that were reviewed by a panel that consisted of a representative from the Public Policy Forum, the Village of Greendale, and Milwaukee County (Department of Administrative Services-Fiscal Affairs, Department of Transportation-Airport, and County Board). The recommendation of the firms to serve in an underwriting capacity for Milwaukee County was reached by the RFP selection panel after reviewing and ranking all 15 proposals.

Bank of America Merrill Lynch (BofAML) was recommended as the lead book-running underwriter by the panel. BofAML, is one of the world's leading wealth management, capital markets, and advisory firms with offices in 40 countries and U.S. Territories with total client assets of \$1.5 trillion. The firm's Municipal Markets Group is part of the firm's Global Markets and Investment Banking Group.

The Municipal Markets Group (MMG) is a leading franchise of over 280 professionals in public finance banking, capital markets, underwriting, sales and trading. The MMG is headquartered in New York City with 16 regional offices, including Chicago. The firm's airport group ranked #1 nationally in 2012 having senior managed 13 negotiated and competitive issues for a total par amount over \$2.7 billion. The firm was the senior manager of the County's 2009 and 2010 GARBs.

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Siebert Brandford Shank & Company, LLC (Siebert) was selected as a co-senior managing underwriter. Siebert is a full-service municipal finance firm headquartered in New York, New York with offices strategically located throughout the country. Siebert is certified as a Minority Business Enterprise with the Wisconsin Department of Administration, but they are not certified as a Disadvantaged Business Enterprise by the County. Siebert served as a co-managing underwriter on the County's 2009 and 2010 GARBs.

Underwriter's Counsel

The underwriter's counsel prepares the legal documents for the underwriter and therefore represents the underwriter. As lead underwriter, BofAML will select the lead underwriter's counsel, with approval by the County.

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 lead book-running underwriter for GARB issuances that occur in 2013 and 2014. The Office of the Comptroller also recommends that Siebert Brandford Shank & Company be retained as the co-senior managing underwriter. Assuming that the County would issue \$63.5 million of GARBs, the 2013 estimated cost of issuance for the underwriting syndicate will be no higher than \$215,456.



Scott Manske
Comptroller

Attachments

pc: Chris Abele, County Executive
Willie Johnson, Jr., Co-Chair, Finance, Personnel and Audit Committee
David Cullen, Co-Chair, Finance, Personnel and Audit Committee
Amber Moreen, Chief of Staff, County Executive's Office
Kelly Bablitch, Chief of Staff, County Board
Craig Kammholz, Fiscal and Budget Administrator, DAS – Fiscal
Pamela Bryant, Capital Finance Manager, Comptroller's Office
Justin Rodriguez, Capital Finance Analyst, Comptroller's Office
Stephen Cady, Fiscal and Budget Analyst, County Board
Vince Masterson, Strategic Asset Coordinator, DAS – Fiscal
Chuck Jarik, Chapman and Cutler
Emile Banks, Emile Banks and Associates
Leticia Peralta Davis, Peralta and Garcia
David Anderson, Public Financial Management

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