

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 06/28/18

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Authorizing/Parameters Resolution for the 2018 Taxable General Obligation Refunding Bonds

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input checked="" type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	See Explanation	See Explanation
	Revenue		
	Net Cost		
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
 - B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
 - C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
 - D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
- A. The Office of the Comptroller is requesting the approval of the attached authorizing resolution and parameters resolutions for the issuance of a not-to-exceed amount of \$7,500,000 of Taxable Corporate Purpose Refunding Bonds to refund the portions of the outstanding debt for improvements made to the Marcus Center for the Performing Arts (MCPA) is listed in Table 1.

Table 1 Outstanding Marcus Center Improvement Debt by Series

Debt Issuance	Final Maturity	Par Amount
Series 2009F Notes	8/1/2019	\$ 90,000.00
Series 2010D Notes	10/1/2020	\$ 195,000.00
Series 2012 Refunding Bonds	12/1/2020	\$ 110,000.00
Series 2013A Bonds	9/1/2023	\$ 1,720,000.00
Series 2015B Refunding Bonds	10/1/2021	\$ 15,000.00
Series 2016C Notes	9/1/2021	\$ 1,830,000.00
Series 2016E Refunding Bonds	12/1/2022	\$ 100,000.00
Series 2017D Notes	9/1/2020	\$ 2,785,000.00

The attached resolution authorizes the issuance of the bonds and provides parameters for the issuance and delegates approval of the sale of the bonds to the Comptroller. The Comptroller's approval is limited to results of the sale that fall within parameters outlined in the resolution.

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

- B. The refunding of the portions of the outstanding tax-exempt related to improvements at the MCPA is being financed through the issuance of taxable corporate purpose bonds. The estimated difference between the current actual tax exempt debt service expenses related to the MCPA capital improvements and the estimated debt service costs for the 2018 Taxable Refunding Bonds is approximately \$500,000 and is included in Table 2.

Table 2: Estimated Additional Costs from the Refunding

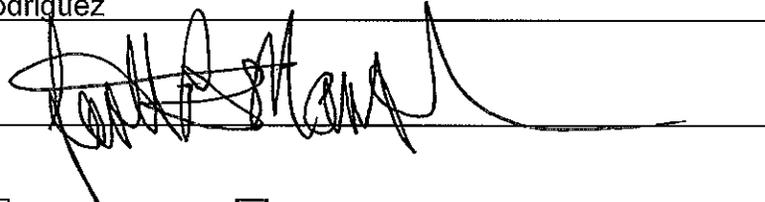
Year	Refunded/Prior Debt Service	Refunding Debt Service	Additional Debt Service after Taxable Refunding
2019	2,272,650	2,368,699	96,049
2020	2,425,450	2,616,459	191,009
2021	693,250	759,405	66,155
2022	155,600	183,676	28,076
2023	1,771,600	1,884,860	113,260
Total	\$7,318,550	\$7,813,099	\$494,549

These additional costs are considered to be unexpected costs of the Lease transaction. The MCPA has agreed to cover half of the actual additional costs, which are currently estimated to be \$250,000, by reducing the 2026 capital contribution due from the County to the MCPA pursuant to the 2016 Contribution Agreement. It is anticipated that a separate file will be submitted to the County Board that will request approval to effectuate the sharing of the additional costs. The Lease agreement will not be executed until the cost sharing has been approved. The Lease agreement will not be executed until the cost sharing has been approved.

- C. There is no 2018 budgetary impact. The 2019 budgetary impact from the taxable refunding is approximately \$100,000 of additional debt service expenses.
- D. The not-to-exceed amount will be \$7,500,000. The costs of issuance is estimated to be \$145,000. The rates used for the schedules were based on current market conditions plus 25 basis points. Although there are outstanding Series 2011A General Obligation Refunding Bonds and Series 2010B General Obligation Promissory Notes that have in part financed capital improvements to the MCPA, they are not being refunded since the final maturities for these bonds/notes are on October 1, 2018.

Department/Prepared By Justin Rodriguez

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review? Yes No Not Required

