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From the Milwaukee County Comptroller, Office of the Comptroller, requesting authorization to process a 2017 administrative appropriation transfer in the amount of \$2,519,879 to realize proceeds from the sale of the former Midwest Hangar and provide expenditure authority for the prepayment of the 2016 Taxable General Obligation Promissory Note, by recommending adoption of the following:

A RESOLUTION

WHEREAS, a 2017 appropriation transfer of \$2,519,879 is requested by the Office of the Comptroller to realize proceeds from the sale of the former Midwest Hangar and provide expenditure authority for the prepayment of the 2016 Taxable General Obligation Promissory Note (Note); and

WHEREAS, in October 2003, Milwaukee County (the County) entered into a Credit Assistance Agreement with Midwest and Skyway Airlines (County Board Resolution 03-265 (a) (a)); and

WHEREAS, the letters of credit guaranteed payment on two industrial revenue development bonds (IDRBs) issued by the City of Milwaukee for Midwest and Skyway Airlines to build hangars; and

WHEREAS, the Credit Assistance Agreement required the County to be the guarantor of letters of credit issued by US Bank, for the account of Midwest and Skyway Airlines; and

WHEREAS, the County guarantee was supported by a mortgage on two hangars owned by Midwest and Skyway Airlines, and trust reserve funds; and

WHEREAS, in February 2016, Republic Airways, which purchased Midwest's and Skyway Airline's stock from a private equity company, filed for Chapter 11 reorganization and subsequent to the reorganization, the trust funds were used to pay eligible expenses related to the IDRBs; and

WHEREAS, in July 2016, the County issued a \$7,660,000 Note to finance the County's responsibilities under the 2003 Standby Reimbursement Agreement, which was net of the State/Racine County Trust; and

WHEREAS, in August 2016, the County made a prepayment of approximately \$1.2 million from the Midwest Trust; and

WHEREAS, in December 2017, the County closed on the sale of the former Midwest Hangar (555 West Air Cargo Way) that served as the County's collateral on the IDRBs; and

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WHEREAS, on December 28, 2017, the Office of the Comptroller paid on the balance of the Note (\$2,519,878.82); and

WHEREAS, the \$7,294,275 that was received is greater than the amount required to pay off the Note; and

WHEREAS, the County is revisiting the original 2003 Credit Assistance Agreement to determine the status of the remaining funds from the sale and the costs incurred by the County; and

WHEREAS, parties to the original agreement, included Racine County, the Wisconsin Economic Development Corporation (WEDC), and Midwest Airlines; and

WHEREAS, the trust funds established with contributions from the WEDC and Racine County through a Wisconsin Community Development Block Grant were fully utilized in 2016 to pay eligible expenses and principal related to the IDRBs; and

WHEREAS, a final recommendation will be provided subsequent to the fiscal review; and

WHEREAS, the Committee on Finance and Audit, at its meeting of January 25, 2018, recommended adoption of File No. 18-144 (vote 6-0); now, therefore,

BE IT RESOLVED, the Office of the Comptroller is authorized and directed to process a 2017 administrative appropriation transfer to realize \$2,519,879 of proceeds from the sale of the former Midwest Hangar and to establish \$2,519,879 for the prepayment of the 2016 Taxable General Obligation Promissory Note.

jmj
01/25/18
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