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From the Milwaukee County Comptroller, Office of the Comptroller, and the Director, Office of Performance, Strategy and Budget, Department of Administrative Services, requesting authorization to: reallocate approximately \$3.7 million in unspent bond proceeds from the Debt Service Reserve; and to process the associated administrative appropriation transfers to pay interest expenses, apply towards bond refundings, and allocate towards various approved capital projects, by recommending adoption of the following:

A REVISED RESOLUTION

WHEREAS, in April 2018, the Office of the Comptroller and the Office of Performance, Strategy, and Budget, Department of Administrative Services, submitted a report to the Milwaukee County Board of Supervisors and the County Executive (File No. 18-311) that requested authorization to lapse certain capital expenditures and revenues from 2017 to 2018; and

WHEREAS, the report indicated that there was approximately \$3.7 million of unspent bond proceeds that were being lapsed to the Debt Service Reserve; and

WHEREAS, the reallocation of bonds would be done to apply bonds towards debt refundings, pay interest expenses, or to finance projects that would be able to spend the proceeds in a timely fashion; and

WHEREAS, in most cases, this would mean that only ongoing projects would be considered; and

WHEREAS, other factors such as capitalization and private activity also limit which projects are considered; and

WHEREAS, the Internal Revenue Service (IRS) regulations dictate the expenditure of bond proceeds within three years; and

WHEREAS, if the bond proceeds have not been expended within three years, according to Quarles and Brady (Milwaukee County’s Bond Counsel), the IRS expectation is that Milwaukee County (the County) will proceed or demonstrate a consistent pattern of spending to reflect a commitment to implementing the projects; and

WHEREAS, bonds that were issued prior to 2015 that have not been spent are currently out of compliance with IRS expenditure rules; and

WHEREAS, bonds issued in 2015 will not be in compliance by the end of the year; and

47 WHEREAS, the approximately \$3.7 million in unspent bonds includes \$286,039
48 of Build America Bond (BAB) proceeds; and
49

50 WHEREAS, on April 11, 2018, the IRS published Revenue Procedure 2018-26
51 which, among other things, provides authority for the County to use unspent proceeds
52 of its BABs issues to defease or redeem bonds of such issue; and
53

54 WHEREAS, this new authority allows the County to use unspent proceeds of its
55 BAB issues to reduce the amount of refunding bonds the County would otherwise issue
56 to refund its BAB issues that can be redeemed in 2018; and
57

58 WHEREAS, the \$286,039 of unspent BABs includes \$4,140 of Series 2010A
59 BABs that are being refunded in 2018, and \$281,899 of Series 2010C BABs that are
60 anticipated to be refunded in 2019; and
61

62 WHEREAS, the Committee on Finance and Audit, at its meeting of June 14,
63 2018, recommended adoption of File No. 18-398 (vote 6-0); now, therefore,
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65 BE IT RESOLVED, the Office of the Comptroller and the Office of Performance,
66 Strategy, and Budget, Department of Administrative Services (PSB-DAS), are
67 authorized and directed to transfer approximately \$3.7 million of unspent bonds from the
68 Debt Service Reserve; and

69 BE IT FURTHER RESOLVED, the Office of the Comptroller and the PSB-DAS
70 are authorized and directed to transfer \$769,191 of unspent bonds from the Debt
71 Service Reserve to Org. Unit 9960 Debt Service to pay interest costs; and
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73 BE IT FURTHER RESOLVED, the Office of the Comptroller and the PSB-DAS
74 are authorized and directed to transfer \$769,191 of levy financed expenditure authority
75 within Org. Unit 9960 Debt Service to apply the funds towards the 2018 Refunding
76 Issuance; and
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78 BE IT FURTHER RESOLVED, the Office of the Comptroller and the PSB-DAS
79 are authorized and directed to transfer \$4,140 of unspent Series 2010A Build America
80 Bonds towards the 2018 Refunding and \$281,899 of unspent Series 2010C BABs
81 towards the anticipated 2019 Refunding; and
82

83 BE IT FURTHER RESOLVED, the Office of the Comptroller and the PSB-DAS
84 are authorized directed to transfer \$2,582,471 of unspent bonds from the Debt Service
85 Reserve to the following previously adopted capital projects in order to reduce the size
86 of future bond issuances:
87

- 88 • Project WC154 Criminal Justice Facility Elevators #1 and #2 (\$794,420)
- 89 • Project WT077 Transit FDL Roof (\$502,468)
- 90 • Project WO175 Fleet Central Garage Roof (\$500,000), WP532 Holler Park
91 Playground (\$275,000)

- 92 • Project WO890 Marcus Center Stage Lifts (\$196,063)
- 93 • Project WP531 Garden Homes Playground PIP (\$120,000)
- 94 • Project WP544 McCarty Park Electrical Infrastructure (\$118,574)
- 95 • Project WC059 Courthouse Main Feeder Replacement (\$55,674)
- 96 • Project WO313 House of Correction Fleet Equipment (\$20,272)

97
98 ; and

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100 BE IT FURTHER RESOLVED, the Office of the Comptroller and the PSB-DAS
101 are authorized and directed to transfer \$35,000 in unspent bonds from the Debt Service
102 Reserve to increase the expenditure authority for Project WP323 Menomonee River
103 Streambank; and

104
105 BE IT FURTHER RESOLVED, if activity changes the dollar amounts prior to a
106 transfer being processed after final board adoption, an amount as close as possible to
107 the current unspent amount as possible will be transferred.

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