

11-2-17 FINANCE AND AUDIT COMMITTEE APPROPRIATION TRANSFERS
 C DEPARTMENTAL RECEIPT OF REVENUE

Action Required
 Finance and Audit Committee
 County Board (2/3 Vote)

WHEREAS, department requests for transfers within their own accounts have been received by the Department of Administrative Services, Office of Performance, Strategy and Budget, and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2017 appropriations of the respective listed departments:

| 1) | <u>From</u> | <u>To</u> |
|--|-------------|-------------|
| <u>9960 General County Debt Service</u> | | |
| 8021 – Pre-Pay 2016 Taxable GO Promissory Note | | \$3,993,550 |
| 4905 – Former Skyway Hangar Proceeds | \$3,993,550 | |

An appropriation transfer of \$3,993,550 is requested by the Office of the Comptroller to realize proceeds from the sale of the former Skyway Hangar and to provide expenditure authority for the prepayment of the 2016 Taxable General Obligation Promissory Note (Note).

In October 2003, Milwaukee County entered into a Credit Assistance Agreement with Midwest and Skyway Airlines (County Board Resolution 03-265 (a) (a)). The letters of credit guaranteed payment on two industrial revenue development bonds (IDRBs) issued by the City of Milwaukee for Midwest and Skyway to build hangars. The Credit Assistance Agreement required Milwaukee County to be the guarantor of letters of credit issued by US Bank, for the account of Midwest and Skyway. The County guarantee was supported by a mortgage on two hangars owned by Midwest and Skyway, and a trust reserve fund. The trust fund was originally established with a contribution of \$4.0 from the State Department of Commerce (now Wisconsin Economic Development Corporation) and Racine County through a Wisconsin Community Development Block Grant. In addition, Midwest deposited \$900,000 of its own funds into the trust.

In February 2016, Republic Airways, which purchased Midwest’s and Skyway’s stock from a private equity company, filed for Chapter 11 reorganization. Subsequent to the reorganization, the trust funds were used to pay eligible expenses related to the IDRBs.

In July 2016, the County issued a \$7,660,000 Note to finance the County’s responsibilities under the 2003 Standby Reimbursement Agreement. In August 2016, the County made a prepayment of approximately \$1.2 million.

Since 2016, the County has been trying to sell the former Skway Hangar that served as the County’s collateral on the IDRBs. In September 2017, the County closed on the sale of the former Skyway Hangar with Avflight Milwaukee Corporation. The sale price, net of closing fees and adjustments is \$3,993,549.76.

On September 15, 2017, the County made a prepayment of \$3,993,549.76 on the outstanding Note. This appropriation transfer will realign the expenditure and revenue accounts within Org. Unit 9960 General County Debt Service to reflect the receipt of the hangar proceeds and the prepayment on the Note.

The current balance of the Note is approximately \$2.5 million and matures in August 2018.

This fund transfer has no tax levy impact.

TRANSFERS SIGNED BY THE COUNTY EXECUTIVE SEPTEMBER 28, 2017.