

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 01/09/15

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Corporate Purpose and Qualified Energy Conservation Bond Resolutions

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 checked="" 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	See Explanation	See Explanation
	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.
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- A. The Office of the Comptroller is requesting approval of the attached initial authorizing resolutions and parameters resolutions for the issuance of a not-to-exceed amount of \$53.6 million of Corporate Purpose Bonds and a not-to-exceed amount of \$5.5 million of Qualified Energy Conservation Bonds (QECBs) to finance various capital improvement projects. The attached bond resolutions authorize the issuance of the bonds and provides parameters for the issuance and delegate approvals of the sales of the bonds to the Comptroller. The Comptroller's approval is limited to results of the sales that fall within parameters outlined in the resolutions. The resolutions also delegate the bid openings for the sales of the bonds and the approvals of the winning bidders to the Comptroller's Office.
 - B. The estimated debt service costs for the Corporate Purpose Bonds is \$69,915,844, with \$16,315,844 in interest. The financing is spread over a 15-year term, starting in 2016. The parameters for the financing would consist of the following: maximum true interest cost (TIC) of 4.0 percent, 10-year call provision (the 10-year call provision indicates that the County will be able to refund the new bonds prior to maturity. However, the parameters resolution provides that the call provision will be determined by the Comptroller at the time of sale.) and minimum purchase price of 99 percent of the par amount of the bonds

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.

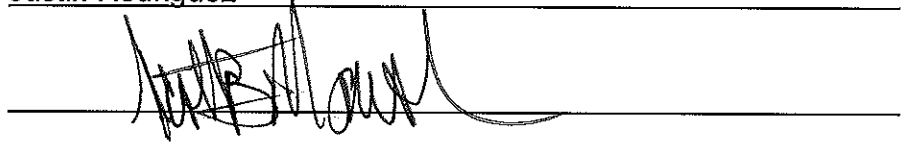
² Community Business Development Partners' review is required on all professional service and public work construction contracts.

The estimated gross debt service costs for the QECBs is \$6,331,233, with \$831,233 in interest. The financing is spread over a 10-year term, starting in 2016. The parameters for the financing would consist of the following: maximum true interest cost (TIC) will not be in excess of the applicable credit rate as of the date of the sale as determined by the Secretary of the Treasury and published by the Bureau of Public Debt, as required by the Resolution and minimum purchase price of 99 percent of the par amount of the bonds.

- C. An administrative transfer will be submitted to the Department of Administrative Services to adjust the Debt Service budget. The revenue is included in the bond issue amounts. The estimated cost of issuance of reflects the 2 percent maximum allowable amount. The actual amount will be based on market rates on the day of the sale.
- D. It is assumed that the bond sales will occur within the parameters described in the resolutions. It is also assumed that the sequestration reduction amount of 7.3% for the QECB credit will remain constant throughout the term of the bonds.

Department/Prepared By Justin Rodriguez

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review? Yes No Not Required