

**COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION**

DATE : January 12, 2011
TO : Supervisor Michael Mayo, Chairman, County Board of Supervisors
FROM : Pamela Bryant, Capital Finance Manager
SUBJECT : **Corporate Purpose Initial Authorizing Resolutions**

Request

The Department of Administrative Services (DAS) is requesting the approval of the attached initial authorizing resolutions for the issuance of a not-to-exceed amount of \$5,200,000 to finance capital Project WP191 – Moody Pool Refurbishment.

Background

In the 2011 Adopted Capital Improvements Budget, the County Board of Supervisors approved \$5,008,380 to renovate the existing structure and restore the patio, wading pool area and existing site. In addition, a sauna and steam room will be added as well as a new sound system, bleachers and pool equipment. The bond issue amount of \$5,200,000 includes estimated issuance costs. The differences between the not-to-exceed amounts and the budgeted bond amounts reflects the estimated issuance costs and provides flexibility for any adjustments that may occur prior to the issuance of the bonds.

\$5,200,000 General Obligation Promissory Notes

The DAS has prepared estimated debt service schedules with total estimated debt services costs are \$6,127,320. The 2011 bonds will include an estimated principal amount of \$5,200,000 in bonds or notes, with estimated interest amounts of \$927,320.

COUNTY TAX RATE LIMIT

For the purpose of preparing the attached resolutions for authorizing the issuance of 2011 bonds or notes, it was assumed that approval of borrowing for the Moody Pool Refurbishment project would result in an increase in the County's debt service tax rate. Based on this assumption, and to comply with Section 59.605, Wis. Stats., regarding property tax rate limits for debt service, adoption of the attached resolutions will require approval by a minimum of three-fourths of the members-elect of the County Board. Based on the current County Board membership, 15 votes will be required for authorization to issue the bonds.

DEBT ISSUANCE EXPENSES

The 2011 budget authorizes the Department of Administrative Services (DAS) to increase the

amount of the 2011 borrowing to pay debt issuance expenses. The attached resolution authorizes and directs the Director, Department of Administrative Services to request credit ratings and to pay all professional services and other issuance expenses related to the issuance of the bonds from debt proceeds. An administrative appropriation transfer will be processed to increase expenditure authority to pay for the cost of issuance. Anticipated expenses include bond counsel, financial auditor and financial advisory fees, official statement printing and mailing costs, credit rating fees and expenses and other issuance costs such as publication costs and express mail.

MEETING REQUIRED FOR FINANCE AND AUDIT COMMITTEE

A Finance and Audit Committee meeting would be required on the sale date of March 17, 2011 to review the bid recommendation of a special bid opening committee composed of the Fiscal and Budget Administrator, County Treasurer and designated County Board staff member. The meeting of the Finance and Audit Committee is proposed for 12:00 noon on that date. This bid opening process was adopted on July 21, 1994 as a modification to Chapter 56.26 of the Milwaukee County Ordinances.

AUTHORIZING RESOLUTIONS

Attached is the authorizing resolution for the 2011 bonds, which contains a resolution combining the bond issues authorized by the authorizing resolutions and authorizing the sale of the Bonds. Each of the items in the resolution requires Finance and Audit Committee and County Board approval.

RECOMMENDATION

The Department of Administrative Services recommends that the Finance and Audit Committee approve and recommend approval by the full County Board of the attached resolution that authorizes the issuance and sale of the bonds or notes.



Pamela Bryant
Capital Finance Manager

Attachment

pc: Lee Holloway, Interim County Executive
John Thomas, Vice-Chair, Finance and Audit Committee
Joe Czarnecki, County Clerk
Dan Diliberti, County Treasurer
Renee Booker, Interim Director, Department of Administrative Services
E. Marie Brossard, Deputy Chief of Staff, County Executive's Office
Terrence Cooley, Chief of Staff, County Board
John Ruggini, Fiscal and Budget Administrator, DAS
Stephen Cady, County Board Fiscal and Budget Analyst
David Anderson, Public Financial Management, Inc.
Chuck Jarik, Chapman and Cutler LLP

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(ITEM *)

A RESOLUTION

8 **RESOLUTION authorizing the advertisement for public**
9 **sale and the sale of General Obligation Promissory Notes,**
10 **Series 2011-B of Milwaukee County, Wisconsin, in an**
11 **aggregate principal amount not to exceed \$5,200,000, and**
12 **related matters.**

13 WHEREAS, counties are authorized by Chapter 67 of the *Wisconsin Statutes*, as
14 supplemented and amended, to borrow money and to issue bonds and promissory notes to
15 finance any project undertaken for a public purpose and to refund municipal obligations,
16 including interest thereon; and

17 WHEREAS, it has previously been determined that it was necessary and desirable to issue
18 general obligation promissory notes of Milwaukee County, Wisconsin (the "*County*"), in an
19 aggregate principal amount not to exceed \$5,200,000 for the purpose of constructing pool facility
20 improvements, pursuant to Chapter 67 of the *Wisconsin Statutes*, as supplemented and amended;
21 and

22 WHEREAS, it is now necessary and desirable for the County to issue its General
23 Obligation Promissory Notes, Series 2011-B, in an aggregate principal amount not to exceed
24 \$5,200,000;

25 NOW, THEREFORE, Be It Resolved by the County Board of Supervisors of Milwaukee
26 County, Wisconsin, as follows:

27 *Section 1.* There shall be issued the General Obligation Promissory Notes, Series
28 2011-B of the County in an aggregate principal amount not to exceed \$5,200,000 (the "*Notes*");
29 *provided*, that the Director of the Department of Administrative Services of the County is hereby

30 authorized to make all such changes to the resolutions adopted by the County Board of
31 Supervisors of the County relating to the Notes and the financing structure of the Notes to
32 conform to any changes to such resolutions and financing structures, which are approved by the
33 Finance and Audit Committee of the County Board of Supervisors of the County.

34 *Section 2.* For the purpose of offering the Notes for sale, pursuant to
35 Section 67.08(2), *Wisconsin Statutes*, as supplemented and amended, the Director of the
36 Department of Administrative Services of the County is hereby authorized and directed to cause
37 to be circulated the Official Terms of Offering for the Notes and to disseminate appropriate
38 notices of the sale of the Notes at such times and in such manner as the Director of the
39 Department of Administrative Services of the County may determine and to receive bids for the
40 Notes at such time or times as the Director of the Department of Administrative Services of the
41 County may determine. The Director of the Department of Administrative Services of the
42 County shall also cause to be prepared and distributed an Official Statement or Official
43 Statements, including the Official Terms of Offering, with respect to the Notes.

44 *Section 3.* After receipt of bids for the Notes and consideration thereof by this
45 County Board of Supervisors, this County Board of Supervisors will consider resolutions
46 awarding the Notes to the best bidder or bidders, prescribing the terms thereof and the form of
47 Notes, and levying taxes in the specific amount necessary to pay the principal of and interest on
48 the Notes.

49 *Section 4.* Proceeds of the Notes shall be applied at the direction of the Director of
50 the Department of Administrative Services of the County to the payment of issuance expenses
51 with respect to the Notes. An administrative appropriation transfer will be processed to increase
52 expenditure authority in the non-departmental Debt Issue Expense budget to pay such issuance
53 expenses. The issuance expenses cover the fees for the following services provided in

54 connection with the issuance of the Notes as well as the out-of-pocket disbursements of the
55 County: credit rating agencies, bond insurance, official statement printing and mailing, financial
56 advisory services, bond counsel services, financial auditor services and other fees related to the
57 issuance of the Notes.

58 *Section 5. Copies of Resolution to Co-Bond Counsel.* The County Clerk is directed
59 to send certified copies of this resolution to the County's co-bond counsel, Chapman and Cutler
60 LLP, 111 West Monroe Street, Chicago, Illinois 60603, Attention: Charles L. Jarik, and Emile
61 Banks & Associates, LLC, Suite 290, 1200 North Mayfair Road, Milwaukee, Wisconsin 53226,
62 Attention: Emile Banks, and to the Department of Administrative Services—Fiscal Affairs
63 Division, 901 North 9th Street, Room 308, Milwaukee, Wisconsin 53223, Attention: Pamela
64 Bryant.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 1/12/11

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Corporate Purpose Initial Authorizing 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 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	69,389.75	673,565.00
	Revenue	69389.75	
	Net Cost	0	673,565.00
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 Department of Administrative Services is requesting approval of initial authorizing resolutions to issue Corporate Purpose Bonds or Notes for a not-to-exceed amount of \$5,200,000. These bonds will finance capital improvements to Moody Pool that were approved in the 2011 Adopted Capital Improvements Budget.
- B. The estimated total debt service cost is \$6,127,320 for \$5,200,000. The debt services payments are due in the years 2011 through 2020. The first debt service payment amount, beginning in 2011, is \$69,389.75. Due to the size of the issue, DAS is recommending that the County issue 10-year, Promissory Notes to finance the Moody Pool Refurbishment.
- C. The County will pledge to levy taxes to pay the debt service payments.
- D. The estimated interest rates for the debt service payments are based on rates from the December 9, 2010 bond sale with a 50 basis point inflator each year.

Department/Prepared By Pamela Bryant

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No

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.