

MEMORANDUM

TO: Honorable Members of the Milwaukee County Board of Supervisors

FROM: Public Finance Authority/HOPE Christian Schools

RE: Resolution Authorizing Financing by Public Finance Authority

DATE: September 10, 2013

EXECUTIVE SUMMARY: HOPE Christian Schools is a network of college-preparatory schools in the City of Milwaukee. The schools provide K-12 students with a values-based education that develops their knowledge and cultivates their character – the fundamental traits they need to become inspirations to their families, leaders in their communities and successes in the workplace.

HOPE operates four different campuses in the City of Milwaukee in Milwaukee County. HOPE High School is located at 3215 N. Dr. Martin Luther King Jr. Drive; HOPE Fortis is located at 3601 N. Port Washington Avenue; HOPE Prima is located at 2345 N. 25th Street; and HOPE Semper is located at 3040 W. Capitol Drive.

With the help of the Public Finance Authority (“PFA”), Hope is embarking on an ambitious renovation and expansion of its three elementary schools – Fortis, Prima, and Semper (the “HOPE Project”). The Prima project includes a build-out of the existing shell, a renovation to the existing building, a new gymnasium, and the addition of classroom and office space. The Semper project similarly includes a build-out of the existing shell and new classroom and office space. The Fortis project includes construction of a new parking lot.

These projects will position the schools to offer a high quality education to Milwaukee students for years to come. But before the project can even begin, HOPE and PFA must obtain approval from Milwaukee County and the City of Milwaukee.

The Public Finance Authority:

- Established by 2009 Wisconsin Act 205 with unanimous support from the Wisconsin Legislature, the PFA was formed as a unique governmental entity under Section 66.0304 of the Wisconsin Statutes. Official approval to form the PFA was received from the Wisconsin Attorney General on September 30, 2010.
- The mission of PFA is to provide local governments and eligible private entities access to low-cost, tax-exempt or taxable financing for projects that provide a public benefit, contribute to social and economic growth and improve the overall quality of life in a community. PFA is authorized to issue tax-exempt and taxable conduit bonds for public and private entities throughout Wisconsin and in all 50 states.

- PFA is jointly sponsored by the National Association of Counties (“NACo”), National League of Cities (“NLC”), Wisconsin Counties Association (“WCA”) and League of Wisconsin Municipalities (“LWM”).

Local Approval requirement under Wisconsin Law:

- Under Wis. Stat. § 66.0304(11)(a), the PFA must obtain approval of every financing within Wisconsin from all of the political subdivisions in which the project is to be located (in this case, both Milwaukee County and the City of Milwaukee) before issuing the Bonds. The statute permits such approval to be granted by the highest-ranking executive or administrator of the political subdivision except for Projects located in the City of Milwaukee (for which only the Common Council can grant such approval) and Milwaukee County (for which only the County Board can grant approval).
- Unlike the TEFRA process required for tax exempt financings under federal law, the Wisconsin Statute does not require a public hearing or impose any specific notice requirements. The TEFRA process will be handled as a separate proceeding according to the City of Milwaukee’s established process.

The County Has No Liability:

- All bonds issued by PFA are limited debt obligations of the PFA, and payment of the bonds is the sole responsibility of the borrower (HOPE).
- The County has no legal responsibility whatsoever for the repayment of the indebtedness created by the issuance of the Bonds. Further, the County will not be a party to any of the financing documents relating to the issuance of the Bonds, nor will it be named in any of the disclosure documents describing the Bonds.
- Granting the approvals requested will not affect the County’s non-liability in any way.

CONCLUSION: Enclosed with this Memorandum is a DRAFT Resolution authorizing PFA to proceed with the financing of the HOPE Christian Schools project. PFA and HOPE Christian Schools respectfully request that the Milwaukee County Board of Supervisors adopt the enclosed Resolution.