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Date: December 4, 2015

To: Chairman Lipscomb
Supervisor Taylor

cc: Members of the Committee on
Economic and Community Development
All Other Supervisors
Interested Parties

From: Paul Bargren *PB*
Corporation Counsel

Re: File 15-782—Proposed Changes in Organization at Milwaukee County Research Park

I was asked to provide an analysis of changes sought in a resolution submitted by the executive director of the Milwaukee County Research Park Corporation. The file requests approval to amend the Corporation's Articles of Incorporation and By-Laws. The net effect is to phase out the Corporation and replace it with an entity called Milwaukee Regional Innovation Center, Inc., ("MRIC") which would then assume operation of the Research Park.

Unlike the Research Park Corporation, MRIC is a 501(c)3 entity, which is a more appropriate entity going forward.

In the meantime, at some point in 2016, the Research Park would exercise its option to purchase the Technology Innovation Center from the County for \$1. The TIC is the final County-owned property in the Park. The County would no longer have any responsibility for maintenance or operational costs of TIC, which had been a net cost (after lease proceeds) of \$75,000 to the County annually in recent years.

The Research Park proposal includes the following County oversight relating to the new structure:

- County Board approval would be required for any changes to the MRIC articles of incorporation or bylaws.
- The County Board Chair would appoint two of 15 board members of MRIC
- County Board confirmation would be required for an additional 9 at-large MRIC Board members, who would be appointed by the MRIC Board itself. However, this right of confirmation would last only through March 31, 2022.

- The County Executive would appoint one MRIC Board member
- MRIC pledges to maintain the value of assets available for disposition to the County should it ever dissolve.
- And, should it dissolve, all remaining assets would go to the County.

These transactions mark the culmination of the venture that began in 1987, when the County first envisioned turning vacant land at the County Grounds into a mature and thriving Research Park.

There is a snag, however. The MRIC Board is not scheduled to adopt the amendments that will provide County oversight until its February 9, 2016, meeting. There is every reason to believe it will do so, but if the County Board approves the current Research Park resolution now, there will be a period when the existing entity will have the ability to transfer assets to MRIC without the new MRIC provisions technically in place. Supervisors may want to ask about approving the Research Park Corporation changes contingent upon the MRIC amendments actually taking effect.

Key differences in the new and old structures are set out in the chart that follows.

Topic	Current Structure (MCRPC)	Proposed Structure (MRIC) [Expected Feb. 9, 2016]
1. Structure	501(c)6	501(c)3
2. Activities	Can serve the business purposes of its members or constituency	Must serve a public purpose
3. Tax deductible donations allowed	No	Yes
4. Sales tax exempt	No	Yes
5. Property tax exempt	No	Yes (usually)
6. Lobbying permitted	Yes	No
7. Assets	<p>Lots 1, 10, 21 acquired outright from County in 2015 for \$317,281</p> <p>M-10 (old Steam Building) acquired from WEPCO in 2015 for \$78,000</p> <p>c. \$4.3 million remaining in Reserves (from MCRPC one-third share of land sale proceeds through the years; County has received \$8.47 million in land sale proceeds)</p>	<p>Lots 1, 10, 21 will be offered for sale for development</p> <p>M-10 is being offered for sale for development, proceeds to TIC repairs and maintenance</p> <p>c. \$4.3 million in Reserves available as operating reserve and to fund improvements.</p> <p>TIC Building will be acquired in 2016 from County under \$1 option, held by subsidiary for leasing, development. All costs borne by MRIC. (Formerly \$800k/yr in tax levy)</p>

Topic	Current Structure (MCRPC)	Proposed Structure (MRIC) [Expected Feb. 9, 2016]
8. Board members	15 Directors (generally 3 yr terms): 1 County Executive appointment 5 County Board members appointed by County Board Chair 8 County Executive appointments, “private citizens or representatives of institutions of higher learning,” subject to County Board confirmation 1 County Executive appointment of a City of Wauwatosa official, subject to County Board confirmation ¹	17 Directors (generally 3 yr terms): 1 County Executive appointment 1 Mayor of Wauwatosa appointment 2 County Board Chair appointments 4 Academics (one each UWM, MCOW, Marquette, MATC) 9 At Large Members subject to County Board confirmation until 3/31/22, appointed by MRIC Board to reflect diverse professions, organizations and industries; cannot be public officials or employees. ²
9. Restrictions on use of assets		MRIC must retain sufficient reserves to cover economic ups and downs, maintenance and repair obligations. MRIC must preserve “the value of assets available for disposition to Milwaukee County upon dissolution.” ³
10. Changes in Articles, Bylaws	All amendments must be approved by the County Board. ⁴	All amendments must be approved by the County Board. ⁵
11. If dissolved	If proposed amendments are adopted, upon dissolution assets to be distributed to MRIC or, if MRIC no longer in existence, to County. ⁶	All remaining assets revert to Milwaukee County. ⁷
12. Key action sought in current resolution	Amend articles and bylaws to allow transfer of all assets to MRIC	None. Amendments relating to the above must be adopted by MRIC board, scheduled for February 9, 2016. At that point new board member, asset-preservation clause, asset-reverter clause, County Board approval of bylaw amendments, etc., would be in effect.

¹ MCRPC Bylaws § 3.02

² MIRC Bylaws with proposed Amendment § 4.02

³ MIRC Bylaws with proposed Amendment Art. XII

⁴ See MCRPC Bylaws § 8.02; Muscari Report of 11/23/15

⁵ MIRC Bylaws with proposed Amendment § 14.01, .02

⁶ Proposed MCRPC Articles and Bylaw amendments attached to Muscari Report of 11/23/15

⁷ MIRC Bylaws with proposed Amendment Article XIII