

MILWAUKEE COUNTY BOARD OF SUPERVISORS

DATE: September 28, 2017

AMENDMENT NO. 1 to Item #21 **REVISED**

Resolution File No. 17-612

Ordinance File No.

COMMITTEE: Finance and Audit

OFFERED BY SUPERVISOR(S): Weishan, Jr.

ADD AND/OR DELETE AS FOLLOWS:

Amend Appropriation Transfer E2 – Unallocated Contingency Fund to 1961-Litigation Reserve beginning on page 21 of the September Appropriation Transfer packet to:

- Increase the transfer amount from Org. Unit 1945 - Appropriation for Contingencies to Org. Unit 1961- Litigation Reserve by \$125,000, to be designated for the War Memorial, Inc. to cover legal fees related to the Milwaukee Art Museum’s pending acquisition of the O’Donnell Property.

2)		<u>From</u>	<u>To</u>
	<u>1945- Appropriation for Contingencies</u>		
	8901 – Appropriation for Conting	\$273,000	
		<u>\$398,000</u>	
	<u>1961- Litigation Reserve</u>		
	6149 – Prof. Services Non-recur Oper		\$273,000
			<u>\$398,000</u>

\$545,591 was budgeted for the Litigation Reserve in 2017. Most of that amount has been spent or encumbered for contracts. We anticipate that only \$70,595.98 will be available by mid-August once two pending contracts are encumbered. Although not immediately likely, that remaining balance could be encumbered due to the spending authorization in File 17-465 (if needed to avoid funding loss under 8 U.S.C. § 1373) and another contract, leading to a possible \$28,404.02 deficit.

File No. 16-229, adopted March 17, 2016, authorized the transfer of the Kahler Building, the 2015 East Addition, portions of the Saarinen Building, and the O’Donnell Park parking structure improvements to the Milwaukee Art Museum, and portions of the Saarinen Building to Milwaukee County War Memorial, Inc. The Agreement included a

provision to reimburse the War Memorial, Inc. (WMC) \$25,000 for legal services related to the Milwaukee Art Museum's (MAM) acquisition of the O'Donnell Parking Structure and nearby properties. It was anticipated that the real estate transaction would be completed in the spring of 2017, but has not yet closed. Due to complexities related to the transaction, the \$25,000 authorized in File No. 16-229 for the WMC legal fees was never encumbered in 2016, and ultimately lapsed to the bottom line in 2017. It is reported that the legal fees for the WMC now exceed \$125,000. Therefore, an additional \$125,000 is transferred to the Litigation Reserve designated for the WMC to cover legal fees related to the property acquisition.

The Comptroller is authorized to reimburse WMC up to \$125,000 in legal fees related to the real estate transaction outlined in File No. 16-229. The reimbursement to WMC shall occur only after WMC submits legal invoices to the Comptroller (and copied to the Corporation Counsel) that directly relate to the completion of the aforementioned real estate transaction.

Given this year's use of the Litigation Reserve to date, we calculate that this transfer of ~~273,000~~ \$398,000 from contingency may be needed for unanticipated legal expenses.

This fund transfer has no tax levy impact.

2017 BUDGETED CONTINGENCY APPROPRIATION SUMMARY

UNALLOCATED CONTINGENCY ACCOUNT

2017 Budgeted Unallocated Contingency Appropriation Budget	\$5,138,755
Approved Transfers from Budget through August 28, 2017	
Kinnickinnic Maintenance Bay/Bus Replacement Program	(\$266,114)
WPS Workgroup	(\$150,000)
CB Resolution 17-483	\$156,672
 Unallocated Contingency Balance August 28, 2017	 \$4,879,313
 Transfers from the Unallocated Contingency Pending in Finance and Audit Committee through August 28, 2017	
KK Maintenance Garage Repairs	(\$300,000)
Litigation Reserve Refill	(\$273,000 <u>\$398,000</u>)
 Total Transfers Pending in Finance and Audit Committee	 (\$573,000 <u>\$698,000</u>)
Net Balance	\$4,306,313 <u>\$4,431,313</u>