

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 01/16/18

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** Request to realize \$2,519,879 of proceeds related to the sale of the Midwest Hangar and to provide expenditure authority to pay off the balance of the 2016 Taxable GO Promissory Note

**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<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input checked="" type="checkbox"/> Absorbed Within Agency's Budget   | <input type="checkbox"/> Decrease Capital Revenues     |
| <input 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
<b>Operating Budget</b>	Expenditure	\$2,519,879	\$0
	Revenue	\$2,519,879	\$0
	Net Cost	\$0	\$0
<b>Capital Improvement Budget</b>	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.<sup>1</sup> 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 Office of the Comptroller requests approval of the attached resolution to approve a 2017 appropriation transfer to realize proceeds from the sale of the former Midwest Hangar, provide expenditure authority for the prepayment of the 2016 Taxable General Obligation Promissory Note ("Note").

In July 2016, the County issued a \$7,660,000 Note to finance the County's responsibilities under the 2003 Standby Reimbursement Agreement, which was net of the State/Racine County Trust. In August 2016, the County made a prepayment of approximately \$1.2 million from the Midwest Trust.

In December 2017, the County closed on the sale of the former Midwest Hangar (555 W. Air Cargo Way) that served as the County's collateral on the IDRBs. On December 28, 2017, the Office of the Comptroller paid on the balance of the Note (\$2,519,878.82). This appropriation transfer realigns expenditure accounts to reflect the prepayment and receipt of the sale proceeds to finance the prepayment.

- B. The projected savings from prepaying the Note rather than paying the Note when it matures in August 2018 is approximately \$10,000.
- C. For 2017, the revenue budget and expenditure budget would be increased in Org. 9960 General County Debt Service in order to reflect the receipt of the proceeds and the prepayment of the Note. For 2018, there is no impact since the 2018 Adopted Budget assumed that the proceeds from the sale of the former Midwest Hangar would be sufficient to pay off the balance of the 2016 Note.

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<sup>1</sup> 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.

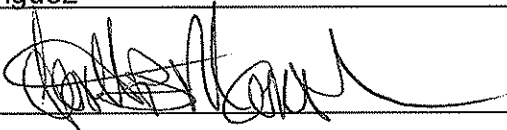
<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

The \$7,294,275 that was received from the sale of the former Midwest Hangar is greater than the amount required to pay off the Note. The attached resolution creates revenue budget and expenditure authority to pay off the balance of the 2016 Note. The County is revisiting the original 2003 Credit Assistance Agreement to determine the status of the remaining funds from the sale and the costs incurred by the County. Parties to the original agreement, included Racine County, the WEDC, and Midwest Airlines.

The Office of the Comptroller has been directed to provide a written fiscal review regarding the sale of the hangars to the Economic and Community Development Committee and the Transportation, Public Works and Transit Committee for the March 2018 Committee Cycle.

D. No assumptions used.

Department/Prepared By Justin Rodriguez

Authorized Signature 

Did DAS-Fiscal Staff Review?  Yes  No

Did CBDP Review?<sup>2</sup>  Yes  No  Not Required

