

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 03/22/19

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Resolution Authorizing the Issuance of the 2019 Airport Revenue Refunding Bonds

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 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 type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input checked="" 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	See Explanation	
	Revenue		
	Net Cost		
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 Office of the Comptroller is requesting the approval of the attached authorizing resolution and final bond resolution for the issuance of a not-to-exceed amount of \$52,000,000 of Airport Revenue Refunding Bonds to refund the balance of the outstanding debt for the \$9,055,000 Airport Revenue Bonds, Series 2009A ("2009A Revenue Bonds"), the \$26,075,000 Airport Revenue Bonds, Series 2010A ("2010A Revenue Bonds"), and the \$15,500,000 Airport Revenue Bonds, Series 2010B ("2010B Revenue Refunding Bonds").

The attached resolutions authorize the issuance of the bonds and provides parameters for the issuance and delegates approval of the sale of the bonds to the Comptroller. The Comptroller's approval is limited to results of the sale that fall within parameters outlined in the resolution.

The Office of the Comptroller anticipates issuing two separate series of refunding bonds. The 2009A Revenue Bonds and 2010A Revenue Bonds are anticipated to be refunded by the 2019A General Airport Revenue Refunding Bonds and the 2010B Revenue Refunding Bonds anticipated to be refunded by the 2019B General Airport Revenue Refunding Bonds.

The attached resolution permits the Comptroller to process appropriation transfers to facilitate the transaction. The appropriation transfer may include the increase of expenditure authority to pay expenses associated with costs of issuance and the reallocation of unspent proceeds of the 2009A Revenue Bonds, 2010A Revenue Bonds, and/or 2010B Revenue Refunding Bonds.

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.

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

- B. The Office of the Comptroller has prepared estimated debt service schedules for the issuance of a not-to-exceed amount of \$52,000,000 of Airport Revenue Refunding Bonds. The schedules anticipate the issuance of two separate series of refunding bonds. The combined estimated net present value savings is \$2,422,390 (4.78%).
- C. The debt service budget for the Airport will not change in 2019. The refunding is anticipated to reduce the amount of annual debt service in 2020 and future years. The estimated 2020 reduction is approximately \$300,000.
- D. The not-to-exceed amount of \$52,000,000 assumes the cost of issuance will not exceed the federally allowable 2% of the par value of the bonds. The estimated Underwriter costs are based on a cost of \$3.00 per \$1,000 bond.

Although not included in the estimated savings calculations, the parameters resolution permits any remaining proceeds of the bonds being refunded to be applied to the refunding which would decrease the total debt service costs and increase the net present value savings. It is estimated that there are approximately \$720,000 of proceeds of the 2010A Revenue Bonds that will be applied to the refunding.

The estimated net present value savings amount is based on current market conditions plus 50 basis points.

Department/Prepared By Justin Rodriguez

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?² Yes No Not Required