



## COUNTY OF MILWAUKEE INTEROFFICE COMMUNICATION

Office of the Comptroller  
**Scott B. Manske, Comptroller**

DATE : November 08, 2019  
TO : County Executive, Chris Abele  
Chairman, Theodore Lipscomb, Sr.  
FROM : Scott B. Manske, Comptroller  
SUBJECT : Milwaukee Kickers Amendment

### **Policy Issue:**

From the Office of the Comptroller, providing an overview of the parameters, requirements, processes and interest rates associated with the County financing an indoor, full-size soccer field and sports facility at Uihlein Soccer Park and to have the County be repaid by the Milwaukee Kickers Soccer Club, Inc. (“Milwaukee Kickers”).

### **Background**

On November 6, 2019, the Milwaukee County (“County”) Finance and Audit Committee (“Committee”) amended the County Executive’s 2020 Recommended Budget. One amendment directed the Department of Parks, Recreation and Culture in conjunction with the Department of Administrative Services, the Office of the Comptroller, and the Milwaukee Kickers to explore the mutual benefits of Milwaukee County financing an indoor, full-size soccer field and sports facility at Uihlein Soccer Park (“New Sports Facility”). The New Sports Facility would be an air-supported soccer dome. The amendment also directed that a report on the feasibility of this partnership be presented to the Milwaukee County Board of Supervisors no later than the March 2020 cycle.

During the Committee meeting, the Office of the Comptroller was requested to provide a communication back to policymakers prior to the November 12 County Board meeting. This communication lays out the requirements, processes, and interest rates associated with the County issuing debt to finance the New Sports Facility and repayment to the County by the Milwaukee Kickers.

On November 7, 2019, the Milwaukee County Board laid over a resolution (“CB File 19-779”) to its December meeting. CB File 19-779 requested approval of a request from the Milwaukee Kickers to allow a perspective assignment and leasehold mortgage of its lease as amended of the Uihlein Soccer Parks to the National Exchange Bank & Trust. The approval of this resolution would allow the Milwaukee Kickers to obtain a loan from National Exchange Bank & Trust.

## Overview

### *Financial Due Diligence*

Milwaukee County Ordinance 32.88 requires a due diligence to be performed when the County issues debt for a facility for which it will be paid back on a multi-year schedule. The due diligence is a review of the financial and business risks associated with ventures with non-county entities. This review is important since the County would ultimately be responsible for repayment of the debt in the event of a default. The due diligence includes, but is not limited to: cash flow projections, debt management procedures, project feasibility, environmental concerns, legal liability, and other public policy impacts.

This due diligence would need to be completed **prior** to the approval of the creation of the capital project, modification of the lease amendment/separate agreement, or approval of the bond resolution(s).

### *Creation of a New Capital Project*

Prior to the creation of a new capital project, a determination would need to be made to confirm whether the creation of the indoor soccer field and sports facility is a public purpose, as defined by public debt bond rules.

Assuming the project is for a public purpose, creation of the capital project would require policymakers to appropriate funds for the planning/design and construction of the New Sports Facility. These funds would include financing for County project management costs. It is the understanding of the Office of the Comptroller that the Kickers have already completed many of the design efforts and have obtained independent estimates for the cost of the facility. The Office of the Comptroller recommends that the architectural and engineering (A&E) office of the County review the planning and design work that has already been done by the Kickers and determine any additional steps that need to be completed in this phase. If this is a County project, the County will likely have to issue an RFP and receive the bids for purchase and construction of the New Sports Facility.

After costs are known for the planning, design and construction, including Milwaukee County costs, a fund transfer would be prepared to authorize the capital project and the source of funding for the project. Under a County fund transfer, the capital project would have to be funded with general obligation bonds. The County Board and County Executive would have to consider the approval of the fund transfer and the use of bonds to fund the project. Such a fund transfer is outside of the normal annual budget process for capital project approval including the review of the Capital Improvements Committee. Independent bank funding, if obtained by the Kickers, would not require a fund transfer by the County.

*Approval of Project Agreement and/or Amendment of the Lease Agreement*

A new and/or amended agreement would need to be negotiated with the Milwaukee Kickers. The agreement(s) would need to include the roles and responsibilities for the County and Milwaukee Kickers for the development of the project and the repayment of the debt, including costs of issuance, to Milwaukee County.

The agreements would require input from the Department of Parks, Recreation and Culture, Department of Administrative Services, the Office of Corporation Counsel, and the Office of the Comptroller. Similar project agreements have been executed by the County and the Zoological Society.

*Approval of Bond Resolutions*

Prior to the approval of the bond resolutions, the Office of the Comptroller will work with the County's bond counsel to confirm that bonds or notes can be issued for the purpose and anticipated costs for the new capital project.

The Milwaukee County Board and County Executive would need to approve bond resolutions to authorize the issuance of the debt and to reimburse itself for any expenditures that it incurs prior to the issuance of the bonds or notes.

*Interest Rates*

Based on initial discussions with the Milwaukee Kickers, it is the understanding of the Office of the Comptroller that the term of debt would be ten years. The Office of the Comptroller evaluated the interest rates in its recent bond sales and researched current treasury rates. The current estimated total interest costs would be approximately 2.1% for taxable bonds. This estimate is based on current market conditions, actual interest rates will be based on market conditions on the day of the sale. It is also anticipated that the costs of issuance will be incorporated into the financing.

**Recommendation**

The Office of the Comptroller is sending a copy of this letter to representatives of the Milwaukee Kickers to begin discussions about whether there is interest in exploring the proposed County option to construct and finance an indoor, full-size soccer field and sports facility and have the debt service be repaid by the Milwaukee Kickers.



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Scott B. Manske  
Comptroller

pc: Milwaukee County Board Supervisors  
Alvaro Garcia-Velez, Executive Director, Milwaukee Kickers  
Raisa Koltun, Chief of Staff, County Executive's Office  
Kelly Bablitch, Chief of Staff, County Board  
Teig Whaley-Smith, Director, Department of Administrative Services  
Guy Smith, Director, Department of Parks, Recreation and Culture  
Erica Hayden, Contracts Manager, Department of Parks, Recreation and Culture  
Margaret Daun, Corporation Counsel  
Joe Lamers, Director, DAS-PSB  
Stephen Cady, Comptroller's Office  
Pamela Bryant, Comptroller's Office  
Justin Rodriguez, Comptroller's Office  
Janelle Jensen, Legislative Services Division Manager, County Clerk