

**COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION**

DATE: December 27, 2019

TO: Supervisor Theodore Lipscomb, Sr., Chairman, County Board of Supervisors

FROM: Scott B. Manske, Comptroller

SUBJECT: Reimbursement Resolution for Airport Capital Projects

REQUEST

The Office of the Comptroller is requesting the approval of the attached resolution (“Reimbursement Resolution”), which authorizes the County to make Airport project expenditures and reimburse itself with the proceeds of the bonds once the funds become available.

BACKGROUND

2018 and 2020 Capital Improvements Budgets

The 2018 and 2020 Capital Improvements Budgets (“Capital Budgets”) included \$32,924,737 of budgeted general airport revenue bond (“GARB”) proceeds to finance various capital improvement projects. The vast majority of the GARBs will be issued to finance the redevelopment of the International Terminal. GARBs issued to finance the redevelopment of the International Terminal are expected to be backed by passenger facility charges (“PFC”s).

In addition, the Airport must maintain a sufficient balance in its debt service reserve fund that is based on the amount of its outstanding debt and future debt service payments. The issuance of the additional GARBs will require a contribution to the airport debt service reserve fund. It is expected that this contribution will be financed as part of the anticipated GARB issuance.

The table below provides a listing of the projects and the expected total not-to exceed amount:

WA22101 - GMIA International Terminal Redevelopment	\$32,000,000
WA26601 - GMIA Electrical Switchgear Replacement	\$707,580
WA33401 - GMIA Emergency Generator (Concourse D)	\$217,157
Estimated Contribution to Airport Debt Service Reserve Fund	\$5,497,485
Cost of Issuance, Underwriter's Discount, Rounding	\$1,004,935
Total Not-to-Exceed Amount	\$39,210,000

The Office of the Comptroller will continue to monitor ongoing projects and refine the size and the structure of the financings during the drafting of the authorizing and parameters resolutions and immediately prior to the sales of the bonds. It is anticipated that the financing will occur in 2020 or 2021

U.S. Treasury Regulation Compliance

U.S. Treasury Regulation Section 1.150-2 describes the conditions under which the County may expend County funds on a project currently and later reimburse itself with bond proceeds. The first step in providing for such reimbursement to occur is an expression of intent by the County to reimburse itself for expenditures incurred prior to issuing the bonds. Therefore, the attached resolution expresses that intent.


Expressing this intent will allow the County to reimburse itself for expenditures incurred as long as the expenditures comply with IRS rules summarized below:

- No expenditure made 60 days prior to the date of the adoption of the Reimbursement Resolution can be reimbursed with bond proceeds (other than architectural and engineering fees and similar costs).
- Bonds must be issued within 18 months of the later of:
 - The first date that a reimbursed expenditure is made.
 - The placed-in-service date of the project for which the reimbursed expenditure was made (or the date of abandonment of the project for which the reimbursed expenditure was made).
- Bonds must be issued within three years of the date of the first reimbursed expenditure in any event.

RECOMMENDATION

The Office of the Comptroller requests that the Finance and Audit Committee approve and recommend the attached resolution. The resolution authorizes the County to make Airport project expenditures and reimburse itself with the proceeds of the GARBs once the funds become available.

The Comptroller will submit subsequent resolutions that will request authorization of and parameters for the issuance of the bonds. The subsequent resolutions will also delegate approval of the sales of the GARBs to the Comptroller. The Comptroller's approval will be limited to sale results that fall within the parameters outlined in the resolutions.



Scott B. Manske
Comptroller

cc: Chris Abele, County Executive
Supervisor Luigi Schmitt, Chairman, Finance and Audit Committee
Raisa Koltun, Chief of Staff
Kelly Bablitch, Chief of Staff, County Board
Brian Dranzik, Director, General Mitchell International Airport
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