

**COUNTY OF MILWAUKEE  
INTER-OFFICE COMMUNICATION**

**DATE:** December 29, 2020

**TO:** Supervisor Marcelia Nicholson, Chairwoman, County Board of Supervisors

**FROM:** Scott B. Manske, Comptroller

**SUBJECT: Authorizing Resolutions for the 2021 Bond and Note Issuances for Capital Projects**

**REQUEST**

The Office of the Comptroller is requesting the approval of the attached initial authorizing resolutions for the issuance of a not-to-exceed amount of \$86,280,000 of general obligation bonds or notes to finance capital projects. The resolution also authorizes the reimbursement of expenses related to projects that occur prior to the issuance of the bonds or notes.

**BACKGROUND**

The 2021 bonds or notes will finance projects contained in the 2021 Capital Improvements Budget<sup>1</sup> (“2021 Budget”) and other projects that have been approved, but not yet financed.

**2021 Capital Improvements Budget**

The 2021 Budget included \$48,646,451 of budgeted bond/note proceeds to finance various capital improvement projects. The table below provides a summary of the not-to exceed amount:

2021 Adopted Capital Project Financings	\$48,646,451
Previously Approved Projects	\$35,903,198
Cost of Issuance, Underwriter's Discount, Rounding	\$1,730,351
<b>Total Not-to-Exceed Amount</b>	<b>\$86,280,000</b>

Although the total not-to-exceed amount is \$86,280,000 it is likely that the actual amount will be less. Based on previous experience, some of the projects adopted in 2021 and previously adopted projects will be financed in future years. 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 parameters resolutions and immediately prior to the sales of the bonds and notes.

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<sup>1</sup> 2021 Capital Improvements Budget Summary is included in Attachment 1.

**Initial Authorizing Resolutions Not to Exceed \$86,280,000**

The Office of the Comptroller has prepared estimated debt service schedules for the issuance of a not-to-exceed amount of \$86,280,000 in bonds/notes. The amount is the sum of the 2021 Capital Improvements Projects (\$48,646,451), previously approved projects that may be included in the 2021 financings (\$35,903,198), and Underwriter's Discount/Cost of Issuance (\$1,730,351). The estimated gross debt service from the not-to-exceed schedules is \$117,100,000 which includes \$30,820,000 of interest costs.

The Office of the Comptroller anticipates issuing separate series of bonds for Corporate Purpose Bonds (long-term), Promissory Notes (short-term/equipment), Promissory Notes (transit), Promissory Notes (taxable) and a stand-alone bond issue for the (Forensic Science Center). The Office of the Comptroller will request approval of separate parameters resolutions prior to the issuance of the bonds/notes. These resolutions will provide the Office of the Comptroller with the authority to complete those transactions.

Page three of the report includes a list of the various components of the not-to-exceed amount of \$86,280,000.

## Authorizing Resolutions for 2021 Debt Issuances for Capital Projects

Project Number	Description	2021 Bond/Note Amount
<b>2021 Budget</b>		<b>\$48,646,451</b>
<b>Previously Approved Projects</b>		
WC20901	Forensic Science Center - Phase 2	\$11,191,328
WT08301	Bus Rapid Transit	\$7,089,000
WT12401	Battery Electric Buses - 2019	\$5,116,000
WP62802	Brown Deer Park Roadway - Phase 2	\$3,500,000
WC06201	CJF - Building Roof Replacement	\$2,459,452
WT12601	Battery Electric Bus Infrastructure	\$1,700,000
WV03801	Dretzka Park Lift Station	\$523,015
WO28901	CJF Intercoms and Door Control	\$500,000
WP48401	Lake Park Ravine Bridge	\$500,000
WZ14101	Adventure Africa - Rhinos	\$451,050
WH11001	W. Beloit (CTH T) - 124th St. to S Wollmer	\$450,000
WP63701	Rose Playground #2 Replacement	\$291,984
WP71401	KK Parkway - Jackson Park Drive	\$248,667
WC16501	Courthouse Monument & Waypoint Signage	\$192,835
WT10901	Bus Lift Replace 5-8 Maintenance Facility	\$179,115
WP32001	North Point Parking Lot	\$173,046
WO20001	Training Academy Parking Lot Replacement	\$171,527
WP71301	KK Parkway - S. 43rd St to S. 51st St.	\$140,833
WT11101	KK Concrete Yard Replacement	\$135,098
WZ17701	Zoo Parking Lot #4 Repavement	\$130,711
WP52301	Lake Park Steel Arch Bridge	\$117,023
WP62501	Dretzka Park - Lighting, Stormwater, Parking	\$107,107
WT14201	Bus Lifts - Maint/FDL Facilities	\$100,000
WJ11101	HOC Admin 600 400 Kitchen Equip	\$99,226
WH09801	S. 76th St. Bridge over Loomis Rd.	\$92,588
WH11601	S. 76th St. Bridge (North Bound) over Loomis Rd.	\$80,540
WT10601	Bus Lift Replace 1-2 over KK Garage	\$51,182
WT13701	KK Maint Bldg Electric System Upgrade	\$42,037
WP71501	Noyes Pool Sign	\$35,000
WH11801	Signals CTH PP CTH W Port Washington Rd	\$23,773
WH11701	Signals CTH PP 99th & 60th	\$11,061
<b>Total Financing for Previously Approved Projects</b>		<b>\$35,903,198</b>
Estimated Cost of Issuance (Federal Allowable Amount)/Underwriter's Discount) Rounding		\$1,730,351
<b>Total Not-To-Exceed Amount</b>		<b>\$86,280,000</b>

## **DEBT ISSUANCE CONDITIONS**

Wisconsin State Statute Section 67.045 outlines the conditions under which a county may issue debt. To comply with the referenced State Statute, approval of the attached initial authorizing resolution will require a  $\frac{3}{4}$  vote (14 votes) of the County Board of Supervisors.

The authorizing resolutions for the bonds and notes include initial resolutions and a resolution directing publication of notices to the electors. The authorizing resolutions also permit the County to reimburse itself for any expenditures made prior to the issuances. Each of the items in the resolution requires Finance Committee and County Board approval.

### **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 Committee approve and recommend the attached resolutions. The resolutions authorize the issuance of a not-to-exceed amount of \$86,280,000 of bonds and notes. The resolutions also authorize the reimbursement of expenses related to projects that occur prior to the issuance of the bonds and notes.

The Comptroller will submit subsequent resolutions prior to the sales that will provide parameters for the issuances, delegate approval of the sales of the bonds/notes and authorize an administrative transfer to pay costs associated with the debt issuances. The subsequent resolutions will also delegate the bid opening and approval of the winning bidder for the sales of the issuances 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* \_\_\_\_\_

Scott B. Manske  
Comptroller

cc: David Crowley, County Executive  
Supervisor Jason Haas, Chairman, Finance Committee  
Mary Jo Meyers, Chief of Staff  
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