



Milwaukee County

Legislation Text

File #: 12-76, **Version:** 1

From the Interim Fiscal and Budget Administrator, expressing official intent regarding certain capital expenditures for the airport to be reimbursed from the proceeds of an obligation.

Background

The 2012 Adopted Capital Improvements Budget included two projects that were to be at least partially financed by general airport revenue bonds (GARBs).

The budget included an appropriation of \$7,405,000 for the construction phase of the Redundant Main Electric Service Feed at General Mitchell International Airport (GMIA). Financing is provided from \$3,702,500 in PFC pay as you go revenue and \$3,702,500 in GARBs.

The budget also included an appropriation of \$2,415,000 for the construction phase of the Training Facility at GMIA. Financing is provided from GARBs.

This reimbursement resolution will allow spending to occur prior to the issuance of bonds at a later time.

The maximum amount of the reimbursement resolution (\$6,240,000) is greater than the total bond amounts budgeted for the projects (\$6,117,500) because the reimbursement resolution amount includes the cost of issuance.

Since the Airport will need to proceed with these projects, the County will have to reimburse itself with bond proceeds for expenditures that are incurred prior to the issuance of the bonds.

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 far back as 60 days prior to the approval of the attached reimbursement resolution.

Recommendation

The DAS recommends that the Finance and Audit Committee approve the accompanying resolution that expresses the County's intent, in accordance with U.S. Treasury Regulation Section 1.150-2, to reimburse itself for expenditures that will occur prior to the issuance of the bonds. It is anticipated that there will be an issuance of airport debt in either 2012 or 2013.