Milwaukee County

County Executive Scott Walker

Board Chairman Lee Holloway

January 14, 2008

Senator Spencer Coggs
Chairman, Committee on Urban and Local Affairs
State Capitol, Room 123 South
P.O. Box 7882
Madison, WI 53707

Dear Senator Coggs:

Thank you for agreeing to hold a public hearing on Senate Bill 366 in the Committee on Urban and Local Affairs. We also thank both Representative Jeff Stone and you for authoring Senate Bill 366, and its companion legislation Assembly Bill 666, at our request. These bills would allow Milwaukee County, on a one-time basis, to issue appropriation bonds to pay all or part of the County's unfunded accrued pension liability.

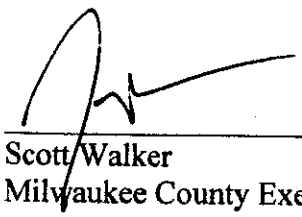
Upon the recommendation of the *State Task Force on Milwaukee County Finances*, Governor Jim Doyle included similar enabling language in his 2007-09 Budget. As the Joint Committee on Finance Co-Chairs identified the measure as a non-fiscal policy item, we now ask the State Legislature to grant Milwaukee County this authority through separate legislation. The December 12, 2007, Legislative Fiscal Bureau report you requested details the legislation, including an explanation of how Senate Bill 366 and Assembly Bill 666 compare to the Governor's budget provision. Specifically, Senate Bill 366 and Assembly Bill 666 would:

- ✓ Extend the repayment period for promissory notes from 10 years to 20 years;
- ✓ Allow Milwaukee County to issue long-term obligations for a term in excess of the 20-year limit applicable to general obligation debt;
- ✓ Apply only to debt issued for the purpose of financing Milwaukee County's unfunded pension obligations.
- ✓ Require Milwaukee County to fund its pension contribution each year as determined by the actuary.

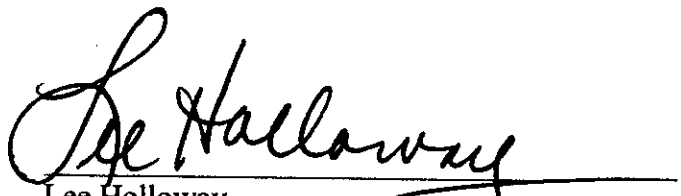
We ask that this Committee partner with us and endorse Senate Bill 366, which would provide Milwaukee County with the same type of financial flexibility the State utilized when financing its unfunded prior service liabilities for employee pensions. Milwaukee County stands eager to work with the State Senate and State Assembly in order to secure

this statutory authority. Please let us know if we can be of any further assistance. Thank you again for hearing Senate Bill 366.

Sincerely,



Scott Walker
Milwaukee County Executive



Lee Holloway
Chairman, Milwaukee County Board of Supervisors

cc: Milwaukee County Board of Supervisors
Representative Jeff Stone
Assembly Committee on Urban and Local Affairs, members
Governor Jim Doyle
Senate Majority Leader Russell Decker
Assembly Speaker Michael Huebsch
Representative Jason Fields, Chair Milwaukee Caucus
AFSMCE District Council 48 Executive Director Rich Abelson
Metropolitan Milwaukee Association of Commerce President Timothy Sheehy

Spencer Coggs

State Senator

Pension Obligation Bonds Testimony
Senator Spencer Coggs
January 16, 2008

Members,

Thank you for your consideration of Senate Bill 366, which would allow Milwaukee County to issue one time bonds to cover outstanding obligations in their pension fund.

The idea for this legislation was first introduced by the Governor's Task Force on Milwaukee County Finances, co-chaired by Secretary Mike Morgan and Sheldon Lubar. The proposal was included in the original version of the biennial budget introduced by Governor Jim Doyle, but was removed as policy.

This bill allows one time bonding for Milwaukee County and includes the following provisions:

1) The bonds can only be used for the unfunded pension obligations
2) The County would be required to fully fund its annual pension contribution
3) The repayment period on the bonds would be extended beyond the 20 year term applicable to general obligation bonds

It is important to note that the bill only applies to Milwaukee County and that the State Legislature in 2003 authorized the same process for Milwaukee Public Schools to cover its unfunded pension liability within the Wisconsin Retirement System.

The current bill introduced by myself and Representative Stone has the full support of Milwaukee County Board of Supervisors Chairman Lee Holloway and Milwaukee County Executive Scott Walker, as well as the full Milwaukee County Board.

Again, thank you for your consideration and support of SB 366.

Capitol Address: P.O. Box 7882, Madison, WI 53707-7882 • *Phone:* (608) 266-2500 • *Fax:* (608) 282-3546
Home Address: 7819 W. Potomac Ave., Milwaukee, WI 53222 • *Phone:* (414) 442-0739
***TOLL FREE:* 1-877-474-2000** • *E-Mail:* sen.coggs@legis.wisconsin.gov