



Office of the Comptroller

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November 9, 2006

Alderman Joe Davis, Sr., Chairman
Community and Economic Development Committee
Milwaukee Common Council
City Hall, Room 205
Milwaukee, WI 53202

SUBJECT: File 060865- Pettit National Ice Center, Inc. Industrial Development Revenue Bond

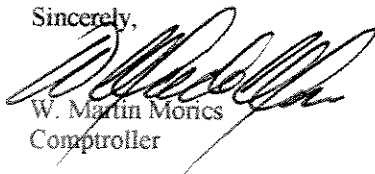
Chairman Davis:

File 060865 authorizes sale of an Industrial Development Revenue bond (IDB) issue not to exceed \$2,500,000 on behalf of the Pettit National Ice Center, Inc. (Pettit Center Inc.). Proceeds of this bond issue would assist in the financing of the acquisition of the Pettit Center by the above not-for-profit organization. You asked our written position on this File. We have no problems with this File and the issuance of an IDB for the above purpose assuming the attached substitute resolution has or will replace version 0 currently in the above File. (See the added provision 1. h).

These types of bonds are so-called "conduit" issues in that the City of Milwaukee as issuer assumes no liability for repayment of the obligation in the event of default by the participating user of the bond proceeds—Pettit Center, Inc. The City is simply passing on the interest cost benefits associated with its high credit rating and tax exempt status to a private party – in this case the non profit Pettit Center, Inc. We did want to correct a collateral issue having to do with the right of the City of Milwaukee to negotiate with Pettit Center Inc. for the potential future payment for municipal services rendered by the City should such payment be financially feasible for the organization. Because the Pettit Center had been a State owned facility and part of the State Fair grounds located within the boundaries of the City of West Allis, West Allis had negotiated an annual payment for municipal services with the State. West Allis also retained the right to negotiate such a payment from Pettit Center, Inc. once separated from State government. A problem arose because the City of Milwaukee – not West Allis – provides fire and police services to the Pettit Center. In order to correct this mismatch and acquire the right to negotiate a potential payment for municipal services that the City of Milwaukee provides, we asked that a substitute IDB resolution be inserted in File 060865 containing a "further resolved" indicating that the Pettit Center Inc. agrees to consider a future payment for municipal services to the City of Milwaukee should such a payment be financially feasible. Since West Allis provides no municipal services to the Ice Center, the City of West Allis City Administrator had no objections to this change. While this substitute resolution was not in the File this morning, attached is such a substitute. We understand that the Pettit Center, Inc. organization has agreed to the wording in this substitute.

Should you have any questions about this matter, please contact me at your convenience.

Sincerely,



W. Martin Morics
Comptroller

Attachment

Cc Tom Gartner, Jennifer Gonda, Mary Reavey, James Scherer, Dennis Yaccarino