

**SENATE BILL 366 (LRB -2991)**

An Act to amend 59.605 (1) (a), 67.01 (9) (intro.), 67.04 (5) (b) 4. and 67.12 (12) (a); and to create 59.85, 59.86, 59.87, 66.0602 (3) (d) 3., 66.0603 (1m) (e), 66.0603 (5) and 67.045 (1) (g) of the statutes; relating to: unfunded pension liability financing in populous counties and membership on the pension study committee. (FE)

**2007**

- 12-21. S. Introduced by Senators **Coggs, Taylor, Darling, Plale** and **Lazich**; cosponsored by Representatives **Stone, Honadel, Young, Zepnick, Fields, Sinicki, A. Williams, Ballweg, Hahn, Turner** and **Vos**.
- 12-21. S. Read first time and referred to joint survey committee on Retirement Systems ..... 484

**2008**

- 01-08. S. **LRB correction** ..... 488
- 01-09. S. Withdrawn from joint survey committee on Retirement Systems and rereferred to committee on Labor, Elections and Urban Affairs, pursuant to Senate Rule 46 (2)(c) ..... 491
- 01-16. S. Fiscal estimate received.
- 01-16. S. Fiscal estimate received.
- 01-16. S. Public hearing held.
- 01-23. S. Executive action taken.
- 01-23. S. Report passage recommended by committee on Labor, Elections and Urban Affairs, Ayes 5, Noes 0 ..... 527
- 01-23. S. Available for scheduling.
- 01-29. S. Placed on calendar 1-31-2008 by committee on Senate Organization.
- 01-31. S. Read a second time ..... 555
- 01-31. S. Ordered to a third reading ..... 555
- 01-31. S. Rules suspended ..... 555
- 01-31. S. Read a third time and **passed**, Ayes 30, Noes 2 ..... 555
- 01-31. S. Ordered immediately messaged ..... 556
- 02-04. A. Received from Senate ..... 485
- 02-04. A. Read first time and referred to committee on Rules ..... 487
- 02-28. A. Rules suspended to withdraw from committee on Rules and take up.
- 02-28. A. Read a second time.
- 02-28. A. Ordered to a third reading.
- 02-28. A. Rules suspended.
- 02-28. A. Read a third time and **concurred in**, Ayes 70, Noes 27.
- 02-28. A. Ordered immediately messaged.
- 02-29. S. Received from Assembly concurred in.

CD

**2007  
ENROLLED BILL**

07en S B- 366

**ADOPTED DOCUMENTS:**

Orig     Engr         SubAmdt     

07 2991 / 3

Amendments to above (if none, write "NONE"): None

Corrections - show date (if none, write "NONE"): JAN 7, 2008

Topic Rel

2-29-08

Date

[Signature]

Enrolling Drafter

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2007-2008 LEGISLATURE

**CORRECTIONS IN:**

**2007 SENATE BILL 366**

Prepared by the Legislative Reference Bureau  
(January 7, 2008)

CORR.

1. Page 7, line 6: on lines 6 and 8, substitute "public" for "pubic".

(END)

## 2007 SENATE BILL 366

December 21, 2007 – Introduced by Senators COGGS, TAYLOR, DARLING, PLALE and LAZICH, cosponsored by Representatives STONE, HONADEL, YOUNG, ZEPNICK, FIELDS, SINICKI, A. WILLIAMS, BALLWEG, HAHN, TURNER and VOS. Referred to Joint Survey Committee on Retirement Systems.

1 **AN ACT to amend** 59.605 (1) (a), 67.01 (9) (intro.), 67.04 (5) (b) 4. and 67.12 (12)  
2 (a); and **to create** 59.85, 59.86, 59.87, 66.0602 (3) (d) 3., 66.0603 (1m) (e),  
3 66.0603 (5) and 67.045 (1) (g) of the statutes; **relating to:** unfunded pension  
4 liability financing in populous counties and membership on the pension study  
5 committee.

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### *Analysis by the Legislative Reference Bureau*

This bill authorizes a county with a population of 500,000 or more (currently only Milwaukee County) to issue appropriation bonds on a one-time basis, other than refunding bonds, to pay all or any part of the county's unfunded prior service liability with respect to an employee retirement system of the county. "Appropriation bonds" are defined as any bond, note, or other obligation of a county issued as provided in the bill to evidence the county's obligation to repay borrowed money that is payable from various sources, including the following:

1. Moneys annually appropriated by the county for debt service due with respect to the appropriation bonds.
2. Proceeds of the sale of the appropriation bonds.
3. Investment earnings on the items listed above.

Before the county may issue appropriation bonds, however, the county must enact an ordinance to implement a five-year strategic and financial plan related to the payment of unfunded employee retirement benefits. The financial plan shall provide that future annual pension liabilities are funded on a current basis, and the

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financial plan must contain quantifiable benchmarks to measure compliance with the plan. Annually, the county board must report to the legislature, the Department of Revenue (DOR), the Department of Administration, and the governor on a number of issues related to the appropriation bonds, including the county's progress in meeting the benchmarks, whether the county fully funds the normal cost contribution for its employee retirement system and the amount that the actuary determines is the county's required contribution to that system. If the county does not fully fund the lower of either the required cost contribution for a particular year or the normal cost for that year, DOR must reduce and withhold from the county's shared revenue payments the difference between its required cost contribution and the amount the county actually contributes to the system for that year. DOR must deposit the withheld amount into the county's employee retirement system.

The bill states that a populous county is not generally liable for appropriation bonds, and appropriation bonds are not a debt of the county for any purpose whatsoever. Appropriation bonds, including the principal and interest payments, are payable only from amounts that the county board may, from year to year, appropriate.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 59.605 (1) (a) of the statutes is amended to read:

2           59.605 (1) (a) "Debt levy" means the county purpose levy for debt service on  
3 loans under subch. II of ch. 24, bonds issued under s. 67.05 and, promissory notes  
4 issued under s. 67.12 (12), and appropriation bonds issued under s. 59.85, less any  
5 revenues that abate the levy.

6           **SECTION 2.** 59.85 of the statutes is created to read:

7           **59.85 Appropriation bonds for payment of employee retirement**  
8 **system liability in populous counties.** (1) DEFINITIONS. In this section:

9           (a) "Appropriation bond" means a bond issued by a county to evidence its  
10 obligation to repay a certain amount of borrowed money that is payable from all of  
11 the following:

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1           1. Moneys annually appropriated by law for debt service due with respect to  
2 such appropriation bond in that year.

3           2. Proceeds of the sale of such appropriation bonds.

4           3. Payments received for that purpose under agreements and ancillary  
5 arrangements described in s. 59.86.

6           4. Investment earnings on amounts in subds. 1. to 3.

7           (b) “Board” means the county board of supervisors in any county.

8           (c) “Bond” means any bond, note, or other obligation of a county issued under  
9 this section.

10          (d) “County” means any county having a population of 500,000 or more.

11          (e) “Refunding bond” means an appropriation bond issued to fund or refund all  
12 or any part of one or more outstanding pension–related bonds.

13          **(1m) LEGISLATIVE FINDING AND DETERMINATION.** Recognizing that a county, by  
14 prepaying part or all of the county’s unfunded prior service liability with respect to  
15 an employee retirement system of the county, may reduce its costs and better ensure  
16 the timely and full payment of retirement benefits to participants and their  
17 beneficiaries under the employee retirement system, the legislature finds and  
18 determines that it is in the public interest for the county to issue appropriation bonds  
19 to obtain proceeds to pay its unfunded prior service liability.

20          **(2) AUTHORIZATION OF APPROPRIATION BONDS.** (a) A board shall have all powers  
21 necessary and convenient to carry out its duties, and to exercise its authority, under  
22 this section.

23          (b) Subject to pars. (c) and (d), a county may issue appropriation bonds under  
24 this section to pay all or any part of the county’s unfunded prior service liability with  
25 respect to an employee retirement system of the county, or to fund or refund

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1 outstanding appropriation bonds issued under this section. A county may use  
2 proceeds of appropriation bonds to pay issuance or administrative expenses, to make  
3 deposits to reserve funds, to pay accrued or funded interest, to pay the costs of credit  
4 enhancement, to make payments under other agreements entered into under s.  
5 59.86, or to make deposits to stabilization funds established under s. 59.87.

6 (c) Other than refunding bonds issued under sub. (6), all bonds must be issued  
7 simultaneously.

8 (d) 1. Before a county may issue appropriation bonds under par. (b), its board  
9 shall enact an ordinance that establishes a 5-year strategic and financial plan  
10 related to the payment of all or any part of the county's unfunded prior service  
11 liability with respect to an employee retirement system of the county. The strategic  
12 and financial plan shall provide that future annual pension liabilities are funded on  
13 a current basis. The strategic and financial plan shall contain quantifiable  
14 benchmarks to measure compliance with the plan. The board shall make a  
15 determination that the ordinance meets the requirements of this subdivision and,  
16 absent manifest error, the board's determination shall be conclusive. The board shall  
17 submit to the governor and to the chief clerk of each house of the legislature, for  
18 distribution to the legislature under s. 13.172 (2), a copy of the strategic and financial  
19 plan.

20 2. Annually, the county shall submit to the governor, the department of  
21 revenue, and the department of administration, and to the chief clerk of each house  
22 of the legislature, for distribution to the legislature under s. 13.172 (2), a report that  
23 includes all of the following:

24 a. The county's progress in meeting the benchmarks in the strategic and  
25 financial plan.

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1 b. Any proposed modifications to the plan.

2 c. The status of any stabilization fund that is established under s. 59.87 (3).

3 d. The most current actuarial report related to the county's employee  
4 retirement system.

5 e. The amount, if any, by which the county's contributions to the employee  
6 retirement system for the prior year is less than the normal cost contribution for that  
7 year as specified in the initial actuarial report for the county's employee retirement  
8 system for that year.

9 f. The amount that the actuary determines is the county's required contribution  
10 to the employee retirement system for that year.

11 **(2m)** PENALTY FOR INADEQUATE CONTRIBUTION. If the county's contributions to  
12 the employee retirement system for the prior year is less than the lower of the  
13 required contribution for that year, as described in sub. (2) (d) 2. f., or the normal cost  
14 for that year, the department of revenue shall reduce and withhold the amount of the  
15 shared revenue payments to the county under subch. I of ch. 79, in the following year,  
16 by an amount equal to the difference between the required cost contribution for that  
17 prior year and the county's actual contribution in that prior year. The department  
18 of revenue shall deposit the amount of the reduced and withheld shared revenue  
19 payment into the county's employee retirement system.

20 **(3) TERMS.** (a) A county may borrow moneys and issue appropriation bonds in  
21 evidence of the borrowing pursuant to one or more written authorizing resolutions  
22 under sub. (4). Unless otherwise provided in an authorizing resolution, the county  
23 may issue appropriation bonds at any time, in any specific amounts, at any rates of  
24 interest, for any term, payable at any intervals, at any place, in any manner, and  
25 having any other terms or conditions that the board considers necessary or desirable.



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1 Appropriation bonds may bear interest at variable or fixed rates, bear no interest,  
2 or bear interest payable only at maturity or upon redemption prior to maturity.

3 (b) The board may authorize appropriation bonds having any provisions for  
4 prepayment the board considers necessary or desirable, including the payment of  
5 any premium.

6 (c) Interest shall cease to accrue on an appropriation bond on the date that the  
7 appropriation bond becomes due for payment if payment is made or duly provided  
8 for.

9 (d) All moneys borrowed by a county that is evidenced by appropriation bonds  
10 issued under this section shall be lawful money of the United States, and all  
11 appropriation bonds shall be payable in such money.

12 (e) All appropriation bonds owned or held by a fund of the county are  
13 outstanding in all respects and the board or other governing body controlling the  
14 fund shall have the same rights with respect to an appropriation bond as a private  
15 party, but if any sinking fund acquires appropriation bonds that gave rise to such  
16 fund, the appropriation bonds are considered paid for all purposes and no longer  
17 outstanding and shall be canceled as provided in sub. (7) (d).

18 (f) A county shall not be generally liable on appropriation bonds, and  
19 appropriation bonds shall not be a debt of the county for any purpose whatsoever.  
20 Appropriation bonds, including the principal thereof and interest thereon, shall be  
21 payable only from amounts that the board may, from year to year, appropriate for the  
22 payment thereof.

23 **(4) PROCEDURES.** (a) No appropriation bonds may be issued by a county unless  
24 the issuance is pursuant to a written authorizing resolution adopted by a majority  
25 of a quorum of the board. The resolution may be in the form of a resolution or trust

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1 indenture, and shall set forth the aggregate principal amount of appropriation bonds  
2 authorized thereby, the manner of their sale, and the form and terms thereof. The  
3 resolution or trust indenture may establish such funds and accounts, including a  
4 reserve fund, as the board determines.

5 (b) Appropriation bonds may be sold at either public or private sale and may  
6 be sold at any price or percentage of par value. All appropriation bonds sold at ~~public~~  
7 sale shall be noticed as provided in the authorizing resolution. Any bid received at  
8 ~~public~~ sale may be rejected.

9 (5) FORM. (a) As determined by the board, appropriation bonds may be issued  
10 in book-entry form or in certificated form. Notwithstanding s. 403.104 (1), every  
11 evidence of appropriation bond is a negotiable instrument.

12 (b) Every appropriation bond shall be executed in the name of and for the  
13 county by the chairperson of the board and county clerk, and shall be sealed with the  
14 seal of the county, if any. Facsimile signatures of either officer may be imprinted in  
15 lieu of manual signatures, but the signature of at least one such officer shall be  
16 manual. An appropriation bond bearing the manual or facsimile signature of a  
17 person in office at the same time the signature was signed or imprinted shall be fully  
18 valid notwithstanding that before or after the delivery of such appropriation bond  
19 the person ceased to hold such office.

20 (c) Every appropriation bond shall be dated not later than the date it is issued,  
21 shall contain a reference by date to the appropriate authorizing resolution, shall  
22 state the limitation established in sub. (3) (f), and shall be in accordance with the  
23 appropriate authorizing resolution in all respects.

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1 (d) An appropriation bond shall be substantially in such form and contain such  
2 statements or terms as determined by the board, and may not conflict with law or  
3 with the appropriate authorizing resolution.

4 (6) REFUNDING BONDS. (a) 1. A board may authorize the issuance of refunding  
5 appropriation bonds. Refunding appropriation bonds may be issued, subject to any  
6 contract rights vested in owners of the appropriation bonds being refunded, to refund  
7 all or any part of one or more issues of appropriation bonds notwithstanding that the  
8 appropriation bonds may have been issued at different times or issues of general  
9 obligation promissory notes under s. 67.12 (12) were issued to pay unfunded prior  
10 service liability with respect to an employee retirement system. The principal  
11 amount of the refunding appropriation bonds may not exceed the sum of: the  
12 principal amount of the appropriation bonds or general obligation promissory notes  
13 being refunded; applicable redemption premiums; unpaid interest on the refunded  
14 appropriation bonds or general obligation promissory notes to the date of delivery or  
15 exchange of the refunding appropriation bonds; in the event the proceeds are to be  
16 deposited in trust as provided in par. (c), interest to accrue on the appropriation  
17 bonds or general obligation promissory notes to be refunded from the date of delivery  
18 to the date of maturity or to the redemption date selected by the board, whichever  
19 is earlier; and the expenses incurred in the issuance of the refunding appropriation  
20 bonds and the payment of the refunded appropriation bonds or general obligation  
21 promissory notes.

22 2. A board may authorize the issuance of general obligation promissory notes  
23 under s. 67.12 (12) (a) to refund appropriation bonds, notwithstanding s. 67.01 (9)  
24 (intro.).

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1 (b) If a board determines to exchange refunding appropriation bonds, they may  
2 be exchanged privately for, and in payment and discharge of, any of the outstanding  
3 appropriation bonds being refunded. Refunding appropriation bonds may be  
4 exchanged for such principal amount of the appropriation bonds being exchanged  
5 therefor as may be determined by the board to be necessary or desirable. The owners  
6 of the appropriation bonds being refunded who elect to exchange need not pay  
7 accrued interest on the refunding appropriation bonds if and to the extent that  
8 interest is accrued and unpaid on the appropriation bonds being refunded and to be  
9 surrendered. If any of the appropriation bonds to be refunded are to be called for  
10 redemption, the board shall determine which redemption dates are to be used, if  
11 more than one date is applicable and shall, prior to the issuance of the refunding  
12 appropriation bonds, provide for notice of redemption to be given in the manner and  
13 at the times required by the resolution authorizing the appropriation bonds to be  
14 refunded.

15 (c) 1. The principal proceeds from the sale of any refunding appropriation bonds  
16 shall be applied either to the immediate payment and retirement of the  
17 appropriation bonds or general obligation promissory notes being refunded or, if the  
18 bonds or general obligation promissory notes have not matured and are not presently  
19 redeemable, to the creation of a trust for, and shall be pledged to the payment of, the  
20 appropriation bonds or general obligation promissory notes being refunded.

21 2. If a trust is created, a separate deposit shall be made for each issue of  
22 appropriation bonds or general obligation promissory notes being refunded. Each  
23 deposit shall be with a bank or trust company authorized by the laws of the United  
24 States or of a state in which it is located to conduct banking or trust company  
25 business. If the total amount of any deposit, including moneys other than sale

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1 proceeds but legally available for such purpose, is less than the principal amount of  
2 the appropriation bonds or general obligation promissory notes being refunded and  
3 for the payment of which the deposit has been created and pledged, together with  
4 applicable redemption premiums and interest accrued and to accrue to maturity or  
5 to the date of redemption, then the application of the sale proceeds shall be legally  
6 sufficient only if the moneys deposited are invested in securities issued by the United  
7 States or one of its agencies, or securities fully guaranteed by the United States, and  
8 only if the principal amount of the securities at maturity and the income therefrom  
9 to maturity will be sufficient and available, without the need for any further  
10 investment or reinvestment, to pay at maturity or upon redemption the principal  
11 amount of the appropriation bonds or general obligation promissory notes being  
12 refunded together with applicable redemption premiums and interest accrued and  
13 to accrue to maturity or to the date of redemption. The income from the principal  
14 proceeds of the securities shall be applied solely to the payment of the principal of  
15 and interest and redemption premiums on the appropriation bonds or general  
16 obligation promissory notes being refunded, but provision may be made for the  
17 pledging and disposition of any surplus.

18 3. Nothing in this paragraph may be construed as a limitation on the duration  
19 of any deposit in trust for the retirement of appropriation bonds or general obligation  
20 promissory notes being refunded that have not matured and that are not presently  
21 redeemable. Nothing in this paragraph may be constructed to prohibit reinvestment  
22 of the income of a trust if the reinvestments will mature at such times that sufficient  
23 moneys will be available to pay interest, applicable premiums, and principal on the  
24 appropriation bonds or general obligation promissory notes being refunded.

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1           (7) FISCAL REGULATIONS. (a) All appropriation bonds shall be registered by the  
2 county clerk or county treasurer of the county issuing the appropriation bonds, or  
3 such other officers or agents, including fiscal agents, as the board may determine.  
4 After registration, no transfer of an appropriation bond is valid unless made by the  
5 registered owner's duly authorized attorney, on the records of the county and  
6 similarly noted on the appropriation bond. The county may treat the registered  
7 owner as the owner of the appropriation bond for all purposes. Payments of principal  
8 and interest shall be by electronic funds transfer, check, share draft, or other draft  
9 to the registered owner at the owner's address as it appears on the register, unless  
10 the board has otherwise provided. Information in the register is not available for  
11 inspection and copying under s. 19.35 (1). The board may make any other provision  
12 respecting registration as it considers necessary or desirable.

13           (b) The board may appoint one or more trustees or fiscal agents for each issue  
14 of appropriation bonds. The county treasurer may be designated as the trustee and  
15 the sole fiscal agent or as cofiscal agent for any issue of appropriation bonds. Every  
16 other fiscal agent shall be an incorporated bank or trust company authorized by the  
17 laws of the United States or of the state in which it is located to conduct banking or  
18 trust company business. There may be deposited with a trustee, in a special account,  
19 moneys to be used only for the purposes expressly provided in the resolution  
20 authorizing the issuance of appropriation bonds or an agreement between the county  
21 and the trustee. The board may make other provisions respecting trustees and fiscal  
22 agents as the board considers necessary or desirable and may enter into contracts  
23 with any trustee or fiscal agent containing such terms, including compensation, and  
24 conditions in regard to the trustee or fiscal agent as the board considers necessary  
25 or desirable.

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1 (c) If any appropriation bond is destroyed, lost, or stolen, the county shall  
2 execute and deliver a new appropriation bond, upon filing with the board evidence  
3 satisfactory to the board that the appropriation bond has been destroyed, lost, or  
4 stolen, upon providing proof of ownership thereof, and upon furnishing the board  
5 with indemnity satisfactory to it and complying with such other rules of the county  
6 and paying any expenses that the county may incur. The board shall cancel the  
7 appropriation bond surrendered to the county.

8 (d) Unless otherwise directed by the board, every appropriation bond paid or  
9 otherwise retired shall be marked "canceled" and delivered to the county treasurer,  
10 or to such other fiscal agent as applicable with respect to the appropriation bond, who  
11 shall destroy them and deliver a certificate to that effect to the county clerk.

12 **(8) APPROPRIATION BONDS AS LEGAL INVESTMENTS.** Any of the following may  
13 legally invest any sinking funds, moneys, or other funds belonging to them or under  
14 their control in any appropriation bonds issued under this section:

15 (a) The state, the investment board, public officers, municipal corporations,  
16 political subdivisions, and public bodies.

17 (b) Banks and bankers, savings and loan associations, credit unions, trust  
18 companies, savings banks and institutions, investment companies, insurance  
19 companies, insurance associations, and other persons carrying on a banking or  
20 insurance business.

21 (c) Personal representatives, guardians, trustees, and other fiduciaries.

22 **(9) MORAL OBLIGATION PLEDGE.** If the board considers it necessary or desirable  
23 to do so, it may express in a resolution authorizing appropriation bonds its  
24 expectation and aspiration to make timely appropriations sufficient to pay the  
25 principal and interest due with respect to such appropriation bonds, to make

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1 deposits into a reserve fund created under sub. (4) (a) with respect to such  
2 appropriation bonds, to make payments under any agreement or ancillary  
3 arrangement entered into under s. 59.86 with respect to such appropriation bonds,  
4 to make deposits into any stabilization fund established or continued under s. 59.87  
5 with respect to such appropriation bonds, or to pay related issuance or  
6 administrative expenses.

7 (10) PENSION STUDY COMMITTEE. The 2 public members of the pension study  
8 committee, created by chapter 405, laws of 1965, shall have at least 10 years of  
9 financial experience.

10 (11) APPLICABILITY. This section does not apply if a county does not issue  
11 appropriation bonds as authorized under sub. (2).

12 SECTION 3. 59.86 of the statutes is created to read:

13 **59.86 Agreements and ancillary arrangements for certain notes and**  
14 **appropriation bonds.** At the time of issuance or in anticipation of the issuance of  
15 appropriation bonds under s. 59.85, or general obligation promissory notes under s.  
16 67.12 (12), to pay unfunded prior service liability with respect to an employee  
17 retirement system, or at any time thereafter so long as the appropriation bonds or  
18 general obligation promissory notes are outstanding, a county having a population  
19 of 500,000 or more may enter into agreements or ancillary arrangements relating to  
20 the appropriation bonds or general obligation promissory notes, including trust  
21 indentures, liquidity facilities, remarketing or dealer agreements, letters of credit,  
22 insurance policies, guaranty agreements, reimbursement agreements, indexing  
23 agreements, and interest exchange agreements. Any payments made or amounts  
24 received with respect to any such agreement or ancillary arrangement shall be made  
25 from or deposited as provided in the agreement or ancillary arrangement.



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1           **SECTION 4.** 59.87 of the statutes is created to read:

2           **59.87 Employee retirement system liability financing in populous**  
3 **counties; additional powers. (1) DEFINITIONS.** In this section:

4           (a) “Board” means the county board of supervisors in any county.

5           (b) “County” means any county having a population of 500,000 or more.

6           (c) “Pension funding plan” means a strategic and financial plan related to the  
7 payment of all or part of a county’s unfunded prior service liability with respect to  
8 an employee retirement system.

9           (d) “Trust” means a common law trust organized under the laws of this state,  
10 by the county, as settlor, pursuant to a formal, written, declaration of trust.

11           **(2) SPECIAL FINANCING ENTITIES, FUNDS, AND ACCOUNTS.** (a) To facilitate a pension  
12 funding plan and in furtherance thereof, a board may create one or more of the  
13 following:

14           1. A trust.

15           2. A nonstock corporation under ch. 181.

16           3. A limited liability company under ch. 183.

17           4. A special fund or account of the county.

18           (b) An entity described under par. (a) has all of the powers provided to it under  
19 applicable law and the documents pursuant to which it is created and established.  
20 The powers shall be construed broadly in favor of effectuating the purposes for which  
21 the entity is created. A county may appropriate funds to such entities and to such  
22 funds and accounts, under terms and conditions established by the board, consistent  
23 with the purposes for which they are created and established.

24           **(3) STABILIZATION FUNDS.** (a) To facilitate a pension funding plan a board may  
25 establish a stabilization fund. Any such fund may be created as a trust, a special fund

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1 or account of the county established by a separate resolution or ordinance, or a fund  
2 or account created under an authorizing resolution or trust indenture in connection  
3 with the authorization and issuance of appropriation bonds under s. 59.85 or general  
4 obligation promissory notes under s. 67.12 (12). A county may appropriate funds for  
5 deposit to a stabilization fund established under this subsection.

6 (b) Moneys in a stabilization fund established under this subsection may be  
7 used, subject to annual appropriation by the board, solely to pay principal or interest  
8 on appropriation bonds issued under s. 59.85 and general obligation promissory  
9 notes under s. 67.12 (12) issued in connection with a pension funding plan, for the  
10 redemption or repurchase of such appropriation bonds or general obligation  
11 promissory notes, to make payments under any agreement or ancillary arrangement  
12 entered into under s. 59.86 with respect to such appropriation bonds or general  
13 obligation promissory notes, or to pay annual pension costs other than normal costs.  
14 Moneys on deposit in a stabilization fund may not be subject to any claims, demands,  
15 or actions by, or transfers or assignments to, any creditor of the county, any  
16 beneficiary of the county's employee retirement system, or any other person, on  
17 terms other than as may be established in the resolution or ordinance creating the  
18 stabilization fund. Moneys on deposit in a stabilization fund established under this  
19 subsection may be invested and reinvested in the manner directed by the board or  
20 pursuant to delegation by the board as provided under s. 66.0603 (5).

21 **SECTION 5.** 66.0602 (3) (d) 3. of the statutes is created to read:

22 66.0602 (3) (d) 3. The limit otherwise applicable under this section does not  
23 apply to amounts levied by a county having a population of 500,000 or more for the  
24 payment of debt service on appropriation bonds issued under s. 59.85, including debt  
25 service on appropriation bonds issued to fund or refund outstanding appropriation

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1 bonds of the county, to pay related issuance costs or redemption premiums, or to  
2 make payments with respect to agreements or ancillary arrangements authorized  
3 under s. 59.86.

4 **SECTION 6.** 66.0603 (1m) (e) of the statutes is created to read:

5 66.0603 (1m) (e) Subject to s. 67.11 (2) with respect to funds on deposit in a debt  
6 service fund for general obligation promissory notes issued under s. 67.12 (12), a  
7 county having a population of 500,000 or more, or a person to whom the county has  
8 delegated investment authority under sub. (5), may invest and reinvest in the same  
9 manner as is authorized for investments and reinvestments under s. 881.01, any of  
10 the following:

11 1. Moneys held in any stabilization fund established under s. 59.87 (3).

12 2. Moneys held in a fund or account, including any reserve fund, created in  
13 connection with the issuance of appropriation bonds under s. 59.85 or general  
14 obligation promissory notes under s. 67.12 (12) issued to provide funds for the  
15 payment of all or a part of the county's unfunded prior service liability.

16 3. Moneys appropriated or held by the county to pay debt service on  
17 appropriation bonds or general obligation promissory notes under s. 67.12 (12).

18 4. Moneys constituting proceeds of appropriation bonds or general obligation  
19 promissory notes described in subd. 2. that are available for investment until they  
20 are spent.

21 5. Moneys held in an employee retirement system of the county.

22 **SECTION 7.** 66.0603 (5) of the statutes is created to read:

23 66.0603 (5) DELEGATION OF INVESTMENT AUTHORITY IN CONNECTION WITH PENSION  
24 FINANCING IN POPULOUS COUNTIES. The governing board of a county having a  
25 population of 500,000 or more may delegate investment authority over any of the

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1 moneys described in sub. (1m) (e) to any of the following persons, which shall be  
2 responsible for the general administration and proper operation of the county's  
3 employee retirement system, subject to the board's finding that such person has  
4 expertise in the field of investments:

5 (a) A public board that is organized for such purpose under county ordinances.

6 (b) A trustee, investment advisor, or investment banking or consulting firm.

7 **SECTION 8.** 67.01 (9) (intro.) of the statutes is amended to read:

8 **67.01 (9)** (intro.) This chapter is not applicable to appropriation bonds issued  
9 by a county under s. 59.85 and, except ss. 67.08 (1), 67.09 and 67.10, is not applicable:

10 **SECTION 9.** 67.04 (5) (b) 4. of the statutes is amended to read:

11 **67.04 (5)** (b) 4. To pay unfunded prior service liability contributions under the  
12 Wisconsin retirement system, or to pay unfunded prior service liability with respect  
13 to an employee retirement system, if all of the net proceeds of the note will be used  
14 to pay for such contributions or payments.

15 **SECTION 10.** 67.045 (1) (g) of the statutes is created to read:

16 **67.045 (1)** (g) The debt is issued by a county having a population of 500,000 or  
17 more to pay unfunded prior service liability with respect to an employee retirement  
18 system.

19 **SECTION 11.** 67.12 (12) (a) of the statutes is amended to read:

20 **67.12 (12)** (a) Any municipality may issue promissory notes as evidence of  
21 indebtedness for any public purpose, as defined in s. 67.04 (1) (b), including but not  
22 limited to paying any general and current municipal expense, and refunding any  
23 municipal obligations, including interest on them. Each note, plus interest if any,  
24 shall be repaid within 10 years after the original date of the note, except that notes  
25 issued under this section for purposes of ss. 119.498, 145.245 (12m), 281.58, 281.59,

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1 281.60, and 281.61, ~~or~~ issued to raise funds to pay a portion of the capital costs of a  
2 metropolitan sewerage district, or issued by a county having a population of 500,000  
3 or more to pay unfunded prior service liability with respect to an employee  
4 retirement system shall be repaid within 20 years after the original date of the note.

5 (END)