

LRB-FISCAL REVIEW SECTION ANALYSIS

FEBRUARY 6, 2002 AGENDA

ITEM 18, FILE 011358

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #011358 is a substitute resolution authorizing the Commissioner's of Public Debt to market general obligation " corporate purpose bonds pursuant to the provisions of Chapter 67.

Background

1. The Comptroller annually submits a resolution for the Common Council's approval that consolidates the issuance of general obligation bonds authorized under various initial resolutions into one issue. The consolidation streamlines the bond sales and allows for flexibility in the debt issuance process. The resolution also rescinds the previous year's resolution because some of the bonds authorized under the previous year's resolution were not sold.

Discussion

1. The resolution authorizes the Public Debt Commissioners to issue and sell City of Milwaukee general obligation bonds in the amount of \$166,746,349. Portions of the bonds were originally authorized in the 1999, 2000, 2001 and 2002 City Budgets and the Common Council previously adopted initial resolutions authorizing the issuance of the bonds.
2. The resolution also rescinds last year's "corporate purpose resolution" (File #001568) because some of the bonds authorized under the resolution were not sold. The authority to issue those bonds that were carried over (File #011070) is included in this year's resolution.

Fiscal Impact

1. Until the actual structuring of the debt issue is determined by the Public Debt Commission, details relating to the long-term fiscal impact are not known. Depending on actual sale date in 2002, a maximum of 6 months interest would be incurred during the current year. If sold after July 1, 2002, there would be no fiscal impact in 2002.
2. Actions that may be taken by the State of Wisconsin to address its budget shortfall could impact the timing, size and thereby the resulting debt service level relating to these general obligation bonds.

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