



Tom Barrett
Mayor, City of Milwaukee

November 1, 2006

Dear Council Members:

We are writing to express our mutual concern regarding the possible reallocation of funding that is included in the 2007 Proposed Executive Budget for the Damages and Claims Fund to other purposes via the budget amendment process.

The 2007 proposed budget contains a \$2 million increase to the Damage and Claims Fund special purpose account. There is a corresponding amount reserved through the proposed Tax Stabilization Fund (TSF) withdrawal to fund this additional expenditure. The increase to the Damages and Claims Fund arises from a judgment against the City (the Alexander case). It is expected that the City will need to pay this judgment during 2007. The proposed funding will reduce the City's exposure to contingent borrowing for this expense.

Since the budget was proposed, the City's exposure to legal liability has increased as a result of federal indictments in the Jude matter. Reallocating any of the proposed budget funding to other purposes by amendments will only increase the City's exposure to borrowing. In short, this is absolutely the wrong time to reallocate funding that has been reserved for the City's legal liabilities.

The Common Council has consistently been responsible in dealing with the City's long-term obligations and fiscal liabilities. We ask that you maintain this reputation by not using funds proposed for the 2007 Damages and Claims Fund special purpose account for any other purpose.

Thank you for your consideration.

Sincerely,

Tom Barrett
Mayor

Grant Langley
City Attorney

W. Martin Morics
City Comptroller

c: Marianne Walsh, Fiscal Review Manager