

Reply to Common Council File No. 030301

From: DOA-Budget and Management Division

June 13, 2003


Ref: 03013 (39)

Common Council File 030301 contains a substitute resolution authorizing issuance of short-term promissory notes in an amount not to exceed \$150,000,000 for the purpose of financing the operating budget of the Milwaukee Public Schools on an interim basis. This sale is necessary in order to finance the operating budget of the Milwaukee Public Schools for fiscal year 2003-2004 on an interim basis pending receipt of state school equalization aid revenue payments due in September and December 2003 and March and June 2004.

The City of Milwaukee is authorized to and annually borrows money for school purposes in anticipation of receiving state school aid payments. However, the short-term promissory notes do not constitute indebtedness for purposes of determining the city's debt limitation and no tax will be levied to pay the obligation.

This resolution authorizes the sale of short-term promissory notes and pledges revenues payable to the School Operations Fund to the payment of debt service on such notes. The resolution authorizes and directs the segregation of school aid revenues due and payable during June of 2004 to pay the principal on such notes at maturity. In addition, the resolution pledges surplus revenues in the Debt Service Fund to payment of accrued interest upon maturity, and authorizes the creation of a separate account in the Debt Service Fund in an amount sufficient to pay the interest on such notes at maturity. The resolution also authorizes the proper City officers to deposit with a trustee an amount sufficient together with earnings to pay the principal and interest due on such notes at maturity.

**RECOMMENDATION: APPROVE FILE 030301 AUTHORIZING THE ISSUANCE OF SHORT-TERM PROMISSORY NOTES IN AN AMOUNT NOT TO EXCEED \$150 MILLION FOR THE PURPOSE OF FINANCING THE OPERATING BUDGET OF THE MILWAUKEE PUBLIC SCHOOLS ON AN INTERIM BASIS.**



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JJL:jjl

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