

Reply to Common Council File No. 011358  
From DOA-Budget and Management Division

January 30, 2002

Ref: 02010(20)

Common Council File 011358 contains a resolution authorizing the Commissioners of the Public Debt to issue and sell City of Milwaukee general obligation corporate purpose bonds in the amount of \$166,746,349. These bonds have been authorized in the 1999, 2000, 2001 and 2002 city budgets for the purpose of financing capital projects and special assessments. The initial resolutions have been adopted authorizing the issuance of such bonds.

In 2001, a corporate purpose resolution (File 001568) was adopted combining general obligation bonds authorized under various initial resolutions into one issue designated corporate purpose bonds. Some of these authorized bonds were not sold. Prior year capital borrowing authority may remain unsold because the authority includes multi-year projects or programs, a project was delayed, or a project is in progress with expenditures made and borrowing to follow.

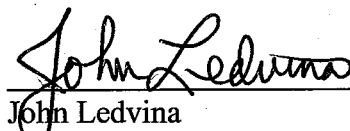
Capital borrowing authority is an estimate of the debt financing needed to complete a project. The City generally borrows after expenditures have been incurred on a given project. This strategy uses tax levy cash and other funding sources first. The City borrows only what is needed for the project. Therefore, interest paid on bonds is minimized.

The resolution in the file rescinds the authority of the corporate purpose resolution adopted in 2001 and combines general obligation bonds authorized under various initial resolutions into one issue. Consolidation into one issue will streamline the actual bond sales and allow for flexibility within the debt issuance process. The aggregate amount of this borrowing authority totals \$166,746,349 for all of the public purposes provided by the underlying resolutions. In addition, this resolution specifies the parameters in which the bonds may be sold.

An approximately \$32 million corporate purpose bond sale is planned for March 2002. A maximum of six months interest would be incurred for bonds sold before July 1, 2002. There would be no fiscal impact in 2002 if additional bonds were sold after July 1, 2002. The Public Debt Commission determines the actual structuring of the debt issue. Historically, city debt of this nature has been structured as 15-year level principal retirement issues.

This is an administrative action conducted annually to facilitate efficient borrowing for capital projects. As we move forward, planned capital programs and projects will be reviewed in response to action on Governor McCallum's state shared revenue proposal.

**RECOMMENDATION: APPROVE**



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