

Reply to Common Council File No. 030519
From DOA-Budget and Management Division

July 25, 2003


Ref: 03013 (46)

Common Council File No. 030519 is a resolution approving a Cooperation Agreement between the City of Milwaukee, Milwaukee Board of School Directors and the Redevelopment Authority of the City of Milwaukee (RACM) relating to financing of Milwaukee Public School's unfunded pension liability with the Wisconsin Retirement System.

The unfunded pension liability is estimated to be about \$172 million. The State of Wisconsin recently passed legislation that enables MPS to finance this liability with debt issued by the City or RACM. Current interest rates make this a favorable time to initiate this financing.

Other than staff time, there is no immediate cost to the City to implement the provisions of this agreement. MPS will pledge school district revenues to the repayment of the bonds, whether they are General Obligation or Revenue Bonds. The City's obligations to this agreement are not financial in nature; they are solely in the form of staff assistance.

RECOMMENDATION: APPROVE COMMON COUNCIL FILE NO. 030519 WHICH ALLOWS THE CITY TO ENTER INTO A COOPERATION AGREEMENT FOR FINANCING MILWAUKEE PUBLIC SCHOOLS' UNFUNDED PENSION LIABILITY WITH THE WISCONSIN RETIREMENT SYSTEM.


Jennifer C. Gonda
Fiscal Planning Specialist

JCG:

FINANCE: 030519sr.doc