

LRB – RESEARCH AND ANALYSIS SECTION ANALYSIS

NOVEMBER 20, 2008 AGENDA

ITEM 11, FILE 080949

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

Resolution to authorize up to \$1.6 million dollars of contingent borrowing to fund the settlement of the lawsuit entitled Estate of Justin Fields v. Nawotka, et. al.

Background

1. On November 17, 2008, the Judiciary and Legislation Committee approved a resolution (File #080949) authorizing settlement of the lawsuit entitled Estate of Justin Fields v. Nawotka, *et al.*, Case No. 03-C-1450, for the total amount of \$1,600,000.00.
2. The Damages and Claims SPA does not have enough funding available (\$303,634 as of November 17th) to the pay the Fields' settlement amount.
3. The 2008 Budget of the City of Milwaukee authorizes \$110,000,000 Contingent Borrowing.

Discussion

1. This resolution authorizes up to \$1.6 million dollars of contingent borrowing to fund the settlement of the lawsuit entitled Estate of Justin Fields v. Nawotka, et. al.

Fiscal Impact

This resolution authorizes up to \$1.6 million dollars of contingent borrowing to fund the settlement of the lawsuit entitled Estate of Justin Fields v. Nawotka, et. al. According to the Budget Office, the borrowing would be for a 5-year period, using 4-year amortization payments from 2010 to 2013. Assuming an interest rate of 5%, there would be level principal payments of \$400,000 with interest payments declining from \$80,000 in the first year to \$20,000 in the fourth year, with principal and interest payments totaling \$1.8 million.

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