

LRB – RESEARCH AND ANALYSIS

FEBRUARY 1, 2006 AGENDA

ITEM 7, FILE 051281

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #051281 is a resolution authorizing the Commissioners of Public Debt to market general obligation revenue anticipation notes pursuant to the provisions of Ch. 67 Stats.

Background and Discussion

1. This resolution authorizes the City of Milwaukee to issue general obligation revenue anticipation notes (RANs) to finance the City's operating budget until the City receives shared revenue payments from the State of Wisconsin.
2. The City of Milwaukee annually issues short-term RANs in anticipation of receiving shared revenue payments from the State of Wisconsin.
3. The City of Milwaukee anticipates receiving approximately \$272 million in shared revenue payments (General Shared Revenue, ERP, Local Street Aids, etc.) in 2006 from the State of Wisconsin.
4. Shared revenue from the State of Wisconsin will provide approximately 35% of the City's General Fund operating revenue for 2006.
5. The RANs will be repaid from the November shared revenue payment.
6. The maximum amount of the sale of the notes will total no more than \$90,000,000.

Fiscal Impact

Assuming the issuance of RANs in the amount of \$50 million at an interest rate of 4%, the Comptroller's Office estimates 2006 debt service expenditures of \$1.5 million.

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