

# LRB – RESEARCH AND ANALYSIS SECTION ANALYSIS

JANUARY 14, 2009 AGENDA

ITEM 25, FILE 081159

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #081159 is a resolution authorizing the Commissioners of Public Debt to market general obligation “corporate purpose bonds”.

## Background

1. The Comptroller annually submits a resolution for the Common Council’s approval that consolidates the issuance of general obligation bonds authorized under various initial resolutions into one issue. The consolidation streamlines the bond sales and allows for flexibility in the debt issuance process.

## Discussion

1. The resolution authorizes the Public Debt Commissioners to issue and sell City of Milwaukee general obligation bonds in the amount of \$752,598,438. Portions of the bonds were originally authorized in the 2005, 2006, 2007, 2008, and 2009 City Budgets and the Common Council previously adopted initial resolutions authorizing the issuance of the bonds.

## Fiscal Impact

The Comptroller’s Office estimates debt service expenditures of \$2.25 million in 2009 and \$8.9 million per year 2010-2026. The estimate is based on a 15-year level principal issuance of \$100 million, at an interest rate of 4.5%. The actual amount may be more or less depending on the pace of the projects. Actual debt may be amortized over a shorter period depending upon the useful life of the projects being financed. Actual interest rates depend on the rates at the time of the issuance.

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