

LRB - FISCAL SECTION ANALYSIS

FEBRUARY 22, 2001

ITEM 12, FILE 001484

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #001484 is a resolution approving an agreement in conjunction with the sale of an amount not to exceed \$150,000,000 in City of Milwaukee, Wisconsin short term-promissory notes.

Background and Discussion

1. The City of Milwaukee annually issues short-term promissory notes to finance the City's operating budget until the City receives shared revenue payments from the State of Wisconsin.
2. The City of Milwaukee is usually able to earn interest by investing the proceeds of notes at a higher rate of interest than it is paying the holders of the notes.
3. On December 15, 2001, the Common Council adopted file #001167 authorizing the issuance of short-term promissory notes for the purpose of financing the operating budget on an interim basis.
4. The notes were issued on February 20, 2001 and mature in February of 2002.
5. The note holders and the rating agencies want an assurance that funds from the 2001 Budget will be used to pay off the notes.
6. The agreement provides that assurance by the City agreeing to transfer funds that are adequate to pay off the notes from the 2001 General Fund and Debt Service Fund to a trustee, the Chase Manhattan Bank.

Fiscal Impact

This resolution has no fiscal impact. It is one of several resolutions that are issued as part of the City's short-term promissory note issuance procedure.

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