

LRB – FISCAL REVIEW SECTION ANALYSIS

SEPTEMBER 20, 2001 AGENDA

ITEM 21, FILE 010208

FINANCE & PERSONNEL COMMITTEE

Emma J. Stamps

File 010208 is a resolution authorizing and providing for the sale by the City of Milwaukee, Wisconsin, of a series of Sewerage System Revenue Bonds, Series 2001, in the principal amount of not to exceed Twenty-Nine million Ninety-Five Thousand Dollars (\$29,095,000) for the purpose of financing the costs of improvements to the City's sewerage system; prescribing certain details of such bonds; approving the form of preliminary official statement with respect to the bonds and authorizing the preparation and distribution of an Official Statement and continuing disclosure certificate with respect to the bonds; and certain other matters related thereto.

Background

1. The 2000 Budget transferred the Relief and Relay Sewer capital program from the City's capital improvement budget to the Sewer Maintenance Fund. Relief and relay sewers are to be financed through issuance of revenue or general obligation bonds and paid for through the Sewer Maintenance Fee. Prior to 2000, relief and relay sewers were largely cash financed.
2. The 2000 budget authorized the issuance of \$14,560,000 in Sewerage System Revenue Bonds and the 2001 Budget authorized the issuance of \$14,535,000.
3. The City issued short-term Bond Anticipation Notes (Resolution No. 991862) to provide financing for the sewers until the technical aspects of a revenue bond issuance could be developed.
4. The sale of revenue bonds has not taken place because not all technical aspects for a revenue bond issuance were met prior to the Common Council passing Resolution 998163 on August 2, 2001.
5. Resolution 998163 (the "Master Resolution") furnishes the parameters for related sewerage revenue bond issuance.

Discussion

1. FN 010208 serves as an adjunct to FN 991863 passed by the Common Council on August 2, 2001. FN 010208 will allow for marketing Series 2001 Sewerage System Revenue Bonds this year. Specific "series" resolution considerations are anticipated for each issuance of actual bonds.
2. The 2001 Sewerage System Revenue Bond issuance will not exceed \$29,095,000. The City's Public Debt Commission will oversee the competitive or negotiated bond sales.

3. Any advance redemption (bond call) of the Series 2001 Sewerage System Revenue Bonds will occur no sooner than 2012 and be executed at face value (par).
4. Any Series 2001 Sewerage System Revenue Bond maturity will have a maximum 8% bond interest rate.
5. The bonds will have a 40-year maximum maturity period.
6. The purpose of Resolution No. 010208 is to:
 - Pay the costs of improvements to the City's sewerage system;
 - Pay the costs of issuance of the Series 2001 Bonds;
 - Prescribe certain details of sewerage system bonds;
 - Approve the form of preliminary official statement with respect to the bonds; and
 - Authorize the preparation and distribution of an Official Statement and continuing disclosure certificate with respect to the bonds

Fiscal Impact

1. This resolution will provide for issuance of 2001 fully-registered Sewerage System Bonds in the denomination of \$5,000 or any integral multiple thereof, not to exceed \$29,095,000 in total bond issuance in 2001.

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