

LRB - FISCAL SECTION ANALYSIS

MARCH 20, 2002

ITEM 6, FILE 011610

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #011610 is a resolution approving an agreement in conjunction with the sale of an amount not to exceed \$175,000,000 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 interim interest by investing the proceeds of notes at a higher rate of interest than it is paying the holders of the notes until such time as the note proceeds are actually expended.
3. On January 22, 2002, the Common Council adopted file #011221 authorizing the issuance of short-term promissory notes for the purpose of financing the 2002 operating budget on an interim basis.
4. The notes were issued on March 12, 2002 and mature in March of 2003.
5. The note holders and the rating agencies rely on this agreement to assure that only a deposit of funds from the 2002 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 2002 General Fund and Debt Service Fund to a trustee, the JP Morgan Chase 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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LRB-Fiscal Review
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