

LRB – FISCAL REVIEW SECTION ANALYSIS

FEBRUARY 4, 2004 AGENDA

ITEM 6, FILE 031383

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #031383 is a resolution authorizing the Commissioners of Public Debt to market general obligation “corporate purpose bonds” pursuant to the provisions of Chapter 67, Wis. Stats.

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 \$240,554,569. Portions of the bonds were originally authorized in the 2001, 2002, 2003 and 2004 City Budgets and the Common Council previously adopted initial resolutions authorizing the issuance of the bonds.
2. Some bonds authorized to be sold in last year’s “corporate purpose resolution” (File #021478) were not sold. The authority to issue those bonds was carried over (File #031033). This resolution rescinds last year’s “corporate purpose resolution” so that those authorized, but unissued, bonds can be combined into this new corporate purpose resolution.

Fiscal Impact

For the debt issued under this resolution and resolution #031396, the Comptroller’s Office estimates debt service expenditures of \$2.25 million in 2004 and \$8.9 million per year 2005-2019. 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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