

Reply to Common Council File No. 030773
From DOA-Budget and Management Division

October 7, 2003

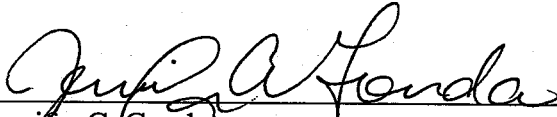
Ref: 03013

Common Council File 030773 is a substitute charter ordinance relating to authorizing financial agreements and ancillary arrangements with respect to city obligations.

This charter ordinance is proposed to give the city maximum flexibility in the financing of municipal debt obligations by enabling us to use alternative debt financing mechanisms, such as interest rate swapping or forward payment conversion agreements, that have become commonplace in the municipal bond market. An interest rate swap arrangement has been proposed for the upcoming Milwaukee Public Schools unfunded pension liability refunding, where it may be in the city's best interests to issue variable rate bonds, and later swap them with fixed rate bonds.

While Wisconsin State Statutes give the city the authority to enter into such arrangements, it has not been expressly addressed in the city's ordinances. Adopting this new wording in our charter clears up the discrepancy and will satisfy our bond counsel as to our legal ability to enter into such arrangements.

**RECOMMENDATION: ADOPT THE SUBSTITUTE CHARTER ORDINANCE
IN COMMON COUNCIL FILE 030773.**



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FINANCE: 030773sr.doc