

Reply to Common Council File Nos. 041046
From DOA-Budget and Management Division

December 9, 2004

Ref: 04010

Common Council Files 041046 is a resolution authorizing the Commissioners of the Public Debt to issue and sell City of Milwaukee general obligation corporate purpose bonds and/or notes in the amount of \$269,353,524. This is the total amount authorized and unissued in the 2002, 2003, 2004 and 2005 city budgets for the purpose of financing capital projects and special assessments. The initial resolutions authorizing the issuance of such bonds and notes have already been adopted.

This administrative action is conducted annually to facilitate efficient borrowing for capital projects. Each year, a corporate purpose resolution is adopted that combines general obligation bonds authorized under various initial resolutions into one issue designated corporate purpose bonds. At this time, some of these authorized bonds have not been sold because the authority included multi-year projects or programs, a project was delayed, or a project is in progress with expenditures made and borrowing to follow.

This file assumes that approximately \$60 million in corporate purpose bonds and notes will be sold before July 1, 2005 at a rate of 4.50 percent, for an estimated 2005 debt service impact of \$1,350,000. Any bonds or notes sold after that date would have no fiscal impact in 2005. The Public Debt Commission determines the actual structuring of the debt issue. Typically, financing amortized under 10 years is issued as notes and projects with a useful life greater than ten years are financed using 15-year bonds.

RECOMMENDATION: APPROVE COMMON COUNCIL FILES 031383 AND 041046.



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