

LRB – FISCAL REVIEW SECTION ANALYSIS

DECEMBER 15, 2004 AGENDA

ITEM 26, FILE 041046

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #0410466 is a resolution authorizing the Commissioners of Public Debt to market general obligation “corporate purpose notes” pursuant to the provisions of Chapter 67, Wis. Stats.

Background

1. This resolution authorizes the Public Debt Commissioners to issue and sell City of Milwaukee general obligation “corporate purpose notes” in the amount of \$269,353,524. Notes are debt securities that usually mature in one to ten years. Bonds are debt securities that typically mature in more than 10 years.
2. The bonds and notes were authorized in the 2002, 2003, 2004 and 2005 City Budgets and the Common Council previously adopted initial resolutions authorizing the issuance of the bonds.

Fiscal Impact

For the debt issued under this resolution, the Comptroller’s Office estimates debt service expenditures of \$1.3 million in 2005 and \$8 million per year 2006-2015. The estimate is based on a 10-year level principal issuance of \$60 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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