

LRB – RESEARCH AND ANALYSIS

JANUARY 13, 2010 AGENDA

ITEM 14, FILE #091025

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #091025 is a substitute resolution authorizing the Commissioners of the Public Debt to market general obligation revenue anticipation promissory notes.

Background and Discussion

1. This resolution authorizes the City of Milwaukee to issue general obligation revenue anticipation notes (RANs) to finance the City's operating budget until the City receives shared revenue payments from the State of Wisconsin. The City anticipates receiving the payments in July and November.
2. The City of Milwaukee annually issues short-term RANs in anticipation of receiving shared revenue payments from the State of Wisconsin.
3. The City of Milwaukee anticipates receiving at least \$220 million in shared revenue payments in 2010 from the State of Wisconsin.
4. Shared revenue from the State of Wisconsin will provide approximately 35% of the City's General Fund operating revenue for 2010.
5. The RANs will be repaid from the November shared revenue payment.
6. The maximum amount of the sale of the notes will total no more than \$150,000,000.

Fiscal Impact

Assuming the issuance of RANs in the amount of \$150 million at an interest rate of 1% for 9 months, the Comptroller's Office estimates 2010 debt service expenditures of \$1,125,000.

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