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Title: Substitute resolution authorizing the Commissioners of the Public Debt to market up to \$38,000,000 of general obligation corporate purpose bonds of the City for school purposes.

Sponsors: ALD. MURPHY

Indexes: AMERICAN RECOVERY AND REINVESTMENT ACT, GENERAL OBLIGATION BONDS, MILWAUKEE PUBLIC SCHOOLS

Attachments: 1. Cover Letter, 2. Fiscal Note, 3. First Amendment to Intergovernmental Cooperation Agreement, 4. Fiscal Analysis, 5. Budget & Management Div memo, 6. Hearing Notice List, 7. Comptroller's Certified Resolution

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|--------------------------|--------|-------|
| 4/13/2010 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 4/22/2010 | 1 | CITY CLERK | DRAFT SUBMITTED | | |
| 4/23/2010 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |
| 4/28/2010 | 0 | FINANCE & PERSONNEL COMMITTEE | RECOMMENDED FOR ADOPTION | Pass | 5:0 |
| 5/4/2010 | 1 | COMMON COUNCIL | ADOPTED | Pass | 13:0 |
| 5/10/2010 | 1 | MAYOR | SIGNED | | |

091668
Substitute 1
090555, 090777, 090814
Ald. Murphy

Substitute resolution authorizing the Commissioners of the Public Debt to market up to \$38,000,000 of general obligation corporate purpose bonds of the City for school purposes.

This resolution authorizes the Commissioners of the Public Debt to issue and sell City of Milwaukee general obligation school bonds in the amount of \$38,000,000 for various school construction projects. Whereas, Common Council file number 090814 authorized the issuance of up to \$57,000,000 of general obligation bonds as tax credit qualified school construction bonds in order to finance up to \$48,000,000 of projects, and \$12,000,000 of bonds have been issued pursuant to that resolution in order to finance \$11,300,000 of projects; and

Whereas, Qualified school construction bonds may now be issued as taxable bonds with a direct payment from the US Government for the interest paid on the bonds, and the City desires to permit the issuance of the remaining qualified school construction bonds with the potentially more advantageous direct payment structure; and

Whereas The Milwaukee Public Schools has requested the issuance of the remaining qualified school

construction bonds as taxable bonds with the direct payment structure; and

Whereas, Common Council file number 090555 adopted on October 13, 2009 (the “Resolution 090555”) authorizes the issuance of general obligation bonds for school purposes in the amount of \$48,000,000, of which \$12,000,000 has been issued; and

Whereas, Common Council file number 091323 adopted on March 2, 2010 (“Resolution 091323”, and with Resolution 090555, the “Initial Resolutions”) authorizes the issuance of general obligation bonds for school purposes in the amount of \$14,360,000, of which \$11,020,000, has been issued; and

Whereas, The 2009 Budget of the City authorizes \$130,000,000 of Contingent Borrowing for purposes not anticipated in the budget of the City, of which \$35,893,717 has been issued, and \$45,000,000 has been carried over into 2010 for School Purposes; and

Whereas The Common Council, pursuant to the Initial Resolutions (\$36,000,000 from Resolution 090555, and \$2,000,000 from Resolution 091323), desires to issue up to \$38,000,000 of general obligation bonds for school purposes (the “Bonds”) using the \$38,000,000 of the \$45,000,000 of 2009 Contingent Borrowing Authority; and

Whereas, It is desirable to enter into a fiscal agency agreement in connection with the issuance and administration of the Bonds; and

Whereas, All or a portion of the Bonds may be designated by the City as “qualified school construction bonds” as defined in Section 54F of the Internal Revenue Code of 1986 (the “Code”); and

Whereas, The City and Milwaukee Public School (“MPS”) have entered into an intergovernmental agreement (the “IGA”) pursuant to Resolution 090777 for the reimbursement to the City by MPS for the debt service on the Bonds; and

Whereas, The IGA provides that proceeds of the Bonds shall be used for only for projects as may be approved from time to time by the City, and it is desirable to amend the IGA to take into account specific characteristics of bonds issued pursuant to this resolution; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, in accordance with sections 67.05, Wisconsin Statutes, the Commissioners of the Public Debt are authorized and requested to issue and sell, pursuant to the Initial Resolutions, general obligation corporate purpose bonds in the aggregate amount of \$38,000,000 for school purposes using 2009 Contingent Borrowing Authority; and, be it

Further Resolved, That the general obligation bonds herein authorized shall be sold by the Commissioners of the Public Debt at public sale, private sale, and/or directly to the Public Debt Amortization Fund, in one or more series of bonds and at such time or times as the Commissioners shall determine to be prudent and appropriate; and that the bonds shall be designated as determined by the Commissioners; and, be it

Further Resolved, That the general obligation bonds herein authorized shall be issued on or before December 31, 2010, and the aggregate of bonds issued pursuant to this resolution and resolution 090814 shall not exceed \$57,000,000; and, be it

Further Resolved, That the Commissioners of the Public Debt are authorized to prepare the forms and establish the procedures required in the issuance and sale of general obligation bonds herein authorized in accordance

with the provisions of Ch. 67, Stats., and the provisions of the City of Milwaukee ordinances, such bonds to be in a form approved by the City Attorney and to be executed by those officers of the City whose signatures are required by law; and, be it

Further Resolved, That the general obligation bonds herein authorized shall be sold at a price of not less than 98% of par and accrued interest thereon, be taxable bonds, and may be designated by the Commissioners of the Public Debt as qualified school construction bonds and sold as taxable bonds - direct payment basis; and, be it

Further Resolved, That the general obligation bonds shall be dated as of the date of delivery, or the first or fifteenth day of the month in which they are issued, bear a taxable interest rate as determined by the Commissioners of the Public Debt, not to exceed 9.00%; with an issue True Interest Cost Rate of not to exceed 9.00% (not taking into account receipts from the direct payment reimbursement); that the Commissioner of the Public Debt may establish mandatory sinking fund deposit requirements for the bonds; that the Commissioners of the Public Debt shall specify the due dates for, and the amounts of, the payment of principal of said bonds, not to exceed 20 years, and interest thereon, and that such payment schedule shall be entered upon the permanent record of the Commissioners of the Public Debt and formally communicated to the City Clerk; and, be it

Further Resolved, That Bonds may be subject to optional, extraordinary, and mandatory redemption prior to maturity at the redemption price of par and may also include as part of the redemption price a redemption premium that may be expressed either (i) as a percentage (not exceeding 3%) of the principal amount of the Bond to be redeemed or (ii) as a formula designed to compensate the owner of the Bond to be redeemed based upon prevailing market yields on or about the time fixed for such redemption, commonly known as a “make-whole” redemption premium, as determined by the Commissioners of the Public Debt; and, be it

Further Resolved, That in order for the City to provide for the proper expenditure of the proceeds of sale of Bonds issued as qualified school construction bonds; the custody, security and investment of sinking funds held for the payment of such Bonds, the City is authorized to enter into a trust agreements with banks acting as trustees and to enter into fiscal agency agreements with banks acting as fiscal agents; and, be it

Further Resolved, That the City is authorized to enter into, on or after the issuance of the Bonds, one or more forward supply or similar type agreements pursuant to which the City will provide for the investment of sinking funds established for the repayment of Bonds by contracting for the purchase of investment securities to be purchased from time to time prior to the maturity date of such Bonds; and, be it

Further Resolved, That a direct annual irrevocable tax shall be levied in each year that such bonds are outstanding, in an amount sufficient to pay and for the express purpose of paying the interest on said bonds (without taking into account direct payment reimbursements to be received), as it falls due, and also to pay and discharge the principal thereof at maturity, and shall be extended upon the tax roll of the City of Milwaukee and shall be collected by the officers of the City in the same manner and at the same time as taxes for general City purposes for such years are extended and collected, and when so collected, the proceeds of said taxes shall be used solely for paying the principal and interest on such bonds so long as any bonds of said issue remain outstanding; and, be it

Further Resolved, That interest on or principal of the bonds falling due at any time when there shall be on hand insufficient funds from proceeds of the tax levy for the payment of such interest or principal shall be paid promptly when due from other funds of the City, which funds shall be reimbursed thereof out of the proceeds of the taxes above levied when such taxes shall have been collected; and, be it

Further Resolved, That the Continuing Disclosure Certificate, in substantially the form of the Supplemental Certificate authorized by File Number 031384 adopted on February 10, 2004, is authorized to be executed and delivered by the Comptroller for the notes; and, be it

Further Resolved, That the City authorizes and directs the appropriate officers and employees of the City to take all action necessary or appropriate to comply with and carry out all of the provisions of the Continuing Disclosure Certificate as amended from time to time. Notwithstanding any other provision of the resolution, failure of the City to perform in accordance with the Continuing Disclosure Certificate shall not constitute a default under the resolution and the Continuing Disclosure Certificate may be enforced only as provided therein; and, be it

Further Resolved, That a global certificate shall be issued for each stated maturity date and registered only in the name of CEDE & Co. as nominee of The Depository Trust Company, New York, New York, for delivery and immobilization by the Depository Trust Company following the closing. The Depository Trust Company will act as securities depository of the bonds. The City, or the Trustee and/or Fiscal Agent on behalf of the City, will make payment of principal, redemption premium if any, and interest on the bonds on the due dates to the Depository Trust Company, or its nominee, as registered owner of the bonds, in same-day funds. Notices, if any, given by the City to the registered owner of the bonds will be given to the Depository Trust Company. In the event that the securities depository relationship with the Depository Trust Company for the bonds is terminated and the City does not appoint a successor securities depository, the City will prepare, authenticate and deliver at its expense fully-registered certificated bonds in the denominations as determined by the Commissioners or in the integral multiple thereof in the aggregate principal amount by maturity then outstanding to the beneficial owners of the bonds; and, be it

Further Resolved, That with respect to Bonds to be issued as Qualified School Construction Bonds the City represents that (i) throughout the term of said Bonds and (ii) through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code it will comply with the provisions of Sections 54A, 54F, 103 and 141 through 150 of the Code, and the applicable regulations of the Internal Revenue Service adopted thereunder, that must be satisfied in order that such Bonds will retain their status as qualified school construction bonds under Section 54F of the Code; and, be it

Further Resolved, That the City covenants with the holders from time to time of bonds not issued as Qualified School Construction Bonds that (i) throughout the term of said bonds and (ii) through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code it will comply with the provisions of Sections 103 and 141 through 150 of the Code, and the applicable regulations of the Internal Revenue Service adopted thereunder, that must be satisfied in order that interest on such bonds shall be and continue to be excluded from gross income for federal income tax purposes under said Section 103; and, be it

Further Resolved, That the proper City officials are authorized to enter into and addendum/amendment to the IGA with MPS to reflect the particulars of this transaction as attached to this resolution and with such changes as may be recommended by the City Attorney in consultation with the Comptroller; and, be it

Further Resolved, That the proper City officials are authorized to enter into a Fiscal Agency Agreement, similar to the one approved with Resolution Number 090814 with such changes to reflect particulars of this transaction, and with such changes as may be recommended by the City Attorney in consultation with the Comptroller; and, be it

Further Resolved, That the cost of issuing the bonds and marketing same shall be paid from amounts

appropriated for said purpose, or the proceeds of the bond sale, or deducted from same, and the project account or accounts credited with the net proceeds of the sale or sales.

Comptroller

RSL

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