



Legislation Details (With Text)

**File #:** 111565      **Version:** 3  
**Type:** Resolution      **Status:** Passed  
**File created:** 3/20/2012      **In control:** FINANCE & PERSONNEL COMMITTEE  
**On agenda:**      **Final action:** 4/11/2012

**Effective date:**

**Title:** Substitute resolution authorizing a Commercial Paper Program, the issuance of Note Anticipation Commercial Paper Notes, and related agreements.

**Sponsors:** THE CHAIR

**Indexes:** AGREEMENTS, PROMISSORY NOTES

**Attachments:** 1. Cover Letter, 2. Revised Trust Indenture- April 10, 3. Trust Indenture- April 3, 4. Form of Commercial Paper Dealer Agreement, 5. Issuing and Paying Agent Agreement, 6. Fiscal Impact Statement, 7. Hearing Notice List, 8. Comptroller's Certified Copy

Date	Ver.	Action By	Action	Result	Tally
3/20/2012	0	COMMON COUNCIL	ASSIGNED TO		
4/2/2012	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
4/2/2012	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
4/5/2012	2	FINANCE & PERSONNEL COMMITTEE	RECOMMENDED FOR ADOPTION	Pass	
4/5/2012	1	FINANCE & PERSONNEL COMMITTEE	SUBSTITUTED	Pass	
4/11/2012	2	COMMON COUNCIL	AMENDED	Pass	14:0
4/11/2012	3	COMMON COUNCIL	ADOPTED	Pass	14:0
4/11/2012	3	CITY CLERK	DRAFT SUBMITTED		
4/17/2012	3	MAYOR	SIGNED		

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Substitute 3

The Chair

Substitute resolution authorizing a Commercial Paper Program, the issuance of Note Anticipation Commercial Paper Notes, and related agreements.

Resolution 070880 authorized the 2008 Commercial Paper program. Since then, the Commercial Paper program has been valuable to reduce the borrowing costs, and improved borrowing flexibility of the City. The 2008 Commercial Paper program is secured by a letter of credit from State Street Bank that expires in December, 2012. This resolution authorizes a commercial paper program that is not secured by 3<sup>rd</sup> party credit

enhancement and is a limited obligation of the City, payable only from general obligation refunding notes to be issued by the City.

Whereas, Common Council Resolution File Number 111075 adopted on February 28, 2012 authorizes the issuance of fixed rate Promissory Notes pursuant to certain terms and conditions; and

Whereas, the City offers debt issues once or twice a year, but generally has additional financing needs throughout the year; and

Whereas, the City desires, pursuant to 67.12(1)(b)(1) of the Wisconsin Statutes, to issue municipal obligations in anticipation of receiving proceeds from general obligation promissory notes authorized by file number 111075 and other general obligation notes and bond issues that may be authorized from time to time; and

Whereas, the City desires to issue the municipal obligations as Extendable Municipal Commercial Paper Notes in order to avoid the need for a third party liquidity facility; and

Whereas, the Extendable Municipal Commercial Paper Notes of each series will be evidenced by a Master Note issued to Cede & Co. (the "Master Notes"); and

Whereas, it is desirable to enter into a trust indenture, issue and paying agent agreement, and commercial paper dealer agreements and execute the Master Notes to provide for and to support the issuance of the Extendable Municipal Commercial Paper;

Now, Therefore, be it

Resolved, by the Common Council of the City of Milwaukee in accordance with Section 67.12(1)(b)(1) of Wisconsin Statutes, that the Commissioners of the Public Debt are authorized and requested to issue and sell municipal obligations, in anticipation of receiving proceeds from general obligation bonds or notes of the City, as extendable municipal commercial paper notes (the "Commercial Paper Notes") at private sale; and, be it

Further Resolved that the Commercial Paper Notes may be issued for the purposes set forth in Resolution File Number 111075, and for other purposes as may be determined by the Common Council from time to time, provided that debt for those purposes have not yet been issued; and, be it

Further Resolved, that the Trust Indenture dated as of April 1, 2012 between the City and U.S. Bank National Association, as Trustee (the "Indenture"), and the Master Notes, forms of which are attached to this resolution, are approved and authorizes and directs the appropriate officers to execute and deliver the Indenture and Master Notes, all with such changes as may be recommended and approved by the City Attorney in consultation with the Comptroller; and, be it

Further Resolved, that Commercial Paper Notes may be issued, reissued, and redeemed from time to time pursuant to the Indenture provided that: (i) the aggregate amount of Commercial Paper Notes outstanding at any time shall not exceed \$200,000,000; (ii) the interest rate on such Commercial Paper Note shall not to exceed 12.00% per annum; (iii) the maturity date on the Commercial Paper Notes shall be no later than 5 years from the initial date of issuance; and (iv) the Commercial Paper Notes shall be sold at a price of not less than 99% of the principal amount thereof plus accrued interest thereon from their date to the date of delivery and payment therefor; and, be it

Further Resolved, that in order to maintain marketability of the Commercial Paper Notes, the Comptroller is authorized, pursuant to Section 11.02 of the Indenture, to execute Supplemental Indentures to change the

Maximum Rate, Reset Rate variables E and F, Maximum Original Maturity Days (up to 180 days), and Extended Maturity Days (up to 270 days), subject to the limitations contained in this resolution; and, be it

Further Resolved, that surplus revenues in the Debt Service Fund be and hereby are pledged to the payment, when due, of interest on the Commercial Paper Notes, and that the proper City officers be and hereby are authorized and directed to create and fund a separate account in the Debt Service Fund from surplus revenues to pay interest on the Commercial Paper Notes when due; and, be it

Further Resolved, that the City directs the Commissioners of the Public Debt to sell and issue General Obligation Refunding Notes, as authorized by File Number 111568 or other resolutions, in order to pay the interest and principal on the Commercial Paper Notes; and, be it

Further Resolved, that revenues in the Debt Service Fund intended to repay general obligation debt issued for purposes for which Commercial Paper Notes are issued, may be used to pay principal of such Commercial Paper Notes when due; and, be it

Further Resolved, that appropriate officers of the City are authorized and directed to execute and deliver documents approved by the Commissioners of the Public Debt in order to support the Commercial Paper Notes, including: an offering memorandum, an issuing and paying agent agreement, and commercial paper dealer agreements in substantially the form as attached to this file, with such changes as may be recommended and approved by the City Attorney in consultation with the Comptroller; and, be it

Further Resolved, that the Commissioners of the Public Debt are authorized to approve, and the appropriate officers of the City are authorized and directed to execute and deliver such other documents to support the Commercial Paper Notes as may be recommended and approved by the City Attorney in consultation with the Comptroller; and, be it

Further Resolved, that the City covenants to take all actions necessary to preserve the exclusion of interest on the Commercial Paper Notes (other than the taxable series) from gross income for federal income tax purposes. For such purpose, the City shall comply with the requirements of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 as amended and the regulations of the Internal Revenue Service adopted thereunder or otherwise applicable thereto. No use of the proceeds of the sale of the Commercial Paper Notes shall be made which, if such use had been reasonably expected on the date of issue of the Commercial Paper Notes would have caused such Commercial Paper Notes to be "arbitrage bonds" as defined in Subsection (d)(2) of Section 103 and Section 148 of the U.S. Internal Revenue Code of 1986. The provisions of this section shall be a covenant with the owners of the Commercial Paper Notes; and, be it

Further Resolved, that the Continuing Disclosure Certificate, in substantially the form of the Supplemental Certificate authorized by File Number 100846 adopted on November 23, 2010, is authorized to be executed and delivered by the Comptroller for Commercial Paper Notes; and, be it

Further Resolved, that the City hereby authorizes and directs the appropriate officers and employees of the City to take all action necessary or appropriate to the issuance, sale and delivery of the Commercial Paper Notes and 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 this resolution, failure of the City to perform in accordance with the Continuing Disclosure Certificate shall not constitute a default under this resolution and the Continuing Disclosure Certificate may be enforced only as provided therein.

Comptroller

RSL  
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