



## Legislation Text

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031036

SUBSTITUTE 1

THE CHAIR

Substitute resolution approving the form and authorizing the execution and delivery of a loan agreement among the Redevelopment Authority of the City of Milwaukee, the Milwaukee Board of School Directors, and the City of Milwaukee, a promissory note, bond indenture, and an intergovernmental agreement in connection therewith. (Comptroller)

This resolution authorizes entering into agreements related to the issuance of up to \$200,000,000 of General Obligation Notes ("Notes") and/or Redevelopment Authority of the City of Milwaukee Bonds ("Bonds") for the purpose of paying Milwaukee Public School's ("MPS") unfunded prior service liability ("UPSL") to the Wisconsin Retirement System ("WRS"). The Notes and Bonds will provide the amount required to payoff the UPSL, which is estimated at \$167,364,354 as of June 30, 2003.

Under current WRS 2% payment requirement, interest assessment, and assuming a 3% growth in MPS covered payroll, the UPSL will never be paid off. With the combined City and RACM financing, the total debt service will approximate the projected WRS payments, and be fully retired in 40 years.

The agreements include: Intergovernmental Agreement regarding MPS payments to the City for the Notes; Loan Agreement between MPS and RACM to secure the Bonds; Promissory Note to evidence the Loan Agreement; and a Bond Indenture pursuant to which the Bonds are issued.

Whereas, Pursuant to Section 119.50 of the Wisconsin Statutes, the City of Milwaukee, Wisconsin (the "City") through its Treasurer holds all school moneys of the Milwaukee Board of School Directors ("MPS"), such moneys to be disbursed by the City Treasurer on the written order of the Superintendent of Schools, countersigned by the auditing officer of the City; and

Whereas, MPS, pursuant to the authority of 2003 Wisconsin Act 43, enacted August 11, 2003, is borrowing money from the Redevelopment Authority of the City of Milwaukee (the "Authority") in order to finance the payment of MPS's unfunded prior service liability contributions under the Wisconsin Retirement System; and

Whereas, In connection with such loan the Authority, MPS and the City, as custodian of MPS's school money, plan to enter into a Loan Agreement whereby the Authority will loan proceeds of a bond issue of the Authority to MPS and MPS will agree to repay such loan from moneys in the School Operations Fund held by the City; and

Whereas, As evidence of the loan, the City on behalf of MPS will issue a note to the Authority, a portion of the

principal of which will bear interest at a variable rate from time to time and the payments under the Note will be applied to the payment of the Authority's Bonds, a portion of the principal of which will also bear interest at a variable rate from time to time; and

Whereas, In connection with such loan, the Authority, MPS and the City, as custodian of MPS's school money, plan to enter into an Intergovernmental Agreement in which the duties and responsibilities of the parties to the Loan Agreement and to the financing occurring in connection therewith will be explicated; and

Whereas, MPS, pursuant to the authority of 2003 Wisconsin Act 43, enacted August 11, 2003, has requested the issuance of General Obligation Notes ("GO Notes") in order to finance the payment of MPS's unfunded prior service liability contributions under the Wisconsin Retirement System; and

Whereas, In connection with such GO Notes, MPS and the City, as custodian of MPS's school money, plan to include in the Intergovernmental Agreement duties and responsibilities of the parties to the financing occurring in connection therewith will be explicated; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, as follows:

Section 1. Approval of Form of Loan Agreement and Promissory Note and Terms, Conditions and Provisions Thereof. The Loan Agreement among the Authority, the City and MPS, and the Promissory Note attached thereto, in substantially the forms of the drafts thereof presented to and filed with the minutes of the meeting at which this resolution is being adopted, and the terms, conditions, and provisions thereof, are hereby approved, ratified and confirmed by the Common Council, and the appropriate officers of the City are hereby authorized and directed to execute and deliver to the Authority and MPS, the Loan Agreement and to execute and deliver the Promissory Note to the Authority in such forms, together with such changes as shall be approved by such officers, upon the advice of counsel (including the City Attorney and bond counsel), such approval to be conclusively evidenced by their execution thereof.

Section 2. Approval of Form of Intergovernmental Agreement and Terms, Conditions and Provisions Thereof. The Intergovernmental Agreement among the Authority, the City and MPS in substantially the form of the draft thereof presented to and filed with the minutes of the meeting at which this resolution is being adopted, and the terms, conditions, and provisions thereof, are hereby approved, ratified and confirmed by the Common Council, and the appropriate officers of the City are hereby authorized and directed to execute and deliver to the Authority and MPS, the Intergovernmental Agreement, together with such changes as shall be approved by such officers, upon the advice of counsel (including the City Attorney and bond counsel), such approval to be conclusively evidenced by their execution thereof.

Section 3. Further Actions. The appropriate officers of the City are hereby authorized and directed to take any and all further action so as to provide for the delivery of the aforesaid agreement.

Section 4. Invalidity of Sections, Paragraph, Clauses or Provisions. If any section, paragraph, clause or provision of this resolution shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining portions of this resolution.

Section 5. Headings of Sections. The headings of the sections of this resolution shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of such sections or of this resolution.

Section 6. Effective Date. This resolution shall take effect upon its adoption.

Comptroller

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