



Legislation Text

File #: 031039, **Version:** 1

031039

SUBSTITUTE 1

THE CHAIR

Substitute resolution approving the terms and authorizing the entering into a Forward Purchase Agreement for the providing of investments for the Debt Service Reserve Accounts of the City's Sewerage System Revenue Bonds. (Comptroller)

Resolution authorizes entering into a Forward Purchase Agreement relating to the Debt Service Reserve Accounts of the City's Sewerage System Revenue Bonds. The agreement will provide U.S. Treasury and Agency investments that earn the maximum interest that the City is permitted by the Tax Code to keep.

Whereas, The City has issued its 2001 and 2003 Sewerage System Revenue Bonds with Debt Service Reserve Accounts of \$2,343,384 and \$2,524,600 respectively (the "Accounts"); and

Whereas, The accounts are current invested in overnight deposits earning approximately 1.00%; and

Whereas, Pursuant to restrictions regarding tax-exempt debt, any earnings above the bond yields of 4.5087%, and 3.7504% on the 2001 and 2003 Debt Service Reserve Accounts, respectively must be rebated to the Federal Government; and

Whereas, The City can enter into a Forward Purchase Agreement (the "Agreement") that will provide permitted investments close to, or above the bond yields, while still maintaining liquidity of the Accounts, and such yield is significantly above current short-term interest rates; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that it determines that it is economically advantageous to enter into an Agreement in order to provide close to, or above, the maximum amount of interest earnings on the Debt Service Reserve Accounts of the Sewerage Revenue Bonds that the City is permitted to keep under the Arbitrage Regulations; and, be it

Further Resolved, That the Treasurer, Comptroller, and Trustee are authorized to enter into an Agreement for either or both Accounts with substantially the terms as shown in Exhibit 1, provided that the interest rate on the agreement is no less that 4.00%.

Comptroller

Comptroller
RSL

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