



Legislation Text

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SUBSTITUTE 1

THE CHAIR

A substitute charter ordinance relating to authorizing financial agreements and ancillary arrangements with respect to city obligations.

15-15 cr

Currently, subject to a number of limitations, the city issues and manages municipal debt obligations and contingent contractual monetary obligations for the purposes, and by the procedures, specified in the charter and the statutes. The city's authority with respect to the issuance and management of such obligations is derived from a number of statutory sources, including its statutory authority under s. 62.11(5), Wis. Stats., to manage and control city finances, its authority pursuant to ch. 67, Wis. Stats., to issue debt obligations such as general obligation bonds and promissory notes and its authority pursuant to ch. 66, Wis. Stats., to issue debt obligations such as revenue bonds. In addition, in some instances the city manages municipal obligations and contingent contractual monetary obligations of the city and the Milwaukee board of school directors where such municipal obligations and contractual obligations are not issued by the city itself.

This charter ordinance specifically authorizes the city to enter into certain financial agreements and ancillary arrangements with respect to municipal obligations and contractual obligations. These include, without limitation, agreements or arrangements that will provide to the city an interest rate basis, cash flow basis, or other basis different from that provided in documentation for the municipal obligations or contractual obligations relative to the payment of interest. Such agreements or arrangements include without limitation those known as "interest rate swap or exchange agreements," "forward payment conversion agreements," and agreements and arrangements providing for payments based on a level of or changes in interest rates, to exchange cash flows or a series of payments, or to hedge payment, rate spread, or similar exposure.

As the marketplace for municipal obligations continues to develop, these kinds of agreements and arrangements have become more commonplace in other jurisdictions and are currently being proposed in connection with city municipal financings and contractual obligations. Such agreements and arrangements will provide the city with greater flexibility in connection with issuing and managing financial obligations. This charter ordinance is authorized pursuant to the above described authority of the city to issue and manage municipal debt obligations and contingent contractual monetary obligations.

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 15-15 of the charter is created to read:

15-15. Financial Agreements and Ancillary Arrangements. At the time of, or in anticipation of, the issuance of a municipal obligation under this chapter, under ch. 66 Wis. Stats., under ch. 67 Wis.

Stats., or in connection with an obligation of the Milwaukee board of school directors or at any time thereafter so long as the obligation is outstanding, the city may enter into financial agreements and ancillary arrangements relating to such obligation, including without limitation any revolving credit agreement, agreement establishing a line of credit or letter of credit, liquidity facility, reimbursement agreement, remarketing or dealer agreement, interest rate swap or exchange agreement, currency exchange agreement, indexing agreement, interest rate floor or ceiling agreement, option, put or call to hedge payment, currency, rate, spread or similar exposure, float agreement, forward agreement, insurance contract, guaranty agreement, surety bond, commitment to purchase or sell bonds, purchase or sale agreement, or other, similar contracts, commitments or agreements. Obligations under such agreements and arrangements shall be payable from such sources as the common council shall determine or, with respect to obligations of the Milwaukee board of school directors, as the Milwaukee board of school directors shall determine, including, with respect to obligations issued under ch. 67, Wis. Stats., direct, annual irrevocable taxes levied pursuant to s. 67.05(10), Wis. Stats. Any such agreements or arrangements shall not constitute an indebtedness for the purpose of determining the city's constitutional or other debt limitation.

Part 2. This is a charter ordinance and shall take effect 60 days after its passage and publication, unless within such 60 days a referendum petition is filed as provided in s. 66.0101(5), Wis. Stats., in which event this ordinance shall not take effect until submitted to a referendum and approved by a majority of the electors voting thereon.

APPROVED AS TO FORM

Legislative Reference Bureau
Date: _____

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney
Date: _____

City Attorney
TOG:kg:10-02-03
1049-2003-1493:73175
LRB03455-2
TWM/cac
10/7/2003