



## Legislation Text

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**File #: 050609, Version: 1**

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050609  
Substitute 1

The Chair

Substitute resolution authorizing the Commissioners of the Public Debt to market general obligation notes, in the amount not to exceed \$15,000,000, pursuant to the provisions of Chapter 67, Wisconsin Statutes, for purchase by the Public Debt Amortization Fund.

This resolution authorizes the Commissioners of the Public Debt to issue and sell City of Milwaukee general obligation notes in the amount of \$15,000,000 to effect a draw on the Public Debt Amortization Fund to reduce the Debt Service levy.

The PDAF is authorized by State Statutes to purchase and cancel debt of the City. However, the State Statutes do not permit a direct transfer from the PDAF to the Debt Service Fund.

An increase in Contingent Borrowing Authority was approved in the 2005 Budget with the understanding that a portion of the increase would potentially be used for this resolution's purpose.

In 2004, the draw on the PDAF was effected by a refunding of outstanding debt. While that method would still work, it proved cumbersome to avoid accounting and State Reimbursement issues. The proposed method was devised as the most direct method, consistent with State Statutes, to effect a transfer from the PDAF to the Debt Service Fund to reduce the Debt Service Levy of the City.

Whereas, Section 67.12(12), Wisconsin Statutes permits the issuance of General Obligation Notes for any public purpose; and

Whereas, The 2005 municipal budget authorizes \$50,000,000 of General Obligation bonds and notes in contingent borrowing for purposes not contemplated at the time the budget was adopted; and

Whereas, The Common Council desires to use up to \$15,000,000 of the contingent borrowing for the public purpose of supplementing the balance of the Debt Service Account; and

Whereas, The Public Debt Commission approved resolution number 050914-1 establishing a draw on the Public Debt Amortization Fund (PDAF) for 2006 purposes in the amount of \$8,551,000; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee in accordance with sec. 67.12(12), Stats., that the Commissioners of the Public Debt are authorized and requested to issue and sell general obligation notes in the aggregate amount of \$15,000,000 for the public purpose of supplementing the balance of the Debt Service Account (the "Notes"); and, be it

Further Resolved, That the Notes shall be sold by the Commissioners of the Public Debt at private sale directly to the Public Debt Amortization Fund, and at such time or times as the Commissioners shall determine to be prudent and appropriate; and, be it

Further Resolved, That the Notes shall be issued on or before December 31, 2005; 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 the Notes in accordance with the provisions of Ch. 67, Stats., and the provisions of the City of Milwaukee ordinances, such notes 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 Notes shall be sold at a price of not less par and accrued interest thereon; and, be it

Further Resolved, That the Notes shall be dated as of the date of delivery, or the first or fifteenth day of the month in which they are issued, bear interest, payable semi-annually, at coupon rates as determined by the Commissioners of the Public Debt, not to exceed 9.5%; with an issue True Interest Cost Rate not to exceed 7.5%; that the Notes shall not be subject to optional redemption prior to maturity; that the Commissioners of the Public Debt shall specify the due dates for, and the amounts of, the payment of principal of said notes, not to exceed 10 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 a direct annual irrevocable tax shall be levied in each year that the Notes are outstanding, in an amount sufficient to pay and for the express purpose of paying the interest on the Notes, 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 notes so long as any bonds of said issue remain outstanding; and, be it

Further Resolved, That interest on or principal of the Notes 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 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 notes. The City will make payment of principal, redemption premium if any, and interest on the notes on the due dates to the Depository Trust Company, or its nominee, as registered owner of the Notes, in same-day funds. Notices, if any, given by the City to the registered owner of the Notes will be given to the Depository Trust Company. In the event that the securities depository relationship with the Depository Trust Company for the notes 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 notes in the denominations of \$1,000 or in the integral multiple thereof in the aggregate principal amount by maturity then outstanding to the beneficial owners of the notes; provided however, that should any Notes be owned by the Public Debt Amortization Fund, such Note may be registered in the name of the Public Debt Amortization Fund; and, be it

Further Resolved, That the proceeds of the sale of the Notes shall be deposited to the Debt Service Account, and that the cost of issuing the Notes and marketing same shall be paid from amounts appropriated for said purpose, or the proceeds of the note sale, or deducted from same, and the project account or accounts credited with the net proceeds of the sale or sales.

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