



Legislation Text

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ORIGINAL

THE CHAIR

Resolution authorizing issuance of short-term promissory notes under sec. 67.12(1), Stats., for the purpose of financing the operating budget on an interim basis. (Comptroller)

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-Analysis-

This resolution authorizes general obligation short-term notes to finance the City's operating budget on an interim basis.

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Whereas, Section 67.12(1), Stats., authorizes any municipality entitled to receive deferred payments from the State to issue municipal obligations in an amount not to exceed sixty percent (60%) of the total actual and anticipated receipt of deferred payments in the fiscal year; and

Whereas, Pursuant to sec. 79.02, Stats., the City of Milwaukee is anticipating receipt of shared revenue payments from the State of Wisconsin in the amount of \$35,932,500 on July 27, 1998 and \$203,617,500 on November 16, 1998; and

Whereas, The foregoing amounts represent 46.42% of the City's operating revenue for 1998; and

Whereas, Operating expenditures are incurred on a uniform basis throughout the year; and

Whereas, The City must finance the operating budget on an interim basis between now and the receipt of State shared revenue payments in July and November, 1998; and

Whereas, The City is interested in borrowing to finance the operating budget on an interim basis and pledges the anticipated revenue included in the 1998 budget due and not yet paid as security for repayment of such obligations; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that it hereby and herewith authorizes and declares its purpose to issue short-term promissory notes pursuant to the provisions of sec. 67.12(1), Stats., in an amount not to exceed One Hundred Fifteen Million Dollars (\$115,000,000) for the purpose of financing the operating budget on an interim basis pending receipt of State shared revenue payments in July, 1998 and November, 1998; and, be it

Further Resolved, That said promissory notes be sold by the Commissioners of the Public Debt at public competitive sale; or to the Public Debt Amortization Fund for the purpose of investment; or to the Public Debt Amortization Fund for immediate cancellation; and, be it

Further Resolved, That said promissory notes shall be dated no later than March 31, 1998, shall have a maturity not to exceed one year, but in no event later than six months from the date the City expects to receive the revenues in anticipation of which the notes are issued, and shall be registrable in the name CEDE & Co. as nominee of the Depository Trust Corporation, New York, New York, and shall not be subject to redemption prior to maturity; and, be it

Further Resolved, That such promissory notes shall bear interest, at coupon rates as determined by the Commissioners of the Public Debt, not to exceed 9.25%; with an issue True Interest Cost Rate not to exceed 7.25%; that the Commissioners of the Public Debt shall specify the due dates for, and the amounts of, the payment of principal of said notes, 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 said promissory notes shall be issued in numerical series beginning with series A, and notes in each series shall be numbered consecutively beginning with the number 1; and, be it

Further Resolved, That a Continuing Disclosure Certificate, in substantially the form customarily provided by the City to be dated the date of initial delivery of the Notes, is authorized to be executed and delivered by the Comptroller; and, be it

Further Resolved, That the obligation of the City of Milwaukee under the aforementioned disclosure certificate under the terms therein specified is determined to be contractual for the benefit of the note holders from time to time; and, be it

Further Resolved, That the City of Milwaukee authorizes and directs the appropriate officers and employes of the City to take all action necessary or appropriate 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 the resolution, failure of the City to perform in accordance with the Continuing Disclosure Certificate shall not constitute a default under the resolution and the Continuing Disclosure Certificate may be enforced only as provided therein; and, be it

Further Resolved, That the Common Council hereby declares that as security for the repayment of the notes with interest thereon, the City will pledge and irrevocably segregate upon receipt through December 31, 1998 shared revenue payments due in November, 1998, in an amount sufficient to pay the principal and interest due on the notes at maturity; and, be it

Further Resolved, That as additional security for the repayment of the notes and interest thereon, the City hereby declares that it will irrevocably pledge all other general fund revenues included in the budget for calendar year 1998 which are due the City and not yet paid as of the date of delivery and payment for the notes and which are not otherwise applied; and, be it

Further Resolved, That the proper City officers be and hereby are authorized and directed to irrevocably deposit with the trustee on or before December 31, 1998 general fund revenues to purchase direct obligations of the U.S. Government in an amount sufficient to pay the principal and interest due on such notes at maturity; and, be it

Further Resolved, That such promissory notes shall not constitute an indebtedness for the purpose of determining the municipality's constitutional debt limitation, and no tax shall be levied to pay such obligations; and, be it

Further Resolved, That said notes are not intended to be arbitrage notes and that there is no reasonable expectation of the City of Milwaukee realizing arbitrage proceeds.

Comptroller

City Atty.

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Date: 11/25/97