



Legislation Text

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210298

ORIGINAL

THE CHAIR

Resolution authorizing the issuance and sale of up to \$275,000,000 of Revenue Anticipation Notes, and a purpose for Direct Loan Notes, for the purpose of financing the operating budget of the Milwaukee Public Schools on an interim basis.

This resolution authorizes the City of Milwaukee to issue school revenue anticipation notes (RANs) under Section 67.12(1), Wisconsin Statutes, for the purpose of financing the operating budget of the Milwaukee Public Schools on an interim basis. The resolution pledges revenues payable to the School Operations Fund during the fiscal year to the payment of debt service on the RANs. This resolution authorizes and directs the proper City officers to segregate state general school aid revenues payable to the School Operations Fund in June of 2022 to secure payment of the principal of the RANs at maturity, and pledges surplus revenues in the Debt Service Fund to pay interest on the RANs to maturity. Finally, this resolution authorizes the proper City officers to deposit with the City's Fiscal Agent an amount sufficient together with earnings thereon to pay, when due, the principal of and interest on the RANs.

Whereas, Milwaukee Board of School Directors (the "Board") has determined that Milwaukee Public Schools (the "MPS") is temporarily in need of funds in the amount not to exceed \$275,000,000 to meet the immediate expenses of operating and maintaining the public instruction in MPS during its fiscal year commencing July 1, 2021 and ending June 30, 2022 (the "Fiscal Year");

Whereas, the City of Milwaukee (the "City") deems it necessary and in the best interest of the City and MPS that funds be borrowed and revenue anticipation notes be issued pursuant to the provision of Section 67.12(1) (a), Wisconsin Statutes, to borrow money in anticipation of revenues for school purposes;

Whereas, the City may use general obligation debt to temporarily provide revenue anticipation financing, and the City desires to refinance that general obligation debt with revenue anticipation debt.

Now, Therefore, be it:

Resolved, by the Common Council of the City of Milwaukee (the "Common Council"), that the Commissioners of the Public Debt (the "Commissioners") are authorized and requested to issue and sell, at public or private sale, school revenue anticipation notes up to the aggregate amount of \$275,000,000 (the "RANs") pursuant to the provisions of Section 67.12(1), Wisconsin Statutes; and, be it

Further Resolved, that up to \$150,000,000 of Direct Loan Note authorized by File Number 180864, adopted on December 28, 2018, may be issued, within the program limitations previously authorized, at the discretion of

the Comptroller to provide temporary financing pending the issuance of the RANs. No approval of the Public Debt Commission is required for the issuance of the temporary financing. The amount issued to refund temporary financing for RAN purposes shall not count against the amount of RANs authorized to be issued. For budgetary purposes, the amount of RANs issued to refund the temporary financing shall be considered “refunding purposes”; and, be it

Further Resolved, the RANs shall be issued pursuant to the attached School Revenue Anticipation Note Resolution as follows:

1. The RANs shall be issued on or before March 1, 2022 (the “Latest Issue Date”).
2. The RANs shall be sold at a price of not less than par and accrued interest thereon and shall bear interest payable semi-annually or at maturity, and shall bear coupon rates not to exceed 7% (the “Maximum Coupon Rate”), with an issue True Interest Cost Rate not to exceed 5% (the “Maximum TIC”).
3. The Commissioners shall establish the due date(s) no later than December 31, 2022 (the “Latest Maturity Date”), and may establish call dates at par, for the RANs.
4. In accordance with authorization from the Board, that the Common Council hereby declares that it irrevocably pledges as security for the repayment of the RANs and interest thereon, revenues of the School Operations Fund attributable to the Fiscal Year which are due MPS, in the Fiscal Year, and not yet paid as of the date of delivery of the RANs, and which are not otherwise pledged and/or applied; and, be it.
5. Surplus revenues in the Debt Service Fund are hereby pledged to the payment, when due, of interest on the RANs.
6. With respect to the issuance of any RANs sold on a tax-exempt basis, the City covenants with the holders from time to time of said RANs that (i) throughout the term of said RANs and (ii) through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") it will comply with the provisions of Sections 103 and 141 through 150 of the Code, and the applicable regulations of the Internal Revenue Service adopted thereunder, that must be satisfied in order that interest on said Notes shall be and continue to be excluded from gross income for federal income tax purposes under said Section 103.

Comptroller
Comptroller
Richard Li
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