Legislation Details (With Text)

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Title:	Resolution authorizing the Commissioners of the Public Debt to market up to $150,000,000 of general obligation revenue anticipation promissory notes.		
Sponsors:	THE CHAIR		
Indexes:	GENERAL OBLIGATION BONDS, PUBLIC DEBT COMMISSION		
Attachments:	1. Comptroller Letter 2021 Borrowing.pdf, 2. Fiscal Note		

Date	Ver.	Action By	Action	Result	Tally
11/24/2020	0	COMMON COUNCIL	ASSIGNED TO		
1/13/2021	0	FINANCE & PERSONNEL COMMITTEE	RECOMMENDED FOR ADOPTION	Pass	5:0
1/19/2021	0	COMMON COUNCIL	ADOPTED	Pass	15:0
1/28/2021	0	MAYOR	SIGNED		

201029

Original

The Chair

Resolution authorizing the Commissioners of the Public Debt to market up to $150,000,000 of general obligation revenue anticipation promissory notes.

State shared revenue payments comprise about 35% of the City's general fund revenues. The majority of these revenues are received at the end of the year. However, City expenditures occur relatively evenly throughout the year. This causes a cash flow problem where expenses occur prior to the receipt of revenues. This cash flow borrowing permits the City to timely pay for expenses as they come due in anticipation of receiving State shared revenue payments later in the year. The Revenue Anticipation Notes are repaid from the November State shared revenue payment.

Whereas, s. 67.12(12), Stats., authorizes the issuance of General Obligation Notes for paying any general and current municipal expense; and

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

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Whereas, The City of Milwaukee (the City) anticipates the receipt of at least $400 million of deferred revenues in 2021 (the "Budget Year"), which includes over $220 million of deferred State Aid; and

Whereas, The predominance of State Aid will be received at the end of the Budget Year, but 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; and

Whereas, The City desires to pledge the anticipated revenue included in the budget for the Budget Year due and not yet paid as security for repayment of such obligations; and

Whereas, Resolutions 170118 and 180864 (the "Direct Loan Resolutions") authorize up to $10,000,000 and $200,000,000, respectively, of Direct Loans outstanding from time to time (the "Direct Loan Notes") and may be used to provide temporary cash flow borrowing until the issuance of notes authorized by this resolution; and

Whereas, The City desires to provide permanent financing of Direct Loan Notes issued for cash flow purposes; 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 revenue anticipation promissory notes (the Notes) in an amount not to exceed $150,000,000 for the purpose of paying general and current municipal expenses in the operating budget on an interim basis pending receipt of revenues in the Budget Year, and for the purpose of refunding Direct Loan Notes issued for cash flow purposes; and, be it

Further Resolved, that all or a portion of the Notes may be issued as revenue anticipation notes pursuant to 67.12(1) without the general obligation pledge of the City, as may be determined by the Commissioners of the Public Debt; and, be it

Further Resolved, that the Notes herein authorized shall be sold by the Commissioners of the Public Debt at public or private sale, and/or directly to the Public Debt Amortization Fund, and at such times as the Commissioners shall determine to be prudent and appropriate; and that the Notes shall be designated as determined by the Commissioners; and, be it

Further Resolved, that the Notes herein authorized shall be issued on or before November 15, 2021; 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 herein authorized 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 herein authorized shall be sold at a price of not less par plus accrued interest thereon; and, be it

Further Resolved, that the Notes shall be dated as of the expected date of delivery, or the first or fifteenth day of the month in which they are issued, bear interest, payable semi-annually or at maturity, at coupon rates as determined by the Commissioners of the Public Debt, not to exceed 8.0%; with an issue True Interest Cost Rate not to exceed 7.0%; that the Commissioner of the Public Debt may establish call dates at par for any or all of

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the Notes; that the Commissioners of the Public Debt shall specify the amounts and due dates for the payment of principal of said Notes, not to exceed 18 months from the first day of the Budget Year, 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 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 shared revenue payments due in November, 2021, in an amount sufficient to pay the principal and interest due on the Notes at maturity; and, be it

Further Resolved, that if general obligation promissory notes are issued, a direct annual irrepealable tax shall be levied in each year that such Notes are outstanding, in an amount sufficient to pay and for the express purpose of paying the interest on said 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 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 notes of said issue remain outstanding; and, be it

Further Resolved, that if general obligation promissory notes are issued, if 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 the Continuing Disclosure Certificate, in substantially the form of the Supplemental Certificate authorized by File Number 181110 adopted on December 18, 2018, is authorized to be executed and delivered by the Comptroller for the Notes; and, be it

Further Resolved, that the City authorizes and directs the appropriate officers and employees 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 this resolution, failure of the City to perform in accordance with the Continuing Disclosure Certificate shall not constitute a default under this resolution and the Continuing Disclosure Certificate may be enforced only as provided therein; 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 $5,000 (or such other denominations as the Commissioners of the Public Debt may establish at the time of sale) 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 in denominations of any amount; and be it

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Further Resolved, that the City covenants with the holders from time to time of said Notes that (i) throughout the term of said Notes 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; and, be it

Further Resolved, that if a Note matures after the end of the Budget Year, the proper City officers be and hereby are authorized and directed to irrevocably deposit with the City's Fiscal Agent on or before the end of the Budget Year general fund revenues and/or amounts from the Debt Service Fund, an amount sufficient to purchase direct obligations of, or obligations guaranteed by, the U.S. Government sufficient to pay the principal of and interest due on such Note at maturity; and, be it

Further Resolved that

(A) if the City shall pay or cause to be paid to the registered owners of the Notes, the principal and interest due or to become due thereon, at the times and in the manner stipulated therein, then the pledge of revenues, securities and funds pledged for the payment of the Notes and the covenants, agreements and other obligations of the City to the registered owners and the beneficial owners of the Notes shall be discharged and satisfied.

(B) Any Notes or interest installments appertaining thereto, whether at or prior to the maturity date of such Notes, shall be deemed to have been paid within the meaning of paragraph (A) if there shall have been deposited in trust with the Fiscal Agent acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) "Federal Obligations" as defined in paragraph (C), the principal of and the interest on which when due will provide moneys which, together with any moneys on deposit with such fiduciary at the same time for such purpose, shall be sufficient, to pay when due the principal of and interest due and to become due on said Notes on and prior to the maturity date thereof.

(C) The term "Federal Obligations" means (i) non-callable, direct obligations of the United States of America or (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest; and, be it

Further Resolved, that notes authorized by this resolution may be issued as direct loan notes pursuant to the Direct Loan Resolutions, and such direct loan notes may be refunded under this resolution such that the aggregate amount outstanding shall not exceed the amount authorized by this resolution; and, be it

Further Resolved, 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.

Comptroller
Comptroller
Richard Li
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