



## Legislation Text

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020219  
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 of the Milwaukee Public Schools on an interim basis.  
(Comptroller's Office)

This resolution authorizes the issuance of City of Milwaukee short-term promissory notes under sec. 67.12(1), Stats., 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 fiscal year 2002-2003 to the payment of debt service on such notes. This resolution authorizes and directs the proper City officers to segregate general aid revenues payable to the School Operations Fund during June of 2003 to secure payment of the principal obligation on the notes upon maturity. This resolution pledges surplus revenues in the Debt Service Fund to payment of accrued interest upon maturity, and authorizes the proper City officers to create a separate account in the Debt Service Account in the amount of the accrued interest to maturity for the purpose of paying the interest on the notes upon maturity. Finally, this resolution authorizes the proper City officers to deposit with a trustee an amount sufficient together with earnings thereon to pay the principal and interest due on such notes at maturity.

Whereas, The Milwaukee Public Schools is a department of the City authorized by secs. 65.05 and 119.46, Stats., to determine its expenditures and the taxes to be levied therefore; and

Whereas, The Milwaukee Public Schools operates on a fiscal year commencing July 1, 2002 through June 30, 2003; and

Whereas, Section 119.46, Stats., establishes a School Operations Fund and authorizes the Milwaukee Public Schools to establish the amount of money therefor required for the ensuing school year and the amount of property tax to be levied therefor; and

Whereas, The anticipated state general aid revenue payments for the School Operations Fund for fiscal year 2002-2003 amount to \$593,800,000; and the anticipated state general aid revenue payments under sec. 121.15, Stats., represent 67.0% of the anticipated revenues for the School Operations Fund for fiscal year 2002-2003; and

Whereas, The Milwaukee Public Schools is anticipating the receipt of equalization aid revenues from the State of Wisconsin in September, 2002, December, 2002, March, 2003 and June, 2003, and specifically in the amount of \$195,954,000 in June, 2003; and

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

Whereas, The Milwaukee Public Schools has determined that it will be necessary to finance the operating budget of the Milwaukee Public Schools on an interim basis between now and the receipt of state general aid revenues during fiscal year 2002-2003; and

Whereas, The City of Milwaukee is a municipality authorized to borrow money for school purposes; and

Whereas, Section 67.12(1), Stats., authorizes the City to borrow money for the School Operations Fund in anticipation of receiving payments of general aid revenues as hereinbefore referred to; and

Whereas, The Administration of the Milwaukee Public Schools has requested that the City issue notes pursuant to sec. 67.12(1), Stats., to finance the operating budget of the Milwaukee Public Schools on an interim basis pending receipt of state general aid revenues; and

Whereas, The purpose of this resolution is to authorize the sale of such notes, to authorize and direct the pledging of revenues of the School Operations Fund to the payment of debt service on such notes, to authorize and direct the segregation of general aid revenues due and payable in June, 2003 within the School Operations Fund to the payment of the principal of such notes at maturity and to pledge and segregate in a separate account in the Debt Service Fund an amount sufficient to pay the interest on such notes at maturity; 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 \$148,000,000 for the purpose of financing the operating budget of the Milwaukee Public Schools on an interim basis pending receipt of state general aid revenue payments during fiscal year 2002-2003; 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 September 30, 2002, shall have a maturity not to exceed one year, 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 said promissory notes shall be issued in numerical series beginning with Series of 2002-B, and notes in each series shall be numbered consecutively beginning with the number 1; and, be it

Further Resolved, In accordance with authorization from the Board of School Directors of the Milwaukee Public Schools, that the Common Council hereby declares that it will irrevocably pledge all revenues of the School Operations Fund due and not yet paid as of the date of delivery of and payment for the notes and which are not otherwise applied through June 30, 2003 as security for repayment of such obligations; and, be it

Further Resolved, That in accordance with authorization from the Board of School Directors of the Milwaukee Public Schools for the purpose of securing payment of principal on each of said notes as

the same fall due, the proper City officers are hereby authorized and directed to segregate through June 30, 2003 within the School Operations Fund state general aid revenue payments under sec. 121.15, Stats., received in June, 2003, in the amount of the principal obligation of the short-term promissory notes; and, be it

Further Resolved, That surplus revenues in the Debt Service Fund be and hereby are pledged to the payment of accrued interest on the short-term promissory notes at maturity, and that the proper City officers be and hereby are authorized and directed to create a separate account in the Debt Service Fund from surplus revenues within the fund in the amount of accrued interest to maturity for the purpose of paying the interest on the short-term promissory notes upon maturity; and, be it

Further Resolved, That the proper City officers be and hereby are authorized and directed to deposit with a trustee on or before June 30, 2003 pledged revenues to purchase direct obligations of the U.S. Government in an amount sufficient together with earnings thereon to pay the principal and interest due on such notes at maturity; 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; and, be it

Further Resolved, By the Common Council of the City of Milwaukee, that the addendum to the agreement by and between the City and J.P. Morgan Chase Bank, a copy of which is attached to this file, be and hereby is approved, and the proper City officers be and hereby are authorized and directed to execute the same on behalf of the City of Milwaukee; and, be it

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

Further Resolved, By the Common Council of the City of Milwaukee, that the City Comptroller be and hereby is authorized and directed to prepare the official statement in connection with the issuance of such notes and to execute on behalf of the City all certifications which may be required in connection with the official statement; and, be it

Further Resolved, The City covenants to take all actions necessary to preserve the exemption of interest on the notes from federal income taxation. No use of the proceeds of the sale of the notes shall be made which, if such use had been reasonably expected on the date of issue of the notes, would have caused such notes to be "arbitrage bonds" as defined in Subsection (d)(2) of Section 103 and Section 148 of the U.S. Internal Revenue Code of 1986. The City shall comply with the requirements of Sections 141 through 150 of said Internal Revenue Code and the applicable regulations of the Internal Revenue Service adopted thereunder throughout the term of the notes. The provisions of this section shall be a covenant with the purchasers of the notes; and, be it

Further Resolved, By the Common Council of the City of Milwaukee that a Continuing Disclosure Certificate, in substantially the form as customarily provided, be dated the date of initial delivery of the Notes, is hereby 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 be and hereby 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 hereby 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 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.

Comptroller  
City Atty.  
TEH:kef 53289  
1035-2002-1127