



Legislation Text

File #: 160690, **Version:** 1

160690

Substitute 1

The Chair

Substitute resolution authorizing general obligation direct loan program and related agreements.

This resolution creates a Direct Loan Program for the liquidity needs of the City. The \$150 million will be used to partially replace the EMCP program. The EMCP program expires in May, 2017. Recent changes to rules for Money Market Funds makes the EMCP program unattractive to Money Market Funds.

WHEREAS, the City has existing programs to meet the primary liquidity needs of the City; and

WHEREAS, it is desirable to replace such programs in order to save costs and to diversify the City's access to liquidity in the event of market disruptions; and

WHEREAS, the City desires to enter into a Line of Credit Agreement for the general obligation promissory notes to provide a revolving direct loan source of liquidity for the City;

NOW, THEREFORE, BE IT

RESOLVED, By the Common Council of the City of Milwaukee in accordance with Chapter 67 of Wisconsin Statutes, that the Commissioners of the Public Debt are authorized and requested to issue and sell General Obligation Promissory Notes (the "Direct Loan Notes") at private sale and be designated "General Obligation Promissory Note, Series 2016 N11" ("Series 2016 N11 Notes") and "Taxable General Obligation Promissory Note, Series 2016 T12" ("Series 2016 T12 Notes"); and, be it

FURTHER RESOLVED that the Direct Loan Notes may be issued to refinance certain existing liquidity programs such as the Extendable Municipal Commercial Paper Program, to fund certain cash flow deficits in anticipation of the receipt of taxes or other revenues, to finance certain capital expenditures in advance of a bond or note issuance, for purposes that General Obligation Promissory Notes pursuant to file number 151262 may be issued, and for other purposes as may be determined by the Common Council from time to time; and, be it

FURTHER RESOLVED, that the Line of Credit Agreement for the Direct Loan Notes (the "Agreement"), a form of which is attached to this resolution, is approved and the appropriate officers are authorized and directed to execute and deliver the Agreement with such changes as may be recommended and approved by the City Attorney in consultation with the Comptroller; and, be it

FURTHER RESOLVED, that Direct Loan Notes may be issued, reissued, and redeemed from time to time, provided that the aggregate amount of the Direct Loan Notes outstanding at any time shall not exceed \$150,000,000; and be it

FURTHER RESOLVED, that the Direct Loan Note shall:

- (1) bear interest at a maximum coupon rate not to exceed 15.00% per annum;
- (2) mature no later than 10 years from the date of issuance; and
- (3) be sold at a price of not less than 100% of the principal amount thereof; and, be it

FURTHER RESOLVED, that a direct annual irrevocable tax shall be levied in each year that such Direct Loan Notes are outstanding, in an amount sufficient to pay, and for the express purpose of paying the interest on the Direct Loan Notes, as it falls due, and also to pay and discharge the principal thereof at maturity or upon earlier mandatory purchase, 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 as follows:

**General Obligation Promissory Notes Series 2016
N11 and Series 2016 T12**

<u>Levy Year</u>	<u>Year Due</u>	<u>Amount Due</u>
2016	2017	\$ 22,500,000
2017	2018	22,500,000
2018	2019	150,000,000
2019	2020	150,000,000
2020	2021	150,000,000
2021	2022	150,000,000
2022	2023	150,000,000
2023	2024	150,000,000
2024	2025	150,000,000
2025	2026	150,000,000

the proceeds of said taxes shall be used solely for paying the principal and interest on the Direct Loan Notes so long as any Direct Loan Note remains outstanding. Provided however, that the City may take into account the amortization period and repayment provisions and amount outstanding under the Agreement to abate and extend the levy; and, be it

FURTHER RESOLVED, that interest on or principal of the Direct Loan 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, the City covenants that (i) throughout the term of the Series 2016 N11 Note 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 the Series 2016 N11 Note 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 the initial maturity of the Direct Loan Notes is less than 10 years from the initial date of issuance, the Comptroller is authorized to periodically extend the maturity date of the Direct Loan Notes, subject to the maximum of 10 years from the initial date of issuance; and, be it

FURTHER RESOLVED that if the initial commitment expiration date of the Agreement is less than 10 years from the initial date of issuance, the Comptroller is authorized to periodically extend the Agreement, subject to the maximum of 10 years from the initial date of issuance; and, be it

FURTHER RESOLVED that the maximum rate may be changed from time to time by the Commissioners of the Public Debt to reflect market conditions, and if increased, the authorization shall include a levy of a direct annual irrevocable tax for the repayment of the Direct Loan Notes adequate to pay the additional interest, but in any event shall never exceed 20% per annum; and, be it

FURTHER RESOLVED, that the Commissioners of the Public Debt are authorized to approve, and the appropriate officers of the City are authorized and directed to execute and deliver such other documents to support the Direct Loan Notes and Agreement as may be recommended and approved by the City Attorney in consultation with the Comptroller.

Comptroller

RSL
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