Legislation Text

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170103
ORIGINAL

THE CHAIR
Resolution authorizing the issuance and sale of up to $275,000,000 of revenue anticipation notes and General Obligation Promissory 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 2018 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, The Milwaukee Public Schools (the "MPS") is a department of the City of Milwaukee (the "City") authorized by Sections 65.05, 119.46, and 119.60(1), (2m)(c) and (5), Wisconsin Statutes, to establish a School Operations Fund, and to determine its expenditures and the taxes to be levied therefor; and

Whereas, 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 the 2017-2018 fiscal year commencing July 1, 2017 and ending June 30, 2018 (the "Fiscal Year"); and

Whereas, Each year, the Milwaukee Board of School Directors (the "Board") deems it necessary and in the best interest of MPS that funds be borrowed and revenue anticipation notes be issued to fund the temporary operating and maintenance needs of MPS, and requests the City to so issue such notes; and

Whereas, The City is a municipality authorized by the provision of Section 67.12(1)(a), Wisconsin Statutes, to borrow money in anticipation of revenues for school purposes; and

Whereas, 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 provisions of Section 67.12(1)(a), Wisconsin Statutes, for the purpose of financing the operating budget of the MPS on an interim basis; and

Whereas, In accordance with Section 67.12(1)(a), Wisconsin Statutes, the total amount borrowed shall not exceed 60% of MPS's total actual and anticipated receipts in the fiscal year, and shall be repaid no later than 18 months after the first day of the fiscal year; and

Whereas, The tax for the operations and maintenance of schools of MPS for the Fiscal Year has been voted by the Board to be collected on the next tax roll; and

Whereas, To the best of the knowledge, information and belief of the Board, MPS complies with the revenue limits set forth in Sections 121.91 and 121.92, Wisconsin Statutes; and

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 it hereby and herewith authorizes and declares its purpose to issue school revenue anticipation notes (the "RANs") pursuant to the provisions of Section 67.12(1), Wisconsin Statutes, in an amount not to exceed $275,000,000; and, be it

Further Resolved, That the RANs shall be sold by the Commissioners of the Public Debt in one or more series, at one or more time or times, at a true interest cost not to exceed 5.00% at public competitive or private sale; or to the Public Debt Amortization Fund for the purpose of investment and/or cancellation; and, be it

Further Resolved, That the RANs shall be issued no later than March 1, 2018, shall mature on or before December 31, 2018, shall be registered in the name of CEDE & Co. as nominee of The Depository Trust Company, New York, New York, shall bear interest at a rate not to exceed 5.00% per annum, and may be subject to redemption prior to maturity as determined by the Commissioners of the Public Debt; provided however, that the Commissioners of the Public Debt may permit the RANs to be registered as directed by a purchaser; and, be it

Further Resolved, That each series of the RANs shall be designated as determined by the Commissioners of the Public Debt; and, be it

Further Resolved, In accordance with authorization from the Board for the purpose of securing payment of the principal on the RANs, the proper City officers are hereby authorized and directed to segregate within the School Operations Fund state general school aid revenue payments under Section 121.15, Wisconsin Statutes, for the Fiscal Year that are received in June of the Fiscal Year and the following July in the amount of the principal of the RANs; and, be it

Further Resolved, 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, all 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

Further Resolved, that surplus revenues in the Debt Service Fund be and hereby are pledged to the payment, when due, of interest on the RANs, 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 interest due on the RANs to maturity; and, be it

Further Resolved, That the Comptroller is authorized to select a Fiscal Agent, and the proper City officers be and hereby are authorized to execute an agreement with the Fiscal Agent with respect to the RANs issued pursuant to this resolution (the "Agreement"); and, be it

Further Resolved, That should the RANs mature on or before the end of the Fiscal Year as determined by the

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Commissioners of the Public Debt, City officers may determine whether it is desirable to have a Fiscal Agent to make the payment on the RANs. If it is determined that a Fiscal Agent is not desirable, the City officers need not execute the Agreement, and are directed to pay directly, when due, the principal of and interest on the RANs.

Further Resolved, That if an Agreement is executed, the proper City officers be and hereby are authorized and directed to deposit with the City's Fiscal Agent on or before the end of the Fiscal Year direct obligations of the U.S. Government, or pledged revenues to purchase direct obligations of the U.S. Government, in an amount sufficient together with earnings thereon to pay, when due, the principal of and interest on the RANs to maturity; and, be it

Further Resolved, That the RANs shall not constitute an indebtedness for purposes of determining the City's constitutional debt limitation, and no additional tax shall be levied to pay the RANs; and, be it

Further Resolved, That the City Comptroller be and hereby is authorized and directed to prepare and distribute an official statement in connection with the sale and issuance of the RANs 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, That the City covenants to take all actions necessary to preserve the exemption of interest on the RANs from federal income taxation. No use of the proceeds of the sale of the RANs shall be made which, if such use had been reasonably expected on the date of issue of the RANs, would have caused such RANs 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 the Internal Revenue Code and the applicable regulations of the Internal Revenue Service adopted thereunder throughout the term of the RANs. The provisions of this section shall be a covenant with the purchasers of the RANs; and, be it

Further Resolved, That the Continuing Disclosure Certificate, in substantially the form of the Supplemental Certificate authorized by File Number 100846 adopted on November 23, 2010, is authorized to be executed and delivered by the Comptroller for the RANs; 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 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 Comptroller is authorized to prepare and distribute a Preliminary Official Statement and an Official Statement for the sale of bonds; to deem the Preliminary Official Statement final for purposes of SEC Rule 15c2-12(b)(1); and authorizes the Official Statement and the information contained therein to be used by underwriters of the debt in connection with the sale of the bonds; and be it

Further Resolved, That up to $150,000,000 of Direct Loan Series 2016 N9, 2016 N11, and/or 2016 T12, 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 commercial paper. The amount issued to refund commercial paper for RAN purposes shall not count against the amount of RANs authorized to be issued. For budgetary purposes, the

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amount of RANs issued to refund the direct loans shall be considered “refunding purposes.”

Comptroller
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