



Legislation Text

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180864
Substitute 1
The Chair

Substitute resolution authorizing general obligation direct loan program, related agreements, and refunding of outstanding debt.

This resolution creates a Master Direct Loan Program for the liquidity needs of the City. Overtime, it will replace the existing lines with US Bank and JP Morgan. The master program allows periodic new line of credit series within the 10 year master program.

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 administrative work to provide for the liquidity needs of the City; and

Whereas, The City desires to enter into a Revolving Loan Agreement to provide a revolving direct loan source of liquidity for the City through the issuance of general obligation promissory notes; and

Whereas, The City desires to refund the City's existing general obligation notes evidencing its lines of credit with the master revolving loan program; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee in accordance with Chapter 67 of Wisconsin Statutes, that the Comptroller is authorized and requested to issue and sell General Obligation Promissory Notes (the "Direct Loan Notes") pursuant to a Revolving Loan Agreement with U.S. Bank National Association (the "Agreement") from time to time at private sale; and, be it

Further Resolved, That the Direct Loan Notes may be issued to refinance certain existing liquidity programs including other direct loan notes, 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, to provide interim financing for the refunding of general obligation debt, and, as may be determined by the Common Council from time to time, for other liquidity purposes; and, be it

Further Resolved, That the Agreement for the Direct Loan Notes, a form of which is attached to this resolution, including any supplements thereto to issue Direct Loan Notes of a given series, is approved and the appropriate officers are authorized and directed by the City of Milwaukee 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 of a Series (as defined in the Agreement) may be issued, reissued, drawn upon, and redeemed from time to time, provided that the aggregate amount of the Direct Loan Notes of

all Series outstanding at any time shall not exceed \$200,000,000; and be it

Further Resolved, That a series of Direct Loan Note shall:

- (1) bear interest at a maximum interest rate not to exceed the lesser of (a) the maximum non-usurious rate of interest permitted by applicable law and (b) 15.00% per annum;
- (2) mature no later than ten years from the date of issuance of the first Series of Direct Loan Notes (the "Final Maturity Date"); 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 any such Direct Loan Note is 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 such times as set forth in the Agreement, as supplemented from time to time, but, in any event, no later than the Final Maturity Date, 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 Note Direct Loan Notes

<u>Levy Year</u>	<u>Year Due</u>	<u>Amount Due</u>
2018	2019	\$ 30,000,000
2019	2020	30,000,000
2020	2021	230,000,000
2021	2022	230,000,000
2022	2023	230,000,000
2023	2024	230,000,000
2024	2025	230,000,000
2025	2026	230,000,000
2026	2027	230,000,000
2027	2028	228,000,000

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 Note 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 Direct Loan 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 any tax-exempt Direct Loan 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 any Direct Note is earlier than the Final Maturity Date, the Comptroller is authorized hereby to periodically extend the term of the Agreement and the maturity date of any Direct Loan Note so long as it not extended beyond the Final Maturity Date; and, be it

Further Resolved, That the Comptroller is hereby authorized to change the maximum rate from time to time to reflect market conditions, and if increased, the authorization shall include a levy of a direct annual irrepealable tax for the repayment of the Direct Loan Note adequate to pay the additional interest, but in any event such maximum rate shall never exceed 20% per annum; and, be it

Further Resolved, That the Comptroller is authorized, without further action by the Commissioners of the Public Debt, to draw on the Agreement (A) for up to \$50,000,000 (i) for purposes that General Obligation Promissory Notes, pursuant to file number 171365, may be issued, and (ii) to refund outstanding general obligation notes; and (B) for up to \$18,000,000 to refund the City's General Obligation Bonds, Series 2009 B2; 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 to refund the Series 2009 B2 Bonds as may be recommended and approved by the City Attorney in consultation with the Comptroller.

Comptroller

RSL
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