



## Legislation Text

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Ald. Murphy

Resolution Authorizing the Sale and Issuance of General Obligation Refunding Notes.

On April 20, 2020, the City issued \$120,000,000 of General Obligation Revenue Anticipation Notes that mature on January 29, 2021 at a rate of 1.35% in order to fund State shared revenue payments comprising approximately 35% of the City's general fund revenues. The majority of these revenues are received at the end of the year. Given the timing of the receipt of State Aid payments, this borrowing is done on an annual basis.

Due to the decline in market rates, the City could potentially lock in a rate around 1.50% for 10 years on the RANs, which would be lower than the rate paid for 2018 and 2019.

This Resolution authorizes refunding of the Series 2020 R3 GO Notes with 10 year GO Notes.

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

Whereas, on April 20, 2020, the City issued its General Obligation Promissory Notes, Series 2020 R3 (the "Series 2020 R3 Notes") that mature on January 29, 2021 in the amount of \$120,000,000 and are callable on December 1, 2020; and

Whereas, the City desires to refund the Series 2020 R3 Notes with refunding promissory notes (the "Notes") that mature within 10 years in order to fund the anticipated recurring annual deficits due to the timing of the receipt of State Aid; 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 refunding notes (the Notes) in an amount not to exceed \$120,000,000 for the purpose of refunding the Series 2020 R3 Notes issued for cash flow purposes; and, be it

Further Resolved, after the date that moneys in an amount sufficient for the payment of the 2020 R3 Notes are held exclusively for the payment of the 2020 R3 Notes, the State shared revenues pledged to the payment of the 2020 R3 Notes shall be made available for temporary cash flow purposes, and shall not be considered available for Tax Stabilization Fund purposes until the year prior to the year the Notes are repaid; 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 January 29, 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; 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 5.0%; with an issue True Interest Cost Rate not to exceed 2.0%; that the Commissioner of the Public Debt may establish call dates at par for any or all of 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 10 years from the issue date of the Notes, 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 upon issuance of the Notes, the Series 2020 R3 Notes shall be irrevocably called for redemption as determined by the Commissioners of the Public Debt; and, be it

Further Resolved, 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 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

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

(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 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  
9/21/20

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