



Legislation Text

File #: 091397, Version: 2

091397

Substitute 2

091023, 091024, 091398

ALD. MURPHY

Substitute resolution authorizing \$16,805,000 of contingent borrowing for Redevelopment Purposes.

In 2002, the Redevelopment Authority of the City of Milwaukee (RACM) issued bonds to build a parking garage for Cathedral Place. The RACM Bonds are secured by a Letter of Credit. Due to the financial turmoil, the Letter of Credit is no longer available. The RACM Bonds have a moral obligation pledge of the City. This file would allow the RACM Bonds to be refunded by City General Obligation Debt.

Whereas, In 2002, the Redevelopment Authority of the City of Milwaukee (the “RACM”) issued debt (the “2002 Bonds”) to finance the Cathedral Place Parking Facility Project for Tax Incremental District #49 of the City; and

Whereas, The City has provided a Moral Obligation Pledge for the 2002 Bonds to replenish the Debt Service Reserve Fund securing the 2002 Bonds; and

Whereas, The 2002 Bonds are currently outstanding as variable rate bonds secured by a Letter of Credit provided JPMorgan Chase Bank, N.A. (the “Bank”) that expires in May, 2010, and the Bank has informed RACM that they will not be renewing the Letter of Credit pursuant to the existing terms; and

Whereas, The Bank has offered a Letter of Credit at a substantially higher cost if the City provides a legally enforceable full reimbursement of draws under the Letter of Credit, not just a moral obligation pledge to replenish the Debt Service Reserve Fund; and

Whereas, It is desirous for the City to provide additional security for the Letter of Credit by authorizing general obligation borrowing to provide funding for a legally enforceable obligation of the City to reimburse, in full, draws under the Letter of Credit; and

Whereas, The 2010 Budget of the City includes \$150,000,000 of Contingent Borrowing for purposes not contemplated at the time of the adoption of the 2010 Budget, and desires to use \$16,805,000 of Contingent Borrowing for redevelopment purposes in order to refinance the 2002 Bonds; and

Whereas, Prior initial resolutions have been adopted that authorize the issuance of Bonds for providing financial assistance to blight elimination, slum clearance, community development, redevelopment and urban renewal programs and projects under ss. 66.1105, 66.1301 to 66.1329 and 66.1331 to 66.1337, and if needed, the City desires to use a portion of that authority for this refunding purpose; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that it hereby authorizes up to \$16,805,000 of Contingent Borrowing for providing financial assistance to blight elimination, slum clearance, community development, redevelopment and urban renewal programs and projects under ss. 66.1105, 66.1301 to 66.1329

and 66.1331 to 66.1337 in order to refinance the 2002 Bonds; and, be it

Further Resolved, That the debt may be issued as Notes pursuant to Resolution Number 091023 (including commercial paper notes) and/or as Bonds pursuant to Resolution Number 091024, and such debt (the “Refunding Debt”) shall be an additional purpose for Exhibit A of those resolutions, including refunding of commercial paper if the Refunding Debt is temporarily issued as commercial paper; and, be it

Further Resolved, If General Obligation Bonds are issued pursuant to this resolution, such bonds may be issued pursuant to prior initial borrowing resolution for providing financial assistance to blight elimination, slum clearance, community development, redevelopment and urban renewal programs and projects under ss. 66.1105, 66.1301 to 66.1329 and 66.1331 to 66.1337, and the amount of such initial borrowing resolution used shall be replaced by initial borrowing resolution 091398.

Comptroller

RSL
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