

2005 DRAFTING REQUEST

Bill

Received: **02/13/2006**

Received By: **pgrant**

Wanted: **As time permits**

Identical to LRB:

For: **Jason Fields (608) 266-3756**

By/Representing: **Nedi Riley**

This file may be shown to any legislator: **NO**

Drafter: **pgrant**

May Contact:

Addl. Drafters:

Subject: **Education - MPS**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Fields@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Sales of real property in Milwaukee Public Schools

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pgrant 03/17/2006	lkunkel 03/20/2006		_____			S&L
/1			rschluet 03/21/2006	_____	sbasford 03/21/2006	lnorthro 03/28/2006	

FE Sent For:

<END>

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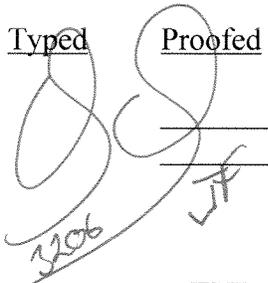
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/?	pgrant	ilmk					

FE Sent For:

<END>

Grant, Peter

From: Riley, Neci
Sent: Monday, February 13, 2006 12:58 PM
To: Grant, Peter
Subject: Draft Request

Attachments: Property Sale proposed leg.doc



Property Sale
proposed leg.doc...

Hi Peter,

Could you please draft a bill that would allow the Milwaukee Public Schools school board the authority to determine how the proceeds from property sales are spent? Please see the attached for specific language. Let me know if you need additional information.

Thank you,

Neci

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
420 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756
Fax: (608) 282-3611

Proposed language to allow MPS greater flexibility in using property sale funds to pay down debt related to the Neighborhood Schools Initiative (NSI)

119.60 Real Property. (1) If any real property within the city which is used for school purposes is sold, the proceeds of the sale shall not go into the general city fund but shall at the discretion of the school board either:

(a) become part of the school construction fund to be applied on the purchase of real property for school purposes; or

(b) become part of the school operations fund to be applied for the payment of principal due on any bonds issued under *s. 66.1333(5r)(b), the making of sinking fund payments with respect to such bonds, the purchase or redemption of such bonds, or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity.

Interest on the bonds?

Currently funds from sales of school property are applied to the district's construction fund and are to be used primarily to purchase additional property if and when such property is needed. MPS currently has excess capacity and has engaged in a process of closing schools in order to properly align its total available space to its student population. With new construction related to the Neighborhood Schools Initiative near or at completion there is not a current demand for the purchase of additional property. However, MPS does have the obligation to pay down debt related to the Neighborhood Schools Initiative. With this legislative change MPS would be allowed the flexibility to apply funds from the sale of property toward the reduction of NSI bond debt. As a result, the district would have the opportunity to significantly reduce the amount of interest to be paid on such debt.

*66.1333(5r)(b)



(b) *Bond issuance for public school facilities.* The authority of a 1st class city may issue up to \$170,000,000 in bonds to finance or refinance the development or redevelopment of sites and facilities to be used for public school facilities by the board of school directors of the school district operating under ch. 119 if all of the following apply:

Grant, Peter

From: Riley, Neci
Sent: Tuesday, February 14, 2006 10:44 AM
To: Grant, Peter
Subject: FW: MPS Real Estate Sale and Debt Payment Bill
Attachments: Property Sale proposed leg.doc

This is not of much help, but here you are. I will let Chris know you will be calling.

Thanks,

Neci

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
420 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756
Fax: (608) 282-3611

From: Christopher Thiel [mailto:thielcj@milwaukee.k12.wi.us]
Sent: Wednesday, February 01, 2006 11:42 AM
To: Rep.Fields
Cc: rleonard@broydrick.com; Riley, Neci; Ceasar Stinson
Subject: MPS Real Estate Sale and Debt Payment Bill

Jason,

Thank you for meeting with us on Monday and for your help on the real estate/debt payment bill we are working on. I've attached the explanation that we provided at the meeting and wanted to get you a little more detail on our overall debt picture related to the Neighborhood Schools Initiative (NSI).

The outstanding bond debt related to NSI stands at \$112,040,000.

With the change we are looking for we would like to potentially use proceeds from the sale of real estate to pay down that debt instead of having to put the proceeds in our construction fund account.

I spoke with our comptroller yesterday and the interest on the various NSI bonds averages around 4.5%. There is also a range on the maturity dates of the bonds and we would match up whatever revenues become available to the proper bond.

In essence we are trying to pay off debt to save the district the costs of accumulating interest. I've asked our finance department to develop some specific examples using hypothetical figures from a potential real estate sale and those are being put together. This is a bit more technical, but in instances where we cannot pay off the actual bond (because the bond is

02/14/2006

privately held by a third party) we will employ "sinking fund payments" procedures. This mechanism allows us to work with a debt administrator to make an investment that matches the rate of interest on the bond debt so that we have the principle and interest available when the bond matures. This essentially serves the same purpose as paying off the bond outright.

Ramie and I both spoke with Tom Petri in Darling's office. Darling is supportive of the change but we have been told that she has too much on her plate to fit it in before the end of the session. We are currently working on ideas for other co-sponsors and would like to keep it a bi-partisan effort.

I will be in touch with more information and please let me know if I can answer any questions.

Thank you again for your help on this.

Chris

Christopher J. Thiel
Legislative/Fiscal Policy Analyst
Milwaukee Public Schools
414-475-8190
414-475-8270 fax

Grant, Peter

From: Grant, Peter
Sent: Wednesday, March 01, 2006 3:36 PM
To: Riley, Neci
Subject: RE: MPS Real Estate Sale and Debt Payment Bill

It's my understanding that all the physical property of MPS belongs to the city of Milwaukee. So it was a little unclear to me how, if property belonging to the city is sold, MPS can unilaterally decide that the proceeds of the sale will be used to pay off debt unrelated to that property. In addition, as I understand it, the bonds were issued by the city's redevelopment authority. Isn't it the authority's responsibility to pay off that debt?

From: Riley, Neci
Sent: Wednesday, March 01, 2006 3:16 PM
To: Grant, Peter
Cc: 'Ramie'; 'thielcj@milwaukee.k12.wi.us'
Subject: RE: MPS Real Estate Sale and Debt Payment Bill

*(sch. constr. fund -119.48)
sch. operations fund 119.46*

Chris' wife went into labor, so he is out of the office and may be for some time. Could you please tell me what additional information you need? I will try to find someone else from MPS to assist.

Thanks,

Neci

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
420 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756
Fax: (608) 282-3611

*since when is debt paid
out of the sch. ops fund?
see 119.46 purposes*

From: Grant, Peter
Sent: Wednesday, March 01, 2006 3:09 PM
To: Riley, Neci
Subject: RE: MPS Real Estate Sale and Debt Payment Bill

I spoke to Chris last week and asked him a number of questions. He said he would get back to me or have someone else from MPS call me. I haven't heard from anyone yet.

From: Riley, Neci
Sent: Wednesday, March 01, 2006 3:07 PM
To: Grant, Peter
Cc: 'Ramie'; 'thielcj@milwaukee.k12.wi.us'
Subject: MPS Real Estate Sale and Debt Payment Bill

Hi Peter,

Could you please update me on the MPS Real Estate Sale and Debt Payment bill? I know that you had some questions about the proposal. I hope that Chris Thiel from MPS was able to address your concerns. When do you think a draft of the bill will be available?

Ramie Leonard from Broydrick & Associates is also working on this bill on behalf of MPS. I have cc'd her on this email.

Thanks,

Neci

Neci Riley

Office of State Representative Jason M. Fields

11th Assembly District

420 North State Capitol

PO Box 8952

Madison, WI 53708

Phone: (608) 266-3756

Fax: (608) 282-3611

Grant, Peter

From: Ramie [rleonard@broydrick.com]
Sent: Tuesday, March 07, 2006 2:21 PM
To: Riley, Neci
Cc: Grant, Peter
Subject: MPS/Baird proposal

Neci,

I cc'd you on the email I sent to Mike in Kanavas regarding the additional language Rep. Fields ok'd this afternoon. Can you coordinate with the drafting attorney? David Kirchgessner is my contact at MPS while Chris Thiel is away. His number is 414-475-8740.

Let me know what you need me to do.

PROPOSED CHANGES:

119.60 Real Property. (1) If any real property within the city which is used for school purposes is sold, the proceeds of the sale shall not go into the general city fund but shall at the discretion of the school board either:

(a) become part of the school construction fund to be applied on the purchase of real property for school purposes;
or

(b) become part of the school operations fund to be applied for the payment of principal due on any bonds issued under s. 66.1333(5r)(b), the making of sinking fund payments with respect to such bonds, the purchase or redemption of such bonds, or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity.

In order to permit the issuance of refunding bonds for the MPS Neighborhood Schools program, the following statutory changes are necessary:

1. The last sentence of 66.1333(5r)(c) should be revised to read as follows:

The bonds may not have a final maturity date in excess of 20 years and, other than refunding bonds, may not be issued later than October 1, 2004.

2. Add a new sentence at the end of 66.1333(5r)(b) which reads:

The authority of a 1st class city may also issue refunding bonds to fund, refund or advance refund any bonds previously issued by the authority under this par. (b), to fund a debt service reserve fund for such refunding bonds, to pay capitalized interest with respect to such refunding bonds and to pay the costs incurred in connection with the issuance of such refunding bonds.

3. Revise 66.1333(5r)(d)4.a. to read as follows:

The bonds to be refunded by the refunding bonds are secured by a special debt service reserve fund.

Ramie

} why AM?

Ramie Leonard
Broydrick & Associates
44 E. Mifflin St. Suite 404
Madison, WI 53703
(W) 608.255.0566
(C) 608.695.1402
(F) 608.255.4612
rleonard@broydrick.com
www.broydrick.com

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Grant, Peter

From: Riley, Neci
Sent: Wednesday, March 15, 2006 9:15 AM
To: Grant, Peter
Subject: FW: Real Property

Please see below.

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
420 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756
Fax: (608) 282-3611

From: Ramie [mailto:rleonard@broydrick.com]
Sent: Friday, March 03, 2006 1:48 PM
To: Riley, Neci
Cc: Rep.Fields
Subject: Real Property

Neci,

Under current law if MPS wants to refund bonds they can't. Refunding of bonds is similar to refinancing a home - it saves interest. Baird suggested language that will allow MPS the option of refunding bonds:

The last sentence of 66.1333(5r)(c) be revised as follows:

The bonds may not have a final maturity date in excess of 20 years and, other than refunding bonds, may not be issued later than October 1, 2004.

In looking over the statute again, I did not discover any other provision which seemed to be a problem and needed revision.

If we include the above language Baird will support the bill. I think Baird's support will help move the proposal along. We still need a Senate lead. Senator Darling is supportive, but overwhelmed right now and cannot take on anymore bills. Senator Olsen is supportive, but doesn't think it makes sense for him to be the lead. We really want bi-partisan support on this and need a Senate Companion. Any suggestions?

See you on Tuesday at 10:30.

Thanks,
Ramie

03/15/2006

Ramie Leonard
Broydrick & Associates
44 E. Mifflin St. Suite 404
Madison, WI 53703
(W) 608.255.0566
(C) 608.695.1402
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Grant, Peter

From: Riley, Neci
Sent: Wednesday, March 15, 2006 9:16 AM
To: Grant, Peter
Subject: FW: MPS/Baird proposal

Please see below.

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
420 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756
Fax: (608) 282-3611

From: Ramie [mailto:raleonard@broydrick.com]
Sent: Tuesday, March 07, 2006 2:16 PM
To: Richards, Mike
Cc: Rep.Fields
Subject: MPS/Baird proposal

Mike,

As promised here is some background information on the issue. This proposal will help MPS significantly reduce the amount of interest to be paid on debt associated with, for example, the Neighborhood Schools Initiative.

The proposed language will allow MPS greater flexibility in using property sale funds to pay down debt related to the Neighborhood Schools Initiative (NSI) and will permit the issuance of refunding bonds for the MPS-Neighborhood Schools Initiative project. Baird supports changes to existing legislation pertaining to MPS-NSI in order to move forward with potential refunding issues. Under current law MPS cannot refund bonds associated with MPS-NSI, we're confident that that was not the intent of the original legislation. The outstanding bond debt related to NSI stands at \$112,040,000.

Under current law, funds from the sales of school property are applied to the district's construction fund and are to be used primarily to purchase additional property if and when such property is needed. MPS currently has excess capacity and has engaged in a process of closing schools in order to properly align its total available space to its student population. With new construction related to NSI near or at completion there is not a current demand for the purchase of additional property. However, MPS does have the obligation to pay down debt related to NSI.

The interest on various NSI bonds averages around 4.5%, there is also a range on the maturity dates of the bonds. We have asked MPS' finance department to develop some specific examples using hypothetical figures from a

03/15/2006

potential real estate sale and those are being put together. In the area of refunding, Baird estimated a \$100,000 per year savings had MPS been able to refund bonds at the end of January 2006.

Representative Fields is our lead in the Assembly, we still need a lead in the Senate. The proposal is in drafting, but we would like to get a solid bill drafted this session and introduced in both houses. Once the proposal gets referred to committee we'll need to meet with appropriate chairpersons and of course leadership; I had a conversation with Speaker Gard mid-January, at the time he indicated the proposal made sense, but would like to see a final product. I understand the timeline we are working with (or against), but all parties involved would like to see what may or may not happen this session.

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In order to permit the issuance of refunding bonds for the MPS Neighborhood Schools program, the following statutory changes are necessary:

1. The last sentence of 66.1333(5r)(c) should be revised to read as follows:
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2. Add a new sentence at the end of 66.1333(5r)(b) which reads:

The authority of a 1st class city may also issue refunding bonds to fund, refund or advance refund any bonds previously issued by the authority under this par. (b), to fund a debt service reserve fund for such refunding bonds, to pay capitalized interest with respect to such refunding bonds and to pay the costs incurred in connection with the issuance of such refunding bonds.

3. Revise 66.1333(5r)(d)4.a. to read as follows:

The bonds to be refunded by the refunding bonds are secured by a special debt service reserve fund.

Let me know what time works for Greg and I to come in and discuss this further.

Thanks

Ramie

Ramie Leonard
Broydrick & Associates
44 E. Mifflin St. Suite 404
Madison, WI 53703

(W) 608.255.0566
(C) 608.695.1402
(F) 608.255.4612
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Grant, Peter

From: Riley, Neci
Sent: Wednesday, March 15, 2006 9:16 AM
To: Grant, Peter
Subject: FW: MPS/Baird proposal

Please see below.

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
420 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756
Fax: (608) 282-3611

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Sent: Tuesday, March 07, 2006 2:21 PM
To: Riley, Neci
Cc: Grant, Peter
Subject: MPS/Baird proposal

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or
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03/15/2006

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BROYDRICK & ASSOCIATES

Public Affairs Public Relations

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FAX TRANSMITTAL SHEET

Send to: Office of State Rep. Fields	From: Ramie Leonard
Attention: Neri	Office location: MSN
Number of Pages: 10, incl. cover	Date: 3.2.06
Fax number: 266 282-3611	Phone number: 255-0566

CLIENT ID:

- URGENT
 REPLY ASAP
 PLEASE COMMENT
 PLEASE REVIEW
 FOR YOUR INFORMATION

COMMENTS:

Real Property Proposal

MILWAUKEE PUBLIC SCHOOLS
FINANCE DEPARTMENT
P.O. BOX 2181
MILWAUKEE, WI. 53201-2181

TELEPHONE 414-475-8740
FAX 414-475-8387

FACSIMILE TRANSMITTAL SHEET

TO: Rennie Leonard

FROM: David Kirchgessner

COMPANY: Broydick & Associates

DATE: 03/02/2006

FAX NUMBER: 608-255-4612

TOTAL NO. OF PAGES INCLUDING COVER: 9

PHONE NUMBER: 608-255-0566

SENDER'S REFERENCE NUMBER:

RE:

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

MPS Board items #7 & 8 from Nov. 27, 2001.
City of Milwaukee Comprehensive Annual Financial Report for the year ended 12/31/2004, p. 78.

November 27]

435

[2001

(Item 7) Action on the Adoption of a Resolution with Respect to the Issuance of Redevelopment Authority of the City of Milwaukee Revenue Bonds for the Neighborhood Schools Initiative

Administration's Analysis

1. The Neighborhood Schools Plan, which was adopted in August 2000, calls for capital expenditures of \$98.4 million to be funded by the borrowing authority approved in the Neighborhood Schools Initiative legislation.

2. The Legislature approved this borrowing authority and the access to low-cost capital that will be re-paid over time from funds presently used to fund transportation costs. Specifically, the plan includes a "hold-harmless" clause that freezes Chapter 200 intra-district transportation funds until the district repays all bonds issued under the plan. The bonds will be secured by the transfer of transportation aids (in the amount of the bond payment) from the DPI to the bond trustee (intercept) and by the moral obligation of the State of Wisconsin.

3. The bonds to fund the Neighborhood Schools Initiative (NSI) will actually be issued by the Redevelopment Authority of the City of Milwaukee (RACM) on the district's behalf. RACM has selected Evensen-Dodge as the financial advisor for this bond issue and Robert W. Baird as the lead underwriter.

4. The district and RACM, working with Evensen-Dodge and Robert W. Baird, have developed a financing plan that calls for bond issues in February 2002, November 2002, and November 2003 — consistent with the financing needs of the NSI capital program.

5. In order to proceed with the bond issue, the district is required to execute the documents outlined in the resolution under the recommendation section below. This resolution was drafted by bond counsel and approved by the City Attorney's office.

6. In order for the district to meet our contractual commitments to the community partners, provide for timely availability of classroom space, and meet the statutory deadlines for implementation of the Neighborhood Schools Plan, the bond sale must proceed.

Strategic Plan Compatibility Statement

7. This recommendation supports the MPS Strategic Plan and the implementation of the Neighborhood Schools Plan.

Statute, Board Policy or Rules Statement

8. The recommendations have been developed consistent with Board Administrative Policy 3.0, Fiscal Management.

Fiscal Impact Statement

9. As outlined in the Neighborhood Schools Plan adopted in August 2000, bonds sold by RACM will be re-paid from an intercept of intra-district transportation aids. At the District level, this reduction in aids will be offset by savings achieved by reductions in transportation costs resulting from the implementation of the Neighborhood Schools Initiative.

Implementation and Assessment Plan

10. Upon adoption by the Board, the Administration will ensure that the documents outlined in the resolution are properly prepared and executed and transmitted to the proper authorities.

Committee Recommendation

Your Committee recommends that the Board adopt the following resolution:

November 27]

436

[2001

**RESOLUTION RELATIVE TO THE ISSUANCE OF REDEVELOPMENT AUTHORITY OF THE CITY OF
MILWAUKEE REVENUE BONDS
(MILWAUKEE PUBLIC SCHOOLS, NEIGHBORHOOD SCHOOLS INITIATIVE PROJECT)**

- WHEREAS, Section 66.1333 (5r) (a) of the Wisconsin Statutes determines that the development of new public schools in the City of Milwaukee (the "City") will alleviate substandard conditions and promote the sound growth and economic development of the City and enhance the education of youths in neighborhood settings; and
- WHEREAS, Section 66.1333 (5r) (b) of the Wisconsin Statutes authorizes the Redevelopment Authority of the City of Milwaukee ("RACM") to issue up to \$170,000,000 in bonds to finance the development or redevelopment of sites and facilities to be used for public school facilities; and
- WHEREAS, the Joint Committee on Finance has limited the authorization of RACM (unless subsequent review and approval is obtained from the Joint Committee on Finance) to issue no more than \$100,000,000 principal amount of bonds to finance the development or redevelopment of sites and facilities to be used for school facilities (individually a "Project" and collectively the "Projects"), plus an additional amount of bonds may be issued to make a deposit into a debt service reserve fund, or for a capitalized interest fund, an original issuance discount, the costs of credit assurance or to pay issuance costs (the "Additional Authorized Amounts") to be used by the Milwaukee Board of School Directors (the "Board"); and
- WHEREAS, the Joint Committee on Finance approved the City's neighborhood school initiative report, as amended, in accordance with 1999 Wisconsin Act 9, Section 9158 (7tw) (b) (the "Report"); and
- WHEREAS, the Board is desirous of financing the Projects with one or more series of revenue bonds; and
- WHEREAS, drafts of the following bond documents (including additional documents as may be required in the case of multiple issues of bonds issued under and pursuant to the Indenture) (the "Bond Documents") have been proposed for use in connection with the bond financing:
- (a) Bond Purchase Agreement, to be dated on or prior to the date of issuance of the Bonds (the "Bond Purchase Agreement"), by and among the Board, RACM, and Robert W. Baird & Co. Incorporated, acting on behalf of the underwriters which include Robert W. Baird & Co. Incorporated, Bear, Stearns & Co. Inc. and Loop Capital Markets (the "Underwriters");
 - (b) Loan Agreement, to be dated as of a date mutually agreed upon by the parties thereto (the "Loan Agreement"), by and between RACM and the Board;
 - (c) Indenture of Trust, to be dated as of a date mutually agreed upon by the parties thereto (the "Indenture of Trust"), between RACM, as grantor and a commercial bank or trust company, as trustee, to be chosen pursuant to the Cooperation Agreement for Financing the Neighborhood Initiatives Project between the Board and RACM (the "Trustee");
 - (d) First Supplemental Indenture of Trust, to be dated as of a date mutually agreed upon by the parties thereto (the "First Supplemental Indenture" and collectively with the Indenture of Trust, the "Indenture"), between RACM, as grantor and the Trustee, as trustee;
 - (e) Promissory Note, to be dated the date of issuance of the Bonds (the "Promissory Note"), of the Board in the principal amount of not to exceed \$100,000,000 plus Additional Authorized Amounts drawn payable to the order of RACM;
 - (f) Continuing Disclosure Agreement, to be dated as of a date mutually agreed upon by the parties thereto (the "Disclosure Agreement"), between the Board and the Trustee; and

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WHEREAS, the Bond Documents provide for a financing, the basic structure of which is to be this:

- (a) RACM will issue revenue bonds at one or more times in one or more series, in the aggregate principal amount of not to exceed \$100,000,000 plus Additional Authorized Amounts (the "Bonds"), upon the terms provided in the Indenture;
- (b) RACM will sell the Bonds pursuant to the terms of a Bond Purchase Agreement to the Underwriters;
- (c) RACM will lend the proceeds from the Bond sale to the Board pursuant to the Loan Agreement, said borrowing to be evidenced by the Promissory Note;
- (d) The Board will be required to repay the Promissory Note in installments of principal and interest, which are sufficient to pay when due the principal and interest on the Bonds, from proceeds of aid the Board receives under Section 121.85(6) of the Wisconsin Statutes, as amended (the "Intradistrict Aid");
- (e) RACM will pledge and assign the Promissory Note and the Loan Agreement (and RACM's right to receive payments thereunder) to the Trustee as security for the Bonds; and
- (f) The Board will grant to RACM a lien on, and security interest in, the Board's right, title and interest in and to such Intradistrict Aid, the interest thereon and all proceeds thereof, as collateral security for the prompt and complete payment when payable from time to time by the Board of all amounts payable under the Loan Agreement; and
- (g) The obligations of the Board under the Loan Agreement and the Promissory Note will be limited obligations of the Board payable solely from Intradistrict Aid and will not be debt of the Board; and

WHEREAS, in order to facilitate the Board's collateral pledge of Intradistrict Aid, the Department of Public Instruction ("DPI") will transmit all or a portion of Intradistrict Aid to the Trustee; and

WHEREAS, it is recommended to this Board by the staff of the Board that the revenue bond financing for the Projects be authorized and approved in one or more series in an aggregate amount of not to exceed \$100,000,000 plus Additional Authorized Amounts; and

WHEREAS, this Board has determined that it is in the best interests of the Board to finance the Projects through the issuance of the Bonds in one or more series as described herein; and

NOW, THEREFORE, THIS BOARD RESOLVES AS FOLLOWS:

RESOLVED FIRST, that the terms, conditions and provisions of the Bonds and the Bond Documents (including, without limitation, those provisions which impose financial or operational restrictions on the Board) and the borrowing represented thereby be, and they hereby are, in all respects authorized and approved, said borrowing to be in a principal aggregate amount of not to exceed \$100,000,000 plus Additional Authorized Amounts with a final maturity for each series of Bonds not later than 20 years after the date of issuance of the Bonds of that series, at interest rates per annum that do not exceed a weighted average of 7% per annum in case of fixed rate Bonds and do not exceed a maximum rate of 12% per annum in the case of variable rate Bonds.

RESOLVED SECOND, that the President of the Board acting alone, or with the Superintendent of the Milwaukee Public Schools ("Superintendent") be, and they hereby are, authorized for and in the name of the Board to execute and deliver the Bond Purchase Agreement in the form presented herewith or with such changes therein as shall be approved by the aforesaid authorized officers, their execution and delivery thereof to constitute conclusive evidence of their approval of any such changes.

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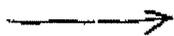
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RESOLVED THIRD, that the appropriate officers of the Board be, and they hereby are, authorized for and in the name of the Board to perform the obligations of the Board under the Bond Purchase Agreement and to take such actions as they shall deem necessary or appropriate to close the financing provided for in the Bond Purchase Agreement.

RESOLVED FOURTH, that the President of the Board acting alone, or with the Superintendent be, and they hereby are, authorized for and in the name of the Board to execute and deliver the Loan Agreement, the Promissory Note and the Disclosure Agreement in the respective forms thereof presented herewith or with such changes therein as shall be approved by the aforesaid authorized officers, their execution and delivery thereof to constitute conclusive evidence of their approval of any such changes.

RESOLVED FIFTH, that the appropriate officers of the Board be, and they hereby are, authorized to take all such further action and to execute, deliver, file and record as appropriate all such further instruments, uniform commercial code financing statements and other documents, including but not limited to forms of credit enhancement, in the name and on behalf of the Board as in their judgment shall be necessary or convenient to carry out the intent and to accomplish the purposes of these resolutions and to perform all obligations of the Board under the Bond Documents.



RESOLVED SIXTH, that the appropriate officers of the Board be, and they hereby are, authorized to enter into an agreement whereby DPI will transmit all or a portion of the Intradistrict Aid directly to the Trustee.

RESOLVED SEVENTH, that this Board requests the issuance of the Bonds by RACM to implement the Report in accordance with the terms of this Resolution.

RESOLVED EIGHTH, that appropriate officers of the Board be, and they hereby are authorized to participate in the preparation and the distribution of a preliminary official statement or other preliminary offering circular (the "Preliminary Offering Memorandum") and a final official statement or other final offering circular (the "Final Offering Memorandum") to be used in connection with the sale of the Bonds, and that the President of the Board acting alone, or with the Superintendent, are authorized to execute copies of the Final Offering Memorandum and deliver copies of the Final Offering Memorandum to the Underwriters.

RESOLVED NINTH, that the Bond Documents presented to this Board and proposed for use in connection with the Bond financing are acknowledged to be in draft form, and the Board hereby authorizes the President of the Board and the Superintendent, acting together, to approve any and all substantive changes to the Bond Documents (including but not limited to provisions for the optional or mandatory redemption of Bonds prior to maturity not inconsistent with the provisions of this Resolution), their execution and delivery thereof to constitute conclusive evidence of their approval of any such changes.

Adopted with the roll call vote on the balance of the Committee reports.

* * * * *

(Item 8) Action on a Request to Transfer Funds for Neighborhood School Initiative Building Programs

Administration's Analysis

1. Projects completed under the Neighborhood Schools Initiative (NSI) will be funded from a combination of proceeds of bonding undertaken by the Redevelopment Authority of the City of Milwaukee (RACM) and debt service/pay-as-you-go funding from the School Operations Fund.

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RESOLVED THIRD, that the appropriate officers of the Board be, and they hereby are, authorized for and in the name of the Board to perform the obligations of the Board under the Bond Purchase Agreement and to take such actions as they shall deem necessary or appropriate to close the financing provided for in the Bond Purchase Agreement.

RESOLVED FOURTH, that the President of the Board acting alone, or with the Superintendent be, and they hereby are, authorized for and in the name of the Board to execute and deliver the Loan Agreement, the Promissory Note and the Disclosure Agreement in the respective forms thereof presented herewith or with such changes therein as shall be approved by the aforesaid authorized officers, their execution and delivery thereof to constitute conclusive evidence of their approval of any such changes.

RESOLVED FIFTH, that the appropriate officers of the Board be, and they hereby are, authorized to take all such further action and to execute, deliver, file and record as appropriate all such further instruments, uniform commercial code financing statements and other documents, including but not limited to forms of credit enhancement, in the name and on behalf of the Board as in their judgment shall be necessary or convenient to carry out the intent and to accomplish the purposes of these resolutions and to perform all obligations of the Board under the Bond Documents.

RESOLVED SIXTH, that the appropriate officers of the Board be, and they hereby are, authorized to enter into an agreement whereby DPI will transmit all or a portion of the Intradistrict Aid directly to the Trustee.

RESOLVED SEVENTH, that this Board requests the issuance of the Bonds by RACM to implement the Report in accordance with the terms of this Resolution.

RESOLVED EIGHTH, that appropriate officers of the Board be, and they hereby are authorized to participate in the preparation and the distribution of a preliminary official statement or other preliminary offering circular (the "Preliminary Offering Memorandum") and a final official statement or other final offering circular (the "Final Offering Memorandum") to be used in connection with the sale of the Bonds, and that the President of the Board acting alone, or with the Superintendent, are authorized to execute copies of the Final Offering Memorandum and deliver copies of the Final Offering Memorandum to the Underwriters.

RESOLVED NINTH, that the Bond Documents presented to this Board and proposed for use in connection with the Bond financing are acknowledged to be in draft form, and the Board hereby authorizes the President of the Board and the Superintendent, acting together, to approve any and all substantive changes to the Bond Documents (including but not limited to provisions for the optional or mandatory redemption of Bonds prior to maturity not inconsistent with the provisions of this Resolution), their execution and delivery thereof to constitute conclusive evidence of their approval of any such changes.

Adopted with the roll call vote on the balance of the Committee reports.

* * * * *

(Item 8) Action on a Request to Transfer Funds for Neighborhood School Initiative Building Programs

Administration's Analysis

1. Projects completed under the Neighborhood Schools Initiative (NSI) will be funded from a combination of proceeds of bonding undertaken by the Redevelopment Authority of the City of Milwaukee (RACM) and debt service/pay-as-you-go funding from the School Operations Fund.

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2. The FY02 budget contemplates expenditures from both the Neighborhood Schools Plan (sequence 7746) in the School Operations Fund and from bond proceeds to be deposited in the Construction Fund. Funds in Sequence 7746 are derived from savings achieved in tax-levy-supported activities as a result of the NSI. These allocations were established prior to both the completion of the plan for the issuance of the bonds for the program and the final establishment of the Office of Neighborhood Schools.

3. Clearly, it will be more efficient to manage this program and to report on project expenditures if all spending for building improvements and partnership payments comes from the same set of accounts.

4. Currently, the District levies 0.60 mil for the Construction Fund, the statutory limit. This levy is used to support non-NSI maintenance and capital improvement activities. As funds available in the Neighborhood School Plan sequence in the Operations Fund are also derived (ultimately) from levied funds, any transfer of these funds to the Construction Fund must take this statutory tax levy limit into consideration. Such a transfer would have to be matched by an offsetting reduction in the levy for non-NSI maintenance activities, resulting in a substantial decline in the ability to maintain facilities at the necessary level.

5. A better alternative is to transfer the spending authority for bond proceeds to a new set of accounts in the School Operations Fund and also to transfer funds in the Neighborhood School Plan sequence allocated for debt service/pay-as-you-go funding to the same new set of accounts. This will provide a unified set of accounts from which to make payments for NSI facility improvements (including related architectural and consultant costs) and associated debt service and to separate the capital costs from on-going management and miscellaneous start-up costs.

Strategic Plan Compatibility Statement

6. The recommendation is consistent with the practice of fiscal responsibility and making informed decisions about the allocation of District resources.

Statute, Board Policy or Rules Statement

7. The recommendation is consistent with Board Administrative Policy 3.0, Fiscal Management.

Fiscal Impact Statement

8. There is no net fiscal impact from this action. Funds allocated in Sequence 7746 allocated for debt service/pay as you go funding (\$3,176,280) and in 2-40-4-979-000-327-255000 (\$12,477,055) would be transferred to the new set of accounts within the Operations Fund. A fiscal note is available with the minutes of your Committee's meeting.

Implementation and Assessment Plan

9. Upon Board approval, the proposed set of accounts will be established and the transfers will be made.

Committee Recommendation

→ Your Committee recommends that the Board approve the transfer of funds to consolidate funding for Neighborhood Schools Initiative construction-related expenses in the School Operations Fund.

Adopted with the roll call vote on the balance of the Committee reports.

* * * * *



Comprehensive Annual Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2004

**W. Martin Morics
Comptroller**

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Balance 01-01-04	New Issues	Repayments	Balance 12-31-04	Amounts Due within One Year
		<i>(Thousands of Dollars)</i>			
Component Units	\$ 42,317	\$ -	\$ 3,361	\$ 38,956	\$ 965
Revenue bonds	-	-	-	-	-
Deferred amount on refundings	-	-	-	-	-
Unamortized premiums	(136)	-	(6)	(130)	-
Unamortized discounts	8,876	11,472	41	20,307	5,886
Notes payable	1,100	-	400	700	400
Advance from other organizations	-	-	-	-	-
Total component units	\$ 52,157	\$ 11,472	\$ 3,796	\$ 59,833	\$ 7,281

B. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the City and for Milwaukee Public Schools. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are secured by the full faith and unlimited taxing power of the City. The debt for governmental activities will be retired by future property tax levies and other resources accumulated in the Debt Service Funds. The debt for business-type activities (i.e. Water Works, Parking, and Port of Milwaukee Enterprise Funds) will be retired by revenues from those operations or, if the revenues are not sufficient, by future tax levies. During the year ended December 31, 2004, general obligation bonds totalling \$24,200,000 were issued to finance capital improvements.

Use of Public Debt Amortization Fund for retirement of the public debt is governed by the Wisconsin Statutes. The Statutes provide that when total principal and accrued interest in the Public Debt Amortization Fund is substantially equal to the outstanding general obligation bonds and notes, the resources in the fund shall be applied to make annual interest and principal payments on that debt to maturity. The Statutes provide, in part, that "The Public Debt Commission may, however, at any time, apply the fund, not to exceed in any one year 40 percent of the balance in said fund on the preceding December 31, to acquire for cancellation general obligation bonds or notes prior to their maturity dates at prices not to exceed principal plus accrued interest to date of maturity, but the fund shall not be decreased below \$2,000,000 as a result of such purchases and cancellations." Principal sources of revenue are one-third of all interest on general City investments and interest on Fund investments. As authorized by the Statutes, the Public Debt Amortization Fund may purchase for investment or for cancellation, notes issued by the General Fund to fund operations.

Through 2004, \$94,853,794 has been borrowed and outstanding for forty-three tax incremental districts (TID). Total debt service requirements associated with these debt issues amounts to \$133,479,461. Tax increments received through 2004 total \$104,093,004. In any year in which TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the property tax levy.

Under the Wisconsin Statutes, the City is required, if requested by the Board of Milwaukee Public Schools, and if approved by referendum, to issue general obligation bonds to finance purchases of school sites and to construct or remodel school buildings. No such bonds are currently outstanding. The \$121,885,000 of Milwaukee Public School long-term debt outstanding at December 31, 2004 consists of a portion of the City's general obligation bonds and notes which has been designated for school purposes. Under the Wisconsin Statutes, the City has title to the land and buildings of the Milwaukee Public Schools. However, the City does not control the use of the assets or receive the proceeds upon disposition of the assets. At June 30, 2004, the historical costs of the land and buildings as reported by Milwaukee Public Schools was approximately \$776,135,000. These assets are excluded from the financial statements of the City.

C. Revenue Bonds

The City issues revenue bonds to provide funds for water and sewer improvements. As such, they are not backed by the general credit or taxing powers of the City. During the year ended December 31, 2004, the City did not issue revenue bonds.

The component units issue revenue bonds to provide funds for capital construction and mortgage-backed securities. As such, they are not backed by the general credit or taxing powers of the City.