City of Milwaukee

Office of the Comptroller

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August 3, 2006

Mr. Ronald Leonhardt
City Clerk
200 E. Wells St, Room 205
Milwaukee, Wisconsin 53202

Dear Mr. Leonhardt:

Re: Update for Special Assessment Interest Rate Ordinance

Common Council File 941402 (copy attached) directs the City Comptroller to annually review the interest rate charged on special assessment billings and to notify the Department of Public Works of any annual adjustment to such interest rate. Pursuant to our review the ordinance needs to be updated.

In the payment terms of Council File 941402 Prime is defined as the average prime rates of Firstar, M&I and Bank One banks. Firstar and Bank One have been bought out by U.S. Bank and JP Morgan Chase therefore making the Ordinance out dated. It is my opinion that the ordinance should be changed to define the Prime rate as the Wall Street Journal Prime rate which is published in the Wall Street Journal. The Wall Street Journal Prime rate is determined by polling Thirty (30) of America's largest banks. When Twenty-Three (23) of those 30 banks have changed their prime lending rate, The Wall Street Journal responds by updating their published Prime Rate.

By updating the ordinance to the Wall Street Journal Prime Rate the City of Milwaukee would not have to update the ordinance again for Bank mergers or acquisitions. The Wall Street Journal Prime rate would also be more reflective of the current U.S. economy since it uses the average of 23 of the 30 largest banks in America as opposed to just 3 banks currently in the Ordinance. In addition, 2 of the 3 banks currently used in the calculation use the Wall Street Journal prime rate as their prime rate.

If you should have any questions concerning the updating of this ordinance please feel free to contact Christopher Wanty of my staff at extension 2314.

Very truly yours,

W. MARTIN MORICS
Comptroller

WMM:CLW
Attachment
c: Ald. Robert Bauman
Mary Dziewiontkowski, Special Assessments

Room 404, City Hall, 200 East Wells Street, Milwaukee, Wisconsin 53202-3567, Phone: (414) 286-3321, Fax: (414) 286-3281

Comptroller

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Certified Copy of Ordinance

FILE NUMBER: 941402

An ordinance relating to interest payments on special assessments.

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 115-42-8-b-3 of the code is repealed and recreated to read:

115-42. Special Assessment Procedure.

8. PAYMENT TERMS. b-3. In addition to the principal remaining, interest shall be added commencing after the billing date of the invoice. A 45-day grace period for payment shall be granted from the date of billing, and if not paid within the period, interest shall be charged on a restorative basis to the date of the billing. The interest rate charged shall be set annually as of the last business day in June as an approximation of the prime rate plus 1%. For the purpose of this subdivision, the prime rate shall be defined as the average of the prime rates of Firstar, M&I and Bank One banks. The monthly rate of interest shall be computed by dividing such average prime rate plus 1% by 12 rounded to the nearest 100th percent. The comptroller shall review such interest rate annually and shall notify the department of public works of such interest rate. The interest rate shall become effective as of the public hearing date in September at which annual assessment rate changes are submitted to the appropriate committee of the common council as prescribed by common council resolution file number 76-1256, adopted on December 23, 1976. The interest rate in effect at the time of the public hearing held by the appropriate common council committee for an individual project shall be fixed for the 6-year duration of the installment payments.

I, Ronald D. Leonhardt, City Clerk, certify that the foregoing is a copy of an Ordinance passed by the Common Council of the City Of Milwaukee on January 24, 1995, published on February 9, 1995, effective February 10, 1995.

Ronald D. Leonhardt