



MEMORANDUM

TO: Mayor Merkes, Council President Sevenich and the members of the City of Menasha Common Council

FROM: City Comptroller/Treasurer Stoffel

DATE: 11/01/2011

SUBJECT: Loan from Board of Commissioners of Public Lands

On the agenda for this meeting is a resolution authorizing the borrowing of \$900,000 from the Board of Commissioners of Public Lands. The purpose of the loan is to refinance the \$900,000 balloon payment due on March 1, 2012 for TIF # 6 (debt repayment schedule attached).

In order to make this payment in 2012, the City would have to either increase the property tax levy by the \$900,000 amount because TIF # 6 does not have sufficient funds available to meet this payment or do a refinancing. The loan will be for 10 years at 3.75%, very close to the interest rate the promissory notes were originally issued for. If TIF # 6 should have additional funds on hand in the future, they can be used to prepay principal and decrease future interest costs.

My recommendation would to authorize the borrowing and put in place a new debt repayment schedule for the \$900,000 balloon payment.

Series A - 2003 General Obligation
 Promissory Notes - \$4,530,000

Date of Issue:		March 1, 2003
Purpose:	\$1,300,000	TIF #6 (Pechiney Project)
	<u>\$3,230,000</u>	Public Library Renovation
	\$4,530,000	
Discount:	\$49,830.00	1.1%
Interest Rate:	2006	2.750%
	2007	3.250%
	2008	3.250%
	2009	3.250%
	2010	3.500%
	2011	3.500%
	2012	3.600%
	2013	3.700%
		Net Effective Interest Rate – 3.710976%
Bidder Accepted:		Griffin, Kubik Milwaukee (through negotiation)
Paying Agent:		Cede & Co. Depository Trust Company
Principal:		Due on March 1, 2006 and annually thereafter
Interest:		Due on March 1, 2004 and semi-annually thereafter
Callable:		Starting September ^{MARCH} 1, 2014 or on any interest payment date thereafter

Year	Principal <u>3/1</u>	Interest <u>3/1</u>	Interest <u>9/1</u>	Total <u>Interest</u>	Total <u>Payment</u>	Principal <u>Balance</u>
2004	\$ -	\$ 159,910.00	\$ 79,955.00	\$ 239,865.00	\$ 239,865.00	\$ 4,530,000.00
2005	-	79,955.00	79,955.00	159,910.00	159,910.00	4,530,000.00
2006	150,000.00	79,955.00	77,892.50	157,847.50	307,847.50	4,380,000.00
2007	150,000.00	77,892.50	75,455.00	153,347.50	303,347.50	4,230,000.00
2008	300,000.00	75,455.00	70,580.00	146,035.00	446,035.00	3,930,000.00
2009	300,000.00	70,580.00	65,705.00	136,285.00	436,285.00	3,630,000.00
2010	350,000.00	65,705.00	59,580.00	125,285.00	475,285.00	3,280,000.00
2011	400,000.00	59,580.00	52,580.00	112,160.00	512,160.00	2,880,000.00
2012	1,400,000.00	52,580.00	27,380.00	79,960.00	1,479,960.00	1,480,000.00
2013	<u>1,480,000.00</u>	<u>27,380.00</u>	<u>-</u>	<u>27,380.00</u>	<u>1,507,380.00</u>	<u>-</u>
Total	\$ 4,530,000.00	\$ 748,992.50	\$ 589,082.50	\$ 1,338,075.00	\$ 5,868,075.00	

Public Library Renovation

Year	Principal <u>3/1</u>	Interest <u>3/1</u>	Interest <u>9/1</u>	Total <u>Interest</u>	Total <u>Payment</u>	Principal <u>Balance</u>
2004	\$ -	\$ 114,010.00	\$ 57,005.00	\$ 171,015.00	\$ 171,015.00	\$ 3,230,000.00
2005	-	57,005.00	57,005.00	114,010.00	114,010.00	3,230,000.00
2006	150,000.00	57,005.00	54,942.50	111,947.50	261,947.50	3,080,000.00
2007	150,000.00	54,942.50	52,505.00	107,447.50	257,447.50	2,930,000.00
2008	200,000.00	52,505.00	49,255.00	101,760.00	301,760.00	2,730,000.00
2009	200,000.00	49,255.00	46,005.00	95,260.00	295,260.00	2,530,000.00
2010	250,000.00	46,005.00	41,630.00	87,635.00	337,635.00	2,280,000.00
2011	300,000.00	41,630.00	36,380.00	78,010.00	378,010.00	1,980,000.00
2012	500,000.00	36,380.00	27,380.00	63,760.00	563,760.00	1,480,000.00
2013	<u>1,480,000.00</u>	<u>27,380.00</u>	<u>-</u>	<u>27,380.00</u>	<u>1,507,380.00</u>	<u>-</u>
Total	\$ 3,230,000.00	\$ 536,117.50	\$ 422,107.50	\$ 958,225.00	\$ 4,188,225.00	

T.I.F. # 6 (Pechiney Project)

Year	Principal <u>3/1</u>	Interest <u>3/1</u>	Interest <u>9/1</u>	Total <u>Interest</u>	Total <u>Payment</u>	Principal <u>Balance</u>
2004	\$ -	\$ 45,900.00	\$ 22,950.00	\$ 68,850.00	\$ 68,850.00	\$ 1,300,000.00
2005	-	22,950.00	22,950.00	45,900.00	45,900.00	1,300,000.00
2006	-	22,950.00	22,950.00	45,900.00	45,900.00	1,300,000.00
2007	-	22,950.00	22,950.00	45,900.00	45,900.00	1,300,000.00
2008	100,000.00	22,950.00	21,325.00	44,275.00	144,275.00	1,200,000.00
2009	100,000.00	21,325.00	19,700.00	41,025.00	141,025.00	1,100,000.00
2010	100,000.00	19,700.00	17,950.00	37,650.00	137,650.00	1,000,000.00
2011	100,000.00	17,950.00	16,200.00	34,150.00	134,150.00	900,000.00
2012	<u>900,000.00</u>	<u>16,200.00</u>	<u>-</u>	<u>16,200.00</u>	<u>916,200.00</u>	<u>-</u>
Total	\$ 1,300,000.00	\$ 212,875.00	\$ 166,975.00	\$ 379,850.00	\$ 1,679,850.00	

RESOLUTION APPROVING APPLICATION TO BOARD OF COMMISSIONERS OF PUBLIC LANDS TO BORROW \$900,000 FROM THE STATE TRUST FUNDS. AUTHORIZING THE BORROWING AND THE ISSUANCE OF CERTIFICATES OF INDEBTEDNESS AND LEVYING A TAX IN CONNECTION THEREWITH.

The following preamble and resolutions were presented by Alderman _____ and were read to the meeting.

By the provisions of Sec. 24.66 of the Wisconsin Statutes, all municipalities may borrow money for such purposes in the manner prescribed, and,

By the provisions of Chapter 24 of the Wisconsin Statutes, the Board of Commissioners of Public Lands of Wisconsin is authorized to make loans from the State Trust Funds to municipalities for such purposes. (Municipality as defined by Sec. 24.60(2) of the Wisconsin Statutes means a town, village, city, county, public inland lake protection and rehabilitation district, town sanitary district created under Sec. 60.71 or 60.72, metropolitan sewerage district created under Sec. 200.05 or 200.23, joint sewerage system created under Sec. 281.43(4), school district or technical college district.)

THEREFORE, BE IT RESOLVED, that the City of **Menasha**, in the County(ies) of **Calumet And Winnebago**, Wisconsin, borrow from the Trust Funds of the State of Wisconsin the sum of **Nine Hundred Thousand And 00/100 Dollars (\$900,000.00)** for the purpose of **refinancing 2003 bond issue** and for no other purpose.

The loan is to be payable within **10** years from the 15th day of March preceding the date the loan is made. The loan will be repaid in annual installments with interest at the rate of **3.75** percent per annum from the date of making the loan to the 15th day of March next and thereafter annually as provided by law.

RESOLVED FURTHER, that there shall be raised and there is levied upon all taxable property, within the City of **Menasha**, in the County(ies) of **Calumet And Winnebago**, Wisconsin, a direct annual tax for the purpose of paying interest and principal on the loan as they become due.

RESOLVED FURTHER, that no money obtained by the City of **Menasha** by such loan from the state be applied or paid out for any purpose except **refinancing 2003 bond issue** without the consent of the Board of Commissioners of Public Lands.

RESOLVED FURTHER, that in case the Board of Commissioners of Public Lands of Wisconsin agrees to make the loan, that the mayor and clerk of the City of **Menasha**, in the County(ies) of **Calumet And Winnebago**, Wisconsin, are authorized and empowered, in the name of the city to execute and deliver to the Commission, certificates of indebtedness, in such form as required by the Commission, for any sum of money that may be loaned to the city pursuant to this resolution. The mayor and clerk of the city will perform all necessary actions to fully carry out the provisions of Chapter 24, Wisconsin Statutes, and these resolutions.

RESOLVED FURTHER, that this preamble and these resolutions and the aye and no vote by which they were adopted, be recorded, and that the clerk of this city forward this certified record, along with the application for the loan, to the Board of Commissioners of Public Lands of Wisconsin.

Passed and approved this _____ day of November, 2011

Donald Merkes, Mayor

ATTEST:

Deborah A. Galeazzi