



MEMORANDUM

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

FROM: Comptroller/Treasurer Stoffel *ts*

DATE: 06/14/2012

SUBJECT: Financing from Board of Commissioners of Public Lands

Included on your Common Council agenda are a number of resolutions authorizing borrowing from the Board of Commissioners of Public Lands (BCPL). Although the total amount of the resolutions is \$28,897,003, the actual amount of “new” General Obligation debt for the City is \$350,000. The \$350,000 is the amount needed to perform the work approved at the last Council meeting for Contract 2012-02.

The remainder of the borrowings are to put into place long term financing for some TIF districts and more importantly, to reduce interest rates on existing General Obligation Debt.

The City has five outstanding bond issues and promissory notes totaling \$7,470,000 which have balloon payments coming due in August and September of this year and September of 2013. The current debt has interest rates ranging from 2.90% to 6.40% with the refinancing rates ranging from 2.75% to 4.00%. These bond issues are for the refurbishing of the library, the loan for Advanced Tooling Specialists and TIFs # 6, 7, 8 and 9.

The balance of the borrowing is to refinance General Obligation debt already placed with the BCPL. The Board has a program which allows for a municipality to refinance current debt with the BCPL if “new” debt exceeds 25% of the “old” debt to be refinanced. In this case it does so the City is in a position to refinance \$17,000,000 of G.O. debt issued for the Steam Utility from rates of 5.00% to 5.50% down to 4.00%, reduce Water Utility debt

rates from 5.00% to 4.00% and reduce interest on other City public works and TIF debt from 3.75% to 3.00%.

Timing is very important on this entire refinancing in that the bond issues would need to be called by August 1st for payment on September 1st. That resolution would come before the Council during the month of July. I would recommend that the Council approve the resolutions for the refinancing with the Board of Commissioners of Public Lands at this meeting.

Should you have additional questions, please contact me