



MEMORANDUM

To: City of Menasha Common Council

From: Peggy Steeno, ^{PS} Director of Administrative Services

Date: November 18, 2013

RE: RESOLUTION R-19-13 – Resolution Authorizing 2014 General Obligation Borrowing and the Issuance of Certificate of Indebtedness and Levying a Tax in Connection Therewith

BACKGROUND

As part of the budget process, Council and staff have been discussing the City's existing debt as well as a new borrowing that is being proposed for 2014. To that end, the attached resolution outlines each of the planned/proposed borrowings that staff is recommending for 2014.

ANALYSIS

Included in the 2014 Budget are a number of capital projects that are proposed to be funded through a new money borrowing of \$674,110. These projects include: the Senior Center expansion project, the design for the Third Street Bridge, the Fire Station #35 apron improvement, and a number of street improvements.

In addition to the new money borrowing, there are two balloon payments due on outstanding borrowings that were issued in 2005 and 2006 that need to be refinanced, with the repayment of the new debt to span over a number of years. The number of years has not yet been determined, however, this will be analyzed as part of our long term debt plan that will be established in the first quarter of 2014. Once the exact terms of the new loans are determined, staff will proceed with the formal loan process through the State Trust Fund Loan Program and present the necessary information to Council.

Also, included in the debt plan will be a review of all existing debt that is callable (able to be refinanced) to ascertain the amount of interest costs can be saved through refinancing the debt. After a brief review of existing debt, staff is considering approximately \$2,800,000 of existing payments that are due in 2015 and beyond as potential refunding candidates. This piece of the debt plan is being considered solely to garner interest savings. This, also, will be presented to the Council.

FISCAL IMPACT

The above amount of \$674,110 for the new money borrowing will be added to the City's outstanding debt obligations. The interest expense (cost of borrowing the funds) for all of the borrowings will be determined at the time of application with the State Trust Fund.

RECOMMENDATION

Staff recommends adoption of the above noted resolution.

RESOLUTION R-19-13

RESOLUTION AUTHORIZING 2014 GENERAL OBLIGATION BORROWING AND THE
ISSUANCE OF CERTIFICATE OF INDEBTEDNESS AND LEYING A TAX IN
CONNECTION THEREWITH

Introduced by Mayor Donald Merkes

WHEREAS, The City of Menasha has included a general obligation borrowing of \$674,110 in the 2014 budget for the purpose of infrastructure improvement; and,

WHEREAS, The City of Menasha has included the refinancing of two general obligation balloon payments totaling \$4,175,000 for debt issued in 2005 and 2006 in its refinancing plan for 2014, thereby withholding the funding of those amounts as part of the 2014 tax levy; and,

WHEREAS, The City of Menasha has additional current general obligation debt outstanding with payments in 2015 and beyond totaling \$2,800,000, with interest rates that range from 3.96% to 4.90%, which are higher than current market interest rates, which qualifies to be refinanced in 2014.

NOW, THEREFORE BE IT RESOLVED, by the Mayor and Common Council authorizing and directing the Director of Administrative Services to proceed with the following: the new money borrowing of \$674,110 for 2014, the refinancing of the 2005 and 2006 debt issues that have balloon payments due in 2014, and the analysis and refinancing of any additional existing debt that will save the City money on interest costs in 2015 and beyond.

AND IT IS FURTHER RESOLVED that the Administrative Services Director will present all formal borrowing requests to Council for proper authorization when the timing is appropriate in 2014.

Passed and approved this day of , 2013.

Donald Merkes, Mayor

ATTEST:

Deborah A. Galeazzi, City Clerk