



MEMORANDUM

To: City of Menasha Common Council

From: Peggy Steeno,  Director of Administrative Services

Date: October 1, 2014

RE: RESOLUTION R-23-14 and R-24-14 – Resolutions Executing 2014 General Obligation Borrowing and 2014 Refinancings

BACKGROUND

Following the approval of: the 2014 Budget, the preliminary borrowing plan for 2014 (Resolution R-19-13), and the recent Fire Truck Purchase, the final step in the process is to execute the borrowings to obtain the needed funds for these purposes.

ANALYSIS

The following are the details regarding the currently recommended borrowings:

2014 Capital Projects Borrowing - \$974,500: This portion of the borrowing includes two pieces:

- The new money borrowing, \$674,000, as approved in the 2014 Budget, for the following: the Senior Center expansion project, the design for the Third Street Bridge, the Fire Station #35 apron improvement, and a number of street improvements, and
- The \$300,500 for the recently approved fire truck.

The combined loan for these two purposes will be ten (10) years in length, and carries an interest rate of 3.5%.

Refinancings - \$2,425,000: The details of the remaining refinancings for 2014 are:

- Refinancing of Series B 2005 General Obligation Refunding Bonds, dated 6/15/2005, \$930,000 - The reason for this refunding is twofold. First and foremost, this obligation is for Lake Park Villas. It is planned that TID #12 will cover this obligation; however, although the development within the district is proceeding as planned, the amount of TIF increment accruing in the early years of the district cannot support the scheduled large debt payments over the next few years. Therefore, it is proposed that this debt be extended additional years, lowering the payments, to allow the TID #12 increment to grow and be able to fund the debt, taking the burden off other funds to cover the debt in the interim. Second, the interest rate on the current obligation is 4.7%, and the new

interest rate will be 3.5%. Note that there is not a prepayment penalty if we are able to pay this loan off in advance of its final maturity.

- Refinancing of Series A 2003 General Obligation Refunding Bonds, dated 12/1/03, \$900,000 – The reason for refinancing this TID #5 obligation is interest savings only. The interest rate on the current debt is 4.00% - 4.60% and the interest rate on the new debt will be 3.5%, thereby saving approximately \$50,600 over the course of the remaining seven (7) years of the loan. The repayment schedule is not changing due to the refinancing.
- Refinancing of the 2001 General Obligation Refunding Bonds, dated 12/15/01, \$280,000 – The reason for refinancing this TID #4 obligation is interest savings only. The interest rate on the current debt is 4.875% and the interest rate on the new debt will be 3.00%, thereby saving approximately \$17,000 over the course of the remaining three (3) years of the loan. The repayment schedule is not changing due to the refinancing.
- Refinancing of the 2004 General Obligation Refunding Bonds, dated 1/1/04, \$315,000 – The reason for refinancing this TID #6 obligation is interest savings only. The interest rate on the current debt is 4.00% - 4.30% and the interest rate on the new debt will be 3.00%, thereby saving approximately \$16,000 over the course of the remaining four (4) years of the loan. The repayment schedule is not changing due to the refinancing.

FISCAL IMPACT

The above amount of \$974,500, for the new money borrowing, will be added to the City's outstanding debt obligations, and be funded through the Debt Service Fund / General Fund. And, the four refinancings are already factored into the current obligations and will be repaid, as applicable, per issue.

RECOMMENDATION

Staff recommends adoption of the above noted resolutions.

RESOLUTION R-23-14

RESOLUTION APPROVING APPLICATION TO BOARD OF COMMISSIONERS OF PUBLIC LANDS TO BORROW \$595,000 FROM THE STATE TRUST FUNDS, AND 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 Mayor Merkes and were read into 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), 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 Counties of Calumet and Winnebago, Wisconsin, borrow from the Trust Funds of the State of Wisconsin the sum of Five Hundred Ninety Five Thousand And 00/100 Dollars (\$595,000.00) for the purpose of refinancing 2001 (dated 12/15/2001) and 2004 (dated 1/1/2004) GO Refunding Bonds and for no other purpose.

The loan is to be payable within 4 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 3.00 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 Counties 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 2001 and 2004 GO Refunding Bonds without the consent of the Board of Commissioners of Public Lands.

RESOLVED FURTHER, that in case the Board of Commissioners of Public Lands agrees to make the loan, that the Mayor and Clerk of the City of Menasha in the Counties 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 October, 2014

Donald Merkes, Mayor

Deborah A. Galeazzi, City Clerk