MEMORANDUM

To: City of Menasha Common Council

From: Peggy Steeno, Director of Administrative Services

Date: July 15, 2015

RE: RESOLUTION R-21-15 / RESOLUTION R-22-15 / RESOLUTION R-23-15 – Resolutions Executing 2015 Refinancings and 2015 General Obligation Borrowing

BACKGROUND

Following the approval of: the 2015 Budget, the preliminary borrowing plan for 2015 (Resolution R-29-14), and the annual analysis of the City's current debt obligations, 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:

2015 Capital Projects Borrowing - $875,000: This portion of the borrowing includes the new money borrowing, as approved in the 2015 Budget, for the following: a number of street and sidewalk improvements, Trestle Trail improvements, shoreline improvements, and roofing projects at both the Library and City Hall. The interest rate on this new money borrowing will be 3.25%.

Refinancing - $2,790,000: The refinancing for 2015 includes the refunding the Series A 2008 General Obligation Promissory Notes, dated August 1, 2008. The reason for this refunding is twofold. First, a portion of this obligation, $2,045,000, which includes a balloon maturity of $1,990,000 in 2017, belongs to TID #9. Because the original borrowing was done with a balloon payment in the middle of the TID's life, when not enough increment has been generated to cover the balloon payment, it is necessary, as has been discussed as part of our long term debt plan, to refinance this obligation in manner that will allow TID #9 to cover its obligation as increment is generated, taking the burden off other funds to cover the debt in the interim. Second, the interest rate on the current obligation is 4.33%, and the new interest rate will be 3.25%. Note that there is not a prepayment penalty if we are able to pay this loan off in advance of its final maturity. Second, the refinancing of the other portion of the Series A 2008 General Obligation Promissory Notes, dated August 1, 2008, in the amount of $745,000, for various purposes, is being completed for interest savings only. The interest rate on the current debt is 4.33%, and the interest rate on the new debt will be2.5%, thereby saving approximately

$28,000 over the course of the remaining two (2) years of the loan. The repayment schedule is not changing due to the refinancing.

There will be three new loans, for these two purposes, as follows:

- Loan #1 – A two (2) year loan, in the amount of $745,000, with an interest rate of 2.5%, will cover the portion of the refinancing that is being done for interest savings only.
- Loan #2 – A nine (9) year loan, in the amount of $2,045,000, with an interest rate of 3.25%, will cover the portion of the refinancing for the TID #9 balloon payment in 2017.
- Loan #3 - A ten (10) year loan, in the amount of $875,000, with an interest rate of 3.25%, will cover the 2015 new money requirements.

FISCAL IMPACT

The above amount of $875,000, 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 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-23-15

RESOLUTION APPROVING APPLICATION TO BOARD OF COMMISSIONERS OF PUBLIC LANDS TO BORROW $875,000 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 Eight Hundred Seventy Five Thousand, And 00/100 Dollars ($875,000.00) for the purpose of financing 2015 capital projects 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 3.25 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 financing 2015 capital projects 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 July, 2015

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Donald Merkes, Mayor Deborah A. Galeazzi, City Clerk