



## Memorandum

To: Common Council  
From: Donald Merkes, Mayor  
Date: 28 April 2016  
RE: WPPI Promissory Notes

### **BACKGROUND**

In 2011, the City of Menasha entered into an Asset and Purchase agreement by which WPPI purchased certain assets of the Menasha Utilities distribution facilities. Part of the agreement stipulated that the City of Menasha would reimburse WPPI for their buyer's expenses. WPPI agreed to accept promissory notes from the City of Menasha for these expenses, with payment terms including no payments for the first sixty (60) months, and then sixty (60) monthly payments through 2021. The notes were inadvertently left off of the City's debt schedule at that time, and therefore were not included in the 2016 Budget. Due to this, a 2016 budget adjustment is needed so that the required 2016 payments, totaling \$78,565.52, can be made. The first payment is due on May 6<sup>th</sup>.

### **FISCAL IMPACT**

The notes, in the amounts of \$15,062.76 and \$531,481.90, both carry a 3% interest rate and are payable in sixty (60) monthly installments. Payments will need to be funded by the Debt Service Fund, Fund Balance, in 2016, and will be included as part of the overall budget in future years.

### **RECOMENDATION**

I recommend approval of budget adjustment resolution R-15-16.

Resolution R-15-16

A RESOLUTION APPROVING A 2016 DEBT SERVICE BUDGET ADJUSTMENT FOR THE PURPOSE OF REPAYING THE 2016 PORTION OF THE OUTSTANDING WPPI PROMISSORY NOTES

Introduced by Mayor Merkes

WHEREAS, In 2011, the City of Menasha entered into an Asset and Purchase Agreement with WPPI Energy whereby WPPI Energy purchased certain assets of the Menasha Utilities distribution facilities, and the City was responsible for the buyer's expenses; and

WHEREAS, WPPI Energy agreed to accept promissory notes from the City of Menasha for their buyer's expenses, to be due and payable in monthly installments from May of 2016 through April of 2021; and

WHEREAS, The City of Menasha did not record the debt in its debt service obligations, causing the debt payments to be left out of the 2016 Debt Service Budget; and

WHEREAS, Such funds will need to be drawn from the Debt Service Fund, Fund Balance, to make the 2016 payments.

NOW, THEREFORE BE IT RESOLVED, by the Mayor and Common Council that staff is hereby authorized and directed to amend the 2016 Debt Service Budget to include repayment of \$78,565.52 for the City's obligation to WPPI Energy, and include the remaining debt as an obligation of the City for future years.

Passed and approved this \_\_ day of May, 2016.

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Donald Merkes, Mayor  
ATTEST:  
\_\_\_\_\_  
Deborah A. Galeazzi, Clerk