Menasha

MEMORANDUM

To: City of Menasha Common Council

From: Peggy Steeno, Administrative Services Director

Date: November 3, 2016

RE: Resolutions R-33-16 through R-47-16 / Resolutions Executing 2016 General Obligation Borrowing and 2016 Refinancings

BACKGROUND

Following the approval of: the 2016 Budget, the preliminary borrowing plan for 2016 (Resolution R-39-15), the Capital Budget Adjustments authorized by Council in 2016, 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:

(New Money Borrowings with the State Trust Fund Loan Program)

Resolution R-33-16 - 2016 Capital Projects Borrowing - $1,362,372: This portion of the borrowing includes the new money borrowing, as approved in the 2016 Budget and Resolution R-39-15, for the following: a number of street and sidewalk improvements, a parking lot, a fire truck, Trestle Trail improvements, and miscellaneous other projects/equipment projects. This is a ten year loan with an interest rate on this new money borrowing of 3.00%.

Resolution R-34-16 - 2016 TID 13 Borrowing - $337,000: This portion of the borrowing includes the new money borrowing, as approved in the 2016 Budget and Resolution R-39-15, for the approved TID 13 infrastructure improvements. This is a ten year loan with an interest rate on this new money borrowing of 3.00%.

Resolution R-35-16 - 2016 WPPI Loan Refinancing Borrowing - $478,315: This portion of the borrowing includes the new money borrowing through the State Trust Fund Loan Program to refinance the monies owed to WPPI from the 2011 transactions, as approved in Resolution R-15-16. This is a five year loan with an interest rate on this new money borrowing (new to the State Trust Fund Loan Program) of 2.5%. This replaces the current loan with a 3% interest rate.

Resolution R-36-16 – 2016 Public Infrastructure Borrowing (Future Special Assessments) - $1,159,685: This portion of the borrowing includes the new money borrowing, in the amount of $751,685 (Vans Development Agreement), as approved in the 2016 Budget and Resolution R-39-15, and in the amount of $408,000 (Woodlands Development Agreement), as approved in Resolution R-9-16, both for public infrastructure that will be repaid with special assessments. This is a ten year loan with an interest rate on this new money borrowing of 3.00%.

Resolution R-37-16 – 2016 Public Infrastructure Borrowing - $343,200: This portion of the borrowing includes the new money borrowing, in the amount of $343,200, as approved in Resolution R-39-15, for the purchase and improvement of the 867 Valley Road property. This is a two year loan with an interest rate on this new money borrowing of 2.50%.

(Refinancings with the State Trust Fund Loan Program)

Resolutions R-38-16 through R-Refinancing - $14,270,357.82: The refinancing for 2016 includes the following State Trust Fund Loans:

- Loan 2013005.01 - $3,039,013.14 / Purpose - TID's 7, 8, and 9 / Ten Year Loan / Interest Rate currently at 4.00% and will be 3.00%

- Loan 2013009.01 - $3,0002,187.13 / Purpose - Steam Plant Debt / Fourteen Year Loan / Interest Rate currently at 4.00% and will be 3.50%

- Loan 2013008.01 - $680,195.13 / Purpose - Public Works / TID 6 / Five Year Loan / Interest Rate currently at 3.00% and will be 2.50%

- Loan 2014101.01 - $1,989,000.00 / Purpose - Lake Park / Four Year Loan / Interest Rate currently at 3.75% and will be 2.50%

- Loan 2014101.02 - $1,480,000.00 / Purpose - Lake Park / Six Year Loan / Interest Rate currently at 3.75% and will be 3.00%

- Loan 2015043.01 - $820,500.00 / Purpose – 2014 CIP Funds / Eight Year Loan / Interest Rate currently at 3.50% and will be 3.00%

- Loan 2015043.02 - $763,441.58 / Purpose – TID 5 / Five Year Loan / Interest Rate currently at 3.50% and will be 2.50%

- Loan 2015043.03 - $882,200.00 / Purpose – Lake Park / Six Year Loan / Interest Rate currently at 3.50% and will be 3.00%

- Loan 2016030.01 - $875,000.00 / Purpose – 2015 CIP Funds / Nine Year Loan / Interest Rate currently at 3.25% and will be 3.00%

- Loan 2016065.01 - $738,820.87 / Purpose – TID 11 / Seventeen Year Loan / Interest Rate currently at 3.75% and will be 3.50%

The reason for these ten refundings is interest savings only. As noted above, the interest rates on the current debt range from 3.00% to 4.00%, and the interest rates on the new debt will range from 2.50% to 3.50%, thereby saving the City of Menasha approximately $541,000 over the course of the remaining years of the loans. The repayment schedule is not changing due to the refinancings, except for the lowered interest payments required due to the refinancings.

FISCAL IMPACT

The above amount of $3,202,257, for the new money borrowing, exclusive of the new borrow for the WPPI obligation (since it is already accounted for in the city's debt records), will be added to the City's outstanding debt obligations, and be funded through the Debt Service Fund / General Fund / TID Funds / Special Assessments. 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-41-16

RESOLUTION APPROVING APPLICATION TO BOARD OF COMMISSIONERS OF PUBLIC LANDS TO BORROW $1,989,000.00 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 One Million Nine Hundred Eighty Nine Thousand And 00/100 Dollars ($1,989,000.00) for the purpose of refinancing BCPL Loan #2014101.01 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 2.50 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 BCPL Loan #2014101.01 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 7th day of November, 2016.

_____
Donald Merkes, Mayor

ATTEST:

_____
Deborah A. Galeazzi, City Clerk

Recommended by: Mayor Merkes

Motion/Second:
_____

Vote: _____

Pass/Fail: _____

Requires: Majority Vote