



Legislation Text

File #: 24215, **Version:** 1

Fiscal Note

The resolution authorizes the early repayment of \$6.565 million in Sewer System Revenue Bonds issued in 2003. The current remaining principal on these bonds is \$3.875 million. Immediate repayment is possible due to \$5.075 million in insurance settlements received by the City in 2010 and 2011. Resolutions adopted by the Common Council authorizing the terms of those settlements stated that the proceeds be used to reduce future landfill remediation fees on the City's sewer bills. The current balance in the Landfill Remediation Fee Fund, including proceeds from the insurance settlements, is \$7.1 million.

Cash balances in the City's investment fund are earning approximately 1% annually. The true interest cost on the bonds is approximately 3.57%. Taken together, early repayment of the revenue bonds prior to maturity is expected to save approximately \$300,000.

Title

Resolution authorizing the redemption prior to maturity of the City of Madison \$6,565,000 Sewer System Revenue Bonds, Series 2003-A.

Body

Preamble

In 2003, the Common Council authorized the issuance of \$6,565,000 principal amount of Sewer System Revenue Bonds, Series 2003-A (the "Bonds") to fund landfill remediation and general sewer system improvements. The Bonds maturing on and after December 1, 2012 are subject to redemption prior to maturity on December 1, 2011 and any time thereafter, at a redemption price consisting of the remaining principal amount plus accrued interest, without premium. The Sewer Utility and the landfill remediation fund have funds on hand to pay the redemption price, and the early redemption of the Bonds will result in a savings of approximately \$300,000 in future interest costs. The Bonds would otherwise mature in 2018. NOW THEREFORE BE IT RESOLVED, that the Common Council hereby authorizes the redemption prior to maturity of all the outstanding City of Madison \$6,565,000 Sewer System Revenue Bonds, Series 2003-A, and authorizes the Mayor, City Clerk and Finance Director to execute any documents necessary to effect such redemption, all in a form approved by the City Attorney.