Legislation Details (With Text)

File #:	19795	**Version:** 1	**Name:**	Madison Resolution Series 2010-083110.docx
Type:	Resolution		**Status:**	Passed
File created:	8/31/2010		**In control:**	BOARD OF ESTIMATES (ended 4/2017)
On agenda:	9/7/2010		**Final action:**	9/21/2010
Enactment date:	9/22/2010		**Enactment #:**	RES-10-00777

Title: SUBSTITUTE Resolution Authorizing the Issuance of $8,040,000 Taxable General Obligation Promissory Notes, Series 2010-A (Recovery Zone Economic Development Bonds), $25,080,000 Taxable General Obligation Promissory Notes, Series 2010-B (Build America Bonds - Direct Pay), $24,205,000 Taxable General Obligation Refunding Bonds, Series 2010-C, $6,080,000 Taxable General Obligation Promissory Notes, Series 2010-D and $44,245,000 General Obligation Promissory Notes, Series 2010-E, All Of The City of Madison, Wisconsin, Providing the Details Thereof, Establishing Interest Rates Thereon and Levying Taxes Therefor

Sponsors: David J. Cieslewicz, Mark Clear

Indexes:

Code sections:

Attachments: 1. Madison Resolution Series 2010 final.pdf, 2. 2010BorrowingBidForms.pdf, 3. 2010BorrowingBidTabs.pdf

Date	Ver.	Action By	Action	Result
9/21/2010	1	COMMON COUNCIL	Adopt	Pass
9/21/2010	1	BOARD OF ESTIMATES (ended 4/2017)	RECOMMEND TO COUNCIL TO ADOPT (15 VOTES REQUIRED) - REPORT OF OFFICER	Pass
9/7/2010	1	COMMON COUNCIL	Referred	
8/31/2010	1	Attorney's Office	Referred for Introduction	

Fiscal Note

This resolution authorizes the issuance of general obligation promissory notes and bonds totaling $107,650,000 and levies an irrevocable property tax sufficient for the purpose of paying principal and interest on the debt. These notes and bonds are divided into five separate series:

Series A, with a par amount of $8,040,000, is classified as a "Recovery Zone Economic Development Bond-Direct Pay" issue, and is issued in conformance with authority made available under the federal stimulus program. The City will receive a direct federal interest rate subsidy equal to 45% of the interest rate stated on the notes. The proceeds will be used to finance a portion of the City Engineering Division's infrastructure improvement program. After applying the federal interest subsidy, the true interest cost of this series is 1.478%. Repayment is scheduled over the next 10 years.

Series B notes, with a par amount of $25,080,000, are classified as "Build America Bonds," also issued in conformance with authority made available under the federal stimulus program. The City will receive direct federal subsidies equal to 35% of the interest rate stated on the notes. The proceeds of this taxable series will be used to finance current year capital improvements authorized in the 2010 capital budget. A description of the specific expenditure purposes is contained in the resolution. After applying the federal interest subsidy, the true interest cost of this series is 1.892%. Repayment is scheduled over the six year period from 2015 through 2020.

Series C, with a par amount of $24,205,000, will be used to refinance the remaining maturities of the 2004 State Trust Fund Loan originally secured by the City to refinance City's prior service pension liability due to the Wisconsin Retirement Fund and take advantage of the extraordinarily low interest rates available in the market today. Sold at a true interest cost of 3.437%, these new tax exempt refunding notes replace all future maturities of the prior debt that carried an interest rate of 5.25%, for a total interest savings of $2,832,000 over the next 14 years.

Series D, with a par amount of $6,080,000, will be used to finance those portions of the current year's capital budget that are not eligible for traditional tax exempt or Build America Bond financing because they involve expenditure purposes that are for the benefit of private entities. These projects, including investments associated with the Land Banking project and the Badger-Ann-Park redevelopment, are therefore financed using traditional taxable notes which have a true interest cost of 2.666% and which will be repaid over the next 10 years.

Series E, with a par amount of $44,245,000, will be used to finance $16,760,000 of the current year capital improvements authorized in the 2010 capital budget and to refinance the remaining maturities of various notes issued by the City in 2004 and 2006, again taking advantage of the extraordinarily low interest rates currently available in the market. Sold at a true interest cost of .837%, these tax exempt refunding notes replace maturities of the prior debt with average remaining interest rates of 3.0% to 4.0%, for a total interest savings of $2,027,000 over the next 6 years.

A summary of the winning bids and all other bidders for each of the three note series are provided as separate Legistar attachments.

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Body

See Attached

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