



Legislation Details (With Text)

File #: 25093 **Version:** 1 **Name:** Loan Resolution.docx
Type: Resolution **Status:** Passed
File created: 1/13/2012 **In control:** BOARD OF ESTIMATES (ended 4/2017)
On agenda: 2/7/2012 **Final action:** 2/7/2012
Enactment date: 2/10/2012 **Enactment #:** RES-12-00081
Title: Authorizing the purchase of a note anticipation note from the Madison Metropolitan School District in the amount of \$2,770,000 and authorizing the Mayor and City Clerk to execute any associated documentation.
Sponsors: Paul R. Soglin, Shiva Bidar

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
2/7/2012	1	COMMON COUNCIL	Adopt	Pass
1/30/2012	1	BOARD OF ESTIMATES (ended 4/2017)	RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER	Pass
1/17/2012	1	COMMON COUNCIL	Refer	Pass
1/13/2012	1	Attorney's Office	Referred for Introduction	

Fiscal Note

The resolution authorizes short-term borrowing (less than 6 months) from the City's cash balances to the Madison Metropolitan School District at an annual interest rate of approximately 0.20% to 0.25% (depending on the duration). The City Treasurer estimates that cash balances that are invested for the short-term currently earn interest of approximately 0.14% on an annual basis. As such, the net fiscal effect on investment earnings is expected to be minimal.

Title

Authorizing the purchase of a note anticipation note from the Madison Metropolitan School District in the amount of \$2,770,000 and authorizing the Mayor and City Clerk to execute any associated documentation.

Body

Preamble

The Madison Metropolitan School District (the "District") is in need of interim financing to fund the cost of rehabilitating and repairing school facilities and acquiring related equipment. The District has requested that the City purchase a note anticipation note issued by the District in an amount not to exceed Two Million Seven Hundred Seventy Thousand Dollars (\$2,770,000) (the "Note"). The City has determined that sufficient City funds are available to purchase the Note from the District, and has negotiated interest rates to be paid by the District while the Note is outstanding. The Note shall mature on July 1, 2012, and may be prepaid without penalty at any time. Interest shall accrue at the rate of 20 basis points from the date the Note is issued through April 10, 2012, and at the rate of 25 basis points from April 11, 2012 through maturity. The District intends to issue general obligation notes or bonds in the second quarter of 2012, and will repay the City in full from the proceeds of that issue. The City is authorized to make a loan to the District and to invest City funds not immediately needed in District securities pursuant to Secs. 62.12(9) and 66.0603(1m)(a), Wis. Stats., respectively. The District's Note is not secured by the full faith and credit of the District.

NOW THEREFORE, BE IT RESOLVED, that the Common Council hereby authorizes the purchase of a note anticipation note issued by the Madison Metropolitan School District in an amount not to exceed \$2,770,000

and on the terms as expressed herein, and authorizes the Mayor and City Clerk to execute any documentation with the District in a form as approved by the City Attorney.