Legislation Details (With Text)

File #:	35623	**Version:**	1	**Name:**	Redemption prior to maturity of City's $8,725,000 Sewer System Revenue Bonds, Series 2006-A
Type:	Resolution			**Status:**	Passed
File created:	9/24/2014			**In control:**	BOARD OF ESTIMATES (ended 4/2017)
On agenda:	10/21/2014			**Final action:**	10/21/2014
Enactment date:	10/22/2014			**Enactment #:**	RES-14-00757

Title: Resolution authorizing the redemption prior to maturity of the City of Madison $8,725,000 Sewer System Revenue Bonds, Series 2006-A.

Sponsors: Paul R. Soglin

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
10/21/2014	1	COMMON COUNCIL	Adopt - 15 Votes Required	Pass
10/21/2014	1	BOARD OF ESTIMATES (ended 4/2017)	RECOMMEND TO COUNCIL TO ADOPT (15 VOTES REQUIRED) - REPORT OF OFFICER	Pass
10/7/2014	1	COMMON COUNCIL	Referred	
9/24/2014	1	Attorney's Office	Referred for Introduction	

Fiscal Note

This resolution authorizes the redemption (repayment in full) of Sewer System Revenue bonds initially issued in 2006. This redemption is made based on an unrestricted cash balance in the Sewer Utility of $14.4 million at the end of 2013. The estimated amount for redemption is $4.1 million. Early redemption will reduce interest costs by $588,800 between now and 2020, when the bonds would have matured. Reduction in principal and interest costs through this redemption will help to improve bond coverage (ratio of net Sewer System revenues to revenue bond debt service) over the next several years. The bond covenants require that the Sewer Utility retain a 1.25 to 1 ratio of net revenues to debt service.

Title

Resolution authorizing the redemption prior to maturity of the City of Madison $8,725,000 Sewer System Revenue Bonds, Series 2006-A.

Body

In 2006, the Common Council authorized the issuance of $8,725,000 principal amount of Sewer System Revenue Bonds, Series 2006-A (the "Bonds") to fund general sewer system improvements. The Bonds maturing on and after December 1, 2015 are subject to redemption prior to maturity on December 1, 2014 and any time thereafter, at a redemption price consisting of the remaining principal amount plus accrued interest, without premium. The Sewer Utility has funds on hand to pay the redemption price, and the early redemption of the Bonds will result in a savings of approximately $588,800 in future interest costs. The Bonds would otherwise mature in 2020.

NOW THEREFORE BE IT RESOLVED, that the Common Council hereby authorizes the redemption prior to maturity of all the outstanding City of Madison $8,725,000 Sewer System Revenue Bonds, Series 2006-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.

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