



Legislation Text

File #: 52469, **Version:** 1

Fiscal Note

This resolution authorizes \$2.1 million in general obligation promissory notes with \$500 denominations, generally referred to as "mini-bonds". These mini-bonds will be sold after the City's general obligation debt issuance scheduled for October 2, 2018. The interest rate on the mini-bonds will be established based on the true interest cost of the winning bid on the 10-year tax exempt general obligation notes sold on October 2nd. The mini-bonds will be offered through a negotiated sale between the City and Neighborly Securities. The Mayor and Finance Director are authorized to sell the notes to the underwriter at a purchase price reflecting an underwriting spread not to exceed 1 percent of the principal amounts of the notes (\$21,000). The City is not obligated to sell the notes to the underwriter if, in the judgement of the Mayor and Finance Director, the municipal bond market has deteriorated markedly from the time of adoption of this resolution. The order period for the mini-bonds will be from October 3rd to 9th, 2018. City of Madison residents will be given first priority in fulfilling orders.

Proceeds from the sale of the mini-bonds, along with other general obligation promissory note proceeds and private donations, will be used to fund expansion and renovation of the Olbrich Botanical Gardens. The 2018 adopted capital budget authorized \$4.5 million of general obligation borrowing for the project. Total project costs are anticipated to be approximately \$12 million.

Anticipated fees from Neighborly Securities are expected to total less than \$20,000. This includes an underwriting fee, bond registration and administration fees, underwriter's counsel and travel by Neighborly Securities staff to an expected two public marketing meetings for sale of the mini-bonds. The City is expected to incur less than \$10,000 for direct marketing costs (e.g., printing, advertising). These and other fees associated with the transaction (e.g., City's bond counsel and financial advisor fees and bond rating agency fees) are expected to total less than \$100,000 and are similar on a percentage basis to typical issuance costs on City debt. As with all City debt issuances, these costs are charged to the project funded by the debt.

Title

Authorizing the Issuance of Not to Exceed \$2,100,000 General Obligation Promissory Notes, Series 2018-D, of the City of Madison, Wisconsin, and Providing the Details thereof

Body

SEE ATTACHED BODY