

LRB – RESEARCH AND ANALYSIS

JULY 25, 2007 AGENDA

ITEM 13, FILE 070510

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #070510 is a substitute resolution authorizing the optional redemption of general obligation refunding notes and bonds.

Background & Discussion

1. The 2006 Budget provided \$3 million in funding for the payment of interest and principal for the Series 2005 V8 Bonds.
2. Since the 2005 V8 Bonds are variable rate bonds, only \$1 million was used to pay interest and carrying costs.
3. This resolution authorizes the use of the remaining \$2 million to pre-pay the principal on the bonds.
4. The resolution also ratifies the redemption of \$12.18 million in Series 2006 S11 Bonds for Clean Water Loan Fund Purposes.
5. The State of Wisconsin's Clean Water Fund Program (CWFP) is one of the subsidized loan programs included in the Environmental Improvement Fund (EIF). The CWFP provides loans to municipalities for wastewater treatment and urban storm water projects. Financing the borrowing through the State of Wisconsin's Clean Water Fund Program reduces the interest rate for the borrowing by approximately 1%.

Fiscal Impact

The resolution authorizes the Comptroller to execute the early redemption of up to \$2 million in Series 2005 V8 Bonds and to pay for the early redemption from the balance in the 2006 Debt Service Fund that has been appropriated for the 2005 V8 debt service.

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