

Reply to Common Council File No. 141323
From DOA-Budget and Management Division

December 12, 2014

Ref:

Common Council File 141323 contains a resolution authorizing the issuance and sale of promissory notes of \$16,500,000 for Tax Incremental Districts. The intent is to use the promissory notes to finance the streetcar costs in Tax Incremental District 56.

There are two important reasons for using promissory notes. The first reason is to reduce the overall cost of the project. Tax Incremental District 56 generates sufficient tax increments to support a ten year note and using the notes will produce a savings of nearly \$3 million over the life of the note when compared to general obligation bonds. The second reason is the use of promissory notes is consistent with recent debt issuances where there is a promissory note issued for the first ten years of the debt issuance as indicated in recent official statements.

The language used in the resolution is consistent with other resolutions regarding promissory notes that the Common Council has previously adopted and appears to meet the requirements in State Statute 67.12.

**RECOMMENDATION: ADOPT COMMON COUNCIL RESOLUTION NUMBER
141323**



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DY: dmr

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