

LRB – RESEARCH AND ANALYSIS

JULY 25, 2007 AGENDA

ITEM 12, FILE 070509

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #070509 is a substitute resolution authorizing the issuance and sale of general obligation refunding notes and bonds.

Background & Discussion

1. 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%.
2. The City has issued short-term general obligation debt for sewer purposes in anticipation of receiving long-term financing from the CWFP.
3. The City is in the process of borrowing for 2004, 2006 and 2007 for Sewer Maintenance Fund at favorable low interest rates from the State's Clean Water Fund (CWFP).
4. The short-term debt issued by the City for sewer purposes may mature before the loans from the CWFP are completed.
5. This resolution authorizes the continuation of short-term financing (not exceeding \$30 million) for sewer purposes until the loans from the CWFP are completed and also authorizes long-term financing for sewer projects not eligible for loans from the CWFP.

Fiscal Impact

According to the Comptroller's Office, the resolution has a neutral fiscal impact because the maturing interim financing is replaced with new debt, with the debt service for the refunding (new) debt offset by the debt service on the outstanding (maturing) debt.

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| Nicolini | W. Martin Morics Mike Daun Richard Li | LRB Fiscal Review | July 20, 2007 | |