



Peggy Steeno
Finance Director
Finance Department
414.302.8252
psteeno@westalliswi.gov

MEMORANDUM

TO: Honorable Mayor and Members of the Common Council

FROM: Peggy Steeno, Finance Director

DATE: May 31, 2017

RE: Approve Initial Resolutions Authorizing an Amount Not To Exceed \$8,935,000 of General Obligation Bonds of the City of West Allis

Approve Resolution Directing Publication of Notice to Electors

Approve Resolution directing the advertisement and sale of up to \$8,935,000 aggregate principal amount of General Obligation Corporate Purpose Bonds, Series 2017 A, of the City of West Allis

BACKGROUND

In order to borrow money through a general obligation public bonding process, the City is required to issue an initial resolution stating its intent, along with another resolution that authorizes staff to proceed with the preparation and documentation needed to sell the bonds and receive the proceeds. The sale of the bonds cannot occur until at least 30 days after the initial resolution is authorized.

ANALYSIS

The currently proposed general obligation borrowing of \$8,165,000 includes the following:

- \$2,750,000 of tax exempt general obligation corporate purpose bonds to fund street improvement projects that call for a ten (10) year borrowing as included in the 2017 Budget approved by the Council on November 15, 2016 (Budget Amount - \$3,043,000),
- \$1,875,000 of tax exempt general obligation corporate purpose bonds to fund the purchase of equipment for the Fire Department that call for a fifteen (15) year borrowing as included in the 2017 Budget approved by the Council on November 15, 2016 (Budget Amount - \$2,015,000), as well as Council approval of the specific equipment purchase on May 2, 2017,
- \$1,770,000 of tax exempt general obligation corporate purpose bonds to fund water system improvements that call for a fifteen (15) year borrowing included in the 2017 Budget approved by the Council on November 15, 2016 (Budget Amount - \$1,500,000), and
- \$1,770,000 of tax exempt general obligation corporate purpose bonds to fund sanitary sewer improvements that call for a fifteen (15) year borrowing included in the 2017 Budget as approved by the Council on November 15, 2016 (Budget Amount – up to \$2,500,000).

In addition, staff is proposing an additional borrowing of \$770,000 to refinance tax exempt debt issued in 2010 at a higher interest rate than can be obtained currently, as noted below:

- Up to \$770,000 of tax exempt general obligation corporate purpose bonds to refund the TID 5 portion of the 2010 B debt issue.

The above noted refunding is being presented exclusively for interest savings which are estimated to save the City approximately \$56,000 over the next eleven years.

Also, please find attached a Pre-Sale Report, issued by Ehlers, Inc., the City's Financial Advisor, which outlines additional details of the proposed borrowings.

FISCAL IMPACT

The above amounts, totaling \$8,935,000, if borrowed, will be added to the City's outstanding debt obligations, and funded through the applicable budgets, specifically the Debt Service Fund/General Fund, the Water Utility Fund, the Sanitary Sewer Utility Fund, and the Tax Incremental Finance District #5 Fund.

RECOMMENDATION

Staff recommends adoption of the above noted resolutions.