



Meeting: Village Board
Meeting Date: 6/27/11
Agenda Item: 6d

Mission Statement

Delivering quality services in a courteous, cost-effective and efficient manner.

VILLAGE BOARD MEETING STAFF REPORT

REPORT TO: Burt R. McIntyre, President
Village Board of Trustees

REPORT FROM: Chris Haltom, Executive Director of Administrative Services

AGENDA ITEM: An Initial Resolution No. 2011-15 Authorizing the Sale and Issuance of General Obligation Refunding Bonds and Certain Related Details

POLICY ISSUE

Does the Village Board desire to refinance existing revenue bonds with general obligation bonds in order to save on annual debt payments?

BACKGROUND INFORMATION

Staff has been working with Ehlers, village financial consultants, on refinancing revenue debt that was originally issued by the water and sewer utilities. The utilities issued the debt for building water towers and other related infrastructure. The remaining original debt payments show interest rates ranging from 4.0% to 5.0%. Ehlers is estimating the refinancing debt will obtain interest rates ranging from 0.8% to 3.0% with annual savings in debt payments of approximately \$65,000.

In order to obtain the lowest interest rates and free up reserve accounts within the two utilities, Ehlers is proposing the village make the new debt general obligation debt. General obligation debt is debt that is backed by the full faith and credit of the village and the village's taxing authority. The debt will continue to be paid by the utilities so no taxes will be used to pay future debt payments.

Approval of the resolution will authorize Ehlers to work with staff and on behalf of the village to prepare an official statement, obtain competitive bids on the refinancing and submit the bids to the village board at a future meeting for board approval.

Jim Mann from Ehlers will be at the meeting to field any questions and discuss the refinancing.

PRIOR ACTION/REVIEW

The Board approved issuance of the original revenue bonds for the water and sewer utilities in the respective years of issuance.

RECOMMENDED ACTION

Village staff recommends the Village Board approve the resolution authorizing the sale and issuance of general obligation refunding bonds.

POLICY ALTERNATIVE(S)

Table the resolution to ask for more information.

ATTACHMENTS

I. Resolution 2011-15

The Village of Howard, Wisconsin

IN THE NAME AND BY THE AUTHORITY OF THE VILLAGE OF HOWARD, WISCONSIN

RESOLUTION #2011-15

An Initial Resolution Authorizing the Sale and Issuance of General Obligation Refunding Bonds and Certain Related Details

WHEREAS, The Village of Howard is in need of funds for public purposes including, but not limited to, financing: (i) the current refunding of the outstanding principal amount of the Village’s \$1,010,000 Water and Sewer System Revenue Bonds, Series 2001, dated October 1, 2001; and (ii) the advance refunding fo the outstanding principal amount of the Village’s \$2,805,000 Water and Sewer System Revenue Bonds, Series 2002, dated July 1, 2002 (collectively, the “Refunding”), and

WHEREAS, The Village intends to issue general obligation refunding bonds, pursuant to the provisions of Chapter 67 of the Wisconsin Statutes, to finance the costs of the Refunding.

NOW, HEREBY, THE VILLAGE BOARD OF TRUSTEES IN HOWARD, WISCONSIN, RESOLVES AS FOLLOWS:

Initial Resolution Authorizing the Issuance of Bonds.

Under and by virtue of the provisions of Chapter 67 of the Wisconsin Statutes, the Village shall issue its negotiable general obligation refunding bonds in an aggregate principal amount not to exceed \$1,700,000 to finance the costs of the Refunding; *provided, however,* that the bond authorized herein (the “**Bonds**”) shall be sold and issued in whole or in part from time to time in such amount or amounts as shall be within the limits provided by law.

Authorization of Sale of Bonds.

The Bonds shall be sold to a purchaser to be determined by the Governing Body (the “**Purchaser**”).

Preparation of Official Statement and Notice of Sale.

The Village President and the Clerk (in consultation with the Village’s Financial Advisor, Ehlers & Associates, Inc.) are each hereby authorized to cause an offering document for the Bonds (the “**Official Statement**”) to be prepared and distributed to any banks, underwriters, investment houses or the like deemed to be advisable and, if appropriate, to enclose therewith

copies of a “Notice of Sale” and a “Bid Form”. The Village President and the Clerk are hereby authorized, on behalf of the Village (i) to approve the form of Official Statement (which approval authorizes the Official Statement to be deemed final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1)), and (ii) to supply copies thereof to the Purchaser upon request.

Bids for Bonds.

Written bids for the sale of the Bonds shall be received by the Village on the date fixed in the Notice of Sale, on which date such bids shall be publicly opened and read. The Governing Body reserves the right in its discretion, without cause, to waive any informality in any bid, to reject any or all bids without cause, and to reject any bid which it determines to have failed to comply with the terms of the Notice of Sale for the Bonds.

Further Actions.

The Governing Body shall adopt a resolution to award the sale of the Bonds to the Purchaser, approve the purchase contract of the Purchaser (the “**Purchase Agreement**”), fix the interest rate or rates on the Bonds in accordance with the Purchase Agreement, provide for the form of the Bonds, set forth any early redemption provisions, levy taxes to pay the principal of and interest on the Bonds as required by law, designate a fiscal agent for the Bonds, and take such further action as may be necessary or expedient to provide for the preparation, execution, issuance, delivery, payment, and cancellation of the Bonds.

Severability of Invalid Provisions.

In case any one or more of the provisions of this resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this resolution.

Authorization to Act.

The officers of the Village, attorneys for the Village, or other agents or employees of the Village are hereby authorized to do all acts and things required of them by this resolution for the full, punctual, and complete performance of all of the provisions of this resolution.

Prior Actions Superseded.

All prior resolutions, rules, ordinances, or other actions, or parts thereof, of the Governing Body in conflict with the provisions of this resolution shall be, and the same are hereby, rescinded insofar as they may so conflict.

Effective Date.

This resolution shall take effect upon its adoption and approval.

IN WITNESS WHEREOF, I have signed my name and affixed the seal of the Village of Howard, Wisconsin, hereto on June 27, 2011.

Burt R. McIntyre, Village President

Robert Bartelt, Village
Administrator/Clerk