

Richland County Finance and Personnel Committee

Agenda Item Cover

Agenda Item Name: Initial Resolution Authorizing Not to Exceed \$1,050,000 Taxable General Obligation Promissory Notes for Capital Improvement Projects

Department	Administration	Presented By:	Clinton Langreck
Date of Meeting:	01 September 2020	Action Needed:	Resolution by Board
Disclosure:	Open Session	Authority:	Committee Structure (F)
Date submitted:	25 August 2020	Referred by:	Previous F+P 29 July 2020

Recommendation and/or action language: *(summarize action/s sought by committee, e.g. present a resolution, present an ordinance, receive and file information, approve expense or grant, etc.)*

Motion to pursue short-term loan financing as part of the 2021 Richland County Budget and Capital Improvement plan, and to recommend an “authority resolution” to the County Board for consideration at their September 15th meeting.

Background: *(preferred one page or less with focus on options and decision points)*

Carol Wirth, Richland County Municipal Advisor, will provide an updated report and proposed resolution to the Finance and Personnel Committee regarding short-term loan financing. Please find the attached report and proposed “authority resolution” language. I am recommending that short-term financing be used to purchase outlay and reoccurring capital improvements. This funding method allows the county to increase debt levy to continue capital improvements and preserves operating levy to avoid further reduction services.

The Authority Resolution requires a 3/4 vote of County Board Members elected (= 16 “yes” votes).

Attachments and References:

Short-Term Loan Financing Report	Proposed Example Resolution Language
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Financial Review:

(please check one)

<input type="checkbox"/>	In adopted budget	Fund Number	
<input type="checkbox"/>	Apportionment needed	Requested Fund Number	
<input checked="" type="checkbox"/>	Other funding Source	Origination fees paid from loan	
<input type="checkbox"/>	No financial impact		

(summary of current and future impacts)

An estimated loan of \$1,050,000 places an additional \$83 in tax burden per \$100,000 of property.

Approval:

Review:

Department Head



Administrator, or Elected Office (if applicable)



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Richland County Finance and Personnel Committee

Short-Term Loan Financing - 2020

September 1, 2020

Presented by: Carol Ann Wirth

1. Borrowing for Capital Projects with Short-Term General Obligation Promissory Notes

“Recurring” capital projects traditionally included in County’s operating budget could be borrowed for on a “short-term” basis each year by issuing General Obligation Promissory Notes (“Notes”). The County would sell the Notes in October/November, levy a tax for the principal and interest, and repay the Notes on March 1 the following year. The taxes levied are outside of levy limits and will result in a tax increase.

2. The Capital Projects Identified for the 2021 Budget are as follows:

Window Replacement/Old Courthouse
Replacement of Heat Exchangers (3)
Network Infrastructure Improvement
Heating/Cooling Unit Replacement
Squad Cars (2)
Tower/Radio (Specification Design)
New Roof for Symons Recreation Center
Plastering Symons Pool
County Trunk Road Improvements

The borrowing cannot fund operating expenses.

3. Initial Resolution – County Board Authority to Borrow under Wisconsin Statutes

Not to Exceed Dollar Amount - \$1,050,000 – Determined by the County

Purpose of Borrowing: financing capital improvement projects, including highway improvements, vehicles and fleet management, technology capital improvements, facility maintenance and improvements, radio and tower project engineering and project design. (Language drafted by Bond Counsel, Quarles & Brady).

Requires ¾ vote of County Board members elect (16 “yes” votes).

Does not commit the Board to borrowing, but rather provides “authority” to borrow at a later date.

“Authority” is good for five years

4. Short-Term Borrowing Structure

The General Obligation Notes will be repaid with taxes levied on all property in the County.
 The General Obligation Notes will be “Taxable” / no time limit to spend the funds.
 The General Obligation Notes will not be rated.

\$1,050,000 Taxable G.O. Notes Estimated Sources & Uses

Dated 11/24/2020 | Delivered 11/24/2020

Sources Of Funds	
Taxable General Obligation Promissory Notes 2020	\$1,050,000.00
Total Sources	\$1,050,000.00
Uses Of Funds	
Est. Underwriting Expenses	3,150.00
Costs of Issuance Paid by County (Municipal Advisor and Bond Counsel)	17,700.00
Deposit to Project Construction Fund	1,029,150.00
Total Uses	\$1,050,000.00

\$1,050,000 Taxable General Obligation Promissory Notes Est. Debt Service

Date	Principal	Coupon	Estimated Interest	Total Est. Debt Service
11/24/2020	-	-	-	-
03/01/2021	1,050,000.00	0.500%	1,414.58	1,051,414.58
Total	\$1,050,000.00	-	\$1,414.58	\$1,051,414.58

\$1,050,000 Taxable General Obligation Promissory Notes Preliminary Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
03/01/2021	Serial Coupon	0.500%	0.500%	1,050,000.00	100.000%	1,050,000.00
Total	-	-	-	\$1,050,000.00	-	\$1,050,000.00

Bid Information

Par Amount of Bonds	\$1,050,000.00
Total Underwriter's Discount (0.300%)	\$(3,150.00)
Total Purchase Price	\$1,046,850.00
True Interest Cost (TIC)	1.6212739%

Preliminary Tax Rate Impact:

Calculation: \$1,051,414.58 divided by 2020 Equalized Value - \$1,260,855,200 = \$0.83 Tax Rate

5. Timeline for Borrowing

September 15, 2020 – County Board Action on Initial Resolution

September / October - Prepare to Enter the Municipal Bond Market – Prepare and Distribute an Official Statement; Prepare Legal Documents.

October 27 – A.M. – Note Sale – Bids Received from Underwriters
P.M. – County Board Action on Award Resolution

The Award Resolution Commits the County to a Borrowing by Locking in the Final Interest Rate and Tax Levy.

The Award Resolution Awards the Notes to the Underwriter.

The Award Resolution Requires a Majority Vote of County Board Members Present to Pass

November 24 – County Receives all Borrowed Funds.

March 1, 2021 – Notes are Repaid with Tax Levy

RESOLUTION NO. _____

INITIAL RESOLUTION AUTHORIZING NOT TO EXCEED
\$1,050,000 TAXABLE GENERAL OBLIGATION PROMISSORY NOTES
FOR CAPITAL IMPROVEMENT PROJECTS

WHEREAS, Richland County, Wisconsin (the "County") is in need of an amount not to exceed \$1,050,000 for the public purpose of financing capital improvement projects, including highway improvements, vehicles and fleet management, technology capital improvements, facility maintenance and improvements, radio and tower project engineering and project design;

WHEREAS, it is desirable to authorize the issuance of general obligation promissory notes for such purpose pursuant to Chapter 67 of the Wisconsin Statutes; and

WHEREAS, it has been determined that it is in the best interest of the County to issue such notes on a taxable rather than a tax-exempt basis;

NOW, THEREFORE, BE IT RESOLVED by the Richland County Board of Supervisors that the County borrow an amount not to exceed \$1,050,000 by issuing its general obligation promissory notes for the public purpose of financing capital improvement projects, including highway improvements, vehicles and fleet management, technology capital improvements, facility maintenance and improvements, radio and tower project engineering and project design. There be and there hereby is levied on all the taxable property in the County a direct, annual tax in such years and in such amounts as are sufficient to pay when due the principal and interest on such notes.

Adopted, approved and recorded September 15, 2020.

(SEAL)

By: _____

Victor V. Vlasak
County Clerk

By: _____

Marty Brewer
Chairperson of the County Board