

March 30, 2009

ARRA bonding and the City of Stevens Point, Wisconsin (pop. 25,370)

Stevens Point expects to become the first issuer of taxable bonds under the ARRA stimulus law this week through an issuance of \$1.5 billion in 8-year notes that will be purchased at a taxable rate of 5.12 percent by Wells Fargo Brokerage Services in a private placement.

Stevens Point will apply to the U.S. Treasury for a direct subsidy, expected to reduce the equivalent rate to the city to 3.328 percent—a level the city believes will be \$146,000 below the lowest tax-exempt bids it received from the ten local banks with which the city does business and to which it sent bids asking for their best taxable and tax-exempt offers.

The capital is to finance the purchase of fire trucks, street maintenance, phone system upgrades, and the installation of a fiber optic network between municipal buildings.