Bond Case Briefs

Municipal Finance Law Since 1971

Wisconsin City to Offer Mini-Bonds to Residents.

Mini-bonds are similar to traditional municipal bonds, but on a smaller scale.

The city of Madison, Wisconsin, will sell mini-bonds to residents to help fund an expansion of a botanical garden, an approach to raising money officials there haven't tried in 40 years.

The Olbrich Gardens expansion project includes construction of a learning center and an energy-efficient greenhouse. The project is being financed jointly by the city and the Olbrich Botanical Society, with each providing up to $6 million.

"Working alongside the capital campaign overseen by the Olbrich Botanical Society, this bond offering is another way to be a part of a facility that will serve all ages and demographics for years to come," Mayor Paul Soglin said in a statement. "I am excited to give our residents easier access to investing in our community and getting a good return on that investment."

The mini-bonds will provide an additional funding stream, allowing residents to invest in the project and reap tax-free interest on the returns. Mini-bonds are similar to traditional municipal bonds, which are typically issued to banks and other financial institutions, but on a smaller scale. They're usually sold in denominations of $5,000, but will be lowered to $500 to "make the bonds more accessible to community investors," the city said in a release.

Via broker-dealer Neighborly Securities, the city will sell up to $2.1 million in bonds during a seven-day order period from Oct. 3 to 9. Bonds will be issued on a first-come, first-served basis, with orders ranging from $500 to $50,000. Residents can set up an account online to purchase the mini-bonds rather than working through a traditional arrangement with a broker, said David Schmiedicke, the city's finance director.

Other cities have had success issuing mini-bonds to help fund projects. In February, Cambridge, Massachusetts sold $800,000 in mini-bonds in one day to help pay for a variety of improvements, including solar panels at the public library. Four years ago, Denver sold out of $12 million in mini-bonds in one hour—during what was supposed to be a five-day sale.

It's the first real mini-bond offering for Madison, though the city "issued something akin to mini-bonds in the 1970s," Schmiedicke told Route Fifty. "It was a short-lived program. Today's technology provides a more streamlined approach for issuing smaller denomination bonds to give more Madison residents a chance to invest in their city."

The city will hold two as-yet unscheduled informational sessions for residents, one in late September and the other in early October.

Route Fifty

By Kate Elizabeth Queram,
Staff Correspondent

JULY 25, 2018

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com