



## CITY COUNCIL AGENDA ITEM STAFF REPORT

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**MEETING DATE:** Monday, November 27, 2017

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**TITLE:** Ordinance providing for the issuance of not to exceed \$475,000 General Obligation Refunding Bonds, in one or more series, and not to exceed \$1,950,000 Taxable General Obligation Refunding Bonds, in one or more series, of the City of Collinsville, Madison and St. Clair Counties, Illinois, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds, and authorizing the execution of one or more escrow agreements and bond orders in connection therewith

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**DEPARTMENT:** Finance Department

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**PROJECT MANAGER:** Tamara Ammann, Director of Finance

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**REQUESTED ACTION:** Approval

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**STRATEGIC PLAN GOAL(S):** Goal #7 – Financial Stewardship and Sustainability

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**ATTACHMENTS:** Ordinance

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### EXECUTIVE SUMMARY:

This Ordinance will refinance the remaining 2007B Bonds and 2009 Bonds at a lower interest rate.

### BACKGROUND & HISTORY:

The City of Collinsville has \$430,000 of 2007B Bonds outstanding. The Non-taxable General Obligation Bonds were issued in 2007 for infrastructure in the Fournie Lane Business District. Principal and interest payments are budgeted in the Fournie Lane Fund. Funding is provided by the 1% business district sales tax of the Fournie Lane Business District and transfers from the TIF District 1 Fund. The original amount of debt issued was \$1,215,000. These bonds are now callable and conditions are favorable for refinancing.

The City of Collinsville also has \$1,920,000 of 2009 Bonds outstanding. The Taxable General Obligation Bonds were issued in 2009 for the renovation of Hotel Collinsville into the existing DoubleTree by Hilton. Principal and interest payments are budgeted in the TIF District 1 Fund. Funding is provided by the 1% business district hotel tax of the Eastport Plaza Drive Business District as well as other revenues sources within the TIF District. These bonds are callable in one year, so this is a reasonable period to do the refunding with limited loss in the escrow.

### STAFF REVIEW & ANALYSIS:

The City's financial analyst, Speer Financial, has advised that Bernardi's proposal is favorable and should result in a savings of at least 5.14% or \$129,905 to the City of Collinsville over the next eleven years.

The negotiated sale will take place the week of December 11<sup>th</sup>. Closing will be December 28, 2017. If the market moves in an unfavorable direction, the sale will not take place.

**FINANCIAL IMPACT:**

There will be a savings of about \$11,538 in the Fournie Lane Business District Fund and a savings of about \$117,789 in the TIF District 1 Fund.

**ALTERNATIVES:**

If the 2007B Bonds and 2009 Bonds are not refinanced at this time, the principal and interest payments will remain on the original debt service schedules.

**PROS & CONS:**

If the 2007B Bonds and 2009 Bonds are not refinanced at this time, the City will forego the potential savings.

**RECOMMENDATION:**

Approval

**CONCLUSION:**

This Ordinance will allow staff to proceed with refunding the 2007B and 2009 Bonds and issuing 2017A and 2017B Bonds.