



Finance Committee/City Council Memorandum

To: Mayor & City Council
 From: Jim Culotta, City Administrator
 Date: 5/7/18
 Re: Loan Refinancing Options

EXECUTIVE SUMMARY

In September of 2013, the City obtained a promissory note from Morton Community Bank to finance the acquisition of the property commonly referred to as Washington 223. This \$4,965,800 loan was issued with an interest rate of 2.75% and is due in September 2020. Annual interest only payments are currently \$138,540. Several refinancing options have since been studied and the City recently issued a request for taxable borrowings of \$1 million and \$2 million with 10 and 15-year amortization schedules. Proposals were received on April 16th and are detailed below.

	\$2 million		\$1 million	
Financial Institution	10 Years	15 Years	10 Years	15 Years
Busey				
Interest Rate	4.35%	NA	4.35%	NA
Average Annual Payment	\$ 249,543	NA	\$ 124,771	NA
Total Debt Service	\$ 2,495,425	NA	\$ 1,247,713	NA
Morton Community Bank				
Interest Rate	4.57%	5.06%	4.57%	5.06%
Average Annual Payment	\$ 251,906	\$ 192,297	\$ 125,953	\$ 96,148
Total Debt Service	\$ 2,519,056	\$ 2,884,450	\$ 1,259,528	\$ 1,442,225

50% Financing Only	\$2 million Proposal for \$1 million of Financing		\$1 million Proposal for \$500k of Financing	
Ipava State Bank	10 Years	15 Years	10 Years	15 Years
Interest Rate	5.6%	5.6%	5.6%	5.6%
Average Annual Payment	\$ 134,200	\$ 101,263	\$ 67,100	\$ 42,631
Total Debt Service	\$ 1,341,998	\$ 1,518,941	\$ 670,999	\$ 759,470

REQUESTED ACTION

Staff requests Committee/Council discussion and direction.