

One-rdg. X
P. Hrngs.
Pgs. 4
Filed: 01-08-19

Sponsored by: Simpson

COUNCIL BILL 2019 - 015 RESOLUTION

A RESOLUTION

1 ACCEPTING a lower interest rate schedule on a loan guaranteed by the United
2 States Department of Housing and Urban Development referenced as
3 note B-03-MC-29-0007.
4
5

6 WHEREAS, the United States Department of Housing and Urban Development
7 (“HUD”) guarantees a loan to the City of Springfield, Missouri, referenced as note B-03-
8 MC-29-0007; and
9

10 WHEREAS, under a public offering made to the City on November 28, 2018,
11 HUD has offered a lower interest rate schedule for said note through its Section 108
12 loan-guarantee program; and
13

14 WHEREAS, the City has utilized the funds received from HUD to spur economic
15 development and redevelopment activity in the center city area; and
16

17 WHEREAS, it is City Council’s intent to accept the lower interest rate schedule
18 now being offered by HUD; and
19

20 WHEREAS, it is estimated that acceptance of this lower interest rate will save the
21 City over \$100,000.
22

23 NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF
24 SPRINGFIELD, MISSOURI, as follows, that:
25

26 Section 1 – City Council hereby accepts the lower interest rate schedule
27 proposed by HUD in its November 28, 2018, public offering for note B-03-MC-29-0007.
28 City Council hereby authorizes the City Manager, or his designee, to do all things
29 necessary to communicate and effectuate the intent of City Council in accepting said
30 lower interest rate schedule including, without limitation, the execution of any required
31 documents to complete such acceptance.
32

33 Section 2 – This Resolution shall be in full force and effect from and after
34 passage.

35
36
37
38
39
40
41
42
43
44
45
46
47
48
49

Passed at meeting: _____

Mayor

Attest: _____, City Clerk

Filed as Resolution _____

Approved as to form: *Duke McDonald*, Assistant City Attorney

Approved for Council action: *Jason A. Hays*, City Manager

EXPLANATION TO COUNCIL BILL 2019-015

FILED: 01-08-19

ORIGINATING DEPARTMENT: Planning and Development

PURPOSE: Accepting a lower interest rate schedule on a loan guaranteed by the United States Department of Housing and Urban Development referenced as note B-03-MC-29-0007.

BACKGROUND INFORMATION:

The City has an existing loan guaranteed by the United States Department of Housing and Urban Development (“HUD”) under its Section 108 loan-guarantee program. This program allows the City to borrow and then re-loan funds received from HUD to foster economic development. The previous public offering was last used in 2007 to spur economic development and redevelopment activity in center city. Development examples using this program include: College Station, Brick City and the Universal Paint Building. The City makes annual debt service payments on this loan which come from loan payments from these developments. No City funds are used for repayment.

Under a public offering made to the City on November 28, 2018, HUD offered the City a lower interest rate schedule on the existing note. To accept this lower interest rate, HUD requires a resolution from City Council to confirm acceptance of the lower interest rate.

HUD has provided the City with an estimate of the City’s current interest rates under the note compared to the projected interest rates under the new offering (see below). The projected interest rates under the new offering are based on current US Treasury yields and estimated spreads as of November 26, 2018.

Payment Date	Current	New Offering*
Aug 1, 2019	4.87%	2.89%
Aug 1, 2020	4.96%	3.05%
Aug 1, 2021	5.05%	3.08%
Aug 1, 2022	5.13%	3.13%
Aug 1, 2023	5.19%	3.15%
Aug 1, 2024	5.25%	3.20%
Aug 1, 2025	5.30%	3.33%
Aug 1, 2026	5.34%	3.38%
Aug 1, 2027	5.38%	3.52%
Aug 1, 2028	5.42%	3.57%

***Estimated rates as of November 26, 2018**

REMARKS:

It is estimated the lower interest rates will save the City over \$100,000 over the term of the loan. Any savings at the end of the term will be reprogrammed back to economic development activities. Passage of this Resolution will document City Council's acceptance of the lower interest rate schedule now offered by HUD and authorize the City Manager to execute the contract with HUD.

The Loan Committee recommends accepting HUD's lower-interest-rate offer.

Submitted by:



Brendan K. Griesemer, AICP
Assistant Director

Recommended by:



Mary Lilly Smith, Director

Approved by:


Jason Gage, City Manager