

**MEMORANDUM
FINANCE DEPARTMENT**

TO: Mr. Thomas Thomas, City Manager
SUBJECT: Borrowing Ordinance

Number: 041 – 13
Date: 11-15-12

Attached is a Borrowing Ordinance prepared by our Bond Council, Katten Muchin Rosenman LLP for Council's review and approval. This Borrowing Ordinance authorizes staff to enter into a borrowing agreement with American Bank for a line of credit as detailed within the Borrowing Ordinance.

Recommendation:
Council consider, suspend the rules, and pass the Borrowing Ordinance.

Submitted by: Cynthia Parchert, Finance Director

Approved: Thomas Thomas, City Manager

ORDINANCE NO. _____

ORDINANCE AUTHORIZING AN UNSECURED LOAN BY THE CITY OF
ROCK ISLAND, ILLINOIS, THE EXECUTION OF LOAN DOCUMENTS
AND CERTAIN RELATED ACTIONS

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROCK ISLAND,
ILLINOIS, AS FOLLOWS:

Section 1. Authority, Purposes and Findings. This ordinance is adopted pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 for the purposes of financing costs of the purchase of approximately 23 acres of land (the "Land Purchase") in the City of Rock Island (the "City").

It is found and determined that the borrowing of money as authorized by this ordinance will foster the economic development of the City by providing land for future development by Price Properties, LLC, is necessary for the welfare of the government and affairs of the City, is for proper public purposes and is in the public interest.

Section 2. Land Purchase. The City hereby approves the Land Purchase for development by Price Properties, LLC.

Section 3. Authorization of Loan. To finance the costs of the Land Purchase, including costs of securing the Loan and paying Lenders' fees, there is

hereby appropriated the sum of \$15,000,000. Pursuant to the home rule powers of the City to incur debt and for the purpose of financing said appropriation, the City shall borrow not to exceed \$15,000,000 under a Line of Credit (the "Loan") provided to the City by American Bank and Trust Company (the "Bank").

Section 4. General Terms of Loan. The Loan shall be unsecured and shall bear interest from its date, computed on the basis of a 365/360 basis, payable monthly at a variable rate of interest which shall equal the greater of: (1) 2% or (2) the 30-day LIBOR rate plus 1.80%.

The Loan shall mature in two years from its date.

Section 5. Authorization and Execution of Documents. There is hereby authorized to be executed in the name of the City by the Mayor and attested by the City Clerk a Promissory Note with the Bank in a principal amount not to exceed \$15,000,000.

There is hereby also authorized to be executed by the Mayor: the acceptance of the Bank's Loan Commitment and a Loan Agreement in the forms attached hereto with such changes as shall be approved by the Mayor executing the same and Bond Counsel.

Section 6. Primary Deposit Bank. The Bank is hereby approved as the primary depository bank of the City as is a precondition of the making of the Loan by the Bank.

Section 7. Other Actions. The Mayor, City Clerk and other officials of the City are authorized and directed to do and perform, or cause to be done or performed for or on behalf of the City each and every thing necessary for the making of the Loan,

including the proper execution and delivery of such other documents as are necessary in connection with the Loan and consistent with this Ordinance.

Section 8. Publication. The City Clerk is hereby authorized and directed to publish this ordinance in pamphlet form and to file copies thereof for public inspection in her office.

Section 9. Effective Date. This ordinance shall become effective upon its passage and approval.

Passed and adopted the 19th day of November, 2012, by roll call vote, as follows:

Ayes:

Nays:

Approved: November 19, 2012

Mayor

Published in pamphlet form: November __, 2012

(SEAL)

Attest:

City Clerk

CERTIFICATE

I, Aleisha Patchin, City Clerk of the City of Rock Island, Illinois, hereby certify that the foregoing ordinance entitled: "Ordinance Authorizing an Unsecured Loan by the City of Rock Island, Illinois, the execution of loan documents and certain related actions," is a true copy of an original ordinance that was duly adopted by the recorded affirmative votes of a majority of the members of the City Council of the City, at a meeting thereof that was duly called and held at 6:45 p.m. on November 19, 2012, in the Council Chambers at the City Hall, and at which a quorum was present and acting throughout, and that said copy has been compared by me with the original ordinance signed by the Mayor on November 19, 2012 and thereafter published in pamphlet form on November __, 2012, and recorded in the Ordinance Book of the City and that it is a correct transcript thereof and of the whole of said ordinance, and that said ordinance has not been altered, amended, repealed or revoked, but is in full force and effect.

I further certify that the agenda for said meeting included the ordinance as a matter to be considered at the meeting and that said agenda was posted at least 48 hours in advance of the holding of the meeting in the manner required by the Open Meetings Act, 5 Illinois Compiled Statutes 120.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City, this ____ day of November, 2012.

(SEAL)

City Clerk