



Legislation Text

File #: 2019-0598, **Version:** 0

Title

Extension of Lines of Credit - Approval

History

In 2015, the Village established two lines of credit with BMO Harris Bank for the purpose of providing funding for capital improvement projects. A revolving line of credit (RLOC), in the amount of \$10,000,000, was established to provide funding for road reconstruction projects and a non-revolving line of credit (NRLOC), in the amount of \$10,000,000, was established to provide funding for stormwater improvement projects. Both lines of credit had two (2) year terms, with the option to convert the outstanding balance to a term loan at maturity. The original maturity date of each line of credit was August 12, 2017.

In 2017, the Village converted the outstanding balance on each of the lines of credit to term loans and reduced the overall authority of each line of credit. The outstanding amount on the RLOC was \$5,329,000 and the outstanding amount on the NRLOC was \$3,420,000. The RLOC authority was reduced to \$4,000,000 and the NRLOC authority was reduced to \$6,500,000. In addition, the Board authorized using \$2,200,000 of the RLOC authority to fund construction of the Nature Center.

The lines of credit are once again up for renewal and staff is recommending a short term renewal with an expiration date of December 12, 2019 (see attached Second Amendment to the Credit Agreement and Second Amendment to the Revolving Credit Agreement documents). This will give the Village the opportunity to determine any borrowing needs based upon capital projects to be included in the FY2020 budget, as well as to complete draws for ongoing projects that are funded by the lines of credit.

This agenda item is being considered by the Finance Committee and the Village Board of Trustees on the same night.

Financial Impact

Extending the term of the lines of credit will allow the Village to continue funding specific capital projects and provide the opportunity to consider line of credit proceeds as a funding source for specific capital projects to be included in the FY2020 budget.

Recommended Action/Motion

I move to approve the Second Amendment to the Credit Agreement and the Second Amendment to the Revolving Credit Agreement.