



## Agenda Item Summary

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**File #:** RES 18-980, **Version:** 1

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### Submitted By

Steven Drazner, CFO

### Reviewed By

LKS

### Agenda Item Title

**A Resolution Approving the Prepayment in Full of Two Outstanding Bank Installment Loans, Including Principal, Accrued Prorated Interest and Processing/Release Fees, with Pan American Bank and Community Bank of Oak Park River Forest in the Amounts of \$213,403.31 and \$246,473.63, respectively**

### Overview

The Village has outstanding loan principal with Pan American Bank (PAB) and Community Bank of Oak Park River Forest (CBOPRF). The PAB loan proceeds were used to fund an economic incentive payment to an automobile dealership in 2014 while the CBOPRF loan was used to fund a similar type of economic incentive to a grocery store in 2015. Loan principal and interest is paid from the General Fund Development Customer Services administrative operating budget.

### Staff Recommendation

Authorize staff to prepay in full both bank loans noted above.

### Fiscal Impact

If the Village opts not to prepay and pays the principal and interest as scheduled, the following amounts (includes both principal and interest) would be due:

	Pan American	Community Bank
9/18/18	\$43,270.73	
12/18/18	\$43,270.73	
1/1/19 FINAL		\$247,899.45
3/18/19	\$43,270.73	
6/18/19	\$43,270.73	
9/18/19 FINAL	\$43,270.73	
Total as Scheduled	\$216,353.65	\$247,899.45

The expenditures for the principal and interest payments are budgeted in DCS Administration accounts 1001-46260-101-581807 and 1001-46260-101-581808

### Loan Payoff Quotes if Paid on or Before 9/24/18:

Pan American	\$213,403.31
Community Bank of OPRF	\$246,473.63

Therefore, prepaying the remaining balances for both these loans will save the Village \$4,376.16 in interest expense.

### **Background**

The Village has two outstanding bank installment loans which were used to provide economic incentives to Oak Park businesses in Fiscal Years 2014 and 2015. The remaining debt service payments on these loans are summarized above.

The Village has surplus reserves in its Debt Service Fund which may be used to prepay both these loans, thus saving the Village approximately \$4,376 in interest expense for the remainder of FY18 and FY19. The Debt Service Fund reserves accumulated primarily from interfund transfers which have been made into the Fund from the General and Solid Waste Funds pursuant to fee increases previously dedicated to be used to pay debt service expense as well as TIF surplus distributions collected from Cook County.

In addition, paying off these two bank loans will assist in balancing the FY19 General Fund budget and reduce principal and interest expenditures that would otherwise need to be budgeted next year totaling \$378,793.

### **Alternatives**

Pay the remaining principal and interest as scheduled.

### **Previous Board Action**

N/A

### **Citizen Advisory Commission Action**

N/A

### **Anticipated Future Actions/Commitments**

N/A

### **Intergovernmental Cooperation Opportunities**

N/A

### **Performance Management (MAP) Alignment**

N/A