

City of Seward, NE

Tuesday, June 21, 2016

Regular Session

Item G8

CONSIDERATION OF A RESOLUTION FOR REFINANCING THE NOTE FOR PURCHASE OF LAND FOR DEVELOPMENT OF THE SEWARD REGIONAL RAIL SITE THROUGH A DIRECT BORROWING WITH A BANK PURSUANT TO SECTION 18-201, R.R.S. NEB - City Attorney Hoffschneider

Administrative Report: On June 30, 2014, the City Council approved the purchase of land for the purpose of development of the Seward Regional Rail Campus. Financing in the amount of \$480,000 was secured from Union Bank and Trust through a Commercial Promissory Note at 3.24% for twenty four months for interest only with a balloon payment due at the end of the 24 months. This note comes due on June 30, 2016. The refinancing of the existing indebtedness through direct borrowing will generate taxpayer savings over traditional bond financing and traditional bond financing would be impractical. The City publicly advertised for proposals and received two proposals for refinancing this note. Union Bank provided the lowest rate proposal of 3.24% for 24 months for interest only payments and a balloon payment at the end of the 24 months.

As it is the City's intent to continue with developing the property as a Regional Rail Site Campus, the recommendation is to approve the refinancing of the debt through direct refinancing with Union Bank & Trust.

Following review and discussion, a motion to approve the resolution and refinancing through Union Bank and Trust would be in order.

Staff Contact:

RESOLUTION NO. 2016-

WHEREAS, on April 15, 2014, the City of Seward authorized the purchase the following real property legally described as:

All that portion of the Northeast Quarter of the Southeast Quarter of Section Twenty-Nine (29), Township Eleven (11) North, Range Three (3), East of the 6th P.M., City of Seward, Seward County, Nebraska lying Westerly of a line drawn parallel with and distant 176.8 feet Westerly of, as measured by right angles to, the East line of said Northeast Quarter of the Southeast Quarter and lying Southwesterly of, as measured radially to, Burlington Northern Railroad Company's relocated main track centerline, as now located and constructed. LESS and EXCEPT the following parcel: That portion of the Northeast Quarter, Southeast Quarter of Section Twenty-Nine (29), Township Eleven (11) North, Range Three (3), East of the 6th P.M., City of Seward, Seward County, Nebraska, lying between a line drawn parallel with and distant 50.0 feet Southwesterly of, as measured radially to, Burlington Northern Railroad Company's main track centerline as now located and constructed and a line drawn parallel with, and distant 100.0 feet Southwesterly of, said centerline.

WHEREAS, the City of Seward, consistent with the above-mentioned authorization entered into a Purchase Agreement for the purchase of the above-described real property on April 18, 2014.

WHEREAS, the City of Seward secured an interest only Commercial Promissory Note for the purchase of said property through Union Bank & Trust on June 30, 2014 for a period of two years; and

WHEREAS, the financing note comes due on June 30, 2016, the City of Seward City Administrator, Bruce Smith publicly provided notice for proposals to refinance said property and received two proposals for financing of said purchase with the lowest proposal from Union Bank & Trust in the amount of the principal refinancing amount of Four Hundred and Eighty Thousand Dollars (\$480,000) with an unsecured interest only Commercial Promissory Note to be executed on June 30, 2016 with payments based on a fixed interest rate of 3.24% per annum for Twenty Four (24) months, with a balloon payment of the unpaid principal and accrued and unpaid interest at the end of the term of the Commercial Promissory Note.

WHEREAS, the Governing Body have determined it is in the best interest for the City to obtain said refinancing for the above described real property.

WHEREAS, The refinancing of existing indebtedness through traditional bond financing would be impractical;

WHEREAS, The refinancing of existing indebtedness through direct borrowing will generate taxpayer savings over traditional bond financing.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SEWARD, NEBRASKA THAT:

The above described real property acquisition be refinanced through Union Bank and Trust and that the Mayor be directed to execute a Commercial Promissory Note in the principal amount of Four Hundred and Eighty Thousand

Dollars (\$480,000) and any other bank resolutions and documents associated with the financing and closing of this real estate acquisition.

All previous resolutions in conflict with this resolution are hereby revoked.

The Mayor declared the resolution adopted.

Dated: June 21, 2016

THE CITY OF SEWARD, NEBRASKA

ATTEST:

Joshua Eickmeier, Mayor

Bonnie Otte
Assistant Administrator/
Clerk-Treasurer/
Budget & Human Resource Director

(SEAL)