

**ROCHELLE CITY COUNCIL
AGENDA ITEM MEMO
REGULAR MEETING**

SUBJECT: Consideration and action on an ordinance authorizing and providing for the issuance of not to exceed \$5,200,000 General Obligation Bonds (Electric System Alternate Revenue Source) for the purpose of paying the costs of improving the City's electric system, prescribing the details of said bonds and providing for collection, segregation and application of electric system revenues to the payment of said bonds and the levy of taxes to pay said bonds if such revenues are insufficient for such payment and providing for the sale of said bonds to the purchaser thereof

Staff Contact: Jeff Fiegenschuh, City Manager

Summary: Staff has identified several infrastructure projects including but not limited to the Centerpoint substation, the diesel plant feeder exits, and several residential underground projects that will be necessary in the next few years in the electric department. Rather than deplete cash reserves, staff recommends taking advantage of the low interest rate environment and issue bonds. The debt service payments will be paid out of operating revenues. This will reduce the percentage of rate increases to our customers. The bonds will not exceed \$5.2 million, have a maximum 6% interest rate, and a term of no longer than 20 years.

The City's financial advisors anticipate rates in the 3.60% range and the debt service term will be 15 years. The anticipated debt service payments will be approximately \$450,000 annually.

Funding Sources:

Source:	Budgeted Amount:	Proposed Expenditure:

Strategic Plan Goal Application: Reduce/Re-evaluate Debt – Long Term Complex, Maintain Fiscal Stability & Balanced Budget – Short Term Routine, Create a 20 Year Capital Improvement Plan – Short-Term Routine & Long-Term Complex

Recommendation: Consideration and action on an ordinance authorizing and providing for the issuance of not to exceed \$5,200,000 General Obligation Bonds (Electric System Alternate Revenue Source) for the purpose of paying the costs of improving the City's electric system, prescribing the details of said bonds and providing for collection,

segregation and application of electric system revenues to the payment of said bonds and the levy of taxes to pay said bonds if such revenues are insufficient for such payment and providing for the sale of said bonds to the purchaser thereof