



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council
From: Dean Rich, Director of Finance
Walter Denton, City Administrator
Date: October 2, 2006
Subject: Pre-Development Agreement Savannah Hills SSA

List of committees that have reviewed: Finance and Administration

Background. Over two years ago the area along Old Collinsville Road was just beginning to interest developers. H & L Builders and their developer were talking with St Clair County and Caseyville Water about a development to be called Savannah Hills. O'Fallon was not yet Home Rule, we did not have our 1 1/2 mile control ordinance in place and we did not have an annexation path to the property in question. In order to get the developer to sign a pre-annexation agreement the council agreed to establish a Special Service Area for the development to cover the cost of infrastructure. This process is more complicated than a the normal business SSA as it will ultimately involve over 200 property owners over a 21 year period of time and also involves a outside CPA firm to manage the tax receipts and payments. The City's function is limited to being the conduit to the tax free bond market. This pre-development allows the developer to spend money associated with the SSA as we move through the establishment of the SSA and the selling of the bonds over the next couple of months.

Legal Considerations, if any: Attorney Kurt Froehlich drafted the agreement. He will represent the City in finalizing the agreement to protect the tax status of the SSA bonds. This SSA does not now and shall never constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions and shall not give rise to a pecuniary liability, or lien against general credit, funds, taxing power or otherwise.

Budget Impact: The SSA is no cost or obligation to the City.

Staff recommendation: The council agreed to this SSA in the pre-annexation agreement and this is an administrative action of that agreement. Recommend approval.