



Agenda Item Executive Summary

Title: Stormwater Financing: GO Bond Series 2013 and 2014 - Introduction

Presenter: Edward F. McKee, Finance Director

Agenda Date: 10/15/2013

Consent: YES NO

- | | |
|-------------------------------------|-------------------------|
| <input checked="" type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | Bid Authorization/Award |
| <input type="checkbox"/> | Policy Direction |
| <input type="checkbox"/> | Informational Only |

Item History:

- May 14, 2013 - Council Meeting: Stormwater Feasibility Study - MFSG Final Report
- May 21, 2013 - Council Meeting: NE & NW Winnetka Study Areas, Winnetka Avenue Underpass
- July 9, 2013 - Study Session: Draft Stormwater Master Plan
- July 11, 2013 - Special Study Session: Stormwater Financing

Executive Summary:

In May, June and July of this year, after several years of study, the Village Council considered consultant reports and recommendations pertaining to stormwater management, and provided policy direction regarding the construction and financing of stormwater system improvements throughout the Village. Key documents considered were a Draft Stormwater Master Plan for improvements that would be constructed over the next five years, at an estimated cost of \$41.4 million, and a Stormwater Utility Feasibility Study, which addresses various funding and financing scenarios, including a mixture of bonds, user fees and accumulated reserves.

At the July 11, 2013, Study Session, the Council considered financing methods and conferred with the Village's Financial Advisor Kevin McCanna of Speer Financial, Inc. It is anticipated that the Village will need to issue \$30 to \$35 million in bonds to finance all of the improvements, some of which are ready to go to contract. Therefore, because of favorable interest rates for bank qualified tax exempt bonds, the Village Council directed staff to prepare the documents necessary to issue \$18,500,000 in general obligation ("G.O.") bonds. Pursuant to that directive, the Village's Manager, Finance Director/Treasurer and Attorney have been working with Mr. McCanna and with Timothy McGree and Julie Kelly of Chapman and Cutler, the Village's bond counsel, to determine the structure of the bond issues and to prepare the necessary ordinances and supporting documentation for the two transactions.

The bonds will be structured in two series, each authorized by a separate ordinance and each subject to a different time schedule, as follows:

| Action | Ordinance M-15-2013 - Series 2013 (\$9,000,000) | Ordinance M-16-2013 - Series 2014 (\$9,500,000) |
|-------------------------------|---|---|
| Introduce Bond Ordinance | October 15, 2013, Council Meeting | October 15, 2013, Council Meeting |
| Bond sale | November 5, 2013 | December 3, 2013 |
| Amend and pass Bond Ordinance | November 5, 2013, Council Meeting | December 3, 2013 Council Meeting |
| Settlement / Closing Date | November 20, 2013 | January 7, 2014 |

A copy of the Preliminary Official Statement ("OS") for the Series 2013 bonds is attached, as is a copy of page 1 of the Preliminary OS for Series 2014, which reflects the different bond amounts and maturity dates of the Series 2014 bonds. (The remainder of the Series 2014 OS will follow the same format as the Series 2013 OS.) Potential purchasers use the OS to determine the Village's creditworthiness and evaluate the sale. The final numbers in each ordinance and OS are subject to change following the sale.

Recommendation / Suggested Action:

- 1) Consider a motion to introduce Ordinance M-15-2013, An Ordinance providing for the issuance of \$9,000,000 G.O. Bonds, Series 2013.
- 2) Consider a motion to introduce Ordinance M-16-2013, An Ordinance providing for the issuance of \$9,500,000 G.O. Bonds, Series 2014.

Attachments:

Agenda Report

Attachment 1 - Ordinance M-15-2013

Attachment 2 - Ordinance M-16-2013

Attachment 3 - Preliminary Official Statement for the \$9,000,000 G.O. Bonds, Series 2013

Attachment 4 - Page 1 of the Preliminary Official Statement for the \$9,500,000 G.O. Bonds, Series 2014

AGENDA REPORT

SUBJECT: Stormwater Financing
M-15-2013 - \$9,000,000 General Obligation Bonds, Series 2013
M-16-2013 - \$9,500,000 General Obligation Bonds, Series 2014

PREPARED BY: Edward F. McKee, Finance Director and Village Treasurer
Katherine S. Janega, Village Attorney

REF:

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|---------------|-----------------------|--------------------|
| May 14, 2013 | Council Meeting | Agenda pp. 2 - 256 |
| May 21, 2013 | Council Meeting | Agenda pp. 23 - 57 |
| July 9, 2013 | Study Session | Agenda pp. 47 - 66 |
| July 11, 2013 | Special Study Session | Agenda pp. 2 - 16 |

DATE: October 9, 2013

Immediately following the severe flooding of September 2008, the Village began developing a series of comprehensive flood risk reduction improvements aimed at reducing flooding from 100-year storm events in eight areas throughout the Village.

The Village was primarily assisted by two professional firms: Christopher B. Burke Engineering, Ltd. (CBBEL) and Municipal & Financial Services Group (MFSG). CBBEL worked on developing the proposed engineering solutions and estimating their costs, while MFSG analyzed options and methods for financing the improvements, including evaluating the feasibility of funding improvements via a Stormwater Utility.

At its May Study Session, the Village Council considered MFSG's Stormwater Feasibility Study Final Report, which addressed various funding and financing scenarios, including a mixture of bonds, user fees and accumulated reserves. Subsequently, at its regular Study Session in July, the Council considered CBBEL's Draft Stormwater Master Plan, which provides for the construction of stormwater system improvements throughout the Village over the next five years, at an estimated cost of \$41.4 million. It is anticipated that the Village will need to issue \$30 to \$35 million in bonds to finance all of the improvements, some of which are ready to go to contract.

On July 11th, the Village Council held a Special Study Session, at which it conferred with the Village's Financial Advisor, Kevin McCanna of Speer Financial, Inc., and considered financing methods and the possible issuance of bonds. Because of favorable interest rates for bank qualified tax exempt bonds, the Village Council directed staff to prepare the documents necessary to issue \$18,500,000 in general obligation ("G.O.") bonds.

Pursuant to that directive, the Village's Manager, Finance Director/Treasurer and Attorney have been working with Mr. McCanna and with Timothy McGree and Julie Kelly of Chapman

and Cutler, the Village's bond counsel, to determine the structure of the bond issues and to prepare the necessary ordinances and supporting documentation for the two transactions.

The bonds will be structured in two series, each authorized by a separate ordinance. Ordinance M-15-2013 authorizes issuance of \$9,00,000 in GO Bonds, Series 2013. Ordinance M-16-2013 authorizes \$9,500,000 GO Bonds, Series 2014. The sale of the Series 2013 bonds would be sold in November and would close during the same month, while the Series 2014 bonds would be sold in December and would close in January of 2014.

Copies of the two Ordinances are attached to this Agenda Report. As is the case for all bond issues, the ordinances that are presented for introduction contain some blank spaces, because the final terms are determined by the results of the bond sale. The bond sale is held on the morning of the Council meeting at which the ordinance is scheduled for final action, so the Ordinance can be updated for amendment before passage.

The following table lists the relevant dates for both bond Ordinances, and the related steps.

| Ordinance M-15-2013 – \$9,000,000 GO Bond - Series 2013 | |
|--|-----------------------------------|
| Introduce Bond Ordinance | October 15, 2013 Council Meeting |
| Bond Sale | November 5, 2013 |
| Amend Bond Ordinance to reflect terms of bond sale | November 5, 2013 Council Meeting |
| Pass Bond Ordinance, as amended | November 15, 2013 Council Meeting |
| Settlement / Closing Date | November 20, 2013 |

| Ordinance M-16-2013 – \$9,500,000 GO Bond - Series 2014 | |
|--|----------------------------------|
| Introduce Bond Ordinance | October 15, 2013 Council Meeting |
| Bond Sale | December 3, 2013 |
| Amend Bond Ordinance to reflect terms of bond sale | December 3, 2013 Council Meeting |
| Pass Bond Ordinance, as amended | December 3, 2013 Council Meeting |
| Settlement / Closing Date | January 7, 2014 |

For each bond issue, Speer Financial prepares an Official Statement (“OS”), which provides information about the bond issue and the Village. Potential purchasers use the OS to determine the Village’s credit-worthiness. A copy of the Preliminary OS for the Series 2013 bonds is attached. The Preliminary OS for Series 2014 will be similar, with differences reflecting the different amounts and maturity dates. A copy of the first page of the Preliminary OS for Series 2014 is also attached. As with the bond ordinances, the final numbers in the OS for each bond issue are subject to change following the sale.

Attachments:

- Attachment 1: Ordinance M-15-2013, \$9,000,000 GO Bonds, Series 2013
- Attachment 2: Ordinance M-16-2013, \$9,500,000 GO Bonds, Series 2014
- Attachment 3: Preliminary Official Statement for the \$9,000,000 G.O. Bonds, Series 2013
- Attachment 4: Page 1 of the Preliminary Official Statement for the \$9,500,000 G.O. Bonds, Series 2014

Recommendation:

- 1) Consider a motion to introduce Ordinance M-15-2013, An Ordinance providing for the issuance of \$9,000,000 General Obligation Bonds, Series 2013.
- 2) Consider a motion to introduce Ordinance M-16-2013, An Ordinance providing for the issuance of \$9,500,000 General Obligation Bonds, Series 2014.