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VICE PRESIDENT

November 5, 2013

The Honorable E. Gene Greable and
Members of the Village Board of Trustees
Village of Winnetka
510 Green Bay Road
Winnetka, Illinois 60093-3417

Dear President Greable and Village Trustees:

Bids were received today for the \$9,000,000 General Obligation Bonds, Series 2013. There were six bidders who submitted a total of 38 bids. The best bids from each bidder are listed at the bottom of this letter.

Upon examination, it is our opinion that the bid of BMO Capital Markets GKST Inc., Chicago, Illinois, is the best bid received, and it is further our opinion that the bid is favorable to the Village and should be accepted. The proceeds of the Bonds will be used to finance certain improvements relating to the Village's stormwater system and to pay the costs of issuing the Bonds. We therefore recommend that the Bonds be awarded to that bidder at a price of \$8,953,077.50, being at a true interest rate of 4.1449%. The bidders are listed below:

<u>Account Managers</u>	<u>True Interest Rate</u>
BMO Capital Markets GKST Inc., Chicago, IL	4.1449%
Janney Montgomery Scott LLC, Philadelphia, PA.....	4.1906%
Piper Jaffray & Co., Minneapolis, MN.....	4.1917%
Mesirow Financial, Inc., New York, NY.....	4.1947%
Robert W. Baird & Co. Incorporated, Milwaukee, WI.....	4.2146%
BOSC, Inc., a subsidiary of BOK Financial Corporation, Menomonee Falls, WI.....	5.1934%

The open auction savings to the Village by reduced interest costs associated with the bid improvement of 0.258822% by the winning bidder equates to \$78,174.72.

Respectfully submitted,

Kevin W. McCanna
President

KWM/rmr
Enclosures



Auction Date **Type** **Start** **End** **Time Now** **Status**
 Tue., Nov 5, 2013 AON 11:00:00 am 11:19:08 am 11:21:09 am EST Over
 Connected to server

NOTICE: The Bonds mature between December 15, 2015, and December 15, 2019, inclusive, and also between December 15, 2044, and December 15, 2046, inclusive.

\$9,000,000*
 Village of Winnetka, Cook County, Illinois
 General Obligation Bonds
 Series 2013

	Bidder	Firm	TIC	Time	Gross Interest	+ Discount/ (Premium)	Total Interest	Bid No.	Cumulative Improvement	Open Auction Savings
1st	BMOC-CH	BMO Capital	4.144946%	11:17:08 am	\$8,089,151.40	46,922.50	\$8,136,073.90	3	0.258822%	\$ 78,174.72
2nd	JANN-LC	Janney	4.190611%	11:18:36 am	\$9,005,017.36	(488,863.77)	\$8,516,153.59	12	0.116917%	-
3rd	PIPE-DD	Piper Jaffray	4.191714%	11:18:13 am	\$9,039,858.33	(520,204.95)	\$8,519,653.38	7	0.057075%	-
4th	MESI-DO	Mesirow	4.194736%	11:17:46 am	\$8,836,402.78	(331,786.20)	\$8,504,616.58	13	0.193435%	-
5th	RWBA-DK	Robert Baird	4.214632%	11:13:00 am	\$8,758,380.56	(239,813.70)	\$8,518,566.86	1	-	-
6th	BOSC-DS	BOSC Inc	5.193397%	11:14:24 am	\$10,237,577.78	7,337.05	\$10,244,914.83	2	0.064289%	-
Total Bids:								38		

*Preliminary, subject to change

SPEER FINANCIAL, INC.

PUBLIC FINANCE CONSULTANTS SINCE 1954

SUITE 4100 • ONE NORTH LASALLE STREET • CHICAGO, ILLINOIS 60602 • (312) 346-3700 • FAX (312) 346-8833

Investment Rating:
Moody's Investors Service ... Aaa

\$9,000,000
VILLAGE OF WINNETKA
Cook County, Illinois
General Obligation Bonds, Series 2013

Date of Sale: November 5, 2013
Average Life: 21.393 Years
Bond Buyer Index: 4.48
(Based on TIC)

<u>Bidders*</u>	<u>Price</u>	<u>Maturities</u>	<u>Rates</u>	<u>True Interest**</u>
BMO Capital Markets GKST Inc., Chicago, IL	99.479% \$8,953,077.50	2015-2019 **** 2044-2046	2.000% ***** 4.375%	4.1449% \$8,136,073.90
Janney Montgomery Scott LLC, Philadelphia, PA	105.432% \$9,488,863.77	2015-2016 2017-2019 **** 2044-2046	3.000% 4.000% ***** 4.750%	4.1906% \$8,516,153.59
Piper Jaffray & Co., Minneapolis, MN	105.780% \$9,520,204.95	2015-2019 **** 2044-2046	4.000% ***** 4.750%	4.1917% \$8,519,653.38
Mesirow Financial, Inc., New York, NY	103.687% \$9,331,786.20	2015-2017 2018-2019 **** 2044-2046	2.000% 3.000% ***** 4.750%	4.1947% \$8,504,616.58
Robert W. Baird & Co. Incorporated, Milwaukee, WI	102.665% \$9,239,813.70	2015-2019 **** 2044-2046	2.000% ***** 4.750%	4.2146% \$8,518,566.86
BOSC, Inc., a subsidiary of BOK Financial Corporation, Menomonee Falls, WI	99.918% \$8,992,662.95	2015-2019 **** 2044-2046	3.000% ***** 5.500%	5.1934% \$10,244,914.83

*Syndicate information is provided by the underwriter. The information contained in this report is the most current available.

**The true interest rate reflects the time value of money where dollars spent in early years have a greater weight than dollars spent in later years.

\$9,000,000 *
 Village of Winnetka, Cook County, Illinois
 General Obligation Bonds
 Series 2013

Best AON Bidder:	Best AON TIC:
BMO Capital Markets	4.144946 %

Due	Principal Amount *	Serial/ Sinker/ Term	Coupon
Dec 15, 2015	\$675,000	Serial	2.000%
Dec 15, 2016	\$680,000	Serial	2.000%
Dec 15, 2017	\$685,000	Serial	2.000%
Dec 15, 2018	\$695,000	Serial	2.000%
Dec 15, 2019	\$705,000	Serial	2.000%
Dec 15, 2044	\$1,775,000	Sinker	4.375%
Dec 15, 2045	\$1,855,000	Sinker	4.375%
Dec 15, 2046	\$1,930,000	Term	4.375%

Purchase Price: \$8,953,077.50

Insurer: None Selected

Spread: None Entered

**Time Submitted: November 5, 2013 at
 11:17:08 AM EST**

SpeerAuction Interest Cost Calculations (for informational purposes only)	
Issue Size	\$9,000,000
Gross Interest	\$8,089,151.40
Plus Discount/(Less Premium)	46,922.50
Total Interest Cost	\$8,136,073.90
True Interest Rate	4.144946%
Total Bond Years	192,535.00
Average Life	21.393 Years

Firm: BMO Capital Markets

*Preliminary, subject to change

<p>The foregoing bid as submitted or as revised post sale, if appropriate, was accepted and the Securities sold by action of this Board, and receipt is hereby acknowledged of the good faith Deposit, if any, which is being held in accordance with the terms of the annexed Official Notice of Sale.</p>	
Signature:	_____
Title:	_____

Village of Winnetka, Cook County, Illinois

General Obligation Bonds, Series 2013

****FINAL****

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+i	Fiscal Total
11/20/2013	-	-	-	-	-
06/15/2014	-	-	177,695.14	177,695.14	-
12/15/2014	-	-	156,025.00	156,025.00	333,720.14
06/15/2015	-	-	156,025.00	156,025.00	-
12/15/2015	675,000.00	2.000%	156,025.00	831,025.00	987,050.00
06/15/2016	-	-	149,275.00	149,275.00	-
12/15/2016	680,000.00	2.000%	149,275.00	829,275.00	978,550.00
06/15/2017	-	-	142,475.00	142,475.00	-
12/15/2017	685,000.00	2.000%	142,475.00	827,475.00	969,950.00
06/15/2018	-	-	135,625.00	135,625.00	-
12/15/2018	695,000.00	2.000%	135,625.00	830,625.00	966,250.00
06/15/2019	-	-	128,675.00	128,675.00	-
12/15/2019	705,000.00	2.000%	128,675.00	833,675.00	962,350.00
06/15/2020	-	-	121,625.00	121,625.00	-
12/15/2020	-	-	121,625.00	121,625.00	243,250.00
06/15/2021	-	-	121,625.00	121,625.00	-
12/15/2021	-	-	121,625.00	121,625.00	243,250.00
06/15/2022	-	-	121,625.00	121,625.00	-
12/15/2022	-	-	121,625.00	121,625.00	243,250.00
06/15/2023	-	-	121,625.00	121,625.00	-
12/15/2023	-	-	121,625.00	121,625.00	243,250.00
06/15/2024	-	-	121,625.00	121,625.00	-
12/15/2024	-	-	121,625.00	121,625.00	243,250.00
06/15/2025	-	-	121,625.00	121,625.00	-
12/15/2025	-	-	121,625.00	121,625.00	243,250.00
06/15/2026	-	-	121,625.00	121,625.00	-
12/15/2026	-	-	121,625.00	121,625.00	243,250.00
06/15/2027	-	-	121,625.00	121,625.00	-
12/15/2027	-	-	121,625.00	121,625.00	243,250.00
06/15/2028	-	-	121,625.00	121,625.00	-
12/15/2028	-	-	121,625.00	121,625.00	243,250.00
06/15/2029	-	-	121,625.00	121,625.00	-
12/15/2029	-	-	121,625.00	121,625.00	243,250.00
06/15/2030	-	-	121,625.00	121,625.00	-
12/15/2030	-	-	121,625.00	121,625.00	243,250.00
06/15/2031	-	-	121,625.00	121,625.00	-
12/15/2031	-	-	121,625.00	121,625.00	243,250.00
06/15/2032	-	-	121,625.00	121,625.00	-
12/15/2032	-	-	121,625.00	121,625.00	243,250.00
06/15/2033	-	-	121,625.00	121,625.00	-
12/15/2033	-	-	121,625.00	121,625.00	243,250.00
06/15/2034	-	-	121,625.00	121,625.00	-
12/15/2034	-	-	121,625.00	121,625.00	243,250.00
06/15/2035	-	-	121,625.00	121,625.00	-

Series 2013 FINAL | SINGLE PURPOSE | 11/ 5/2013 | 10:49 AM

Village of Winnetka, Cook County, Illinois

General Obligation Bonds, Series 2013

****FINAL****

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/15/2035	-	-	121,625.00	121,625.00	243,250.00
06/15/2036	-	-	121,625.00	121,625.00	-
12/15/2036	-	-	121,625.00	121,625.00	243,250.00
06/15/2037	-	-	121,625.00	121,625.00	-
12/15/2037	-	-	121,625.00	121,625.00	243,250.00
06/15/2038	-	-	121,625.00	121,625.00	-
12/15/2038	-	-	121,625.00	121,625.00	243,250.00
06/15/2039	-	-	121,625.00	121,625.00	-
12/15/2039	-	-	121,625.00	121,625.00	243,250.00
06/15/2040	-	-	121,625.00	121,625.00	-
12/15/2040	-	-	121,625.00	121,625.00	243,250.00
06/15/2041	-	-	121,625.00	121,625.00	-
12/15/2041	-	-	121,625.00	121,625.00	243,250.00
06/15/2042	-	-	121,625.00	121,625.00	-
12/15/2042	-	-	121,625.00	121,625.00	243,250.00
06/15/2043	-	-	121,625.00	121,625.00	-
12/15/2043	-	-	121,625.00	121,625.00	243,250.00
06/15/2044	-	-	121,625.00	121,625.00	-
12/15/2044	1,775,000.00	4.375%	121,625.00	1,896,625.00	2,018,250.00
06/15/2045	-	-	82,796.88	82,796.88	-
12/15/2045	1,855,000.00	4.375%	82,796.88	1,937,796.88	2,020,593.76
06/15/2046	-	-	42,218.75	42,218.75	-
12/15/2046	1,930,000.00	4.375%	42,218.75	1,972,218.75	2,014,437.50
Total	\$9,000,000.00	-	\$8,089,151.40	\$17,089,151.40	-

Yield Statistics

Bond Year Dollars	\$192,535.00
Average Life	21.393 Years
Average Coupon	4.2013927%
Net Interest Cost (NIC)	4.2257636%
True Interest Cost (TIC)	4.1449460%
Bond Yield for Arbitrage Purposes	4.0435073%
All Inclusive Cost (AIC)	4.1992266%

IRS Form 8038

Net Interest Cost	4.1746062%
Weighted Average Maturity	21.183 Years

MOODY'S

INVESTORS SERVICE

New Issue: Moody's assigns Aaa to Winnetka, IL's \$9M GO Bonds Series 2013 and \$9.5M GO Bonds Series 2014

Global Credit Research - 25 Oct 2013

Aaa affirmed on outstanding GO and GOLT debt

WINNETKA (VILLAGE OF) IL
Cities (including Towns, Villages and Townships)
IL

Moody's Rating

ISSUE	RATING
General Obligation Bonds, Series 2013	Aaa
Sale Amount \$9,000,000	
Expected Sale Date 11/15/13	
Rating Description General Obligation	

General Obligation Bonds, Series 2014	Aaa
Sale Amount \$9,500,000	
Expected Sale Date 12/03/13	
Rating Description General Obligation	

Moody's Outlook NOO

Opinion

NEW YORK, October 25, 2013 —Moody's Investors Service has assigned a Aaa rating to the Village of Winnetka, IL's \$9 million General Obligation Bonds Series 2013 and \$9.5 million General Obligation Bonds Series 2014. Proceeds of both series will be used to finance significant improvements to the village's storm water system as part of a multi-year capital project. Concurrently, Moody's has affirmed the Aaa rating on the village's outstanding general obligation (GO) and general obligation limited tax (GOLT) debt. Following the current offerings, the village will have \$18.8 million of GO debt outstanding secured by an unlimited tax pledge and \$245,000 of GOLT debt outstanding secured by a limited tax pledge.

SUMMARY RATING RATIONALE

The Aaa rating reflects the village's very affluent tax base located approximately 15 miles north of the City of Chicago (GO rated A3, negative), healthy financial position, flexibility to raise tax revenues inherent in the village's home rule status, modest direct debt burden, and moderately above average exposure to pension liabilities.

STRENGTHS

- Very affluent tax base located north of Chicago
- History of positive financial operations and maintenance of strong reserve levels
- Unlimited tax-raising flexibility inherent in the village's home rule status
- Modest direct debt burden

CHALLENGES

- Three-year trend of material tax base depreciation
- Above average exposure to pension liabilities

DETAILED CREDIT DISCUSSION

VERY AFFLUENT NORTH SHORE CHICAGO SUBURB; RECENT TAX BASE DEPRECIATION FOLLOWING RECESSION

The village will likely contend with further downward pressure on property values over the near term, though its role as a wealthy bedroom community of the Chicago metro area is expected to support long-term tax base stability. The tax base valuation growth trend was steadily positive through 2009 and included annual growth rates exceeding 30% in some years leading up to the recession. In the three years through 2012, the village's tax base declined at an average annual rate of 10.5% to a current and still sizeable full valuation of \$4 billion. Residential properties comprise over 95% of the village's equalized assessed value and management reports that the local housing market has displayed recent signs of improvement both in terms of new sales and application for redevelopment permits.

Wealth in the village continues to exceed national norms as indicated by a full valuation per capita of over \$300,000 and an estimated median family income equivalent to 380% of the national figure. Residents benefit from the diverse employment base of the Chicago metro region and nearby institutions, such as the NorthShore University HealthSystem (revenue rated Aa2, stable) and Northwestern University (revenue rated Aaa, stable) in the City of Evanston (GO rated Aa1).

STRONG MANAGEMENT AND HEALTHY RESERVES EXPECTED TO SUPPORT CONTINUANCE OF A SOLID FINANCIAL POSITION

The village's financial position and annual operations are expected to remain solid going forward given a history of prudent fiscal management and the flexibility to raise revenues. The village closed each of the last five years through fiscal 2013 with significantly positive operating results, increasing the General Fund's balance to \$25.3 million, or a substantial 102.8% of revenues. A \$916,000 operating surplus was recorded in fiscal 2013 despite the transfer of \$2.2 million out of the General Fund to the village's Storm Water enterprise fund to support the current improvement project. The series of positive financial results follows management's successful practice of controlling annual cost growth and taking advantage of the village's home rule status to annually increase the property tax levy in line with inflation. The latter effort resulted in property tax revenue growth of \$1 million and \$500,000 in fiscal years 2012 and 2013, respectively, despite the notable reductions in assessed valuation. Property taxes comprised 56% of General Fund revenues in fiscal 2013.

The village adopted a 9-month budget effective April 1, 2013 in its transition to a December 31 year-ending fiscal year. During the current year, the village transferred an additional \$6 million out of the General Fund to support storm water enterprise improvements. Management expects to end the year with a General Fund balance of at least \$14.2 million, or a solid 71% of budgeted expenses. The difference between the General Fund balance at March 31, 2013 and the expected fund balance at December 31, 2013 is larger than the amount transferred out in the current 9-month fiscal year primarily because the village's annual cash position in December is typically lower than that in March. The village's reserve policy calls for a year-end fund balance of at least 6 months of expenses, or roughly \$10 million. Management reports there are no plans to spend current reserves beyond those utilized for the storm water system though fund balance continues to exceed the policy minimum.

MODEST DIRECT DEBT BURDEN WITH CURRENT AND FUTURE BORROWING EXPECTED TO BE SUPPORTED BY ENTERPRISE REVENUES

Inclusive of both series of new debt, the village's direct debt burden is a modest 0.5% of full valuation. The village implemented a new storm water fee that is expected to generate revenue sufficient to meet operating and debt service costs. Backing out the current bonds from the village's debt profile, results in a net direct debt burden of less than 0.1% of full valuation. The current bonds represent the first phase of storm water improvements and officials expect an additional \$18 million in new GO debt will be issued within three years to complete the second and final phase of the project. The village has no variable rate debt or swaps outstanding.

ABOVE AVERAGE EXPOSURE TO PENSION LIABILITIES

The village maintains three pension plans for current and future retirees: the multi-employer agent plan Illinois Municipal Retirement Fund (IMRF) and two single employer plans for the police and fire departments. The village has consistently made its annually required contributions to all three plans. As of December 31, 2011, the village's

reported IMRF unfunded liability was \$7.2 million. The combined reported unfunded liability of the village's police and fire plans, as of March 31, 2011, was \$21.9 million. The village's total contribution across all three plans for governmental employees in fiscal 2011 was \$2.7 million, or approximately 13% of operating expenditures.

The village is subject to Illinois Public Act 96-1495, which requires that annual funding requirements for police and fire pension plans increase such that plan assets are projected to reach 90% of the value of the accrued liabilities by 2040. Officials expect that meeting this requirement within the village's current financial framework will remain manageable.

Moody's fiscal 2011 adjusted net pension liability (ANPL) for the village, under our methodology for adjusting reported pension data, is \$33.4 million. This is equivalent to 1.53 times governmental operating revenues, after adjusting the IMRF liability for that estimated to be associated with business enterprise employees. The ANPL increased to 1.85 times operating revenues in fiscal 2012, resulting in a three-year average of 1.50 times operating revenues. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the village's reported contribution information, but to improve comparability with other rated entities.

WHAT COULD MOVE THE RATING DOWN

- Ongoing tax base depreciation or weakening of other economic indicators, including local unemployment rates and resident income levels
- Increased financial pressure arising from growth in annually required pension contributions that is not offset by growth in tax revenues or reductions in other operating costs
- General weakening of the village's financial position

KEY STATISTICS

2010 population: 12,187 (1.9% decline since 2000)

2012 full valuation: \$4 billion (4.4% five-year average annual decline)

Estimated full valuation per capita: \$323,118

Estimated median family income as a % of the US: 380%

Fiscal 2013 General Fund balance: \$25.3 million (102.8% of revenues)

Moody's adjusted net pension liability (2011): \$33.4 million; 1.53 times fiscal 2011 operating revenues

Overall debt burden: 3.4% (0.5% direct)

Post-sale GO debt outstanding: \$19.1 million

RATING METHODOLOGY

The principal methodology used in this rating was General Obligation Bonds Issued by US Local Governments published in April 2013. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moody.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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MOODY'S
INVESTORS SERVICE

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