

# Village Board of Trustees

KW2023 FUNDING AND OPTIONS FOR THE SERIES 2015B  
BONDS

September 18, 2017

## Funding Options – KW2023 Phase II

- No formal decision regarding next phase of KW2023
- Window of opportunity nears – funding without property tax increase
- Primary focus of discussion – consideration of two bonding options
- First , overview of potential expenses and sources

# KW2023 Ph. II – Estimated Costs

- Phase II – Two primary objectives
  - Flooding relief – (likely area south of Kenilworth Ave)
  - Water main improvements – (improve fire hydrant flows)
- P/W Committee to weigh in on potential project areas
- Past project construction costs used to estimate Ph. II costs
- Estimated project cost = \$8.5M (KW2023 plan estimated \$9.3M)
- In 2012 – indicated we would do our best to not rely solely upon property tax increases to fund phases
- May have identified opportunity to fund Phase II without increasing property taxes

# KW2023 – Potential Ph. II Funding Sources

KW2023 – Phase II	
Estimate – flooding/water main improvements	\$8,500,000
Fund Balances (12/31/16)	(\$3,290,000)
Grant Source(s)	(\$1,300,000)
Unfunded	\$3,910,000

Fund Balance Sources	
KW2023	\$1,500,000
Gen. Fund	\$700,000
CIP	\$500,000
Sewer	\$200,000
Debt. Svc.	\$390,000
<b>Total</b>	<b>\$3,290,000</b>

## Options to Fund Remaining \$4M

- KW2023 Ph. II Remaining Need – Approximately \$4M
- Potential options include:
  - Bond Issuance
  - Scale Back Phase II
  - Delay and Pay/Go
- If Issuing Bonds
  - Two primary options
  - Neither would trigger a property tax increase

# Primary Bond Options

- **Option 1** – General Obligation Bonds
  - Approximately \$4M issuance
  - Issued after voter referendum (March or November 2018)
  - Debt Service = <\$410,000/year
  - Refunded in 2029, 12 years
- **Option 2** – Alternate Revenue Source Bonds
  - Approximately \$4m issuance
  - Debt service by extension of debt service base – as approved by referendum
  - Debt Service = < \$400,000/year
  - Refunded in 2031, 14 years

# Series 2015B Bond Maturing

- Series 2015B Bond Maturity – 12/01/18
- Purpose – Public Works Facility
- Debt Service
  - 2017 = \$416,400
  - 2018 = \$416,000
- Potential Debt Service Extension
  - Currently - \$600,000/year authorized
  - Addition of \$400,000 for total of \$1M/yr.
  - Requires Referenda

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# STATUTORY DEBT LIMIT

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## Village of Kenilworth, Cook County, IL

### Statutory Debt Limit

Equalized Assessed Valuation	2016	321,843,015
Times: Statutory Debt Limit	8.63%	27,758,960
Less: Outstanding Bond Principal		<u>(8,679,273)</u>
<u>Net Debt Limit</u>		<u>19,079,687</u>

Note: Does not include Alternate Revenue Source Bonds (ARS)



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## NON-REFERENDUM DEBT LIMIT

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**Village of Kenilworth, Cook County, IL**  
Non-Referendum Rollover Bond Limit (Annual)

Equalized Assessed Valuation	2016	321,843,015
Times: .5%	0.50%	1,609,215
Less: Outstanding Non-Referendum Bonds after 12/1/2017		-
<u>Net Non-Referendum Bonding Authority</u>		<u>1,609,215</u>

# OUTSTANDING DEBT

Dated	October 21, 2015	October 21, 2015	December 19, 2016	August 15, 2013				
Issue	G.O. Refunding Bonds	G.O. Refunding Bonds (ARS)	Taxable Private Placement	GO Bonds				
Series	Series 2015B	Series 2015A	2016	Series 2013				
Original Par	\$1,155,000	\$3,225,000	\$590,273	\$9,590,000				
Earliest Call	Non-Callable	12/1/2025	Non-Callable	12/1/2023				
Maturity	Dec 1	Dec 1	Dec 1	12/1 (Final Maturity 8/15/2033)				
<b>Credit Ratings (Moody/S&amp;P/Fitch)</b>				Moody's Aaa				
s = sinking fund payment	2017 385,000	4.000%	180,000	3.000%	594,273	0.980%	395,000	2.000%
t = final sinking fund	2018 400,000	4.000%	185,000	3.000%			400,000	2.000%
payment / term maturity	2019		190,000	3.000%			410,000	2.000%
vr= variable rate	2020		195,000	3.000%			415,000	2.250%
ym= yield to maturity	2021		200,000	3.000%			425,000	3.000%
	2022		205,000	3.000%			440,000	3.000%
	2023		215,000	3.000%			455,000	3.000%
	2024		220,000	3.000%			465,000	4.000%
	2025		225,000	3.000%			485,000	4.000%
	2026		235,000	3.000%			505,000	4.000%
	2027		240,000	3.000%			525,000	4.000%
	2028		250,000	3.000%			545,000	4.000%
	2029		255,000	3.000%			565,000	4.000%
	2030		265,000	3.000%			590,000	4.000%
	2031						615,000	4.000%
	2032						640,000	4.000%
	2033						670,000	4.000%
Callable	\$0	\$1,245,000	\$0	\$5,605,000				
Non-Callable	785,000	3,060,000	594,273	8,545,000				
<i>Refunded</i>								
<b>Total Outstanding</b>	\$785,000	\$4,305,000	\$594,273	\$14,150,000				
Purpose/ Notes	<b>Refunding 2007 Referendum Bonds</b>	<b>Refunding 2006 ARS Bonds</b>	<b>New Money -Non-Referendum</b>	<b>New Money approved by Referendum 2013</b>				
		(Water Revenue)		Water, sewer, road improvements				
Senior Underwriter	BOSC, Inc.	Robert W. Baird & Co		Baird				
Bond Counsel	Chapman & Cutler	Chapman & Cutler	Chapman & Cutler	Chapman & Cutler				
Financial Advisor	William Blair	William Blair	William Blair	William Blair				

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## BONDING OPTIONS

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- The Village's 2015B bonds (refunding of a prior referendum bond) will be repaid in full in December of 2018 resulting in a reduction of the debt service levy in 2018 by approximately \$416,000
- This allows the Village the opportunity to proceed with funding of its capital plan through the next phase via referendum in either March of 2018 or November of 2018 with a no tax increase proposition
- The Village issues non-referendum bonds to fund corporate purposes, with the debt service paid from the Village's Debt Service Extension Base (DSEB) \$600,000 annually
- The Village can also use a portion of the DSEB to issue bonds used to repay Alternate Bonds (Alternate Revenue Source or ARS)
- The following options review referendum proposals that do not increase the annual total debt payments and provide \$4M for the capital plan:
  - Option 1: \$4M of referendum approved general obligation bonds at the March 2018 election
  - Option 2: Increase of the Debt Service Extension Base via referendum to allow for the issuance of \$4M non-referendum ARS bonds repaid from annual issues of non-referendum bonds; this scenario leaves some bonding authority left over for annual corporate purposes

# OPTION 1: \$4M REFERENDUM APPROVED BONDS MARCH 2018

## Village of Kenilworth, Cook County, IL

Option 1 - Series 2018 BQ General Obligation Referendum Bonds (\$4MM)

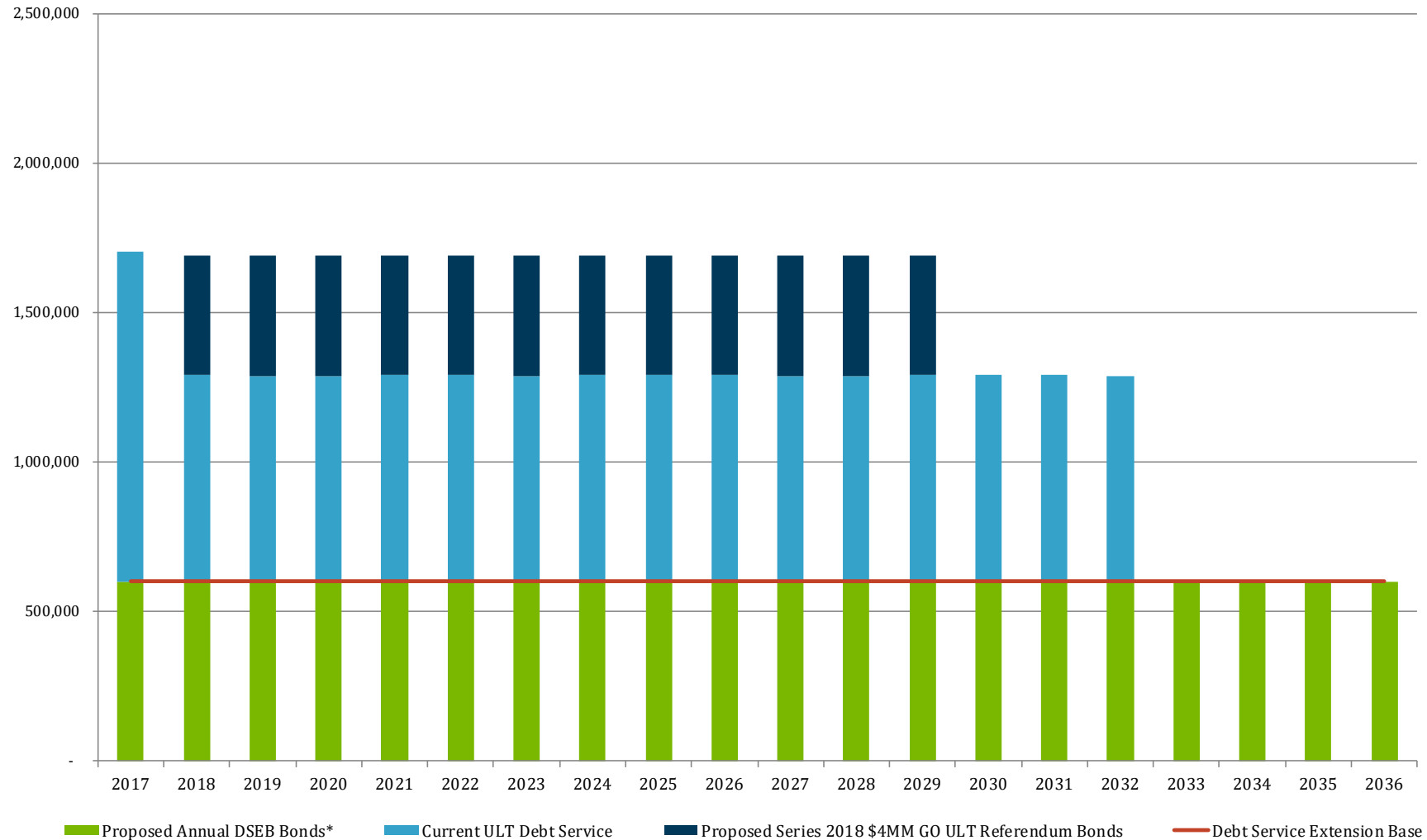
Levy Year	Equalized Assessed Value	EAV Change	Debt Service Extension Base	Proposed Annual	Remaining	Current	Proposed Series 2018 \$4MM GO ULT Referendum Bonds			Total	Debt Service Tax Rate
				DSEB Bonds* D/S	DSEB Capacity	GO (ULT)** D/S	Debt Service	Less CAPI	Net Debt Service	Debt Service (Paid from Taxes)	
2017	321,843,015	0.00%	600,000	600,000	-	1,105,338	59,775	(59,775)	-	1,705,338	0.53
2018	321,843,015	0.00%	600,000	600,000	-	691,338	399,550	-	399,550	1,690,888	0.53
2019	321,843,015	0.00%	600,000	600,000	-	688,138	401,150	-	401,150	1,689,288	0.52
2020	321,843,015	0.00%	600,000	600,000	-	688,800	402,450	-	402,450	1,691,250	0.53
2021	321,843,015	0.00%	600,000	600,000	-	691,050	398,450	-	398,450	1,689,500	0.52
2022	321,843,015	0.00%	600,000	600,000	-	692,850	399,300	-	399,300	1,692,150	0.53
2023	321,843,015	0.00%	600,000	600,000	-	689,200	399,850	-	399,850	1,689,050	0.52
2024	321,843,015	0.00%	600,000	600,000	-	690,600	400,100	-	400,100	1,690,700	0.53
2025	321,843,015	0.00%	600,000	600,000	-	691,200	400,050	-	400,050	1,691,250	0.53
2026	321,843,015	0.00%	600,000	600,000	-	691,000	399,700	-	399,700	1,690,700	0.53
2027	321,843,015	0.00%	600,000	600,000	-	690,000	399,050	-	399,050	1,689,050	0.52
2028	321,843,015	0.00%	600,000	600,000	-	688,200	403,100	-	403,100	1,691,300	0.53
2029	321,843,015	0.00%	600,000	600,000	-	690,600	401,700	-	401,700	1,692,300	0.53
2030	321,843,015	0.00%	600,000	600,000	-	692,000	-	-	-	1,292,000	0.40
2031	321,843,015	0.00%	600,000	600,000	-	692,400	-	-	-	1,292,400	0.40
2032	321,843,015	0.00%	600,000	600,000	-	688,909	-	-	-	1,288,909	0.40
2033	321,843,015	0.00%	600,000	600,000	-	-	-	-	-	600,000	0.19
2034	321,843,015	0.00%	600,000	600,000	-	-	-	-	-	600,000	0.19
2035	321,843,015	0.00%	600,000	600,000	-	-	-	-	-	600,000	0.19
2036	321,843,015	0.00%	600,000	600,000	-	-	-	-	-	600,000	0.19
				12,000,000	-	11,461,623	4,864,225	(59,775)	4,804,450	<b>28,266,073</b>	

All in True Interest Cost as of Sept 15, 2017: **2.71%**  
 Proceeds: **4,000,000**

Notes: \*DSEB Bonds annual taxable private placements each year into the future  
 \*\*ARS Bonds include Series 2015A paid from Water Revenues  
 \*\*\*GO (Unlimited Tax) Bonds include Series 2013 and Series 2015B  
 Rates used are based on recent IL public sale AAA-rated plus 0.020% cushion.

# OPTION 1: \$4M REFERENDUM APPROVED BONDS MARCH 2018

Option 1 - Series 2018 BQ General Obligation Referendum Bonds (\$4MM)



# OPTION 2: DSEB INCREASE REFERENDUM WITH \$4M ARS BONDS

## Village of Kenilworth, Cook County, IL

Option 2 - Series 2018 Alternate Revenue Source Bonds

Levy Year	Equalized Assessed Value	EAV Change	Debt Service Extension Base	Proposed Annual	Proposed Annual	Remaining DSEB Capacity	Current GO (ULT)*** D/S	\$4M			Total Debt Service (Paid from Taxes)	Debt Service Tax Rate
				DSEB Bonds* Corp Purposes	DSEB Bonds* ARSBond Repayment			Proposed 2018 ARS Bonds Debt Service	Less: Cap I	Proposed 2018 ARS Bonds Paid From DSEB Bonds**		
2017	321,843,015	0.00%	600,000	600,000	-	-	1,105,338	62,477	(62,477)	-	1,705,338	0.530
2018	321,843,015	0.00%	1,000,000	640,046	359,954	-	691,338	359,954	-	359,954	1,691,338	0.526
2019	321,843,015	0.00%	1,000,000	639,746	360,254	-	688,138	360,254	-	360,254	1,688,138	0.525
2020	321,843,015	0.00%	1,000,000	641,946	358,054	-	688,800	358,054	-	358,054	1,688,800	0.525
2021	321,843,015	0.00%	1,000,000	644,296	355,704	-	691,050	355,704	-	355,704	1,691,050	0.525
2022	321,843,015	0.00%	1,000,000	640,171	359,829	-	692,850	359,829	-	359,829	1,692,850	0.526
2023	321,843,015	0.00%	1,000,000	642,971	357,029	-	689,200	357,029	-	357,029	1,689,200	0.525
2024	321,843,015	0.00%	1,000,000	640,921	359,079	-	690,600	359,079	-	359,079	1,690,600	0.525
2025	321,843,015	0.00%	1,000,000	644,515	355,485	-	691,200	355,485	-	355,485	1,691,200	0.525
2026	321,843,015	0.00%	1,000,000	643,615	356,385	-	691,000	356,385	-	356,385	1,691,000	0.525
2027	321,843,015	0.00%	1,000,000	643,475	356,525	-	690,000	356,525	-	356,525	1,690,000	0.525
2028	321,843,015	0.00%	1,000,000	643,975	356,025	-	688,200	356,025	-	356,025	1,688,200	0.525
2029	321,843,015	0.00%	1,000,000	639,825	360,175	-	690,600	360,175	-	360,175	1,690,600	0.525
2030	321,843,015	0.00%	1,000,000	641,200	358,800	-	692,000	358,800	-	358,800	1,692,000	0.526
2031	321,843,015	0.00%	1,000,000	642,925	357,075	-	692,400	357,075	-	357,075	1,692,400	0.526
2032	321,843,015	0.00%	1,000,000	1,000,000	-	-	688,909	-	-	-	1,688,909	0.525
2033	321,843,015	0.00%	1,000,000	1,000,000	-	-	-	-	-	-	1,000,000	0.311
2034	321,843,015	0.00%	1,000,000	1,000,000	-	-	-	-	-	-	1,000,000	0.311
2035	321,843,015	0.00%	1,000,000	1,000,000	-	-	-	-	-	-	1,000,000	0.311
2036	321,843,015	0.00%	1,000,000	1,000,000	-	-	-	-	-	-	1,000,000	0.311
				14,589,629	5,010,371	-	11,461,623	5,072,848	(62,477)	5,010,371	31,061,623	

All in True Interest Cost as of Sept 15, 2017: 2.98%

Proceeds: 4,000,000

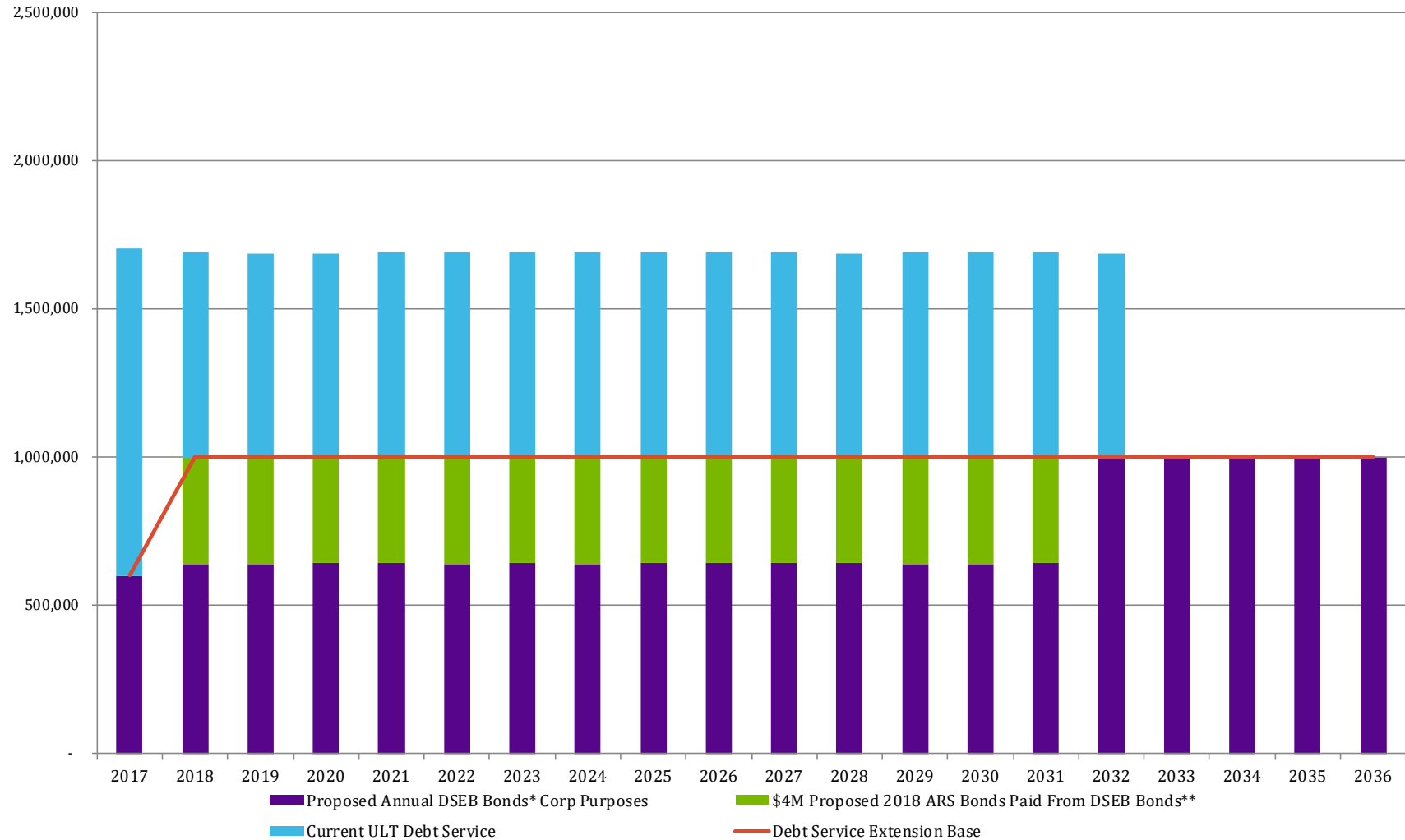
Notes: \*DSEB Bonds annual taxable private placements each year into the future a portion of which is used for corporate purposes and a portion to pay bond debt service

\*\*ARS (Alternate Revenue Source) Bonds use Annual Rollover bonding authority to repay debt leaving less available for general corporate purposes

\*\*\*GO (Unlimited Tax) Bonds include Series 2013 and Series 2015B

# OPTION 2: DSEB INCREASE REFERENDUM WITH \$4M ARS BONDS

Option 2 - Series 2018 Alternate Revenue Source Bonds



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## FINANCING CONSIDERATIONS

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- Referendum approved bonds gives the Village the most financial flexibility going forward because they do not tax the DSEB bonding authority, leaving that available for general corporate purposes (Option 1).
- Option 2 also preserves a portion of the Villages DSEB bonding authority for corporate purposes but increases the DSEB to allow for the issue of \$4M ARS bonds which are repaid with DSEB bonds.
- The other advantage to Option 2 is that the DSEB is a permanent increase, so once the \$4M ARS bonds are retired, the entire DSEB is available for use by the Village. If the Village chooses not to use the full DSEB once the bonds are retired, it still remains for future use by the Village.
- BOTH of these options do not increase taxes beyond the amount the taxpayers are currently paying.



# Potential Next Steps

- Board makes decision re Phase II
- P/W Comm. meets to discuss project areas
- Decision regarding Phase II bonds
  - Last referenda opportunity before 2015B drops – November 2018
  - Alternate Rev. (via DSEB) or General Obligation bonds
  - Public information regarding need/approach
  - March 2018 or November 2018
- Grant funding pursued (in progress)
- Preliminary engineering commences