

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
MARCH 16, 2010 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Abatement of Debt Levy for 2010 Refunding for the Village of Downers Grove	✓ Resolution Ordinance Motion Discussion Only	Dave Fieldman Village Manager

SYNOPSIS

An ordinance has been prepared to abate \$430,722.50 in taxes for the debt service payments from the 2010 refunding.

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals identified *Steward of Financial Sustainability*.

FISCAL IMPACT

NA

UPDATE & RECOMMENDATION

This item was discussed at the March 9, 2010 meeting. Staff recommends approval on the March 16, 2010 active agenda.

BACKGROUND

On February 16, 2010 the Village Council approved a parameters ordinance authorizing a bond refunding. On March 4, 2010 the General Obligation Bonds, Series 2000 and 2001 were successfully refinanced with significant savings for the Village. Pursuant to County requirements, the Village filed the bond refunding closing documents with the County on February 22, 2010. Because the filing of the bond refunding documents was completed prior to the County’s deadline for filing property tax levies for 2009, Du Page County has determined that the 2010 refunding bonds are a general obligation of the Village which, unless abated, must become part of the Village’s 2009 property tax levy, collected in 2010. This determination by the County was not anticipated by staff, the Village’s Financial Advisor or the Village’s Bond Counsel. Therefore, the Village must abate the bond refunding by March 31 to make sure that the debt service payment of \$430,722.50 is not added to the Village’s total property tax levy.

The refunding bonds executed on March 4, 2010 refunded the existing Series 2000 and 2001 bond issuances. The debt service on the original Series 2000 and 2001 was to be paid for with revenue sources other than property tax levy. Therefore, on December 15, 2009 the Village abated the debt service payments on the original Series 2000 and 2001 bonds. Similarly, the debt service on the refunding bonds will be paid for with the same revenue sources other than property tax levy. The following paragraph is an excerpt from the December 15, 2009 staff report regarding the abatement process.

Following the levy of taxes, the Council may *abate* or reduce the levy (reduce the property tax collections) for the specific amount that the Village has other resources available to pay for debt service. The amount to be abated is determined by the budget when specific revenues such as gas tax are identified to pay for the Fairview Avenue debt, water revenues that are identified to pay for bonds issued to improve the water system, revenues from stormwater and capital funds, and revenues from the Tax Increment Financing (TIF) districts that are available and budgeted for debt service.

ATTACHMENTS

Ordinance

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Dir. of Finance **DATE:** March 16, 2010
(Name)

RECOMMENDATION FROM: N/A **FILE REF:** _____
(Board or Department)

NATURE OF ACTION:

- Ordinance
- Resolution
- Motion
- Other

STEPS NEEDED TO IMPLEMENT ACTION:

Motion to Adopt "AN ORDINANCE ABATING A PORTION OF THE 2009 TAX LEVY RELATED TO THE GENERAL OBLIGATION BONDS, SERIES 2010", as presented

SUMMARY OF ITEM:

Adoption of this ordinance will abate the 2009 tax levy for the General Obligation Bond Series 2010 in the amount of \$430,722.50.

RECORD OF ACTION TAKEN:

ORDINANCE NO. _____

**AN ORDINANCE ABATING A PORTION OF
THE 2009 TAX LEVY RELATED TO
THE GENERAL OBLIGATION BONDS, SERIES 2010**

WHEREAS, the Council of the Village of Downers Grove, DuPage County, Illinois, pursuant to the provisions of Article 8 of the Illinois Municipal Code, has heretofore adopted an ordinance levying taxes for the corporate purposes of the Village of Downers Grove for the fiscal year commencing on the first day of January, 2009, and ending on the thirty-first day of December, 2009, (hereinafter referred to as the "Ordinance"), which Ordinance shall, pursuant to law, be filed in the office of the County Clerk of DuPage County, Illinois; and

WHEREAS, the Ordinance provided for a levy for funds budgeted for the General Obligation Bonds, Series 2010 (Ordinance 5123 adopted February 16, 2010) in the amount of \$430,722.50; and

WHEREAS, the Village of Downers Grove has sufficient funds available in the Corporate Fund to abate a portion of the amount of tax to be levied for the General Obligation Bonds, Series 2010 and to reduce the amount of tax to be levied pursuant to the Ordinance accordingly,

NOW, THEREFORE, BE IT ORDAINED by the Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

SECTION 1. That the funds available in the Corporate Fund of the Village of Downers Grove be applied to the General Obligation Bonds, Series 2010 in the amount of \$430,722.50.

SECTION 2. That the amount of \$430,722.50 levied for purposes of the General Obligation Bonds, Series 2010 be abated from the tax levy for the fiscal year commencing on the first day of January, 2009, and ending on the thirty-first day of December, 2009.

SECTION 3. That the Clerk of the Village of Downers Grove, DuPage County, Illinois, is hereby directed to file with the County Clerk of DuPage County, Illinois, a copy of this Ordinance, duly certified by said Village Clerk.

SECTION 4. That this Ordinance shall be in full force and effect from and after its passage as required by law.

SECTION 5. That all ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed.

Mayor

Passed:

Published:

Attest: _____
Village Clerk

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