

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
APRIL 3, 2012 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Bond Reimbursement Resolution	✓ Resolution Ordinance Motion Discussion Only	David Fieldman Village Manager

SYNOPSIS

A resolution has been prepared stating the Village's intent to issue General Obligation bonds for street and water system improvements. Adoption of the resolution is required for the Village to be able to reimburse project expenditures from the proceeds of a tax-exempt bond.

STRATEGIC PLAN ALIGNMENT

The Goals for 2011 to 2018 include *Top Quality Infrastructure* and *Steward of Financial and Environmental Sustainability* and *Exceptional Municipal Services*.

FISCAL IMPACT

Upon issuance of a general obligation bond, the Village may utilize bond proceeds for expenses related to the street and water system improvements as early as 60 days prior to the passage of this resolution.

UPDATE & RECOMMENDATION

This item was discussed at the March 20, 2012 Village Council meeting. Staff recommends approval on the April 3, 2012 Active Agenda.

BACKGROUND

Pursuant to the Long Range Financial Plan, Strategic Plan and the FY12 budget, the Village will be issuing bonds to pay for needed improvements to the street system and water system. The 2012 bond issuance will total approximately \$35 million. Approximately \$25 million will be used for street reconstruction projects and \$10 million for watermain replacement projects and other water system improvements. The debt service payments on the \$25 million bonds for streets will be made using the home rule sales tax and property tax revenues that were put in place in 2008 and remain in place today. The debt service payments on the \$10 million bonds will be made using revenues from the water rates. The recent rate restructuring and increases to the water rates are sufficient to make the debt service payments. This bond issuance is consistent with the 2008 bond issuance plan, the 2010 Water Rate Study Report, the Long Range Financial Plan and the FY12 budget.

This reimbursement resolution will allow the Village to use the bond proceeds for costs incurred on the construction projects prior to the receipt of the bond proceeds. This resolution is necessary because the contracts for the Knottingham and Valleyview construction projects will be approved prior to the issuance of the bonds. The Village may incur construction project costs prior to the receipt of the bond proceeds. Approval of the resolution will allow the Village to apply the proceeds to these costs. The resolution does not obligate the Village to issue the bonds nor does it determine the total amount of the bonds issue.

The Village Council will consider the 2012 bond issuance at the April 10 and April 17 Village Council meetings.

ATTACHMENTS

Resolution

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Village Manager **DATE:** April 3, 2012
(Name)

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

NATURE OF ACTION:

- Ordinance
- Resolution
- Motion
- Other

STEPS NEEDED TO IMPLEMENT ACTION:

Motion to Adopt "A RESOLUTION DECLARING OFFICIAL INTENT REGARDING CERTAIN CAPITAL EXPENDITURES TO BE REIMBURSED FROM PROCEEDS OF AN OBLIGATION", as presented.

SUMMARY OF ITEM:

Adoption of the attached resolution shall enable the Village to reimburse project expenditures for street and water system improvements by issuing General Obligation Bonds.

RECORD OF ACTION TAKEN:

**A RESOLUTION DECLARING OFFICIAL INTENT
REGARDING CERTAIN CAPITAL EXPENDITURES TO BE
REIMBURSED FROM PROCEEDS OF AN OBLIGATION**

WHEREAS, the Village of Downers Grove, DuPage County Illinois (the “*Issuer*”), has developed a list of capital projects (the “*Projects*”) described in Exhibit A hereto; and

WHEREAS, all or a portion of the expenditures relating to the Projects (the “*Expenditures*”) (i) have been paid within the sixty days prior to the date of this Resolution or (ii) will be paid on or after the date of this Resolution; and

WHEREAS, the Issuer reasonably expects to reimburse itself for the Expenditures with the proceeds of an obligation:

NOW, THEREFORE, Be It and It is Hereby Resolved by the Mayor and Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

Section 1. The Issuer reasonably expects to reimburse the Expenditures with proceeds of an obligation.

Section 2. The maximum principal amount of the obligations expected to be issued for the Projects is not in excess of \$35,000,000.

Section 3. All actions of the officers, agents and employees of the Issuer that are in conformity with the purposes and intent of this Resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

Section 4. This resolution is made pursuant to Treasury Regulation Section 1.150-2.

Section 5. This resolution shall be filed immediately in the office of the Clerk of the Issuer.

Section 6. That all resolutions or parts of resolutions in conflict with this resolution are hereby repealed.

Section 7. That this resolution shall be in full force and effect from and after its passage in the manner provided by law.

Mayor

Passed:

Published:

Attest: _____

Village Clerk

1\mw\res.12\Bond-CapInf

EXHIBIT A

DESCRIPTION OF CAPITAL PROJECTS

Construction, installation and acquisition of public capital infrastructure improvements including, specifically, street, water and stormwater improvement projects in and for the Issuer.