

Staff Responses to Council Questions
February 9, 2015

7. First Reading

A. Ordinance: Authorize a New Bond Registrar and Paying Agent for the Village of Downers Grove

Why is the FA (Baird) recommending the transfer of these responsibilities to a third party? What are the advantages and disadvantages?

The FA is recommending this change because it shifts the risk of the payment process away from Village staff to an expert. The Village currently makes payments to Depository Trust Company (DTC), which then makes payments to bondholders. The new paying agent will be responsible for making timely payments (avoiding default resulting from late payments), processing associated paperwork and for representing the Village if there are discrepancies in DTC's records.

What is the cost of Staff continuing this process?

The cost of staff time for this process is estimated to be between \$1,000 and \$2,000 per year. In the case that there is a discrepancy in DTC's records, the cost of time staff to resolve the issue would be much higher.

ATTACHMENTS

There are no online rEmarks.