

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: July 23, 2024

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Finance Director

Topic: Bond Issue Notification Act (BINA) Hearing

PURPOSE

Village staff recommends selling General Obligation Limited Tax Bonds not to exceed \$2,800,000 for the purpose of financing the costs of capital expenditures within the Village. The Bond Issue Notification Act (BINA) of the State of Illinois requires the Village to hold a public hearing to provide elected officials and the public the opportunity to comment on the proposed bond sale.

At the time the Village's Bond Counsel prepared the legal notice for the Village stating the General Obligation Bond would not exceed \$2,800,000, the Village's Equalized Assessed Valuation (EAV) was not yet certified by Cook County. In order to be sure that we would be able to utilize our full debt capacity should the EAV increase, a not to exceed amount of \$2,800,000 was set. Now that the County has certified the EAV, the maximum amount of General Obligation Limited Tax Bonds the Village is legally able to sell is \$2,611,269.

PROCESS

General Bond Information

As a non-Home Rule municipality, the Village is limited to issuing a non-referendum General Obligation (G.O.) limited tax bond not to exceed 0.5% of the Equalized Assessed Valuation (EAV) approximately every three (3) years. Historically, the bond proceeds have been used strictly for capital projects (road resurfacing, large vehicles, etc.).

The principal and interest payments of the G.O. Bond are paid from the debt service extension base (DSEB). This is essentially a line item on the Village's tax levy. The DSEB is the maximum amount a taxing body can levy in annual taxes to pay principal and interest on debt that does not require a referendum. The DSEB is determined by the dollar amount of principal and interest that the taxing district (municipality) was obligated to pay the year the community became subject to tax caps Property Tax Extension Limitation Law (PTELL) and is increased by the lesser of 5% or the Consumer Price Index (CPI) each year. Homewood became subject to tax caps in 1995 and the DSEB was allowed to increase by CPI each year beginning with levy year 2009. Homewood's base DSEB was \$527,859 and has grown through CPI to \$746,691.

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2024 General Obligation Bond Issuance

Through the Board approval of the 5-Year Capital Improvement Plan in April 2024, it was determined that the Village would issue a bond in fall 2024. It was expected that the bond issuance would be approximately \$2,000,000.

The final 2023 Agency Tax Rate Report was released by Cook County on June 24, 2024. The Agency Tax Rate report provides the updated EAV for the Village. 2023 was a reassessment year for the South Suburbs. Through the reassessment, the Village saw a significant increase in EAV from the prior year.

- 2022 EAV - \$375,659,461
- 2023 EAV - \$522,253,881

With the increase in EAV, the Village has the ability to issue a larger bond.

- $\$522,253,881 * 0.5\% = \mathbf{\$2,611,269}$

Current Capital Needs

The Village's current 5-Year Capital Improvement Plan reflects \$2,323,100 of projects to be funded by the 2024 G.O. Bond. Capital projects costs are projected to rise approximately 5% annually. The additional bond proceeds will provide a cushion to the Village for rising costs.

The Bond funds will be spent on public infrastructure improvements and the acquisition of capital equipment categorized as:

- Public Safety Equipment
- Information Technology
- Vehicles
- Infrastructure/Department of Public Works Projects
- Facility Improvements

As capital priorities may change over the next few years, staff, along with the Board of Trustees, will re-evaluate the projects to be completed using the bond proceeds on an annual basis through the budget process.

OUTCOME

An older community like Homewood has various infrastructure, vehicle, equipment, and critical capital project needs that must be addressed. The funding required to address these infrastructure needs is difficult since these items and projects generally have higher costs. The proposed bond sale will assist the Village in meeting its capital needs as documented in the Village's 5-Year Capital Improvement Plan.

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FINANCIAL IMPACT

- **Funding Source:** N/A
- **Budgeted Amount:** N/A
- **Cost:** N/A

LEGAL REVIEW

Not Required

RECOMMENDED BOARD ACTION

Discuss staff's recommendation to issue an amount not to exceed \$2,800,000 in General Obligation Limited Tax Bonds for the purpose of financing the costs of certain capital expenditures within the Village.

ATTACHMENT(S)

- 5-Year Capital Improvement Plan