

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: September 10, 2024

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Finance Director

Topic: Ordinance Approval- General Obligation Limited Tax Bond Issuance, Series 2024

PURPOSE

A Bond Issue Notification Act (BINA) Hearing was held on July 23, 2024 where staff recommended selling General Obligation Limited Tax Bonds to fund various infrastructure, vehicle, equipment, and critical capital project needs. After a successful bidding process, approval of an ordinance which provides for the issuance of \$2,611,269 General Obligation Limited Tax Bonds, Series 2024 for the purpose of financing the costs of certain capital expenditures within the Village and authorization of the bond sale to BMO Harris Bank, the winning bidder, is required.

PROCESS

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.

Staff worked with Speer Financial, the Village's municipal bond advisor, and determined after speaking directly to various financial institutions in order to gauge interest rates, that private placement through a competitive sale would be the best path forward for the Village for the 2024 Bond Series. Private placement allows for lower issuance costs and for the bond sale to be offered to pre-selected institutions rather than on a public exchange. Interested financial institutions submit their best and final bid and there is no negotiating.

Speer Financial sent notices of the bid sale and bond packages to various banks and financial institutions on Thursday, August 22, 2024. The deadline to provide bid pricing was Thursday, September 5, 2024 by 10:00 A.M. Six (6) bids were received.

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It is Speer Financial’s opinion that BMO Harris Bank’s bid is favorable to the Village and should be accepted. BMO provided the lowest rate and the debt service payments fit within the Village’s debt service extension base (DSEB).

<u>Financial Institutions</u>	<u>Net Interest Rate</u>
BMO Harris Bank, N.A., Chicago, Illinois	3.40%
JP Morgan Chase Bank, Shorewood, Illinois	3.42%
Huntington Public Capital, Chicago, Illinois	3.63%
Webster Bank, New York, New York	3.64%
Old Plank Trail Community Bank, Mokena, Illinois	4.15%
Time Bank, Park Ridge, Illinois	4.36%

The bond sale will close on or about Tuesday, September 24, 2024 and bond proceeds will be wired directly to the Village. The total cost of issuance is \$27,050 and will be paid with the bond proceeds leaving a net amount of \$2,584,219 for capital expenditures.

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 reevaluate the projects to be completed using the bond proceeds on an annual basis through the budget process.

OUTCOME

Awarding authorization of the 2024 Series Bond to BMO Harris Bank at a net interest rate of 3.40% and approval of an ordinance which provides for the issuance of \$2,611,269 of General Obligation Limited Tax Bonds will provide the funding required to help address the Village’s capital needs as documented in the Village’s Five-Year Capital Improvement Plan.

FINANCIAL IMPACT

- **Funding Source:** General Obligation Bond, Series 2024 bond proceeds
- **Proceeds:** \$2,611,269

LEGAL REVIEW

Completed

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RECOMMENDED BOARD ACTION

Pass an ordinance which provides for the issuance of \$2,611,269 General Obligation Limited Tax Bonds, Series 2024 for the purpose of financing the costs of certain capital expenditures within the Village; and, authorize the sale bond to BMO Harris Bank, the successful bidder.

ATTACHMENT(S)

- Ordinance
- Award Packet
- Cost of Issuance