

MINUTES OF A SPECIAL MEETING OF THE FINANCE COMMITTEE OF THE VILLAGE OF  
KENILWORTH HELD AT THE VILLAGE HALL, 419 RICHMOND ROAD AT 6:00 P.M. ON  
MONDAY, MAY 8, 2006.

Chairman Miller was present and called the meeting to order at 6:00 p.m. Attendance was as follows:

Present:	Chairman Miller	Chairman
	Cristy Laier	Member
	Katie White	Member
Others Village	Rick Cooper	Village Treasurer
Officials Present:	John McGinnis	Village Trustee
	Max Slankard	Village Manager
	Mary Ann VanDyke	Village Accountant
Others Present:	John Miller	Crowe Norene
	Bill Holland	342 Sterling Road
	Tom Terrill	122 Woodstock Avenue

Chairman Miller started the meeting by saying that the Committee has talked about bond restructuring and he would like to come to a conclusion on this. He said he would turn the meeting over to John Miller at Crowe Norene, but first asked if there were any questions on annual refunding. No questions were raised.

John Miller referred to Attachment 1, Debt Analysis, which provided a detailed account of the Village's current outstanding debt. Mr. Miller noted the Village is not carrying a lot of debt, and stated much of the existing debt is fairly short term. John Miller explained the Village's debt margin is 8.625 of the equalized assessed valuation. Chairman Miller stated the debt margin is approximately \$22.8 million.

Next, Mr. Miller referred to Attachment 2 regarding restructuring the 2002 bonds. Mr. Miller stated the first page provides a financing timetable. Mr. Miller reviewed the mechanics of restructuring, and noted the Village has to refund the entire issue. Mr. Miller stated not all of the bonds in the old issue are callable under a new issuance and explained funds will be needed for escrow. Mr. Miller reviewed a possible payment schedule for the restructuring. Mr. Miller stated the primary question is if this is the most appropriate financing approach for the Village to take. A discussion regarding the benefit of the debt restructuring based upon the net present value (NPV) followed.

Cristy Laier asked about other costs such as the cost of issuance. John Miller listed the costs. Chairman Miller noted such information is included in the data provided. Manager Slankard asked if the potential costs are similar to the annual refunding expenses. Mr. Miller stated there is an added cost for an escrow agent and the for escrow verification. Mary Ann VanDyke asked how many years of escrow. Mr. Miller stated the proposed schedule reflects the escrow outstanding to June 1, 2009, and explained the escrow agent fee proposed is relatively small.

Tom Terrill asked why the Village is not AAA. John Miller stated Moody's will not admit it, but it is probably because of Kenilworth's size. Chairman Miller said the Village was AAA in 1996 when there was only a single loan outstanding. Mr. Terrill stated he knew the Village could not predict what will happen, but expressed his opinion the market should be better in the fall.

Trustee McGinnis stated the bond market is hard to predict and noted the schedule provided, shows the sale is occurring August 14<sup>th</sup>. Chairman Miller noted the Village can always postpone the sale, but cannot move the sale forward.

Tom Terrill asked if the Village would obtain a AAA rating if it pursued a bigger issue. John Miller stated Moody's looks at all variables including reserves and noted the difference between a rating of AA and AAA depends on 10 basic points.

Chairman Miller asked if AA is a good rating, and Mr. John Miller stated such a rating is good.

Bill Holland said there is a study underway on the water plant and asked if it made sense to do this now. Chairman Miller said much of that work is done, but there is still a need to fund other capital projects including mains and meters.

Chairman Miller explained the discussion of possible debt restructuring grew out of seeking ways to reduce water rates. Chairman Miller noted the Village Board can take this step to restructure the existing debt and then examined the factors.

Bill Holland asked if there had been research on how this will impact the water rates. Chairman Miller said it depends on the decisions made regarding funding other projects.

Cristy Laier said if the Village did want to put the brakes on this, August 14<sup>th</sup> is the drop dead date. John McGinnis said yes, in Illinois, you can stop up until the sale date.

Katie White asked if the Finance Committee needs Board direction.

Chairman Miller made a motion to have Chapman Cutler prepare the documents to pursue the refunding of the Series 2002 GO Bonds. Katie White seconded the motion which was unanimously carried 3-0.

Cristy Laier noted the debt restructuring should be discussed with the Water and Electricity Committee.

John Miller proceeded to discuss the Series 1999 bond and explained this issue is callable December 1, 2006. Mr. Miller reviewed a possible refinancing timetable for the Series 1999 bond, and stated restructuring this debt is a little more complicated and requires a referendum. Mr. Miller said the Village needs to have an ordinance or resolution approved by the Village Board by the August 14, 2006 Regular Village Board meeting for a referendum to be included on the November ballot. Chairman Miller stated the proposed restructuring will have the same term; however, the refunding should result in interest savings. John Miller agreed and explained the interest rate on Series 1999 bonds extend out to 5.0%, and based upon current interest rates, there is a possible savings in pursuing a restructuring.

Chairman Miller asked about the potential savings if the restructuring of the Series 1999 bond is pursued. John Miller stated based upon his calculations, there may be \$339,000 in savings, and explained the NPV savings is \$292,443, or 7.8089 which is very acceptable for this transaction. Chairman Miller said this will really affect property taxes. John Miller said yes, this will eliminate annual refunding and will go directly to the tax roll.

Chairman Miller explained this refinancing will just come back to the residents in savings and not be returned to the Village to spend in other areas. Chairman Miller stated in pursuing this refinancing the Village will free up the refunding possibility.

Katie White noted the Series 1999 bond refunding should result in a tax savings, provide a better interest rate, eliminate the annual refunding requirement, and give the Village more flexibility. Treasurer Cooper noted if interest rates turn, we can call this off. John McGinnis agreed and noted the Village will have a period of up to three years to pursue the refunding.

Chairman Miller made a motion to inform the Board of Trustees of the intent to bring an ordinance to refund this bond to be brought to referendum. Katie White seconded the motion which was unanimously carried.

Chairman Miller said he preferred to bring this forward in June.

Manager Slankard discussed beach fees. Cristy Laier said she did not want to increase them. Chairman Miller said fees could be increased \$5 to \$10 without anyone noticing. Treasurer Cooper suggested using \$30 and \$45, which is an increase of \$5 and \$10 respectively. Finally, Chairman Miller made a motion to increase Resident fees to \$25 and \$45, and not increase Non-Resident fees since non-residents recently had a larger increase. Cristy Laier seconded the motion which was carried 3-0.

The Committee said they want to look at building fees, parking fees and vehicle license fees in the future, and also look at the reserve policy.

Cristy Laier moved to adjourn. Katie White seconded the motion which was unanimously carried.

Respectfully submitted,

Max Slankard