



Village of LaGrange Park, Illinois

Authorization of General Obligation Corporate Purpose Bonds, Series 2016

Presented by

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Sizing of Bond Issue.

- The Village's referendum authorized it to sell up to \$11.2 million in bonds.

- The Village could issue it all at once or in stages as funds are needed.
 - BQ versus NBQ considerations.
 - Illinois market pricing.
 - IRS spend down requirements.
 - Breakeven analysis.

- The municipal market changes frequently.
 - Conclusions in initial analysis could change between now and the pricing date.
 - Baird will continue to monitor the market and update the analysis.

- A parameters ordinance offers the Village flexibility.
 - Allows change in financing size to reflect market conditions.
 - Allows flexibility in sale date.
 - Delegates Village officials to authorize the sale of the bonds assuming all parameters are met.

Breakeven Analysis.

Date	Term	Project Deposit	Project Fund Investment Rates ⁽¹⁾	Negative Arbitrage in Project Fund		\$4,250,000 Par Interest Rate Breakeven ⁽³⁾	10 Year "AAA" MMD Lookback		
				As a Percent ⁽²⁾	In Dollars ⁽²⁾	Minimum Rate	Maximum Rate	Change in Rates	
7/1/2016		\$4,250,000							
1/1/2017	6 month		0.38%	1.69%	\$35,870	0.14%	1.61%	2.19%	0.58%
7/1/2017	1 Year		0.59%	1.48%	\$62,815	0.25%	1.61%	2.38%	0.77%
7/1/2018	2 Year		0.75%	1.32%	\$112,030	0.45%	1.61%	2.54%	0.93%

(1) Assumed US Treasury Rates as of April 4, 2016 - 6 month at 0.38%, 1 year at 0.59% and 2 year at 0.75%.

(2) Bond yield on an \$4.25 million bond issue amortized level debt service over 10 years is 2.068%. Negative arbitrage represents bond yield less interest earnings on project fund deposit.

(3) One basis point (0.01%) on an \$4.25 million bond issue amortized level debt service over 10 years represents a total interest cost of \$2,514.58.

Decision Tree.

- Does the Village want to issue all at once or in stages?
 - It is likely that interest rates could increase more than the breakeven.
 - If so, Baird recommends issuing the entire transaction at once.

- Does the Village want to utilize a parameters ordinance?
 - Consistent with the 2014 bond financing.
 - Allows flexibility in financing terms and sale date.
 - Can be structured in multiple ways.
 - Allows Board to set the parameters.
 - Doesn't obligate the Village to sell the bonds.
 - For flexibility, Baird recommends that the Village adopt a parameters ordinance.