

Item #4:

Historic Downtown Capital Improvements & Financing Options

MEMORANDUM

To: David Lothspeich
Village Manager

Fr: Michael Shrake, P.E.
Village Engineer

Date: May 6, 2015

Re: Summary of Potential Costs for Water System Downtown
Streetscape and Robert Parker Coffin Bridge Improvements
Village of Long Grove

Per your request the following summarizes the potential costs for the improvements discussed with the Village Board at the April 14th and April 28th public meetings. For more detailed information, please refer to the presentations for those meetings. The numbers below provide a range based on the level of work presented for comparison.

Improvement	Lower Range	Higher Range
Water System Improvements *	\$1,440,000	\$3,240,000
Streetscape Improvements **	\$4,500,000	\$4,800,000
Robert Parker Bridge***	\$350,000	\$720,000
Total:	\$6,290,000	\$8,760,000

* Costs to bring Lake Michigan water to the Village not included. Estimated improvement cost \$700,000

** Does not include ComEd costs to take distribution underground

Village of Long Grove
 Projected Summary of TIF Calculations Using Current Interest Rate (4%) on General Fund & Open Spaces Fund Advances
 Actual 2008-2014 and Projected for Years 2015-2031

3%

Year	Year	New Development (EAV)	Property Tax (Increment)	Total Uses	Harbor Chase Only Development Fund Balance (Deficit)	Resources Available to Reduce Advances	Advance Outstanding Subject to Interest	
Actual	2008		-	177,678	(177,678)			
	2009		-	1,385,838	(1,563,516)			
	2010		21,913	1,729,411	(3,271,014)			
	2011		65,370	2,639,974	(786,666)			
	2012		60,419	1,265,174	(1,757,904)			
	2013		175,312	683,103	(2,009,656)			
	2014		208,157	1,865,189	(3,361,803)		5,023,307	
Forecast	2015		214,402	659,057	(3,514,095)	(152,292)	5,175,599	
	2016		220,834	696,899	(3,689,026)	(174,931)	5,350,530	
	2017		827,459	662,646	(3,214,045)	474,981	4,875,549	
	2018		852,283	644,647	(2,686,936)	527,109	4,348,440	
	2019		877,851	633,813	(2,113,840)	573,096	3,775,344	
	2020		904,187	624,639	(1,495,363)	618,477	3,156,867	
	2021		931,312	611,775	(826,728)	668,635	2,488,232	
	2022		959,252	600,029	(107,936)	718,792	1,769,440	
	2023		988,029	579,028	671,423	779,359	-	
	2024		1,017,670	519,125	1,551,436	880,013	-	
	2025		1,048,200	537,750	2,454,798	903,362	-	
	2026		1,079,646	558,375	3,380,768	925,970	-	
	2027		1,112,035	560,625	4,349,019	968,251	-	
	2028		1,145,396	565,625	5,358,136	1,009,117	-	
	2029		1,179,758	583,000	6,397,120	1,038,984	-	
	2030		1,215,151	616,625	7,451,139	1,054,019	-	
	2031		1,251,606	20,000	9,151,902	1,700,763	-	
	Totals				16,356,241	19,420,024	9,151,902	

Assumptions and notes:

- **Property Tax Revenue = Assume 3% increase each year after 2015
- **Sales Tax Revenue = Assume 3% increase each year after 2014
- **Administrative Expenditures = Assume \$20,000 each year after 2014
- **Capital Expenditures = Completed as of 2014.
- **No additional interest or arrearages on advances from Open Spaces or General Fund after 2014.
- **Assumes no additional rebates or developer incentives will be paid.



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VILLAGE OF LONG GROVE Capital Improvements Funding

The Village has the need for capital improvement funding tied to new development.

As a non-home rule government, the Village has essentially three types of debt it can issue pledging its credit. The first is general obligation alternate revenue bonds. These have the lowest interest cost. They may only be issued where it can be demonstrated that there is a pledged revenue stream that provides \$1.25 for each \$1 of debt service cost. Their security is enhanced by a levy that is filed but never extended unless the Village fails to pay the bonds. The second security type is known as debt certificates. These do not have a levy, instead being a general promise to pay by the Village. As a result, the interest rate is somewhat higher (0.25%). A third type of debt instrument is a special service area (SSA) bond. These are restricted to defined areas that are benefitting from improvements with the property tax paid solely from the included parcels. Due to the limited area of the SSA, the bonds are of low credit worthiness and therefore more expensive than alternate revenue bonds or debt certificates.

Both alternate revenue bonds and SSA bonds require multiple Village actions to issue the debt. Debt certificates require one vote of the Board. Costs of issuance are approximately the same for each.

The simplest issuance process is that of debt certificates. Once the financial need is quantified, an offering document for the debt will be prepared, describing the Village as to finances, government, debt, socioeconomics and census data. A bond rating will be undertaken, probably including a driving tour. The offering document will be sent out to financial institutions for bids, to be received the morning of a Board meeting. That evening the Board will vote on a debt ordinance detailing all terms of the debt. The receipt of funds will occur several weeks later. A reasonable period for this entire process is 90 days. Alternate bonds may add a month to this; SSA debt requires 60-90 days additional to create the SSA.

Debt Schedules

- A. \$3,000,000 for initial phase
- B. \$8,800,000 maximum need
- C. \$6,300,000 minimum need

KWM/hgs
5.8.15

VILLAGE OF LONG GROVE, ILLINOIS

Series 2017 Debt Certificates

Road Projects

Back Weighted--Assumes One New Development

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2017	-	-	110,000.00	110,000.00
12/01/2018	-	-	120,000.00	120,000.00
12/01/2019	-	-	120,000.00	120,000.00
12/01/2020	-	-	120,000.00	120,000.00
12/01/2021	-	-	120,000.00	120,000.00
12/01/2022	-	-	120,000.00	120,000.00
12/01/2023	-	-	120,000.00	120,000.00
12/01/2024	200,000.00	4.000%	120,000.00	320,000.00
12/01/2025	200,000.00	4.000%	112,000.00	312,000.00
12/01/2026	200,000.00	4.000%	104,000.00	304,000.00
12/01/2027	400,000.00	4.000%	96,000.00	496,000.00
12/01/2028	450,000.00	4.000%	80,000.00	530,000.00
12/01/2029	500,000.00	4.000%	62,000.00	562,000.00
12/01/2030	500,000.00	4.000%	42,000.00	542,000.00
12/01/2031	550,000.00	4.000%	22,000.00	572,000.00
Total	\$3,000,000.00	-	\$1,468,000.00	\$4,468,000.00

Yield Statistics

Bond Year Dollars	\$36,700.00
Average Life	12.233 Years
Average Coupon	4.0000000%
Net Interest Cost (NIC)	4.0000000%
True Interest Cost (TIC)	3.9969193%
Bond Yield for Arbitrage Purposes	3.9969193%
All Inclusive Cost (AIC)	3.9969193%

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Net Interest Cost	4.0000000%
Weighted Average Maturity	12.233 Years

VILLAGE OF LONG GROVE, ILLINOIS

\$8,800,000 Series 2017 Debt Certificates

Road Projects

Back Weighted--Assumes Two New Developments

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2017	-	-	310,062.50	310,062.50
12/01/2018	-	-	338,250.00	338,250.00
12/01/2019	200,000.00	3.000%	338,250.00	538,250.00
12/01/2020	300,000.00	3.000%	332,250.00	632,250.00
12/01/2021	400,000.00	3.000%	323,250.00	723,250.00
12/01/2022	450,000.00	3.500%	311,250.00	761,250.00
12/01/2023	500,000.00	3.500%	295,500.00	795,500.00
12/01/2024	600,000.00	4.000%	278,000.00	878,000.00
12/01/2025	700,000.00	4.000%	254,000.00	954,000.00
12/01/2026	800,000.00	4.000%	226,000.00	1,026,000.00
12/01/2027	900,000.00	4.000%	194,000.00	1,094,000.00
12/01/2028	950,000.00	4.000%	158,000.00	1,108,000.00
12/01/2029	1,000,000.00	4.000%	120,000.00	1,120,000.00
12/01/2030	1,000,000.00	4.000%	80,000.00	1,080,000.00
12/01/2031	1,000,000.00	4.000%	40,000.00	1,040,000.00
Total	\$8,800,000.00	-	\$3,598,812.50	\$12,398,812.50

Yield Statistics

Bond Year Dollars	\$91,666.67
Average Life	10.417 Years
Average Coupon	3.9259773%
Net Interest Cost (NIC)	3.9259773%
True Interest Cost (TIC)	3.9138605%
Bond Yield for Arbitrage Purposes	3.9138605%
All Inclusive Cost (AIC)	3.9138605%

IRS Form 8038

Net Interest Cost	3.9259773%
Weighted Average Maturity	10.417 Years

VILLAGE OF LONG GROVE, ILLINOIS

\$8,800,000 Series 2017 Debt Certificates

Road Projects

Back Weighted--Assumes Two New Developments

Coverage Ratio

Date	Total Revenues	Total D/S	Coverage
12/01/2017	474,000.00	310,062.50	1.5287240x
12/01/2018	527,000.00	338,250.00	1.5580192x
12/01/2019	773,000.00	538,250.00	1.4361356x
12/01/2020	832,000.00	632,250.00	1.3159352x
12/01/2021	897,000.00	723,250.00	1.2402351x
12/01/2022	963,000.00	761,250.00	1.2650246x
12/01/2023	1,039,000.00	795,500.00	1.3060968x
12/01/2024	1,111,000.00	878,000.00	1.2653759x
12/01/2025	1,142,000.00	954,000.00	1.1970650x
12/01/2026	1,171,000.00	1,026,000.00	1.1413255x
12/01/2027	1,221,000.00	1,094,000.00	1.1160878x
12/01/2028	1,270,000.00	1,108,000.00	1.1462094x
12/01/2029	1,307,000.00	1,120,000.00	1.1669643x
12/01/2030	1,330,000.00	1,080,000.00	1.2314815x
12/01/2031	1,985,000.00	1,040,000.00	1.9086538x
Total	\$16,042,000.00	\$12,398,812.50	-

VILLAGE OF LONG GROVE, ILLINOIS

\$6,300,000 Series 2017 Debt Certificates

Road Projects

Back Weighted--Assumes One New Development

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2017	-	-	224,010.42	224,010.42
12/01/2018	-	-	244,375.00	244,375.00
12/01/2019	100,000.00	3.000%	244,375.00	344,375.00
12/01/2020	150,000.00	3.000%	241,375.00	391,375.00
12/01/2021	200,000.00	3.000%	236,875.00	436,875.00
12/01/2022	275,000.00	3.500%	230,875.00	505,875.00
12/01/2023	350,000.00	3.500%	221,250.00	571,250.00
12/01/2024	450,000.00	4.000%	209,000.00	659,000.00
12/01/2025	500,000.00	4.000%	191,000.00	691,000.00
12/01/2026	550,000.00	4.000%	171,000.00	721,000.00
12/01/2027	625,000.00	4.000%	149,000.00	774,000.00
12/01/2028	700,000.00	4.000%	124,000.00	824,000.00
12/01/2029	750,000.00	4.000%	96,000.00	846,000.00
12/01/2030	750,000.00	4.000%	66,000.00	816,000.00
12/01/2031	900,000.00	4.000%	36,000.00	936,000.00
Total	\$6,300,000.00	-	\$2,685,135.42	\$8,985,135.42

Yield Statistics

Bond Year Dollars	\$68,100.00
Average Life	10.810 Years
Average Coupon	3.9429301%
Net Interest Cost (NIC)	3.9429301%
True Interest Cost (TIC)	3.9327294%
Bond Yield for Arbitrage Purposes	3.9327294%
All Inclusive Cost (AIC)	3.9327294%

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Net Interest Cost	3.9429301%
Weighted Average Maturity	10.810 Years

VILLAGE OF LONG GROVE, ILLINOIS

\$6,300,000 Series 2017 Debt Certificates

Road Projects

Back Weighted--Assumes One New Development

Coverage Ratio

Date	Total Revenues	Total D/S	Coverage
12/01/2017	474,000.00	224,010.42	2.1159730x
12/01/2018	527,000.00	244,375.00	2.1565217x
12/01/2019	573,000.00	344,375.00	1.6638838x
12/01/2020	618,000.00	391,375.00	1.5790482x
12/01/2021	668,000.00	436,875.00	1.5290415x
12/01/2022	719,000.00	505,875.00	1.4212997x
12/01/2023	779,000.00	571,250.00	1.3636761x
12/01/2024	880,000.00	659,000.00	1.3353566x
12/01/2025	903,000.00	691,000.00	1.3068017x
12/01/2026	925,000.00	721,000.00	1.2829404x
12/01/2027	968,000.00	774,000.00	1.2506460x
12/01/2028	1,009,000.00	824,000.00	1.2245146x
12/01/2029	1,038,000.00	846,000.00	1.2269504x
12/01/2030	1,054,000.00	816,000.00	1.2916667x
12/01/2031	1,700,000.00	936,000.00	1.8162393x
Total	\$12,835,000.00	\$8,985,135.42	-