

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) X *Waiver of First Requested*
 Recommendations of Boards, Commissions & Committees (Green)
 Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: May 31, 2018 (COW)(B of T) June 21, 2018

TITLE: An Ordinance Authorizing The Issuance Of Waterworks And Sewerage Revenue Bonds Of The Village Of Lombard, Dupage County, Illinois, In An Aggregate Principal Amount Not To Exceed \$3,900,000 Or, In Lieu Thereof, General Obligation Bonds (Alternate Revenue Source) In An Aggregate Principal Amount Not To Exceed \$3,900,000 For The Purpose Of Paying The Costs Of Improving The Waterworks And Sewerage System Of The Village

SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

Please see memo attached.

Waiver of First reading is requested.

Review (as necessary):

Village Attorney X _____ Date _____
Finance Director X Timothy Sexton _____ Date 6/1/18
Village Manager X _____ Date _____

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.



To: Village President and Board of Trustees

From: Scott Niehaus Timothy Sexton
Village Manager Director of Finance

Date: May 31, 2018

Subject: Ordinance Authorizing the issuance of Waterworks and Sewerage Revenue Bonds, or in lieu thereof, General Obligation Bonds (Alternate Revenue Source), Series 2018

The attached ordinance has been prepared by our bond counsel, Kelly Kost from Chapman and Cutler, in the form necessary to begin the process of issuing up to \$3,900,000 in bonds to fund the Village's costs of two capital improvement projects. These projects are the Central Station Reservoir Improvement and the Watermain Rehabilitation Project. This issuance is an important first step in the long-term goal of improving the Village's credit rating.

In order to issue bonds, a team of specialized industry consultants has been assembled to assist with the process. A summary of the team being utilized is provided below, with the firm name and then a brief description of each.

Bond Counsel – Chapman and Cutler LLP; Bond Counsel is retained to ensure that the bonds have been validly issued and that they are tax-exempt bonds.

Disclosure Counsel – Miller, Canfield, Paddock and Stone, P.L.C.; Disclosure Counsel is retained to provide advice on disclosure obligations of the Village, and to prepare the official statement and continuing disclosure agreement.

Financial Advisor – Speer Financial; the Financial Advisor advises the Village on matters pertinent to the bond issue, such as structure, timing, marketing, fairness of pricing, terms and bond ratings.

Underwriter – Robert W Baird & Co.; the Underwriter is the firm that purchases the new bond issue and offers these bonds for sale to investors

All costs related to consultants are included in the bond issue and are consistent with industry standards.

The purpose of this ordinance is to begin the process of authorizing the issuance of General Obligation Bonds (Alternate Revenue Source). At the July 19 Village Board meeting, a public hearing will be held in accordance with the Bond Issuance Notification Act. The bonds would then be priced and sold during the week of August 13, with the Village Board adopting the Bond Ordinance at their August 16 Board meeting. Closing on the bonds would then take place during the week of September 3.

The current ordinance would allow up to \$3.9 million in bonds to be sold. This is the maximum amount that may be issued, and we may modify this amount based on bids received as well as final estimates for these projects prior to finalizing the amount for the sale during the week of August 13. Therefore, the overall amount of the issuance may decrease prior to the sale.

A list of the projects to be included in the bond issue along with descriptions of the projects are as follows:

Central Station Reservoir Improvement – Estimated at \$2,900,000

Scope:

The project includes the repurposing of the existing Central Station Reservoir, which was originally constructed in 1935. The project includes the demolition of the existing 600,000 gallon reservoir and pump station and the construction of a new 68' x 60' building, which will include a laboratory for water testing, conditioned storage space for the Public Works Department and Fire Department and indoor vehicle storage areas. The existing reservoir will be converted into commuter parking upon completion of the project. An additional 18 parking spaces will be created to serve the commuter operations and downtown shopping district.

Watermain Rehabilitation Project – Estimated at \$700,000

Scope:

The project includes the rehabilitation of three sections of watermain that serve the distribution system. The rehabilitation method will be conducted either through cured in place pipe (CIPP) or spray liner technique. The three sections of watermain rehabilitation will not require by-pass pumping as there are no direct taps off of the mains. The three projects are defined below:

- Elizabeth Street Watermain – Three hundred (300) feet of six (6) inch watermain running underneath the Union Pacific Railroad has been abandoned due to condition of the main. The lining of the main would allow the Village to place the main back in service and provide additional connectivity between the north and south sides of the railroad tracks, which improve reliability and operations.
- Lynne Lane Watermain – 400 hundred (400) feet of eight (8) inch watermain has a number of breaks that impact the operation of the Village's water system. Due to the location of the watermain, repairs are difficult and costly.
- Grace Street Watermain – One Hundred and sixty (160) feet of twelve (12) inch watermain running underneath the Union Pacific Railroad has been abandoned due to condition of the main. The lining of the main would allow the Village to place the main back in service and provide additional connectivity between the

north and south sides of the railroad tracks, which improve reliability and operations.

As these projects are related to water/sewer infrastructure, the Water/Sewer Capital Reserve Fund will be the designated funding source for repayment of the bonds. The back up source of funding will be Non-Home Rule Sales Tax. The projected term of the bonds will be between 5-7 years, depending on various factors.

Waiver of First reading is requested to begin the process of issuing these bonds.

Cc: Tom Bayer, Village Attorney
Kevin McCanna, Speer Financial

MINUTES of a regular public meeting of the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, held at the Village Hall, 255 East Wilson Avenue, Lombard, Illinois, in said Village at 7:00 o'clock P.M., on the 21st day of June, 2018.

* * *

The President called the meeting to order and directed the Village Clerk to call the roll.

Upon the roll being called, Keith Giagnorio, the President, and the following Trustees were physically present at said location: _____

The following Trustees were allowed by a majority of the members of the President and Board of Trustees in accordance with and to the extent allowed by rules adopted by the President and Board of Trustees to attend the meeting by video or audio conference: _____

No Trustee was not permitted to attend the meeting by video or audio conference.

The following Trustees were absent and did not participate in the meeting in any manner or to any extent whatsoever: _____

The President announced that in order to pay the costs of improving the waterworks and sewerage system of the Village, it would be necessary for the Village to issue revenue bonds or, in lieu thereof, to issue alternate bonds (being general obligation bonds for which real property taxes, unlimited as to rate or amount, may be levied, but which are expected to be paid from the net revenues of the combined waterworks and sewerage system of the Village or sales and use tax revenues imposed by the Village) and that the President and Board of Trustees would consider the adoption of an ordinance authorizing the issuance of such bonds.

Whereupon _____ presented and the Village Clerk read in full an ordinance
as follows:

**NOTICE OF INTENT TO ISSUE BONDS
AND RIGHTS TO FILE PETITIONS**

Notice is hereby given that pursuant to Ordinance No. _____, adopted June 21, 2018 (the "*Ordinance*"), the Village of Lombard, DuPage County, Illinois (the "*Village*"), intends to issue its Waterworks and Sewerage Revenue Bonds (the "*Revenue Bonds*") or, in lieu thereof, its General Obligation Bonds (Alternate Revenue Source) (the "*Alternate Bonds*") in the principal amount of not to exceed \$3,900,000, and bearing interest per annum at not to exceed the maximum rate authorized by law at the time of the sale thereof, for the purpose of improving the waterworks and sewerage system (the "*System*") of the Village, as more fully described in the Ordinance (the "*Project*"). The revenue sources that will be pledged to the payment of the principal of and interest on the Alternate Bonds will be (i) the net revenues of the System and (ii) all collections distributed to the Village from those taxes imposed by the Village pursuant to the Non-Home Rule Municipal Retailers' Occupation Tax Act and the Non-Home Rule Municipal Service Occupation Tax Act, each as supplemented and amended from time to time or substitute taxes therefor as provided by the State of Illinois or the Village in the future. If these revenue sources are insufficient to pay the Alternate Bonds, ad valorem property taxes upon all taxable property in the Village without limitation as to rate or amount are authorized to be extended to pay the principal of and interest on the Alternate Bonds. A complete copy of the Ordinance follows this notice.

Notice is hereby further given that if a petition signed by 3,078 or more electors of the Village (the same being equal to 10% of the registered voters of the Village) asking that the question of improving the System, as provided in the Ordinance, and the issuance of the Revenue Bonds therefor, be submitted to the electors of the Village is filed with the Village Clerk within thirty (30) days after the date of publication of the Ordinance and this notice, an election on the proposition to issue the Revenue Bonds shall be held on the 6th day of November, 2018. The Circuit Court may declare that an emergency referendum should be held prior to said election date pursuant to the provisions of Section 2A-1.4 of the Election Code of the State of Illinois, as amended (the "*Election Code*"). If no such petition is filed within said thirty (30) day period, then the Village shall thereafter be authorized to issue the Revenue Bonds for the purposes hereinabove provided.

Notice is hereby further given that if a petition signed by 2,308 or more electors of the Village (being equal to the greater of (i) 7.5% of the registered voters in the Village or (ii) 200 of those registered voters or 15% of those registered voters, whichever is less) asking that the issuance of the Alternate Bonds be submitted to referendum is filed with the Village Clerk within thirty (30) days after the date of publication of this notice, an election on the proposition to issue the Alternate Bonds shall be held on the 6th day of November, 2018. The Circuit Court may declare that an emergency referendum should be held prior to said election date pursuant to the provisions of Section 2A-1.4 of the Election Code. If no such petition is filed within said thirty (30) day period, then the Village shall thereafter be authorized to issue the Alternate Bonds for the purposes hereinabove provided.

By order of the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, this 21st day of June, 2018.

/s/ Sharon Kuderna

Village Clerk, Village of Lombard,
DuPage County, Illinois

ORDINANCE NO. _____

AN ORDINANCE authorizing the issuance of Waterworks and Sewerage Revenue Bonds of the Village of Lombard, DuPage County, Illinois, in an aggregate principal amount not to exceed \$3,900,000 or, in lieu thereof, General Obligation Bonds (Alternate Revenue Source) in an aggregate principal amount not to exceed \$3,900,000 for the purpose of paying the costs of improving the waterworks and sewerage system of the Village.

* * *

WHEREAS, the Village of Lombard, DuPage County, Illinois (the "*Village*") , is a duly organized and existing municipality incorporated and existing under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the Illinois Municipal Code, as amended (the "*Code*"), and for many years has owned and operated a municipally-owned combined waterworks and sewerage system (the "*System*") as set forth in Division 139 of Article 11 of the Code; and

WHEREAS, the President and Board of Trustees of the Village (the "*Board*") has determined that it is advisable, necessary and in the best interests of the Village to pay the costs of improving the System including (a) the repurposing of the existing Central Station Reservoir and (b) the rehabilitation of three sections of watermains on Elizabeth Street, Lynne Lane and Grace Street (the "*Project*"); and

WHEREAS, the estimated costs of the Project, including legal, financial, bond discount, printing and publication costs, and other expenses, does not exceed \$3,900,000 and there are insufficient funds on hand and lawfully available to pay such costs; and

WHEREAS, it is necessary and for the best interests of the Village that the Project be constructed and, in order to finance the cost of the Project it will be necessary for the Village to issue up to \$3,900,000 of bonds payable from the revenues derived from the operation of the System as authorized to be issued at this time pursuant to Division 139 of Article 11 of the Code (the "*Revenue Bonds*") or, in lieu thereof, up to \$3,900,000 alternate bonds (the "*Alternate*

Bonds”), being general obligation bonds payable from (i) the net revenues of the System and (ii) all collections distributed to the Village from those taxes imposed by the Village pursuant to the Non-Home Rule Municipal Retailers’ Occupation Tax Act and the Non-Home Rule Municipal Service Occupation Tax Act, each as supplemented and amended from time to time or substitute taxes therefor as provided by the State of Illinois or the Village in the future (collectively, the “*Pledged Revenues*”), as authorized to be issued at this time pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended (the “*Act*”); and

WHEREAS, if the Pledged Revenues are insufficient to pay the Alternate Bonds, ad valorem property taxes upon all taxable property in the Village without limitation as to rate or amount are authorized to be extended to pay the principal of and interest on the Alternate Bonds:

NOW, THEREFORE, Be It Ordained by the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, as follows:

Section 1. Incorporation of Preambles. The Board hereby finds that all of the recitals contained in the preambles to this Ordinance are full, true and correct and does incorporate them into this Ordinance by this reference.

Section 2. Declaration of Intent. The Board hereby declares its intention to avail of the provisions of the Code and the Act and to issue the Revenue Bonds or, in lieu thereof, the Alternate Bonds in an aggregate principal amount not to exceed \$3,900,000 for the purpose of paying the costs of the Project.

Section 3. Determination to Issue Bonds. It is necessary and in the best interests of the Village to construct the Project for the public health, safety and welfare, in accordance with the estimate of costs as hereinabove described, and that for such purpose, there are hereby authorized to be issued and sold the Revenue Bonds in an aggregate principal amount not to exceed

\$3,900,000 or, in lieu thereof, the Alternate Bonds in an aggregate principal amount not to exceed \$3,900,000.

Section 4. Publication. This Ordinance, together with a notice in the statutory form (the “Notice”), shall be published once within ten (10) days after passage hereof by the Board in *The Daily Herald*, the same being a newspaper of general circulation in the Village, and if no petition, signed by 3,078 electors of the Village (being equal to ten percent (10%) of the number of registered voters in the Village) asking that the question of the Project, as provided in this Ordinance, and the issuance of the Revenue Bonds therefor be submitted to the electors of the Village is filed with the Village Clerk within thirty (30) days after the date of the publication of this Ordinance and the Notice, then the Revenue Bonds shall be authorized to be issued

If no petition, signed by 2,308 electors of the Village (being equal to the greater of (i) 7.5% of the registered voters in the Village or (ii) 200 of those registered voters or 15% of those registered voters, whichever is less) asking that the issuance of the Alternate Bonds be submitted to referendum is filed with the Village Clerk within thirty (30) days after the date of the publication of this Ordinance and the Notice, then the Alternate Bonds shall be authorized to be issued.

It is expressly provided that in the event that there shall be filed with the Village Clerk in a timely manner a petition, asking that the issuance of the Revenue Bonds be submitted to referendum, the Alternate Bonds shall not be authorized to be issued until such time as the issuance of the Revenue Bonds shall have been submitted to the electors of the Village and a majority of the votes cast on such question shall have been in favor thereof.

Section 5. Additional Ordinances. If no petition with respect to the issue of the Revenue Bonds or, in lieu thereof, the Alternate Bonds and meeting the requirements of applicable law is filed during the petition periods hereinabove referred to, then the Board may

adopt additional ordinances or proceedings supplementing or amending this Ordinance providing for the issuance and sale of the Revenue Bonds or, in lieu thereof, the Alternate Bonds and prescribing all the details of the Revenue Bonds or, in lieu thereof, the Alternate Bonds, so long as the maximum aggregate principal amount of the Revenue Bonds or, in lieu thereof, the Alternate Bonds as set forth in this Ordinance is not exceeded and there is no material change in the Project. Such additional ordinances or proceedings shall in all instances become effective in accordance with applicable law. This Ordinance, together with such additional ordinances or proceedings, shall constitute complete authority for the issuance of the Revenue Bonds or, in lieu thereof, the Alternate Bonds, under applicable law.

Section 6. Reimbursement. None of the proceeds of the Revenue Bonds or the Alternate Bonds issued in lieu thereof will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the Village prior to the date hereof except architectural or engineering costs incurred prior to commencement of the Project or expenditures for which an intent to reimburse it as properly declared under Treasury Regulations Section 1.103-18. This Ordinance is in itself a declaration of official intent under Treasury Regulations Section 1.103-18 as to all costs of the Project paid within 60 days prior to the date hereof or on any date after the date hereof and prior to issuance of the Revenue Bonds or, in lieu thereof, the Alternate Bonds.

Section 7. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 8. Repealer. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 9. Effective Date. This Ordinance shall be in full force and effect from and after its passage and approval, as provided by law.

Passed on first reading this ___ day of _____, 2018.

First reading waived by action of the President and Board of Trustees this 21st day of June, 2018.

Passed on second reading this 21st day of June, 2018, pursuant to a roll call vote as follows:

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED by me this 21st day of June, 2018.

President, Village of Lombard,
DuPage County, Illinois

RECORDED in the Village Records on June 21, 2018.

ATTEST:

Village Clerk, Village of Lombard,
DuPage County, Illinois

Trustee _____ moved and Trustee _____
seconded the motion that said ordinance as presented and read by the Village Clerk be adopted.

After a full and complete discussion thereof, the President directed that the roll be called for a vote upon the motion to adopt the ordinance as read.

Upon the roll being called, the following Trustees voted AYE: _____

NAY: _____

Whereupon the President declared the motion carried and the ordinance adopted, and henceforth did approve and sign the same in open meeting and did direct the Village Clerk to record the same in full in the records of the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, which was done.

Other business not pertinent to the adoption of said ordinance was duly transacted at said meeting.

Upon motion duly made and seconded, the meeting was adjourned.

Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

CERTIFICATION OF ORDINANCE AND MINUTES

I, the undersigned, do hereby certify that I am the duly qualified and acting Village Clerk of the Village of Lombard, DuPage County, Illinois (the "*Village*"), and as such officer I am the keeper of the books, records, files, and journal of proceedings of the Village and of the President and Board of Trustees thereof (the "*Board*").

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Board held on the 21st day of June, 2018, insofar as same relates to the adoption of Ordinance No. _____ entitled:

AN ORDINANCE authorizing the issuance of Waterworks and Sewerage Revenue Bonds of the Village of Lombard, DuPage County, Illinois, in an aggregate principal amount not to exceed \$3,900,000 or, in lieu thereof, General Obligation Bonds (Alternate Revenue Source) in an aggregate principal amount not to exceed \$3,900,000 for the purpose of paying the costs of improving the waterworks and sewerage system of the Village.

a true, correct and complete copy of which said ordinance as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Board on the adoption of said ordinance were conducted openly, that the vote on the adoption of said ordinance was conducted openly, that said meeting was held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the principal office of the Board at least 48 hours in advance of the holding of said meeting, that at least one copy of said agenda was continuously available for public review during the entire 48-hour period preceding said meeting, that a true, correct and complete copy of said agenda as so posted being attached hereto as *Exhibit A*, that said meeting was called and held in strict accordance with the provisions of the Illinois Municipal Code, as amended, and the Open Meetings Act of the State of Illinois, as amended, and the Local Government Debt Reform Act of the State of Illinois, as amended, and that the Board has complied with all of the applicable provisions of said Code and said Acts and its procedural rules in the adoption of said ordinance.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the Village,
this 21st day of June, 2018.

Village Clerk, Village of Lombard,
DuPage County, Illinois

[SEAL]

PETITION – REVENUE BONDS

To the Village Clerk of the Village of Lombard, DuPage County, Illinois:

We, the undersigned, being registered voters of the Village of Lombard, DuPage County, Illinois, do hereby petition you to cause the following question to be certified to the Board of Election Commissioners of The County of DuPage, Illinois, and submitted to the electors of said Village at the general election to be held on the 6th day of November, 2018:

“Shall the Village of Lombard, DuPage County, Illinois, improve the waterworks and sewerage system of said Village, as provided for by Ordinance No. _____, and issue its waterworks and sewerage revenue bonds to the amount of not to exceed \$3,900,000 for the purpose of paying the costs thereof?”

SIGNATURE	ADDRESS
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois

The undersigned, being first duly sworn, deposes and certifies that he or she is at least 18 years of age, his or her residence address is _____ (Street Address), _____ (City, Village or Town), _____ County, _____ (State), that he or she is a citizen of the United States of America, that the signatures on the foregoing petition were signed in his or her presence and are genuine, that to the best of his or her knowledge and belief the persons so signing were at the time of signing said petition registered voters of said Village and that their respective residences are correctly stated therein.

Signed and sworn to before me this _____ day of _____, 2018.

Illinois Notary Public
My commission expires _____
(NOTARY SEAL)

PETITION—ALTERNATE BONDS

To the Village Clerk of the Village of Lombard, DuPage County, Illinois:

We, the undersigned, being registered voters of the Village of Lombard, DuPage County, Illinois, do hereby petition you to cause the following question to be certified to the Board of Election Commissioners of The County of DuPage, Illinois, and submitted to the electors of said Village at the general election to be held on the 6th day of November, 2018:

“Shall the Village of Lombard, DuPage County, Illinois, pay the costs of improving the waterworks and sewerage system of the Village, as provided for by Ordinance No. _____, and issue its general obligation alternate bonds to the amount of not to exceed \$3,900,000 (said bonds being general obligation bonds for which real property taxes, unlimited as to rate or amount, may be levied, but which are expected to be paid from (i) the net revenues of the waterworks and sewerage system of said Village and (ii) all collections distributed to said Village from those taxes imposed by said Village pursuant to the Non-Home Rule Municipal Retailers’ Occupation Tax Act and the Non-Home Rule Municipal Service Occupation Tax Act, each as supplemented and amended from time to time or substitute taxes therefor as provided by the State of Illinois or said Village in the future)?”

SIGNATURE	ADDRESS
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois
_____	_____, Lombard, DuPage County, Illinois

The undersigned, being first duly sworn, deposes and certifies that he or she is at least 18 years of age, his or her residence address is _____ (Street Address), _____ (City, Village or Town), _____ County, _____ (State), that he or she is a citizen of the United States of America, that the signatures on the foregoing petition were signed in his or her presence and are genuine, that to the best of his or her knowledge and belief the persons so signing were at the time of signing said petition registered voters of said Village and that their respective residences are correctly stated therein.

Signed and sworn to before me this _____ day of _____, 2018.

Notary Public

My commission expires _____

(NOTARY SEAL)