

Village of North Riverside

Finance, Health & Appropriations Committee

Item #1: Review of Debt Certificate: Director Scarpiniti informed the committee about the process staff is going through to secure the debt certificates. She explained how her, the Administrator and Stephen Roberts from Baird had their conference call with Moody's who will be the rating agency to determine whether the Village's bond rating on this debt issue. The Village's current rating is Aa3 for GO bonds and A1 for debt certificates. Finance Director Scarpiniti mentioned that since our last presentation to Moody's in 2011, the Village has made great strides in improving our financial outlook and addressing concerns that Moody's had during our last review. We have diversified our tax base, partially funded the police and fire pension funds, added new revenue sources with the places for eating tax and addressed the deficiency in the water fund. These items along with the predicted opening of Costco, Red Lobster and Longhorn showed very well for the Village. Director Scarpiniti distributed a "draft" of an ordinance that was prepared by Ice Miller, our bond council that will be on the agenda for passage at our next board meeting. This ordinance will authorize the issuance of debt certificates in an amount not to exceed \$7.5 million.

Item #2: Discuss Economic Development Incentive – 26th Street & Harlem Avenue:

Administrator Belmonte informed the committee that upon the suggestion of Trustee Hermanek staff was looking into securing a private hedge fund to protect the Village's \$6.8 million dollar financial investment. Staff has been in discussion with a private investment group to act a guarantor for the Village's financial outlay through the establishment of a trust agreement in which the private investor would deposit \$6.8 million into an escrow account in the name of the Village until completion of the Costco development. The escrowed funds would be only transferred to the Village in the event that Costco not open and begin transacting retail business by December 31, 2014. Should that occur, the Village would be required to use the funds to repay the existing debt service on the debt certificates. The cost for this private guarantee is 35 basis points or approximately \$240,000. The Administrator wanted to know from the committee if staff should continue the process of trying to secure this type of agreement. The Administrator and the Finance Director informed the committee that after speaking to the broker it was possible that the private investor would not want his name publically disclosed and most likely the money would be held in trust at a financial institution of their choosing. After a brief discussion, Trustee Hermanek motioned and Trustee Corgiat seconded that staff continue to look into securing a policy to protect our investment. Motioned was passed by the committee with a 2 in favor and none opposed and Trustee Hermanek polled Mayor Krochmal, Trustee Demopoulos and Trustee Wilt who were also in favor.

Item #3: Fund Balance Policy: Director Scarpiniti distributed a "draft" copy of a fund balance/net assets policy. She mentioned that a few months ago at a finance committee meeting it was decided by the committee and trustees that the Village develops a policy for minimum fund balances. It was determined that 25% of annual budgeted expenditures be the minimum

and this will be adjusted with the adoption of the annual budget. Director Scarpiniti informed the committee that this will be on the agenda for passage at our next board meeting.

There being no further business, the meeting was adjourned at 7:58 pm.

Respectfully submitted,

Trustee Corgiat
Chairman