



## Agenda Item Summary

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**File #:** ORD 21-67, **Version:** 1

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### **Submitted By**

Steven Drazner, CFO

### **Reviewed By**

AMZ

### **Agenda Item Title**

**An Ordinance Providing for a Not-To-Exceed Issuance of \$3,900,000 General Obligation Corporate Purpose Refunding Bonds, Series 2016B, of the Village of Oak Park, Cook County, Illinois, and Providing for the Levy and Collection of a Direct Annual Tax for the Payment of the Principal of and Interest on Said Bonds**

### **Overview**

A Series 2021 not-to-exceed issue of \$3,900,000 will refund Series 2016B. The estimated present value savings from this refunding is \$321,000 over the remaining duration of the bonds. The pricing for the sale of bonds is anticipated to occur on November 15, 2021, with a closing date of December 1, 2021.

### **Staff Recommendation**

Approval.

### **Fiscal Impact**

The interest savings from the refunding is estimated at \$321,000 but this will vary depending on the final interest rates upon closing the deal.

### **Background**

Similar to a homeowner refinancing a mortgage when rates drop, a municipality may refund (or refinance) an existing bond issue when such bonds are callable and assuming a refunding provides savings above and beyond the cost of new debt issuance. The estimated net present value savings are net of any issuance costs, including those fees charged for legal and financial advisory services.

There are typically two methods of issuing bonds. The first is called a competitive sale in which the Village's bond consultant would bid out the bonds to numerous underwriters and accept the lowest bid. The other method is selecting and negotiating with a single underwriter.

In the case of this particular refunding, Speer Financial, the Village's debt advisor, recommended that the Village enter into a negotiated bond sale with RW Baird which is the firm that initially contacted the Village about the potential savings by refunding Series 2016B. By entering into a negotiated sale with RW Baird, the Village is strengthening its relationship with one of the top municipal debt underwriters in the Chicago area.

The parameters Ordinance presented as part of this agenda item provides safeguards to the Village with a not-to-exceed issuance amount and interest rates permitted for the new debt issue.

**Alternatives**

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**Previous Board Action**

N/A

**Citizen Advisory Commission Action**

N/A.

**Anticipated Future Actions/Commitments**

N/A.

**Intergovernmental Cooperation Opportunities**

N/A.

**Performance Management (MAP) Alignment**

N/A.