MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aaa rating to the Village of Glenview's (IL) $17.0 million GO Refunding Bonds, Series 2012B and $8.4 million GO Refunding Bonds Series 2012C

Global Credit Research - 27 Nov 2012

Aaa rating applies to $119.8 million of post-sale GO debt

GLENVIEW (VILLAGE OF) IL
Cities (including Towns, Villages and Townships)
IL

Moody's Rating

ISSUE		RATING
General Obligation Refunding Bonds, Series 2012C		Aaa
Sale Amount	$8,370,000	
Expected Sale Date	11/29/12	
Rating Description	General Obligation	
General Obligation Refunding Bonds, Series 2012B		Aaa
Sale Amount	$17,020,000	
Expected Sale Date	11/29/12	
Rating Description	General Obligation	

Moody's Outlook NOO

Opinion

NEW YORK, November 27, 2012 --

Moody's Investors Service has assigned a Aaa rating to the Village of Glenview's (IL) $17.0 million General Obligation Refunding Bonds, Series 2012B and $8.4 million General Obligation Refunding Bonds, Series 2012C. Concurrently, Moody's has affirmed the Aaa rating on previously issued general obligation debt. Post-sale the village will have $119.8 million in outstanding general obligation debt.

SUMMARY RATING RATIONALE

The Series 2012B and Series 2012C bonds are secured by the village's general obligation tax pledge without limitation as to rate or amount. The 2012B bonds will refund the 2015 through 2024 maturities of the village's General Obligation Bonds, Series 2004B. The 2012C bonds will refund the 2014 through 2018 maturities of the village's General Obligation Refunding Bonds, Series 2005. The assignment and affirmation of the Aaa rating reflects the village's large and affluent taxbase, diverse economy, and its location in the Chicago (General Obligation rated Aa3 / negative outlook) metropolitan area; strong financial position with solid reserve levels and additional financial flexibility derived from home-rule status; and moderate debt burden.

STRENGTHS

-Favorable location in the Chicago metropolitan area

-Significant revenue raising flexibility derived from home-rule status

-Solid General Fund reserves and alternate liquidity

CHALLENGES

-Dependence on an economically sensitive revenue streams

-Recent decline in assessed valuation

-Above average debt burden with a balloon payment scheduled in 2013

DETAILED CREDIT DISCUSSION

LARGE AND AFFLUENT CHICAGO SUBURB; REDEVELOPMENT CONTINUES AT THE FORMER GLENVIEW NAVAL AIR STATION (GNAS)

Despite recent declines, we expect the village's sizable $7.4 billion tax base will maintain long term stability due to its favorable location, affluent demographic profile, and continued development of the former Glenview Naval Air Station (GNAS). The Village of Glenview benefits from its location within the Chicago metropolitan area, with a strong local transportation network which provides access to downtown Chicago, O'Hare International Airport (airport revenue debt rated A1 / negative outlook), and other suburban employment centers. Located roughly 20 miles north of downtown Chicago, the village is nestled among the area's most affluent communities. Resident income indices well above national medians with per capita income and median family income at 194.8% and 202.94% of national medians, respectively, based on the American Community Survey five year estimates (2006-2010). At 5.8%, the unemployment rate in the village of Glenview was well below the state (8.1%) and national (7.6%) averages as of September 2012.

Glenview is currently home to two Kraft Foods Group, Inc (senior unsecured debt rated Baa2/ stable outlook) facilities making Kraft the village's largest taxpayer comprising 1.5% of 2011 assessed valuation. In 2013, Kraft will close its management center located in the village, but plans to maintain its technology center. The management center in the village employs approximately 900 employees; some of those positions will be moved to a facility in nearby Northfield while others will be eliminated. We expect that the impact of the closure will be manageable due to the diversity of the tax base and the accessibility of employment opportunities in the area. Officials report that the property has already been sold to a developer who is aggressively marketing the sale of the management center and officials expect that the property will be redeveloped. Additionally, the village is the location of corporate headquarters for Mead Johnson (senior unsecured rated Baa1 / stable outlook), North American Paper, Beltone, and Anixter enhancing the village's overall economic diversity. With the top ten taxpayers accounting for less than 10% of equalized assessed value, the village is not overly dependent on any one tax payer. The tax base consists of high quality housing stock responsible for 72% of assessed valuation while the commercial and industrial sectors making up 20% and 8%, respectively.

The village experienced growth throughout the last decade with growth in assessed values averaging 6.2% annually between 2004 and 2009. The tax base declined a significant 18% from levy year 2009 to levy year 2011 as a result of the overall depreciation of housing values in the metro area. The village continues to benefit from the development of GNAS, which began in 1998. The project area includes approximately 700 acres of single and multi-family residential development, office/warehouse space, retail development, and two golf courses with an aggregate equalized assessed value of $435 million. Astellas Pharma US Inc. (senior unsecured rating Aa3/ stable outlook), a pharmaceutical company, recently completed construction on their corporate headquarters, which opened in January of 2012. The company moved its 1,000 employees from the Village of Deerfield (GO rated Aaa), Illinois to Glenview. A mixed use development consisting of an apartment complex and a grocery store is expected to begin construction in 2013 on a 20 acre site in the village

STRONG FINANCIAL POSITION WITH SOLID RESERVES; ABILITY AND WILLINGNESS TO ADJUST REVENUES AND EXPENDITURES TO MAINTAIN SOUND FINANCIAL OPERATIONS

We expect the village's strong financial position to continue supported by strong financial management with a record of making adjustments to revenues and expenditures to maintain stable financial operations. The village posted General Fund operating surpluses in fiscal 2009 and fiscal 2010 of $3.9 million and $2.0 million, respectively, as a result of expenditure reductions and some non-recurring revenue infusions. An operating surplus of $2.1 million in fiscal 2011 was due to implementation of GASB 54 and $1.0 million in positive variances in economically sensitive revenues and reduced expenditures. Implementation of GASB 54 increased the General Fund balance by approximately $1.1 million as other funds were combined with the General Fund. As result of the recent surpluses and GASB 54 implementation, the General Fund balance has grown from $16.6 million or a healthy 32.7% of revenues in fiscal 2008 to $24.2 million or an solid 43.4% of revenues in fiscal 2011. The village also has significant alternate liquidity with $11.5 million combined in the village's capital equipment replacement fund and facilities replacement fund. The fiscal 2012 budget was adopted with no change in reserves levels, but officials now project a $600,000 surplus due to continued positive trends in village revenues. For fiscal 2013, the village's proposed budget reflects a relatively minor operating deficit of $274,000 resulting from an increase in the amount transferred to the capital projects fund.

The largest revenue source for the village is sales tax revenues, which comprised 34% of fiscal 2011 General Fund revenues. Sales tax revenues declined by 3.6% in 2008 in line with broader economic trends. Village officials increased the home rule sales tax rate by 0.25% in July 2008. Despite the home rule sales tax rate increase, the village's total (Municipal plus Home Rule) sales tax collections declined by 4.1% in fiscal 2009. However, reflecting some recovery in the village's economy, sales tax collections increased by 3.6% in 2010 and 3.4% in 2011. Going forward, officials expect continuation of the recent positive trend in receipts. Property taxes are the second largest revenue source for the village, comprising 19.5% of General Fund revenues. As a home-rule municipality, the village has significant financial flexibility as it is not subject to caps on its property tax levy and it has the power to impose variety of taxes without voter approval.

The village has single employer police and fire pension funds, which had funded ratios of 90.5% and 70.5%, respectively, as of December 31, 2011. The combined unfunded actuarial accrued liability (UAAL) of the two funds was $24 million. Key assumptions include a 7.25% rate of return and a 22.5 year amortization period. All other eligible employees participate in the Illinois Municipal Retirement Fund, a multi-employer agent plan administered by the state. The villagealso has a single employer defined benefit post-employment health care plan with a $9.6 million UAAL and a 0% funded ratio.

MODERATE DEBT BURDEN WITH RAPID PRINCIPAL AMORTIZATION

The village's moderate debt burden is expected to remain manageable as the village has limited future debt plans and significant support from non-debt service levy sources. The village's overall debt burden is slightly above average at 3.8% of full valuation and primarily due to debt issued by overlapping entities, including the county, park district, and multiple school districts. The village's direct debt burden is also slightly above average at above average at 1.6% of full value. Approximately 61% of the village's outstanding general obligation debt is repaid from tax increment receipts related to the development of the GNAS, substantially reducing the debt service levy. Debt service as percentage of operating expenditures was low at 3.8% in fiscal 2011.

Principal amortization of direct obligations is rapid, with 87.4% retired within ten years. However, the village has a bullet maturity of $28.1 million due 2013 related to the Series 2009E Refunding Bonds originally used for the land purchase around the GNAS and located within TIF. The village currently plans to pay the debt service payment on the Series 2009E at maturity in fiscal 2013 and expects the majority of the payment will be made with land sale proceeds. Any shortfall between the sale price and the debt service payment can be funded with over $30 million in TIF reserves. If the land sale does not occur the village will likely refinance the debt. Officials report no major borrowing plans expected over the near term. All of Glenview's debt is in fixed rate mode, and the village is not a party to any interest rate swap agreements.

WHAT COULD MOVE THE RATING DOWN

- Significant declines in reserves and liquidity

- Erosion of the tax base or socio economic profile

KEY STATISTICS

2010 Census population: 44,692 (6.8% since 2000)

2011 Full value: $ 7.4 billion (5 year average annual increase of 2.4%)

2006-2010 Median family income: $127,815 (202.94% of US; 187.3% of state)

2006-2010 Per capita income: $53,246 (194.8% of US; 185% of state)

Fiscal 2011 General Fund balance: $24.2 million (43.4% of General Fund revenues)

Overall debt burden: 3.8% (1.6% direct)

Amortization of principal (10 years): 87.4%

Post-sale total general obligation debt outstanding: $119.8 million

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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