



Moody's Investors Service

New Issue: MOODY'S ASSIGNS Aaa RATING TO VILLAGE OF GLENVIEW'S (MN) \$11.8 MILLION GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009D AND \$28.3 MILLION GENERAL OBLIGATION REFUNDING BONDS, TAXABLE SERIES 2009E

Global Credit Research - 02 Oct 2009

Aaa RATING APPLIES TO \$166 MILLION OF POST-SALE GOULT DEBT

Municipality
IL

Moody's Rating

ISSUE	RATING
General Obligation Refunding Bonds, Series 2009D	Aaa
Sale Amount	\$11,840,000
Expected Sale Date	10/06/09
Rating Description	General Obligation
General Obligation Refunding Bonds, Taxable Series 2009E	Aaa
Sale Amount	\$28,260,000
Expected Sale Date	10/06/09
Rating Description	General Obligation

Opinion

NEW YORK, Oct 2, 2009 -- Moody's Investors Service has assigned a Aaa rating to the Village of Glenview's \$11.8 million General Obligation Refunding Bonds, Series 2009D and \$28.3 million General Obligation Refunding Bonds, Series 2009E. Concurrently, Moody's has affirmed the village's Aaa rating, affecting \$166 million of outstanding rated general obligation debt, including the current issue. Secured by the village's general obligation unlimited tax pledge, proceeds from the Series 2009D bonds will refund the village's General Obligation Bonds, Series 1998B for net present value savings of approximately 7.3%. Also secured by the village's general obligation unlimited tax pledge, the Series 2009E bonds will refund and extend the maturity of the village's General Obligation Bonds, Taxable Series 2006B. The Aaa rating, Moody's highest, reflects the village's large and affluent tax base with a diverse economy, strong financial operations with financial flexibility derived from home-rule status, and a moderate debt burden with rapid principal amortization.

LARGE AND AFFLUENT CHICAGO SUBURB; DEVELOPMENT IN THE FORMER GLENVIEW NAVAL AIR STATION (GNAS) EXPECTED TO SLOW

Moody's believes the village will continue to experience strong growth in its tax base due to its location and continued, though slowing, development of the former Glenview Naval Air Station (GNAS). The Village of Glenview benefits from its location within the Chicago (GO rated Aa3/stable outlook) metropolitan area, with a strong local transportation network which provides access to downtown Chicago, O'Hare International Airport (airport revenue debt rated Aa3/stable outlook), and other suburban employment centers. The village is located roughly 20 miles north of downtown Chicago and is nestled among the area's most affluent communities. According to the 2000 Census, median and per capita income for village residents stood at 174% and 188% of the state levels, respectively. Additionally, median home values of \$336,000 were 257% of the state level, reflecting the long-standing desirability of real estate in the area.

The village's tax base is considered well balanced, with high quality housing stock responsible for 68% of full valuation and commercial and industrial making up 22% and 10% (2007), respectively. The village's tax base is a large \$8.8 billion (2008) and is home to the corporate headquarters of Kraft USA (senior unsecured debt rated Baa2/review for possible downgrade), its largest taxpayer (2% of assessed valuation). Much of the tax base growth over the last several years, an average 12.5% annually, can be

attributed to the redevelopment of GNAS into significant new residential and commercial property which has generated \$479 million in tax increment since its 1998 inception. The project area now includes approximately 700 acres of single and multi-family residential development; office/warehouse space, mixed-use or retail development, and two golf courses. Building permits have significantly slowed from an average of \$262 million from 2000 to 2004 to an average \$115 million from 2004 to 2007 as the area nears full-build out and the impact of economic downturn. However, village officials have begun to identify other redevelopment and growth opportunities.

SOUND FINANCIAL OPERATIONS EXPECTED TO CONTINUE; FINANCIAL FLEXIBILITY DERIVED FROM HOME-RULE STATUS

Moody's expects the village's financial operations will remain sound given the continued strength in operating revenues, the support of healthy reserves, and considerable revenue raising options. The village has consciously reduced fund balances from fiscal 2006 to 2008 as an effort to maintain General Fund balances within formal policy level. At the close of fiscal 2005, the General Fund balance stood at \$29.1 million, or an ample 58.4% of revenues, as a result of a \$9.8 million surplus. However, the surplus and fund balance was inflated due to the receipt of approximately \$7.7 million in non-recurring revenues, which the village did not expect to receive until fiscal 2006. As such, the fiscal 2006 General Fund budget applied the \$9 million prior year surplus to support planned capital projects. However, due to positive budget variances the village closed fiscal 2006 with a \$5.3 million deficit. In fiscal 2007 and 2008 the village applied an additional \$7.6 million of fund balance to support capital outlay in order to bring reserves more in line with the village's policy of maintaining 30%-40% of expenditures in General Fund reserves. At the close of fiscal 2008, the village had a \$16.2 million fund balance, or 32.7% of General Fund revenues. Village officials expect a \$3.3 million surplus in fiscal 2009, inclusive of \$2.9 million in capital spending and the implementation of various expenditure controls. Preliminary budget figures for fiscal 2010 indicate a modest \$150,000 shortfall that village officials expect to remediate thru various revenue enhancing options currently being explored.

The operating surpluses in recent years are in part a result of historically strong sales tax receipts. Sales tax revenues are the largest General Fund revenue stream, making up approximately 40% of total operating revenues in fiscal 2008. The growing retail sector along with a home-rule sales tax has allowed for strong growth in sales tax revenues, however, broader economic conditions have reversed this trend. In July 2008, village officials increased the home-rule sales tax by .25%, which has helped bolster operations during the national recession.. Notably, the village has substantial revenue-raising flexibility given its home-rule status which allows it to increase taxes and/or fees without voter approval.

MODERATE DEBT BURDEN WITH RAPID PRINCIPAL AMORTIZATION

Moody's anticipates that the village's moderate debt burden will remain manageable due to continued tax base growth and significant support from non-debt service levy sources. The village's overall debt burden is slightly above average at 3.5% of full valuation and primarily due to debt issued by overlapping entities, including the county, park district, and multiple school districts. While the village's direct debt is above average at 1.9%, Moody's notes that over 70% of the village's outstanding direct debt is repaid from tax increment and utility revenues, substantially reducing the burden debt service levy. Principal amortization of direct obligations is rapid, with 80.7% retired within ten years. However, the current Series 2009E borrowing has a bullet maturity of \$28.3 million due 2013. Village officials report lagging land sales as the primary reason for the restructuring, as broader national economic trends have impacted development within the project area. Officials report no major borrowing plans expected over the near term.

KEY STATISTICS:

2005 Census population: 44,443 (6.2% since 2000)

2008 Full value: \$8.8 billion

2008 Full value per capita: \$198,598

1999 Median family income: \$96,552 (173.8% of state)

1999 Per capita income: \$43,384 (187.8% of state)

2000 Median housing value: \$336,000 (256.9% of state)

Overall debt burden: 3.5% (1.9% direct)

Amortization of principal (10 years): 80.7%

FY2008 General Fund balances: \$16.2 million (32.7% of General Fund revenues)

Post-sale general obligation unlimited tax-backed debt: \$166 million

The principal methodology used in rating the Village of Glenview was Moody's Local Government General Obligation and Related Ratings, published in December 2008 and available on www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

The last rating action with respect to Glenview (IL) was on May 1, 2009 when its underlying rating was affirmed.

Analysts

Iliana Beltran
Analyst
Public Finance Group
Moody's Investors Service

Edward Damutz
Backup Analyst
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653



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