AGENDA
Special Finance, Audit, and Legislative Affairs Committee
Thursday, July 14, 2022
@ 5:15 PM
Peoria County Courthouse, Room 403

1. **Call to Order**

2. **Resolution**
   - Amended Heddington Oaks Bond Ordinance

3. **Miscellaneous**

4. **Adjournment**

AGENDA BRIEFING

COMMITTEE:	Finance, Audit, and Legislative Affairs Committee	**LINE ITEM:**	n/a
MEETING DATE:	July 14, 2022	**AMOUNT:**	n/a

ISSUE: Approval of an ordinance amending an ordinance adopted by the County Board of the County on the 9th day of June, 2022, authorizing the issue of not to exceed $42,000,000 general obligation alternate bonds of the County, to authorize the sale of said Bonds pursuant to a private placement, and making other related changes.

BACKGROUND: In September 2011, Peoria County issued $42,000,000 of general obligation bonds (alternate revenue source) to finance a new Peoria County nursing home and related facilities, improvements, and costs. The bonds will mature on December 1, 2042. A total of $2,050,000 of principal has been paid off to date. A total of $19,263,228.85 of interest has been paid on these bonds to date.

The Peoria County Board made the tough decision to close the facility and take steps towards selling the building in the spring of 2020. The County had all residents moved out in August 2020, officially closing its doors thereafter.

The debt for Heddington Oaks has been callable since December 2020 and provides opportunity to restructure the debt service payment to match the $0.06 pennies per $100 assessed value that the Peoria County residents voted in favor of in 2003 to support the nursing home services. Peoria County voters had approved four prior referenda related to nursing home services and voter approval was again needed to "sell or dispose of" the assets of Heddington Oaks. The County Board presented the voters with this question on the ballot for the November 3, 2020 general election. Voter approval was granted, and thus, the Board and staff has put forth effort to sell the building. It is the County Board's intent to use the proceeds of the sale to decrease the amount of the principal refunded.

The series 2011 coupons range from 3 to 4.5%. The County qualified under the IRS guidelines to issue tax-exempt bonds for the original purpose of the building. In order to refund the bonds as tax-exempt, the buyer of the building would also have to qualify under the IRS guidelines for tax-exempt status, most commonly known as a qualified 501(c)(3) status. The County adopted an authorizing ordinance on July 9, 2020, authorizing the County to refund the bonds as taxable as there was not a high level of confidence that a buyer with tax-exempt status would be identified. After the board passed the authorizing ordinance for refunding taxable bonds, a buyer that meets the IRS guidelines for tax-exempt status was identified and the County Board passed an additional authorizing ordinance to allow the refunding of tax-exempt bonds at the March 10, 2022 Board Meeting. Subsequently, the Authorizing Ordinance and Notice was published in the *Peoria Journal Star,* on March 14, 2022, to notify the public and allow for petitioners to question the issuance of Alternate Bonds be submitted for referendum. No petitions were filed.

The annual revenue for property tax in the nursing home fund was $1,990,253 in 2021 and $2,014,064 in 2020, a decrease of $23,811 or 1.2%. With the trend of rising prices in the real estate industry, this negative decline in EAV is now positive. The revenue shortfall from property taxes was covered by a transfer from the Public Facilities Sales tax fund in the amount of $359,517 for 2020, $468,365 in 2021, and is budgeted at $576,920 in 2022. A total of $917,439 has been transferred to date from the Public Safety Facilities sales tax fund to make up for the shortfalls in property taxes to cover the annual debt service payments. Any revenue shortfall in property taxes will be covered first by the Public Facilities Sales Tax, and then the General fund. The Public Facilities Sales tax not used for debt service repayment is used to fund pay–as-you-go capital.

In order to keep the refinanced debt within the $0.06 penny limit, the County will need to restructure the debt. Selling the bonds as tax-exempt allows the County to refund the bonds at lower interest rates than a taxable refunding. Based on preliminary interest assumptions and an estimated close date of late July, we are confident that with the estimated sale proceeds and the County Board's commitment on March 10, 2022 to pledge $7.50M of General Fund reserves to pay down the principal balance, the County is in the best position to stay within the $0.06 penny levy and limit the requirement to extensively extend the amortization table.

Since the authorizing ordinances were passed, County staff has been in routine communication with our financial advisors as to what the best course of action would be. As a result, County staff has recently been made aware that there may be an opportunity to sell the bonds pursuant to a private placement, which may realize additional savings due to reduced interest rates. The ordinance presented today amends the ordinance adopted by the County Board on June 9th, 2022, authorizing the issue of not to exceed $42,000,000 general obligation alternate bonds of the County, to authorize the sale of said Bonds pursuant to a private placement, and making other necessary related changes. This allows the County the flexibility to pursue all options and choose the route in the best interest of the County and taxpayers.

COUNTY BOARD GOALS:

HIGH PERFORMING PUBLIC ORGANIZATION

STAFF RECOMMENDATION:

APPROVAL

COMMITTEE ACTION:

PREPARED BY: Heather McCord, Chief Financial Officer
DEPARTMENT: Finance
DATE: July 14, 2022

TO THE HONORABLE COUNTY BOARD)
)
COUNTY OF PEORIA, ILLINOIS)

Your Finance, Audit and Legislative Affairs Committee does hereby recommend passage of the following Resolution:

> AN ORDINANCE amending an ordinance adopted by the County Board of the The County of Peoria, Illinois, on the 9th day of June, 2022, authorizing the issue of not to exceed $42,000,000 general obligation alternate bonds of said County, to authorize the sale of said Bonds pursuant to a private placement, and making other related changes.

* * *

WHEREAS, the County Board (the *"County Board"*) of The County of Peoria, Illinois (the *"County"*), on the 9th day of June, 2022, adopted an ordinance entitled:

> AN ORDINANCE providing for the issue of not to exceed $42,000,000 General Obligation Refunding Bonds (Alternate Revenue Source), Series 2022, of The County of Peoria, Illinois, for the purpose of refunding certain outstanding alternate bonds of said County, the pledge of certain revenues to the payment of principal and interest on said bonds, the levy of a direct annual tax sufficient to pay such principal and interest if the pledged revenues are insufficient to make such payment, authorizing the sale of said bonds to the purchasers thereof and providing for the execution of an escrow agreement in connection with such issuance.

(the *"Bond Ordinance"*); and

WHEREAS, the Bond Ordinance authorizes the issue of general obligation alternate bonds to pay the costs to refund the County's General Obligation Bonds (Alternate Revenue Source), Series 2011; and

WHEREAS, the County Board has further determined and does hereby further determine that it is necessary and desirable that certain provisions of the Bond Ordinance be amended:

NOW, THEREFORE, Be It and It Is Hereby Ordained by the County Board of The County of Peoria, Illinois, as follows:

Section 1. *Incorporation of Preambles.* The County 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. *Amendment of Bond Ordinance*. The Bond Ordinance is hereby amended as follows:

A. The second paragraph of Section 3 of the Bond Ordinance shall be replaced in its entirety with the following language:

> The Bonds, if issued, shall be dated such date (not later than December 1, 2022) as set forth in the Bond Notification, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of $5,000 each and authorized integral multiples thereof (or such other denominations as set forth in the Bond Notification) (but no single Bond shall represent installments of principal maturing on more than one date), and shall be numbered 1 and upward. The Bonds may be issued such that the interest on thereon is excludable from gross income of the owners thereof for federal income tax purposes (*"Tax-Exempt Bonds"*), or be issued such that such interest is not excludable from gross income of the owners thereof for federal income tax purposes (*"Taxable Bonds"*). The Bonds shall become due and payable serially or be subject to mandatory redemption (subject to prior redemption as hereinafter set forth) on December 15 of each of the years (not later than 2052), in the principal amounts (not exceeding $1,600,000 per year) and bearing interest at the rates per annum (not exceeding 9.00% per annum) as set forth in the Bond Notification. The Bond Notification may provide for the interest rate on the Bonds to change prior to the final maturity of the Bonds, *provided, however*, that the interest rate borne on the Bonds following such change may not exceed the maximum rate set forth in the preceding sentence. The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable semi-annually commencing with the first interest payment date as set forth in the Bond Notification, and on June 15 and December 15 of each year thereafter to maturity.

B. Paragraph (a) of Section 5 of the Bond Ordinance shall be replaced in its entirety with the following:

> (a) *Optional Redemption*. All or a portion of the Bonds due on and after the date, if any, specified in the Bond Notification shall be subject to redemption prior to maturity at the option of the County from any available funds, as a whole or in part, and if in part in integral multiples of $5,000 in any order of their maturity as determined by the County (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on the date specified in the Bond Notification (but not later than 10 1/2 years after issuance of the Bonds), and on any date thereafter, at the redemption price (not exceeding 102 percent of the principal amount of Bonds to be redeemed) as shall be set forth in the Bond Notification plus accrued interest to the date fixed for redemption.

C. The first paragraph of Section 8 of the Bond Ordinance shall be replaced in its entirety with the following:

> The Chairman, the County Administrator and the Chair of the County's Ways and Means Committee (the *"Designated Representatives"*), are hereby authorized to proceed not later than the 12th day of November, 2022, without any further authorization or direction from the County Board, to sell the Bonds upon the terms as prescribed in this Ordinance. The Bonds hereby authorized shall be executed as in this Ordinance provided as soon after the delivery of the Bond Notification as may be, and thereupon be deposited with the Treasurer, and, after authentication thereof by the Bond Registrar, be by the Treasurer delivered to the hereinafter described "Purchaser," upon receipt of the purchase price therefor, the same being not less than 98.0% of the principal amount of the Bonds (exclusive of original issue discount, if any), plus accrued interest to date of delivery, if any, it being hereby found and determined that the sale of the Bonds to the Purchaser is in the best interests of the County and that no person holding any office of the County, either by election or appointment, is in any manner interested, directly or indirectly, in his or her own name or in the name of any other person, association, trust or corporation, in the sale of the Bonds to the Purchaser. The Purchaser shall either be: (a) in a negotiated underwriting, Mesirow Financial, Inc., Chicago, Illinois ("*Mesirow*"), and Robert W. Baird & Co. Incorporated, Naperville, Illinois, or (b) in a private placement, a bank or financial institution authorized to do business in the State of Illinois; *provided, however,*

> that the Purchaser shall be selected only upon the recommendation of Speer Financial, Inc., Chicago, Illinois, the County's municipal advisor ("*Speer*"), that the sale of the Bonds on a negotiated or private placement basis to the Purchaser is in the best interest of the County because of (i) the pricing of the Bonds by the Purchaser, (ii) then current market conditions, or (iii) the timing of the sale of the Bonds; and *further provided,* that the Purchaser as set forth in (b) may be selected through the utilization of Mesirow, as placement agent, after consultation with Speer, if the use of a placement agent is determined by the Designated Representatives to be in the best interest of the County. In the event that the Purchaser is selected through the utilization of a placement agent, the execution of a standard form of placement agent agreement between the County and Mesirow is hereby approved and authorized.

D. The fourth and fifth paragraphs of Section 8 of the Bond Ordinance shall be replaced in their entirety with the following:

> Upon the sale of the Bonds, as evidenced by the execution and delivery of the Bond Notification by the Designated Representatives, the Chairman, the County Administrator, the Chief Financial Officer of the County, the County Clerk and any other officers of the County, as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, the contract for the sale of the Bonds between the County and the Purchaser (the *"Purchase Contract"*) and a continuing covenants agreement or similar document between the County and the Purchaser, if the same is selected through a private placement (a *"Bank Agreement"*). Any Bank Agreement may provide for default rates of interest and increased rates of interest upon the occurrence of an event of taxability, *provided, however,* that any such rates may not exceed the maximum rate of interest authorized in Section 3 hereof. Prior to the execution and delivery of the Purchase Contract, the Designated Representatives shall find and determine that no person holding any office of the County, either by election or appointment, is in any manner interested, directly or indirectly, in his or her own name or in the name of any other person, association, trust or corporation, in the Purchase Contract and, if applicable, the Bank Agreement.

> The use by the Purchaser of any Preliminary Official Statement and any final Official Statement relating to the Bonds or the use by the County of any term sheet or other offering materials relating to the Bonds (collectively, the *"Offering Materials"*) is hereby ratified,

approved and authorized; the execution (as appropriate) and delivery of the Offering Materials is hereby authorized; and the officers of the County Board and any other officers of the County, as shall be appropriate, are hereby authorized to take any action as may be required on the part of the County to consummate the transactions contemplated by the Purchase Contract, the Bank Agreement, this Ordinance, the Offering Materials and the Bonds.

E. Section 16 of the Bond Ordinance shall be replaced in its entirety with the following:

Section 16. Non-Arbitrage and Tax Exemption. The County hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Tax-Exempt Bonds) if taking, permitting or omitting to take such action would cause any of the Tax-Exempt Bonds to be an arbitrage bond or a private activity bond within the meaning of the Internal Revenue Code of 1986, as amended, or would otherwise cause the interest on the Tax-Exempt Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The County acknowledges that, in the event of an examination by the Internal Revenue Service (the *"IRS"*) of the exemption from federal income taxation for interest paid on the Tax-Exempt Bonds, under present rules, the County may be treated as a "taxpayer" in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the IRS in connection with such an examination.

The County also agrees and covenants with the purchasers and holders of the Tax-Exempt Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal tax law is adopted in the future which applies to the Tax-Exempt Bonds and affects the tax-exempt status of the Tax-Exempt Bonds.

The County Board hereby authorizes the officials of the County responsible for issuing the Tax-Exempt Bonds, the same being the Chairman and County Clerk and the Treasurer to make such further covenants and certifications regarding the specific use of the proceeds of the Tax-Exempt Bonds as approved by the County Board and as may be necessary to assure that the use thereof will not cause the Tax-Exempt Bonds to be arbitrage bonds and to assure that the interest on the Tax-Exempt Bonds will be exempt from federal income taxation. In connection therewith, the County and the County Board further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Tax-Exempt Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Tax-Exempt Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the County in such compliance.

The provisions of this Section 16 shall not apply to any of the Bonds issued as Taxable Bonds.

F. The following new section shall be inserted after Section 22 of the Bond Ordinance:

Section 23. Optional Tender. While the Bonds are outstanding, on any date after the date which is ten years after the issuance of the Bonds, shall be purchased on the demand of the owner thereof on any day at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of purchase, upon delivery to the Bond Registrar at its principal corporate trust office on any day, of the following:

(i) a written irrevocable notice, which will be effective upon receipt, which (A) states the name and address of the owner and the principal amount of the Bonds and (B) states the date on which the Bonds shall be so purchased, which date shall be not prior to the date which is ninety (90) days after the date of the delivery of such notice to the Bond Registrar; and

(ii) the Bonds (with all necessary endorsements and guarantee of signature attached to such notice); *provided,* that the purchase price of the Bonds shall be paid by the close of business on the purchase date, but only upon the delivery of the Bonds to the Bond Registrar and provided the Bonds shall conform in all material respects to the description thereof in such notice.

G. Sections 23 and 24 of the Bond Ordinance shall be renumbered Sections 24 and 25, respectively.

Section 3. Filing. A certified copy of this Ordinance shall be filed with the County Clerk and the Bond Registrar (as defined in the Bond Ordinance); and the County Clerk shall in the future attach a certified copy of this Ordinance to the Bond Ordinance whenever the County Clerk makes available a copy of the Bond Ordinance.

Section 4. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

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Section 5. Superseder and Effective Date. All ordinances, resolutions, and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its adoption.

ADOPTED: July 14, 2022

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Chairman, County Board

Attest:

____
County Clerk