

MOODY'S ASSIGNS Aa3 RATING TO THE VILLAGE OF GLENDALE HEIGHTS' (IL) \$29.9 MILLION GO BONDS, SERIES 2010

Aa3 RATING APPLIES TO \$55.8 MILLION OF POST SALE GO DEBT

Glendale Heights (Village of) IL
Municipality
Illinois

Moody's Rating

Issue	Rating
Taxable General Obligation Corporate Purpose Bonds, Series 2010	Aa3
Sale Amount	\$29,940,000
Expected Sale Date	04/01/10
Rating Description	General Obligation Unlimited Tax

NEW YORK, March 19, 2010 -- Moody's Investors Service has assigned an Aa3 rating to the Village of Glendale Heights' (IL) \$29.9 million General Obligation Bonds, Series 2010. The bonds are secured by the village's general obligation unlimited tax pledge. Proceeds of the bonds will finance various capital projects throughout the village, including, but not limited to the construction of a new police department and renovations at the village's sports hub and aquatic facilities. Concurrently, Moody's has affirmed the Aa3 rating on the village's outstanding general obligation debt. Post sale, the village will have \$55.8 million of outstanding general obligation unlimited tax debt. The Aa3 rating reflects the village's advantageous location west of the City of Chicago (GO rated Aa3/stable outlook), strong financial operations with sizeable reserve levels, revenue raising flexibility from the village's home-rule authority, and an above average but manageable level of debt.

PRIMARILY RESIDENTIAL TAX BASE ADVANTAGEOUSLY LOCATED WEST OF CHICAGO

Located 25 miles west of Chicago in DuPage County (GO rated Aaa), Glendale Heights is a mature, primarily residential community, located along the I-355 Tollway and Route 64. Despite the current economic recession, we believe the village's advantageous location with easy access to both city and suburban employment centers will continue to benefit the village long term. The village's \$2.7 billion tax base has seen fairly consistent growth, averaging 7% annually over the past five years. Officials do expect future valuation growth to be less than recent historical growth rates (annually 5% to 8%) but do not expect future valuations to decline. The village's tax base is primarily residential, but does have a commercial presence. Officials report, as with many municipalities nationally, residential development is weak. Favorably, commercial development, with the main retail corridor along North Avenue (Route 64), continues. Officials report Kronos Foods recently located a food processing and distribution center in an existing, vacant building in the village and other small commercial projects continue. Resident income levels and housing values compare favorably with state-wide norms, with per capita and median family income at 94.8% and 115.4% of state figures, respectively.

At 10.7% as of December 2009 the village's unemployment rate was similar to the state's unemployment rate (10.8%) and above the national rate (9.7%).

STRONG FINANCIAL OPERATIONS EVIDENCED BY SIZEABLE OPERATING RESERVES

Moody's expects that the village's strong financial profile will continue due to its history of conservative fiscal management, ample reserve levels and the financial flexibility derived from home rule status. The village has historically sustained strong General Fund reserves, with undesignated General Fund balances above 60% of General Fund revenues over the past five years. The village ended fiscal 2006 and 2007 with large operating surpluses of \$1.5 million and \$1.3 million, respectively, ending with a General Fund balance of \$17.8 million, or an ample 90.5% of General Fund revenues. While on an operating basis for fiscal 2008, the village realized positive operations in the General Fund, the village realized a drawdown in the General Fund of approximately \$500,000 due to a one-time capital purchase of property near the village hall campus. The village closed fiscal 2009 with a \$355,000 operating deficit in the General Fund. Similar to fiscal 2008, this shortfall was due to the purchase of additional property and on an operating basis, the village recorded positive operations. Despite the drawdowns, at the close of fiscal 2009 the General Fund balance was still a very strong 88.7% of annual General Fund revenue. The village does not have a formal policy on General Fund reserves but aims to continue the current practice of maintaining strong reserves through balanced operations, drawing on reserves only for one time and capital related expenditures.

The village has several economically sensitive revenues, including sales, state shared income and real estate transfer taxes. However, as a home rule municipality, the village has significant revenue raising flexibility. In response to sales tax revenues declining \$107,000 (or 1.4%) and state shared income tax receipts falling \$195,000 (or 6.5%) in fiscal 2009 and expected further decline in fiscal 2010, the village offered an early retirement incentive to reduce ongoing payroll expenses. Due to higher than expected number of early retirements and the associated payout of the incentives, the village expects to end fiscal 2010 with approximately a \$600,000 operating deficit, bringing General Fund reserves to an estimated \$16.4 million, or a still ample 89% of fiscal 2010 budgeted revenues. The village is not rehiring for most of the positions vacated due to the retirement incentive and expects the savings to be realized in fiscal 2011 and beyond.

In addition to the Illinois Municipal Retirement Fund pension plan, the village has a separate police pension plan. As of April 30, 2009 the police pension plan was 46% funded and had an unfunded actuarial accrued liability of \$22.5 million. We note the funding ratio is relatively weak compared to comparably rated cities and villages, and is due in part to the village's failure to make the full Actuarially Required Contribution (ARC) on an annual basis. The village has been making the State Actuarially required contributions and officials expect to continue this practice until the economy improves.

MANAGEABLE LEVEL WITH LIMITED NEAR TERM BORROWING EXPECTED

Moody's expects the village's debt burden to remain manageable, despite an above average existing debt burden and somewhat slower than average principal amortization, due to limited future borrowing needs. The village's direct and overall debt burden are both somewhat above average but still manageable, at 2.1% and 3.8%, respectively. Debt amortization is somewhat slower than average at 57.1% of principal retired within ten years. The village's higher debt burden and slower principal amortization is mostly due to the size and structure of this issuance, but considering the nature of the projects to be undertaken, the structure matches the useful life of the assets financed. The projects financed comprise three years worth of projects under the village's capital improvement plan and officials do not expect to need additional debt in the mean time. All of the village's debt is in fixed rate mode and the village is not party to any derivative agreements.

KEY STATISTICS

2007 Population (estimate): 31,847 (0.3% increase since 2000)

2008 Full value: \$2.7 billion

2008 Full value per capita (estimate): \$83,400

2000 Median family income as % of state: 115.4% (128.1% of US)

2000 Per capita income as % of state: 94.8% (101.5% of US)

December 2009 DuPage County unemployment rate: 10.7% (IL at 10.8%, US at 9.7%)

Debt burden: 3.8% (2.1% direct)

Principal payout (10 years): 57.1%

Fiscal 2009 General Fund balance: \$17.0 million (88.7% of General Fund revenues)

Post-sale GOULT debt outstanding: \$55.8 million

The rating assigned to the Village of Glendale Heights was issued on Moody's municipal rating scale. Moody's has announced its plans to recalibrate all U.S. municipal ratings to its global scale and therefore, upon implementation of the methodology published in conjunction with this initiative, the rating will be recalibrated to a global scale rating comparable to other credits with a similar risk profile. Market participants should not view the recalibration of municipal ratings as rating upgrades, but rather as a recalibration of the ratings to a different ratings scale. This recalibration does not reflect an improvement in credit quality or a change in our credit opinion for rated municipal debt issuers. For further details regarding the recalibration please visit www.moodys.com/gsr.

The principal methodology used in assigning the rating Moody's "General Obligation Bonds Issued By U.S. Local Governments", published in October 2009 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 Glendale Heights was on July 27, 2009 when the village's Aa3 general obligation rating was affirmed.

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