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VICE PRESIDENT

August 20, 2012

The Honorable Daniel J. McLaughlin and
Members of the Village Board of Trustees
Village of Orland Park
14700 Ravinia Avenue
Orland Park, Illinois 60462

Dear President McLaughlin and Village Trustees:

Bids were received today for the \$9,230,000 General Obligation Refunding Bonds, Series 2012A. There were eight bids received which are listed at the bottom of this letter in accordance with the signed bids.

Upon examination, it is our opinion that the bid of Janney Montgomery Scott LLC, Philadelphia, Pennsylvania, is the best bid received, and it is further our opinion that the bid is favorable to the Village and should be accepted. After the sale, in order to accomplish the refunding, the par amount of the Bonds was adjusted to \$9,005,000. The proceeds of the Bonds will be used to advance refund a portion of the Village's outstanding General Obligation Bonds, Series 2006 due December 1, 2015-2025. The sale will result in a savings of \$934,602.74, worth \$832,444.44, on a present value basis or 10.090% of refunded principal. We therefore recommend that the Bonds be awarded to that bidder at a revised price of \$9,155,482.95, being at a revised true interest rate of 1.7784%. The bidders are listed below:

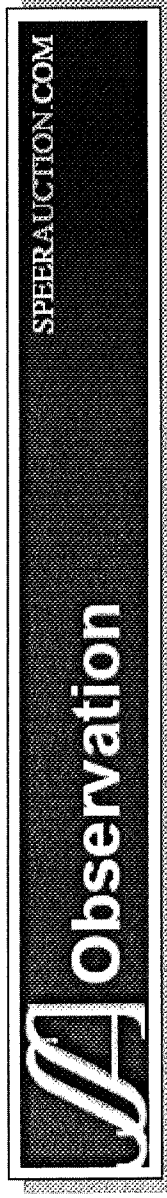
<u>Account Managers</u>	<u>True Interest Rate</u>
Janney Montgomery Scott LLC, Philadelphia, PA (Original – 1.7760%).....	1.7784%(Revised)
Piper Jaffray & Co., Leawood, KS	1.7781%
BOSC, Inc., a subsidiary of BOK Financial Corporation, Menomonee Falls, WI	1.7782%
Stifel, Nicolaus & Company, Inc, Memphis, TN.....	1.7864%
Raymond James & Associates, Inc., Memphis, TN	1.7897%
Robert W. Baird & Co. Incorporated, Milwaukee, WI	1.8837%
BMO Capital Markets GKST Inc., Chicago, IL	1.8986%
UBS Financial Services Inc., Weehawken, NJ.....	2.0610%

The open auction savings to the Village by reduced interest costs associated with the bid improvement of 0.130344% by the winning bidder equates to \$74,887.16.

Respectfully submitted,

Barbara L. Chevalier
Vice President

BLC/rmr
Enclosures



Auction Date **Type** **Start** **End** **Time Now** **Status**
 Mon., Aug 20, 2012 AON 10:45:00 am 11:02:40 am 11:04:15 am EDT Over
 Connected to server

\$9,230,000*

Village of Orland Park, Cook and Will Counties, Illinois
 General Obligation Refunding Bonds, Series 2012A

	Bidder	Firm	TIC	Time	Gross Interest	+ Discount/ (Premium)	Total Interest	Bid No.	Cumulative Improvement	Open Auction Savings
1st	JANN-MD	Janney	1.776037%	11:00:40 am	\$1,509,598.89	(154,999.20)	\$1,354,599.69	10	0.130344%	\$ 74,887.16
2nd	PIPE-JC	Piper Jaffray	1.778104%	11:01:27 am	\$1,509,598.89	(153,554.00)	\$1,356,044.89	4	0.120277%	-
3rd	BOSC-DS	BOSC Inc	1.778156%	10:58:58 am	\$1,544,005.53	(184,137.25)	\$1,359,868.28	11	0.451856%	-
4th	STIF-TM	Stifel	1.786398%	10:54:52 am	\$1,524,410.03	(160,898.80)	\$1,363,511.23	5	0.119492%	-
5th	MORG-PK	Raymond James	1.789653%	11:02:16 am	\$1,478,449.24	(113,171.11)	\$1,365,278.13	8	0.292241%	-
6th	RWBA-DK	Robert Baird	1.883723%	10:58:17 am	\$1,560,089.07	(124,821.95)	\$1,435,267.12	1	-	-
7th	BMOC-TM	BMO Capital	1.898605%	11:02:00 am	\$1,578,005.14	(130,470.75)	\$1,447,534.39	5	0.104131%	-
8th	UBSF-TC	UBS Financial	2.060996%	11:02:10 am	\$1,590,016.60	(29,219.25)	\$1,560,797.35	6	0.191783%	-

*Preliminary, subject to change

SPEER FINANCIAL, INC.

PUBLIC FINANCE CONSULTANTS SINCE 1954

SUITE 4100 • ONE NORTH LASALLE STREET • CHICAGO, ILLINOIS 60602 • (312) 346-3700 • FAX (312) 346-8833

Investment Ratings:

Moody's Investors Service ... Aa1

Standard & Poor's ... AA+/Stable

\$9,005,000

VILLAGE OF ORLAND PARK

Cook and Will Counties, Illinois

General Obligation Refunding Bonds, Series 2012A

Date of Sale: August 20, 2012

Revised Average Life: 8.226 Years

Bond Buyer Index: 3.80

(Based on TIC)

<u>Bidders*</u>	<u>Price</u>	<u>Maturities</u>	<u>Original Par Amounts</u>	<u>Revised Par Amounts</u>	<u>Rates</u>	<u>True Interest**</u>
Janney Montgomery Scott LLC, Philadelphia, PA	<u>Original Bid</u>	2012	\$ 65,000	\$ 65,000	2.000%	<u>Original Bid</u>
	101.679%	2013	135,000	105,000	2.000%	1.7760%
	\$9,384,999.20	2014	135,000	110,000	2.000%	\$1,354,599.69
		2015	745,000	715,000	2.000%	
		2016	750,000	730,000	2.000%	
	<u>Revised Bid</u>	2017	760,000	745,000	2.000%	<u>Revised Bid</u>
	101.671%	2018	770,000	755,000	2.000%	1.7784%
	\$9,155,482.95	2019	785,000	775,000	2.000%	\$1,330,940.94
		2020	800,000	790,000	2.000%	
		2021	820,000	810,000	2.000%	
		2022	840,000	825,000	2.000%	
		2023	855,000	845,000	2.000%	
		2024	875,000	860,000	2.000%	
		2025	895,000	875,000	2.000%	
			<u>\$9,230,000</u>	<u>\$9,005,000</u>		

<u>Bidders*</u>	<u>Price</u>	<u>Maturities</u>	<u>Rates</u>	<u>True Interest**</u>
Piper Jaffray & Co., Leawood, KS	101.664%	2012-2025	2.000%	1.7781%
	\$9,383,554.00			\$1,356,044.89
BOSC, Inc., a subsidiary of BOK Financial Corporation, Menomonee Falls, WI	101.995%	2012-2023	2.000%	1.7782%
	\$9,414,137.25	2024	2.100%	\$1,359,868.28
		2025	2.200%	

*Syndicate information is provided by the underwriter. The information contained in this report is the most current available.

**The winning bid was adjusted to reflect the new amount of \$9,005,000. All other bids were based on the pre-sale amount of \$9,230,000. The original interest on the winning bid was \$1,354,599.69, and the true interest rate was 1.7760%. The true interest rate reflects the time value of money where dollars spent in early years have a greater weight than dollars spent in later years.

\$9,005,000
VILLAGE OF ORLAND PARK
Cook and Will Counties, Illinois
General Obligation Refunding Bonds, Series 2012A

<u>Bidders*</u>	<u>Price</u>	<u>Maturities</u>	<u>Rates</u>	<u>True Interest**</u>
Stifel, Nicolaus & Company, Inc, Memphis, TN	101.743% \$9,390,898.80	2012-2024 2025	2.000% 2.125%	1.7864% \$1,363,511.23
Raymond James & Associates, Inc., Memphis, TN	101.226% \$9,343,171.11	2012-2016 2017-2024 2025	1.000% 2.000% 2.250%	1.7897% \$1,365,278.13
Robert W. Baird & Co. Incorporated, Milwaukee, WI	101.352% \$9,354,821.95	2012-2022 2023 2024 2025	2.000% 2.050% 2.150% 2.250%	1.8837% \$1,435,267.12
BMO Capital Markets GKST Inc., Chicago, IL	101.414% \$9,360,470.75	2012-2022 2023 2024 2025	2.000% 2.125% 2.250% 2.250%	1.8986% \$1,447,534.39
UBS Financial Services Inc., Weehawken, NJ	100.317% \$9,259,219.25	2012-2022 2023-2025	2.000% 2.250%	2.0610% \$1,560,797.35

*Syndicate information is provided by the underwriter. The information contained in this report is the most current available.

**The winning bid was adjusted to reflect the new amount of \$9,005,000. All other bids were based on the pre-sale amount of \$9,230,000. The original interest on the winning bid was \$1,354,599.69, and the true interest rate was 1.7760%. The true interest rate reflects the time value of money where dollars spent in early years have a greater weight than dollars spent in later years.

\$9,005,000 *
Village of Orland Park , Cook and Will Counties, Illinois
General Obligation Refunding Bonds, Series 2012A

Best AON Bidder:	Best AON TIC:	Best Revised AON TIC
Janney Montgomery Scott	1.776037 %	1.778376 %

	Resized	Serial/
Due	Principal Amount *	Principal Sinker/ Term Coupon
Dec 1, 2012	\$65,000	\$65,000 Serial 2.000%
Dec 1, 2013	\$135,000	\$105,000 Serial 2.000%
Dec 1, 2014	\$135,000	\$110,000 Serial 2.000%
Dec 1, 2015	\$745,000	\$715,000 Serial 2.000%
Dec 1, 2016	\$750,000	\$730,000 Serial 2.000%
Dec 1, 2017	\$760,000	\$745,000 Serial 2.000%
Dec 1, 2018	\$770,000	\$755,000 Serial 2.000%
Dec 1, 2019	\$785,000	\$775,000 Serial 2.000%
Dec 1, 2020	\$800,000	\$790,000 Serial 2.000%
Dec 1, 2021	\$820,000	\$810,000 Serial 2.000%
Dec 1, 2022	\$840,000	\$825,000 Serial 2.000%
Dec 1, 2023	\$855,000	\$845,000 Serial 2.000%
Dec 1, 2024	\$875,000	\$860,000 Serial 2.000%
Dec 1, 2025	\$895,000	\$875,000 Serial 2.000%

Original Purchase Price: \$9,384,999.20

Resized Purchase Price: \$9,155,482.95

Insurer: None Selected

Spread: None Entered

Time Submitted: August 20, 2012 at 11:00:40

AM EDT

* Numbers displayed in blue are post sale adjustments.

SpeerAuction Interest Cost Calculations (for informational purposes only)		
	Original	Resized
Issue Size	\$9,230,000	\$9,005,000
Gross Interest	\$1,509,598.89	\$1,481,423.89
Plus Discount/(Less Premium)	(154,999.20)	(150,482.95)
Total Interest Cost	\$1,354,599.69	\$1,330,940.94
True Interest Rate	1.776037%	1.778376%
Total Bond Years	75,479.94	74,071.19
Average Life	8.178 Years	8.226 Years

Firm: Janney Montgomery Scott

*Preliminary, subject to change

The foregoing bid as submitted or as revised post sale, if appropriate, was accepted and the Securities sold by action of this Board, and receipt is hereby acknowledged of the good faith Deposit, if any, which is being held in accordance with the terms of the annexed Official Notice of Sale.

Signature: _____

Title: _____

FINAL

Village of Orland Park, Illinois

General Obligation Refunding Bonds, Series 2012A

(Refunding of Series 2006)

Bank Qualified "FINAL"

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/05/2012	-	-	-	-	-
12/01/2012	65,000.00	2.000%	43,023.89	108,023.89	108,023.89
06/01/2013	-	-	89,400.00	89,400.00	-
12/01/2013	105,000.00	2.000%	89,400.00	194,400.00	283,800.00
06/01/2014	-	-	88,350.00	88,350.00	-
12/01/2014	110,000.00	2.000%	88,350.00	198,350.00	286,700.00
06/01/2015	-	-	87,250.00	87,250.00	-
12/01/2015	715,000.00	2.000%	87,250.00	802,250.00	889,500.00
06/01/2016	-	-	80,100.00	80,100.00	-
12/01/2016	730,000.00	2.000%	80,100.00	810,100.00	890,200.00
06/01/2017	-	-	72,800.00	72,800.00	-
12/01/2017	745,000.00	2.000%	72,800.00	817,800.00	890,600.00
06/01/2018	-	-	65,350.00	65,350.00	-
12/01/2018	755,000.00	2.000%	65,350.00	820,350.00	885,700.00
06/01/2019	-	-	57,800.00	57,800.00	-
12/01/2019	775,000.00	2.000%	57,800.00	832,800.00	890,600.00
06/01/2020	-	-	50,050.00	50,050.00	-
12/01/2020	790,000.00	2.000%	50,050.00	840,050.00	890,100.00
06/01/2021	-	-	42,150.00	42,150.00	-
12/01/2021	810,000.00	2.000%	42,150.00	852,150.00	894,300.00
06/01/2022	-	-	34,050.00	34,050.00	-
12/01/2022	825,000.00	2.000%	34,050.00	859,050.00	893,100.00
06/01/2023	-	-	25,800.00	25,800.00	-
12/01/2023	845,000.00	2.000%	25,800.00	870,800.00	896,600.00
06/01/2024	-	-	17,350.00	17,350.00	-
12/01/2024	860,000.00	2.000%	17,350.00	877,350.00	894,700.00
06/01/2025	-	-	8,750.00	8,750.00	-
12/01/2025	875,000.00	2.000%	8,750.00	883,750.00	892,500.00
Total	\$9,005,000.00	-	\$1,481,423.89	\$10,486,423.89	-

Yield Statistics

Bond Year Dollars	\$74,071.19
Average Life	8.226 Years
Average Coupon	2.0000000%
Net Interest Cost (NIC)	1.7968401%
True Interest Cost (TIC)	1.7783760%
Bond Yield for Arbitrage Purposes	1.6966246%
All Inclusive Cost (AIC)	1.8942217%

IRS Form 8038

Net Interest Cost	1.6959201%
Weighted Average Maturity	8.159 Years

2012A Refunding of Series | Refund 2006 | 8/20/2012 | 1:00 PM

FINAL

Village of Orland Park, Illinois

General Obligation Refunding Bonds, Series 2012A

(Refunding of Series 2006)

Bank Qualified "FINAL"

Debt Service Comparison

Date	Total P+I	Existing D/S	Net New D/S	Old Net D/S	Savings
12/01/2012	108,023.89	574,440.00	681,448.51	750,333.75	68,885.24
12/01/2013	283,800.00	606,740.00	890,540.00	958,527.50	67,987.50
12/01/2014	286,700.00	603,780.00	890,480.00	955,567.50	65,087.50
12/01/2015	889,500.00	-	889,500.00	956,787.50	67,287.50
12/01/2016	890,200.00	-	890,200.00	956,982.50	66,782.50
12/01/2017	890,600.00	-	890,600.00	956,152.50	65,552.50
12/01/2018	885,700.00	-	885,700.00	954,297.50	68,597.50
12/01/2019	890,600.00	-	890,600.00	956,247.50	65,647.50
12/01/2020	890,100.00	-	890,100.00	956,427.50	66,327.50
12/01/2021	894,300.00	-	894,300.00	959,977.50	65,677.50
12/01/2022	893,100.00	-	893,100.00	961,652.50	68,552.50
12/01/2023	896,600.00	-	896,600.00	961,417.50	64,817.50
12/01/2024	894,700.00	-	894,700.00	959,660.00	64,960.00
12/01/2025	892,500.00	-	892,500.00	960,940.00	68,440.00
Total	\$10,486,423.89	\$1,784,960.00	\$12,270,368.51	\$13,204,971.25	\$934,602.74

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	831,429.06
Net PV Cashflow Savings @ 1.894%(AIC)	831,429.06
Contingency or Rounding Amount	1,015.38
Net Present Value Benefit	\$832,444.44
Net PV Benefit / \$8,250,000 Refunded Principal	10.090%
Net PV Benefit / \$9,005,000 Refunding Principal	9.244%

Refunding Bond Information

Refunding Dated Date	9/05/2012
Refunding Delivery Date	9/05/2012

MOODY'S

INVESTORS SERVICE

New Issue: Moody's assigns Aa1 rating to Village of Orland Park's (IL) \$9.2 million General Obligation Refunding Bonds, Series 2012A

Global Credit Research - 25 Jun 2012

Aa1 rating applies to \$74.7 million of post-sale general obligation debt

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

Moody's Rating

ISSUE	RATING
General Obligation Refunding Bonds, Series 2012A	Aa1
Sale Amount	\$9,230,000
Expected Sale Date	07/16/12
Rating Description	General Obligation

Moody's Outlook

Opinion

NEW YORK, June 25, 2012 --Moody's Investors Service has assigned a Aa1 rating to the Village of Orland Park's (IL) \$9.2 million General Obligation Refunding Bonds, Series 2012A. Moody's maintains the Aa1 rating on the village's outstanding general obligation debt. Post-sale, the village will have \$74.7 million of general obligation debt outstanding.

SUMMARY RATINGS RATIONALE

The bonds are secured by the village's general obligation unlimited tax pledge. Proceeds of the bonds will advance refund a portion of the village's outstanding General Obligation Bonds, Series 2006, for estimated savings. The Aa1 rating reflects the village's sizeable tax base located close to Chicago (General obligation rated Aa3/negative outlook); strong financial operations characterized by healthy reserves; and average debt burden with significant future borrowing planned.

STRENGTHS

- Sizeable economic base supported by significant commercial presence
- Strong financial operations characterized by healthy reserves

CHALLENGES

- Reliance on economically sensitive sales tax revenues
- Delayed state revenue payments

DETAILED CREDIT DISCUSSION

SIZEABLE TAX BASE BENEFITS FROM LARGE COMMERCIAL PRESENCE

The village's tax base is expected to stabilize as commercial development continues to expand upon the village's significant retail presence. Located 25 miles south of Chicago (GO rated Aa3/negative outlook), primarily in Cook County (Aa3/stable outlook) with a modest portion of the village in Will County (Aa1), the village benefits from its

proximity to the city as well as the availability of land for development. The village continues to experience population growth, with a 2010 Census population of 56,767 (11.1% increase from 2000). The village's tax base grew at a strong average annual rate of 9.6% from 2004 to 2009. However, as housing values contracted during the the broader national recession, tax base valuations declined by 1.0% in 2010 to a still sizeable \$8.3 billion.

While mostly residential, the village has a significant commercial and retail sector, anchored by Orland Square Mall, other major shopping centers, and large department stores which generate significant sales tax revenue for the village. Orland Square Mall serves as the village's largest taxpayer, comprising 5.2% of 2010 assessed valuation. Village officials report operations at the mall remain stable, as a significant renovation was recently completed by the operator, Simon Property Group, L.P. (Senior Unsecured rated A3/stable outlook). The village is currently in the process of developing the Main Street Triangle TIF (Tax Increment Financing) district, adjacent to a Metra commuter rail station. This development will be the focus of anticipated future borrowing, and will include a mixed use retail, commercial, and luxury apartment residential center in the village's downtown area. Socioeconomic indicators are above state averages, with median family and per capita income values at 139.5% and 131.9% of state medians in the 2000 Census, respectively. At 7.62% in April of 2012, the village's unemployment rate tracked below the state rate (8.6%) and near the national rate (7.7%) for the same time period.

STRONG FINANCIAL OPERATIONS CHARACTERIZED BY HEALTHY RESERVES

Healthy reserve levels and a historical track record of conservative budgeting practices point to the continuation of strong financial operations. Following the implementation of expenditure controls such as a hiring freeze, the village experienced a General Fund operating surplus of \$2.3 million in fiscal 2010. Officials attribute the surplus to better than expected sales and state income tax revenues, as well as each department's expenditures ending the year under budget. As a result of the positive operations in 2010, the village's General Fund balance increased to \$27.7 million, or a sizeable 70.6% of revenues. However, the unreserved General Fund balance was \$14.1 million, or a still strong 36.1% of revenues, at the end of fiscal 2010. The difference in unreserved fund balance is primarily attributable to an advance from the General Fund to the Main Street Triangle TIF fund for the purpose of purchasing properties and developing infrastructure in the TIF area. The TIF fund is expected to repay this amount with land sale proceeds and future incremental property tax revenues generated within the district. Favorably, the village's reserves currently exceed its policy of maintaining at least 20% of expenditures in undesignated reserves. The village also benefits from additional liquidity with fiscal 2010 unreserved fund balances of \$19.7 million and \$8.4 million in the Capital Improvement and Home Rules Sales Tax funds, respectively. The village frequently transfers funds from the Home Rule Sales Tax Fund into the Capital Improvement Fund to cash finance capital improvement projects. While these funds are used to support infrastructure investment, the village maintains the flexibility to use these resources to support operations should the need arise.

The village receives the majority of its operating revenue from sales tax receipts (44% in fiscal 2010), followed by property taxes (19%) and state shared income taxes (15%). The village has used sales tax revenue for general operations and revenues from a separate 0.75% home rule sales tax to fund annual capital expenditures such as road and park improvements, and other maintenance needs. While sales tax revenues are economically sensitive and considered a more volatile revenue source, the village has benefitted from budgeting conservatively for this revenue stream in light of the economic downturn. Following three consecutive years of declines, the village experienced an increase in sales tax revenues of 4.6% in 2011.

While audited results are not yet available, management indicates that the village ended fiscal 2011 with positive operations. Preliminary results indicate that the village's General Fund balance increased to \$29.7 million, or a robust 75.3% of revenues, with an unassigned General Fund balance of \$14.1 million, or a still strong 35.8% of revenues. Officials attribute the operating surplus to conservative budgeting for sales tax revenues and the close monitoring of departmental expenditures. The state had delayed its transfers of state shared income tax to the village by approximately four months throughout the year. This village has indicated that this trend has continued into fiscal 2012. Based on year to date trends, management expects to end the current year fiscal 2012 with balanced operations or a surplus, as sales tax revenues are currently exceeding budget by nearly 5%. The village's financial position is expected to remain strong due to management's commitment to maintaining sound liquidity, as well as the revenue raising flexibility afforded by home-rule status.

AVERAGE DEBT BURDEN ; SIGNIFICANT FUTURE BORROWING EXPECTED FOR DOWNTOWN TIF

The village's debt burden is expected to remain manageable due to continued tax base growth and the availability of land for future development. At 0.9% (3.0% overall), the village's direct debt burden is average. A significant portion of the village's overall debt is attributable to overlapping school districts. The village plans to issue up to \$65 million

in additional debt later this year as part of its efforts to develop the Main Street Triangle TIF area with a mix of luxury apartments and commercial presence. This additional debt would increase the village's direct debt burden to approximately 1.7%, based on 2010 values. While the debt will be secured by the village's general obligation pledge, officials expect that tax increment revenues will contribute to debt service payments. All of the village's debt is fixed rate and the village is not party to any interest rate swap agreements.

WHAT COULD CHANGE THE RATING - UP

-Continued expansion of the village's tax base combined with continued improvement in residential income indices

WHAT COULD CHANGE THE RATING - DOWN

-Significant declines in General Fund reserves and liquidity

-Significant tax base declines accompanied by deteriorating sales tax revenues

KEY STATISTICS:

2010 Census population: 56,767 (11.1% increase from 2000)

2010 Full valuation: \$8.3 billion

2010 Full value per capita: \$146,324

2006 - 2010 Per capita income: \$36,921 (128.3% of state / 135.1% of nation)

2006 - 2010 Median family income: \$96,740 (141.8% of state / 153.6% of nation)

Direct debt burden: 0.9% (3.0% overall)

Principal amortization (10 years): 83.1%

Fiscal 2010 General Fund balance: \$27.7 million (70.6% of General Fund revenues)

Fiscal 2010 Unreserved General Fund balance: \$14.1 million (36.1% of General Fund revenues)

Post-sale general obligation unlimited tax debt outstanding: \$74.7 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.moody's.com for a copy of this methodology.

REGULATORY DISCLOSURES

The Global Scale Credit Ratings on this press release that are issued by one of Moody's affiliates outside the EU are endorsed by Moody's Investors Service Ltd., One Canada Square, Canary Wharf, London E 14 5FA, UK, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that has issued a particular Credit Rating is available on www.moody's.com.

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moody's.com.

Information sources used to prepare the rating are the following: parties involved in the ratings, parties not involved in the ratings, and public information.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

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RatingsDirect®

Summary:

Orland Park, Illinois; General Obligation

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Summary:

Orland Park, Illinois; General Obligation

Credit Profile

US\$9.23 mil GO rfdg bn ds ser 2012A due 12/01/2025

Long Term Rating

AA+/Stable

New

Rationale

Standard & Poor's Ratings Services has assigned its 'AA+' long-term rating to the village of Orland Park, Ill.'s series 2012A general obligation (GO) refunding bonds. At the same time, Standard & Poor's affirmed its 'AA+' long-term rating and underlying rating (SPUR) on the village's existing GO debt. The outlook on all the ratings is stable.

The rating reflects our view of the village's:

- Participation in the Chicago area's deep and diverse economy;
- Large and stable tax base;
- Very strong wealth and income levels;
- Stable financial operations supported by good management practices and very strong reserves.

These strengths are partially limited by the village's heavy reliance on economically sensitive sales tax revenues to support operations; however very strong reserves and recent positive revenue trends mitigate this factor, to an extent. An already moderate debt burden and elevated carrying charges, which are expected to grow with future debt plans, present additional limiting credit considerations.

The bonds are a GO of the village, payable from ad valorem taxes levied against all taxable property.

Orland Park is an affluent, home-rule community situated 26 miles southwest of downtown Chicago in Cook County; a small portion of the village (8.7% of the tax base) is located in Will County. The village has experienced rapid growth during the past 40 years; its population grew to more than 51,000 in 2000 from 6,900 in 1970. According to the 2010 U.S. Census, the village's population grew another 11.1% in the past 10 years to 56,767. However, we observe that future growth prospects are starting to taper as the village nears build out. Economic development efforts, both new construction and redevelopment, are focused on continued expansion of the village's retail base, which is a regional draw and solidifies its status as one of the largest generators of sales-tax revenue in the state. Retail sales per capita amount to 188% of national levels.

Equalized assessed valuation (AV) growth has slowed in recent years, to a 2.7% increase for levy year 2009 and 1% decline for levy year 2010. Roughly one-third of the tax base is made up of commercial and industrial properties, and residential properties account most of the remaining two-thirds. Fair market value is estimated at \$8.31 billion, or \$146,324 per capita, which is extremely strong, in our opinion. The village's property tax base is very diverse, with the 10 leading taxpayers accounting for just 10.9% of equalized AV (but the leading taxpayer, a mall, accounts for 5.2% of AV).

The village's income levels are very strong, in our view, with median household effective buying income at 142% and 147% of the state and national averages, respectively. Easy access to the greater Chicago area economy's employment base contributes to a below-average unemployment rate. The village's unemployment rate for 2011 averaged 8.2%, which was below Cook County and state rates, which were 10.4% and 8.9%, respectively.

In our view, the village's finances are stable, due in part to proactive management and conservative budget practices. Furthermore, home-rule status provides increased taxing and borrowing capacity, as well as a wider array of tax sources with fewer limitations compared to entities without this status. While the village imposes its own 0.75-cent home-rule-sales tax and a property tax, there are other taxes it does not impose, such as a utility tax, food and beverage tax, or transfer tax.

The village's budget relies heavily on economically sensitive sales tax revenues, which decreased during the economic downturn but appear to be stabilizing. Sales tax revenues are derived from a share of the state's 1% municipal sales tax, as well as the aforementioned home-rule-sales tax. The village collected \$26.7 million of sales tax revenues for the 12-month period ended June 30, 2011. While this amount is still below prerecessionary levels, it represented 4.6% year-over-year growth, compared to decreases of 9% and 1% in 2009 and 2010, respectively. Sales tax revenues were budgeted at flat levels for 2012 and are trending ahead of the budget, according to management.

The village uses the majority of its home-rule-sales taxes, which account for about a third of overall sales tax revenues, to pay for street improvements and other infrastructure projects. The state municipal sales taxes mainly flow to the general fund. On an unaudited basis, the general fund received \$17.5 million of sales tax revenues in 2011, which accounted for 44% of overall general fund revenues.

As of its most recently audited fiscal year-end (Dec. 31, 2010), the village posted a \$2.3 million surplus, increasing the general fund balance to \$27.7 million, of which \$14.1 million, or a very strong 45% of fund expenditures, was unreserved. The \$13.5 million reserved portion of the fund balance represents long-term loan receivables from tax increment financing (TIF) funds. Officials report that increased cost-control measures were put in place to offset the still slumping revenues, leading to positive results. The village's draft audit for fiscal 2011 indicates a \$2 million general fund operating surplus. However, we understand that the Home Rule Sales Tax and Main Street Triangle TIF funds, both historically accounted for as special revenue funds, will be reported within the general fund in the fiscal 2011 audit, under Governmental Accounting Standards Board Statement No. 54 provisions. According to the draft audit, the fiscal 2011 general fund unassigned balance would be \$14.1 million (41%) on its own, but at \$22.6 million (61%) on a combined basis. The difference is largely attributable to reserves in the Home Rule Sales Tax fund, but management expects this fund to revert to separate accounting in fiscal 2012. Surplus operations for the past year are largely attributable to revenues outperforming conservative estimates and continued vacant positions.

The village budgeted the use of about \$3.3 million in general fund reserves for fiscal 2012. According to management, the budgeted result was part of an effort to bring reserves more in line with policy levels, and the draw reflects the spending of previous years' surplus revenues to rehire previous years' vacant positions. Management reports that many revenues are trending positively, which is likely to lead to better-than-budgeted results. The village's council-approved fund balance policy calls for the general fund to be maintained at a level equal to at least 20% of annual expenditures, with a goal of 25%. In our opinion this reserve policy and a historical maintenance of reserves

above this level helps provide cushion against fluctuations in sales tax revenues.

We consider Orland Park's management practices to be "good" under Standard & Poor's Financial Management Assessment, indicating that practices exist in most areas, although not all may be formalized or regularly monitored by management. The village does not currently produce a multiple-year financial plan. However, management tells us it is developing a financial planning tool. Capital budgeting is done with the help of a 10-year capital plan that is updated annually and covers buildings, streets, water, sewer, and other village facilities. The village maintains formal reserve and investment policies, and reports to the council on its investment portfolio and budget progress on a monthly basis.

Outlook

The stable outlook is based on Standard & Poor's expectation that the village will maintain steady financial operations and at least very strong reserves that are in line with policy levels. Rating stability is also embedded in the village's participation in the diverse Chicago metropolitan area economy, which provides a deep and steady platform for long-term property and sales tax stability. However, should the budget fall out of balance, whether due to a prolonged return to revenue growth or potential shortfalls in revenues intended to pay debt service, rating pressure could arise. We do not expect the rating to change within the two-year outlook horizon, however, given management's track record of making timely adjustments and positively trending sales taxes.

Debt And Other Liabilities

Orland Park independently manages a defined benefit pension for its eligible police department employees and, similar to many other plans, has experienced a market-driven drop in assets. The unfunded actuarially accrued liability (UAAL) was \$16.1 million, which was adequately funded at 76% as of Dec. 31, 2010. By comparison, as of Sep. 30, 2006, the UAAL was \$8.2 million and 83% funded. The village's annual payments to the police pension are based on an actuarially determined annual required contribution (ARC). The village also participates in the Illinois Municipal Retirement Fund, a multiple-employer pension plan. The UAAL for the village's share of the system was \$11.3 million, which was 72% funded as of Dec. 31, 2010. By comparison, the UAAL was \$3.6 million as of Dec. 31, 2006, and it was 89% funded. The village made its required contribution payments to both plans in fiscal 2010. Retirees in the police pension program receive health care benefits equal to the cost of HMO coverage; all other retirees are allowed to stay on the village's health insurance plan, but they are responsible for paying the entire insurance premium themselves.

The village intends to use series 2012 bond proceeds to advance refund its outstanding series 2006 GO bonds for interest-cost savings. Following the refunding, the village's total long-term GO debt outstanding will stand at \$74.7 million. Overall debt levels are moderate, in our opinion, at \$4,357 per capita and 3% of market value. Debt service carrying charges were elevated at 15% of total governmental funds expenditures, excluding capital outlay, in fiscal 2010. This is partly mitigated by above-average debt amortization, since 80% of GO debt outstanding is due to be retired in 10 years and due to be fully amortized in 20 years. The village recently began construction on a mixed-use redevelopment project, which is anticipated to be financed by up to \$65 million in GO bonds and privately placed bank loans issued within the next 12 months. Factoring in expected future debt, we expect the debt burden to remain at a

moderate level as a percent of market value, yet grow to a high per capita level. The village anticipates much of the annual debt service related to the new project to be funded through developer agreements; however, should development not pan out at forecasted levels, the village would likely need to either increase property taxes or make budget adjustments to bridge potential debt service shortfalls.

Related Criteria And Research

- USPF Criteria: GO Debt, Oct. 12, 2006
- State And Local Government Ratings Are Not Directly Constrained By That Of The U.S. Sovereign, Aug. 8, 2011

Ratings Detail (As Of July 2, 2012)

Orland Pk Vill GO

Long Term Rating

AA+/Stable

Affirmed

Orland Pk Vill GO

Unenhanced Rating

AA+(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

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