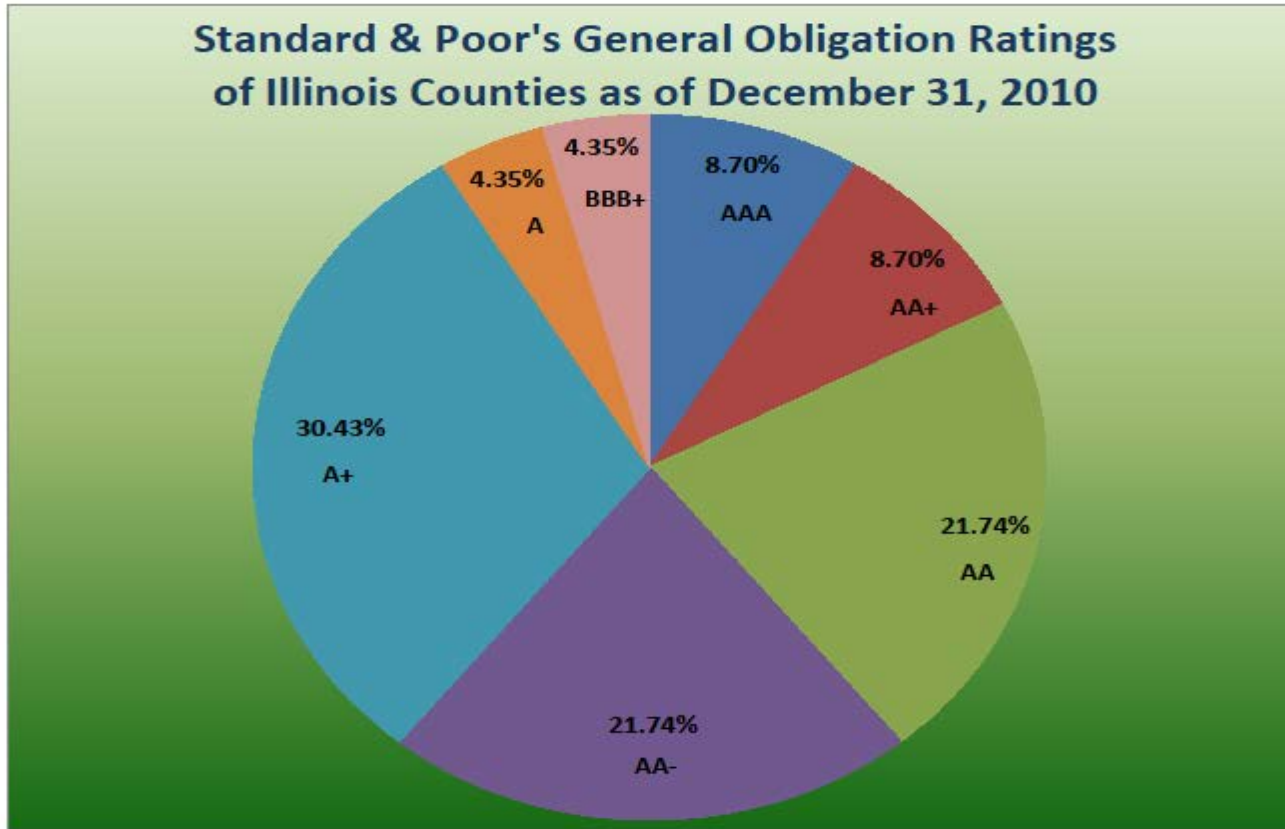


COUNTY OF KANE

COMMITTEE OF THE WHOLE WORKSHOP

FEBRUARY 22, 2011

Dave Phillips
dphillips@speerfinancial.com



82.60% of Counties have ratings lower than Kane County

17.40% of Counties have ratings equal to or greater than Kane County

CREDIT RATING CRITERIA

MULTIPLE YEAR TRENDS AND SINGLE YEAR GEOGRAPHIC ANALYSIS

MANAGEMENT

- Board-Staff Relations
- Union Contracts/Outlook For Salary Increases/Labor Peace
- Vision/Strategic Planning & Risk Taking
- Planning/Preparation
- Creativity/Innovation
- Responsiveness
- Consistency
- Operational Efficiency
- Leadership Stability - Administrative & Elected

CREDIT RATING CRITERIA

MULTIPLE YEAR TRENDS AND SINGLE YEAR GEOGRAPHIC ANALYSIS

FINANCES

- Fund Balance/Discretionary Reserves
- Cash Flow/Liquidity
- Revenue Mix/Balance/
- Growth of Base
- Balance Sheet
- Revenues and Expenditures -
- Extraordinary items?
- Tax Extensions & Collections
- Equalized Assessed Valuation
- (residential, commercial, industrial mix)
- Tax Rates (Individual Funds & Overall)
- Ability to Compress Spending Growth
- Revenue/Rate Raising Flexibility

CREDIT RATING CRITERIA

MULTIPLE YEAR TRENDS AND SINGLE YEAR GEOGRAPHIC ANALYSIS

PLANNING

- Budgeting-Operations & Capital
- Capital Needs
- Economic Development/Redevelopment
- Financial Goals
- Growth Management

CREDIT RATING CRITERIA

MULTIPLE YEAR TRENDS AND SINGLE YEAR GEOGRAPHIC ANALYSIS

DEBT LEVELS

- Direct (Issuer) Debt Levels and Retirement Rapidity
- Indirect (Overlapping)
- Debt Levels
- Future Needs
- Issuance Authority/Availability
- Debt Structure/Asset Life
- Pension & Retirement Obligations/Funding
- Availability of Internal Funding for Capital Purposes
- Off Balance Sheet Obligations
- Source/Strength of Debt Repayment Revenues

CREDIT RATING CRITERIA

MULTIPLE YEAR TRENDS AND SINGLE YEAR GEOGRAPHIC ANALYSIS

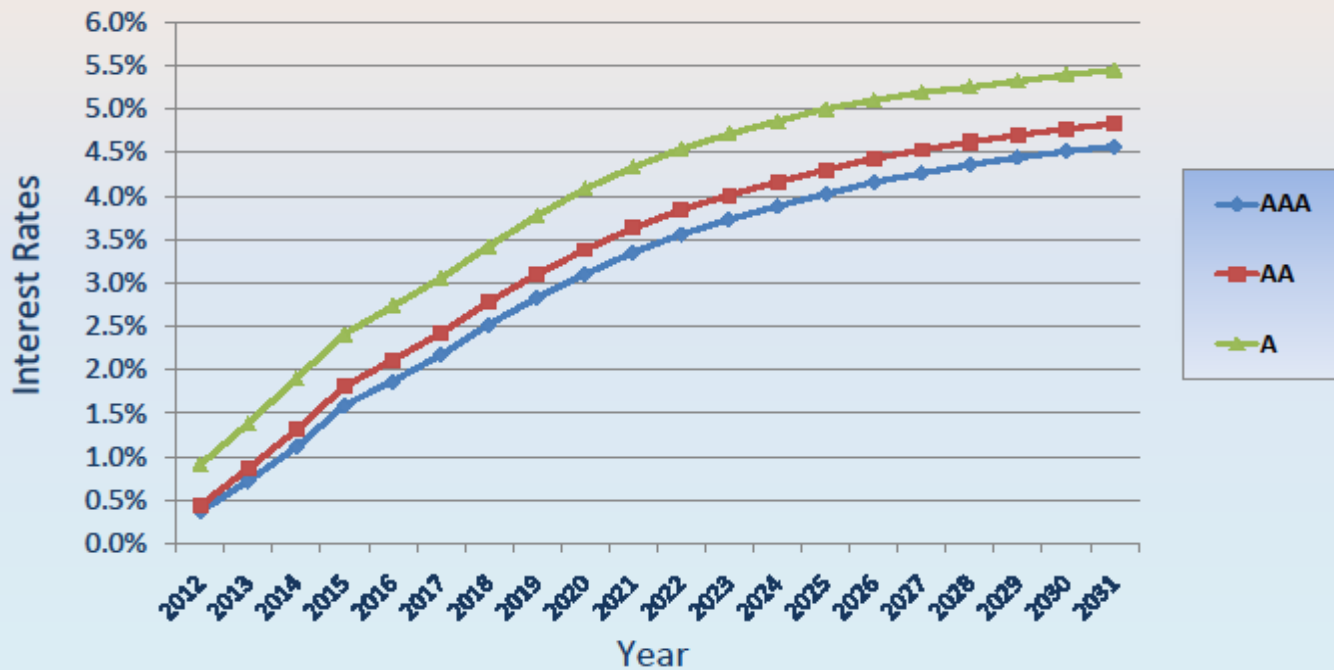
SOCIO-ECONOMIC

- Employment by Industry & occupation
- Largest Employers - Issuer and Area Unemployment
- Population Trends
- Largest Taxpayers/Industry Concentration
- Per Capita & Household Income
- Home Values, Affordability, Ownership, Distribution
- Effective Buying Income - Personal Income
- Private Investment Trends

STANDARD & POOR'S RATING EVALUATION

Criteria	2010	Note
Rating	AA+ StableGO	affirmed
Tax Base	\$46.4B market value (\$15.5B EAV)	dropped 2.5%
Per Capita EAV	\$90,853	very strong
Median household effective buying income	121% of state & 125% of national average	strong
Ending Fund Balance	57% of expenditures	very strong
Per Capita Debt levels	\$3,942	moderate
Rationale	Participation in deep & diverse Chicago MSA economy strong wealth & income indicators very strong financial reserves conservative financial management financial management practices considered "good"	
Offsetting	tax base lacks depth & diversity of a higher rating	

BMO Capital Markets General Market Bond Yields for the week ending February 4, 2011



INTEREST RATE AND COST COMPARISON

Series 2009 & 2010 Bonds

Series	Par Size	Actual TIC	Actual Net Total Interest Cost	Comparable TIC for "A" credit (+62bps)	Comparable Net Total Interest Cost	Difference in Interest Costs
2009	\$ 40,000,000	2.46%	\$ 1,969,973	3.08%	\$ 2,479,778	\$ 509,805
2010	<u>7,670,000</u>	3.06%	<u>1,513,537</u>	3.68%	<u>1,840,110</u>	<u>326,572</u>
	\$ 47,670,000		\$ 3,483,510		\$ 4,319,888	\$ 836,378