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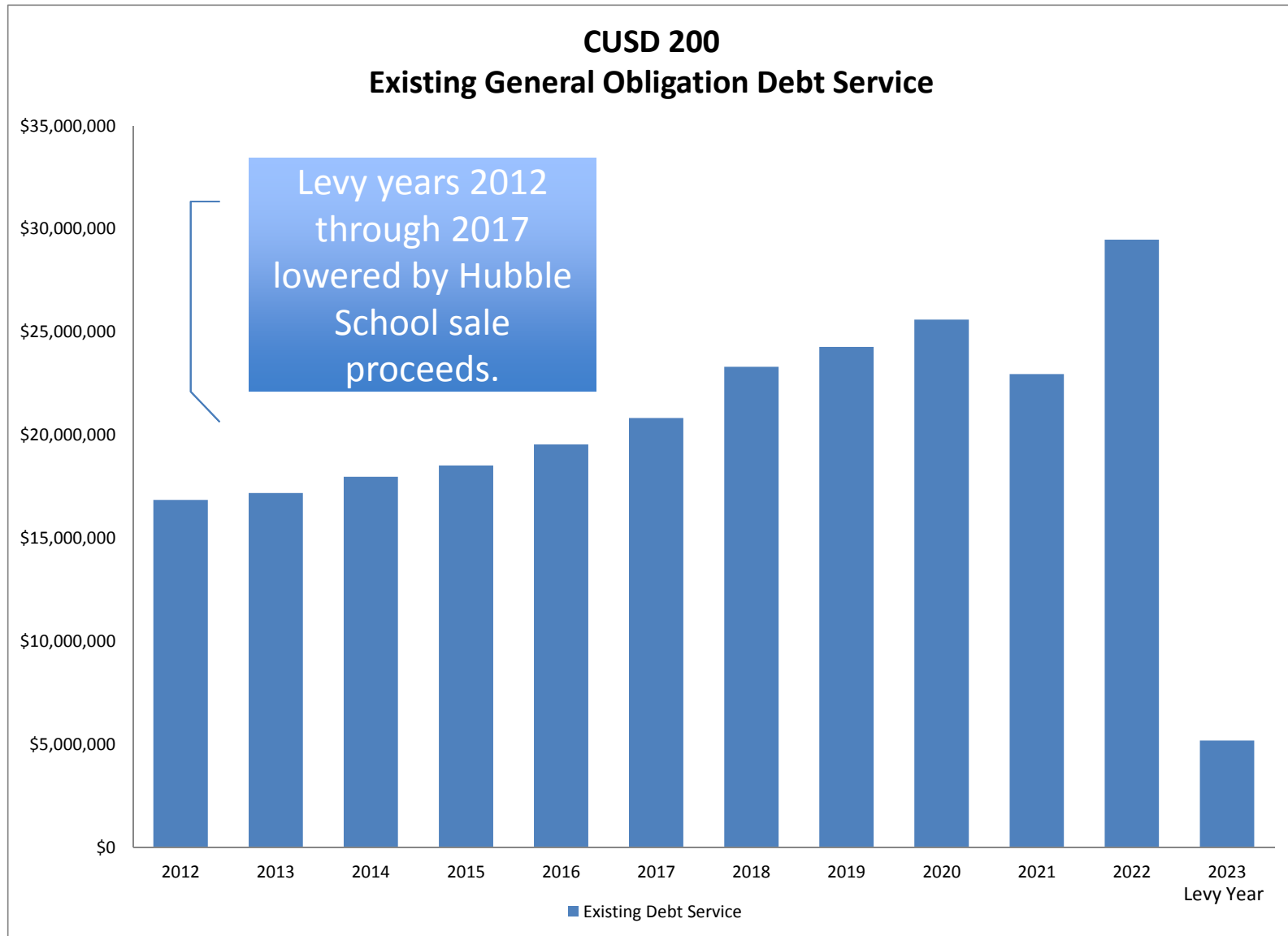
Financing Options for Capital  
Projects and Restructuring

Robert Lewis  
Managing Director, Senior Vice President

January 8, 2014

# Current Debt Overview

## Existing GO Debt Service (Principal and Interest)



# Debt Service Extension Base & Types of Non-Referendum Bonds

- The District may issue non-referendum or limited tax bonds
- Annual debt service payments are limited to the District's Debt Service Extension Base ("DSEB")
  - The original \$3,230,041 DSEB was determined in tax year 1994 and was equal to the amount of non-referendum debt service for that year
  - Public Act 96-0501, enacted in 2009, allows a District to increase its DSEB annually by the Consumer Price Index (CPI)
  - The levy year 2013 DSEB is \$3,530,505
- When issuing non-referendum bonds, a District may make assumptions about future increases in the CPI and DSEB

## Non-Referendum Bonds Debt Service

Levy Year	Fiscal Year	Non-Referendum Bonds Debt Service					Total	Non	Remaining Margin
		\$1,715,000 GO Refunding Limited School Bonds Series 2003A (FSA)	\$5,585,000 GO Limited School Bonds Series 2004B (FSA)	\$8,740,000 Taxable GO Limited School Bonds Series 2009A (FSA)	\$5,165,000 GO Limited School Bonds Series 2009B (FSA)	\$6,045,000 GO Limited School Bonds Series 2009E (FSA)		Referendum Debt Service Extension Base Created W/1994 Levy (1)	
2007	2009	\$ 60,000	\$ 222,400	\$ -	\$ -	\$ -	\$ 3,205,250	\$ 3,230,041	\$ 24,791
2008	2010	60,000	171,600	367,123	217,342	209,917	3,284,006	3,230,041	(53,965)
2009	2011	60,000	1,313,300	400,498	237,100	851,600	3,205,035	3,233,271	28,236
2010	2012	60,000	1,717,500	400,498	237,100	787,500	3,202,598	3,320,569	117,972
2011	2013	60,000	1,530,000	400,498	237,100	974,738	3,202,335	3,370,378	168,043
2012	2014	550,000	-	400,498	237,100	2,015,300	3,202,898	3,471,489	268,592
2013	2015	628,000	-	400,498	237,100	1,920,713	3,186,310	3,530,505	344,195
2014	2016	408,000	-	2,579,329	237,100	-	3,224,429	3,583,462	359,033
2015	2017	-	-	2,991,398	237,100	-	3,228,498	3,583,462	354,965
2016	2018	-	-	2,989,916	237,100	-	3,227,016	3,583,462	356,446
2017	2019	-	-	917,599	2,309,800	-	3,227,399	3,583,462	356,063
2018	2020	-	-	-	3,126,250	-	3,126,250	3,583,462	457,212
2019	2021	-	-	-	-	-	-	3,583,462	3,583,462
2020	2022	-	-	-	-	-	-	3,583,462	3,583,462
2021	2023	-	-	-	-	-	-	3,583,462	3,583,462
2022	2024	-	-	-	-	-	-	3,583,462	3,583,462
2023	2025	-	-	-	-	-	-	3,583,462	3,583,462
<b>Total DS From</b>									
<b>Current FY:</b>		<u>\$ 1,586,000</u>	<u>\$ -</u>	<u>\$ 10,279,236</u>	<u>\$ 6,621,550</u>	<u>\$ 3,936,013</u>	<u>\$ 22,422,799</u>		

(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009. The applicable CPI increase has been applied to levy years 2009-2013, assumed to be 1.5% in 2014 and assumed to be 0.0% per year thereafter.

## Non-Referendum Bonds Debt Service

Levy Year	Fiscal Year	Non-Referendum Bonds Debt Service					Proposed \$10 Million DSEB Bonds, Series 2014 (2)	Total	Non Referendum Debt Service		Remaining Margin	Total Referendum Bonds Debt Service	Total General Obligation Debt Service	1.0% County Loss/Cost Debt Service
		GO Refunding Limited School Bonds Series 2003A (FSA)	GO Limited School Bonds Series 2004B (FSA)	Taxable GO Limited School Bonds Series 2009A (FSA)	GO Limited School Bonds Series 2009B (FSA)	GO Limited School Bonds Series 2009E (FSA)			Base Created W/1994 Levy (1)	Extension				
2007	2009	\$ 60,000	\$ 222,400	\$ -	\$ -	\$ -	\$ 3,205,250	\$ 3,230,041	\$ 24,791	\$ 9,907,755	\$ 13,113,005	\$ 13,244,135		
2008	2010	60,000	171,600	367,123	217,342	209,917	3,284,006	3,230,041	(53,965)	10,520,112	13,804,118	13,942,159		
2009	2011	60,000	1,313,300	400,498	237,100	851,600	3,205,035	3,233,271	28,236	11,369,742	14,574,777	14,720,525		
2010	2012	60,000	1,717,500	400,498	237,100	787,500	3,202,598	3,320,569	117,972	12,321,603	15,524,200	15,679,442		
2011	2013	60,000	1,530,000	400,498	237,100	974,738	3,202,335	3,370,378	168,043	13,114,735	16,317,070	16,480,241		
2012	2014	550,000	-	400,498	237,100	2,015,300	-	3,202,898	3,471,489	268,592	13,481,394	16,684,292	16,851,135	
2013	2015	628,000	-	400,498	237,100	1,920,713	248,321	3,434,631	3,530,505	95,874	13,821,952	17,256,582	17,429,148	
2014	2016	408,000	-	2,579,329	237,100	-	332,325	3,556,754	3,583,462	26,708	14,565,981	18,122,734	18,303,962	
2015	2017	-	-	2,991,398	237,100	-	332,325	3,560,823	3,583,462	22,640	15,105,184	18,666,007	18,852,667	
2016	2018	-	-	2,989,916	237,100	-	332,325	3,559,341	3,583,462	24,121	16,125,533	19,684,874	19,881,723	
2017	2019	-	-	917,599	2,309,800	-	332,325	3,559,724	3,583,462	23,738	17,394,579	20,954,303	21,163,846	
2018	2020	-	-	-	3,126,250	-	332,325	3,458,575	3,583,462	124,887	19,947,724	23,406,299	23,640,362	
2019	2021	-	-	-	-	-	2,217,325	2,217,325	3,583,462	1,366,137	24,036,102	26,253,427	26,515,961	
2020	2022	-	-	-	-	-	2,220,200	2,220,200	3,583,462	1,363,262	25,344,216	27,564,416	27,840,060	
2021	2023	-	-	-	-	-	2,217,150	2,217,150	3,583,462	1,366,312	22,728,400	24,945,550	25,195,006	
2022	2024	-	-	-	-	-	2,217,500	2,217,500	3,583,462	1,365,962	29,181,213	31,398,713	31,712,700	
2023	2025	-	-	-	-	-	2,220,400	2,220,400	3,583,462	1,363,062	5,121,875	7,342,275	7,415,698	
<b>Total DS From Current FY:</b>		<b>\$ 1,586,000</b>	<b>\$ -</b>	<b>\$ 10,279,236</b>	<b>\$ 6,621,550</b>	<b>\$ 3,936,013</b>	<b>\$ 13,002,521</b>	<b>\$ 35,425,319</b>			<b>\$ 216,854,152</b>	<b>\$ 252,279,471</b>	<b>\$ 254,802,266</b>	

(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009.

The applicable CPI increase has been applied to levy years 2009-2013, assumed to be 1.5% in 2014 and assumed to be 0.0% per year thereafter.

(2) Rates based upon the "AAA" MMD index for November 12, 2013 and recent bond sales which PMA believes to be accurate and reliable.

- Board reviews financing options January 8
- Publish notice of BINA hearing January 15
- Board adopts notice of intent resolution January 22
- Board holds BINA hearing January 22
- Publish notice of intent resolution January 23
- Expiration of 30-day petition period February 24
- Bond sale February 26
- Board adopts resolution authorizing sale of bonds February 26
- Bond Resolution filed with the County February 28
- Closing of bonds and delivery of proceeds March 26



# Restructuring Options

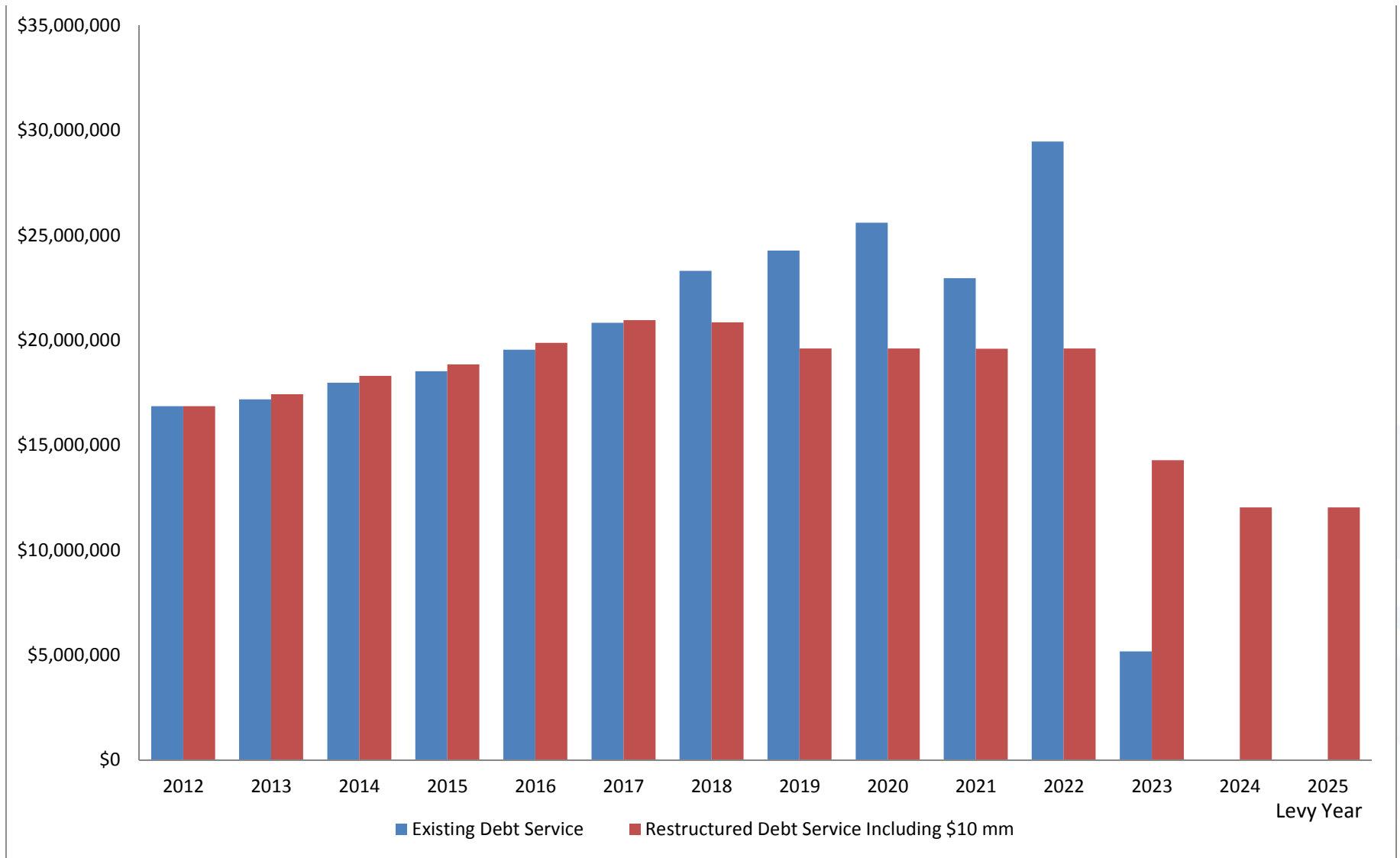


## Summary of Outstanding Principal

Lewy Year	Fiscal Year	\$1,715,000					\$9,080,000	\$8,740,000	\$8,130,000			\$10,555,000			Total
		GO Refunding Limited School Bonds Series 2003A	GO Refunding School Bonds Series 2004A	GO Refunding School Bonds Series 2005	GO Refunding School Bonds Series 2006	GO School Bonds Series 2008A	Taxable GO Refunding Bonds Series 2008B	Taxable GO Limited School Bonds Series 2009A	\$5,165,000	Taxable GO GO Limited School Bonds Series 2009B	Taxable GO GO Refunding School Bonds Series 2009C	\$43,515,000	\$6,045,000	Taxable GO Refunding School Bonds Series 2012	
2013	2015	\$ 600,000	\$ 1,325,000	\$ 1,300,000	\$ 1,195,000	\$ -	\$ 2,985,000	\$ -	\$ -	\$ -	\$ -	\$ 1,890,000	\$ -	\$ -	\$ 9,295,000
2014	2016	400,000	1,600,000	2,450,000	1,130,000	815,000	-	2,225,000	-	1,885,000	-	-	-	-	10,505,000
2015	2017	-	-	2,565,000	1,230,000	4,405,000	-	2,745,000	-	595,000	-	-	-	-	11,540,000
2016	2018	-	-	1,690,000	1,125,000	6,490,000	-	2,875,000	-	925,000	-	-	-	-	13,105,000
2017	2019	-	-	1,685,000	4,640,000	5,410,000	-	895,000	2,115,000	-	-	-	240,000	-	14,985,000
2018	2020	-	-	-	7,005,000	5,250,000	-	-	3,050,000	775,000	-	-	-	2,070,000	18,150,000
2019	2021	-	-	-	7,565,000	7,245,000	-	-	-	2,940,000	-	-	-	2,190,000	19,940,000
2020	2022	-	-	-	7,905,000	12,030,000	-	-	-	-	-	-	-	2,245,000	22,180,000
2021	2023	-	-	-	6,625,000	-	-	-	-	-	-	-	11,215,000	2,700,000	20,540,000
2022	2024	-	-	-	-	-	-	-	-	-	-	-	27,300,000	905,000	28,205,000
2023	2025	-	-	-	-	-	-	-	-	-	-	-	5,000,000	-	5,000,000
2024	2026	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2025	2027	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2026	2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2027	2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total:</b>		<b>\$ 1,000,000</b>	<b>\$ 2,925,000</b>	<b>\$ 9,690,000</b>	<b>\$ 38,420,000</b>	<b>\$ 41,645,000</b>	<b>\$ 2,985,000</b>	<b>\$ 8,740,000</b>	<b>\$ 5,165,000</b>	<b>\$ 7,120,000</b>	<b>\$ 43,515,000</b>	<b>\$ 1,890,000</b>	<b>\$ 10,350,000</b>	<b>\$ 173,445,000</b>	
Purpose:		AR	NM - WC AR	AR	AR	NM - BD AR	NM - BD AR	NM - WC AR	NM - WC AR	NM - WC AR	NM - WC AR	NM - WC AR	NM - WC AR	AR	
Callable:		11/1/2013	10/1/2014	11/1/2015	10/1/2016	10/1/2018	N/A	N/A	N/A	10/1/2019	10/1/2019	N/A	11/1/2020		
Interest Rates:		4.0%	3.65% - 5.0%	5.0%	4.0% - 4.5%	3.75% - 5.0%	4.2% - 4.4%	4.15% - 5.05%	4.0% - 5.0%	4.15% - 5.4%	4.875% - 5.25%	3.0% - 3.25%	1.92% - 3.5%		

- The restructuring should be done in phases due to the following factors
  - In some cases the call dates are several years out so the escrow established to advance refund the bonds would be inefficient
  - Some of the bonds to be refunded are not eligible for an advance refunding so the refunding bonds would have to be sold as *taxable* which can be 1.0% to 1.5% higher
  - The “Illinois Premium” paid by local issuers may go down in time
  - The District’s credit ratings of “Aa3” by Moody’s and “AA-” by Standard & Poor’s may improve overtime due to the District’s improved finances and procedures
- Waiting does entail market risk and tax law risk, but there are several known factors listed above that increase the cost of refinancing

**GO Debt Service –  
Before and After Restructuring Including \$10 Million 2014 Bonds**



- Benefits of the Restructuring
  - Debt service levels of at about \$21 million in levy year 2017 instead of peaking at \$29.4 million in levy year 2022
  - Structure includes \$10 million of new money
  - Structure allows for the use of non-referendum bonds without substantial increases in debt service
- Assuming current interest rates, the debt service is approximately \$4.9 million lower after the restructuring (net of the \$10 million of new money)
- Due to the characteristics of the bonds to be refunded, if the restructuring were done today, debt service would increase nearly \$15.2 million (net of the \$10 million of new money)

- **Series 2015 Refunding**
  - Approximately \$6.0 million bond issue
  - Refunds the Callable 2005 Bonds
  - *Issue Specific Reason for Waiting*: Refunding would be taxable and the call date is two years away
- **Series 2016 Refunding**
  - Approximately \$35 million bond issue
  - Refunds the Callable 2006 Bonds
  - *Issue Specific Reason for Waiting*: Refunding would be taxable and the call date is three years away
- **Series 2018 Refunding**
  - Approximately \$24 million bond issue
  - Refunds the Callable 2008A Bonds
  - *Issue Specific Reason for Waiting*: Call date is five years away
- **Series 2019 Refunding**
  - Approximately \$42 million bond issue
  - Refunds the Callable 2009D Bonds
  - *Issue Specific Reason for Waiting*: Refunding would be partially taxable and the call date is six years away

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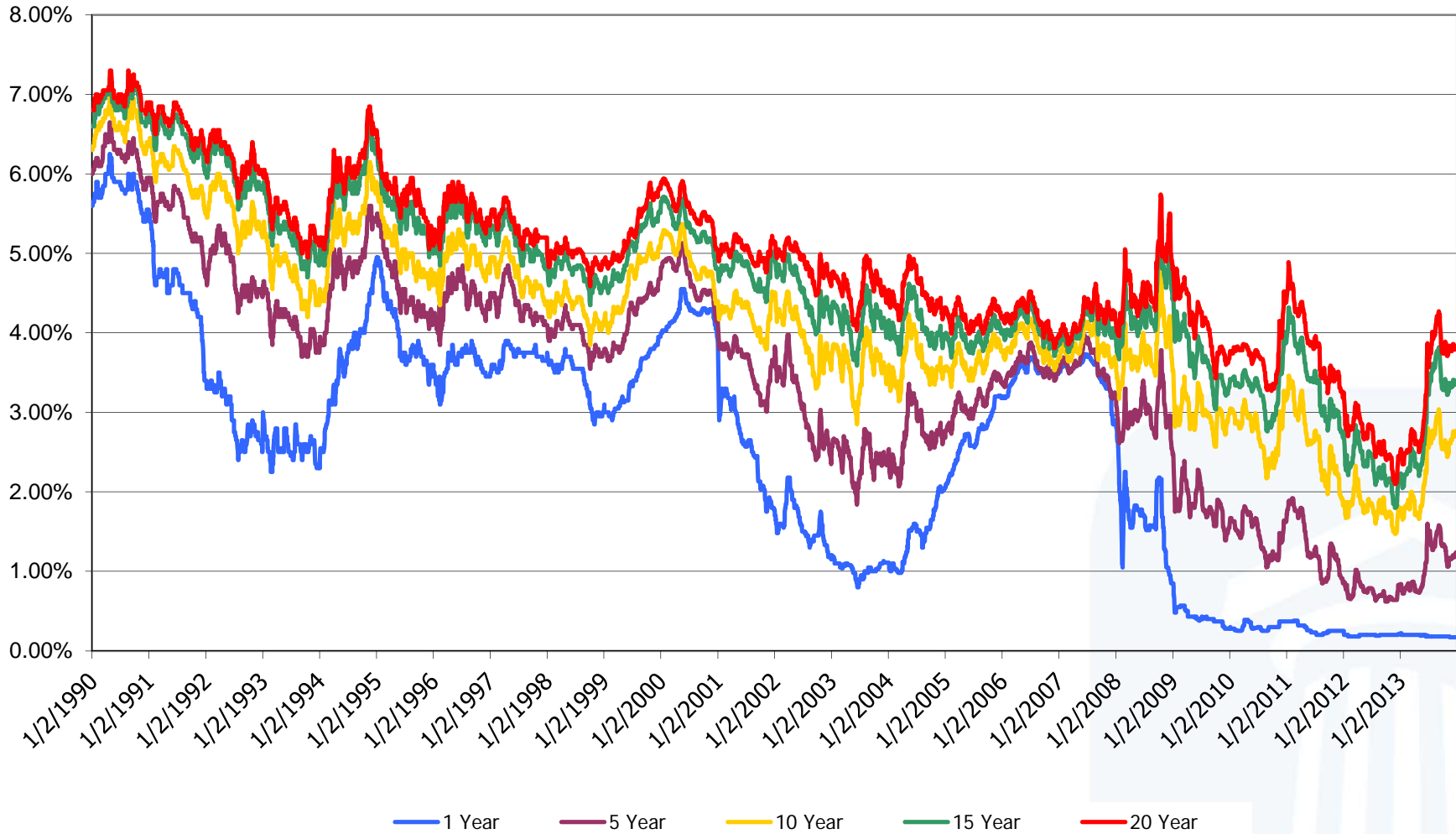
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# Appendix A: Market Update

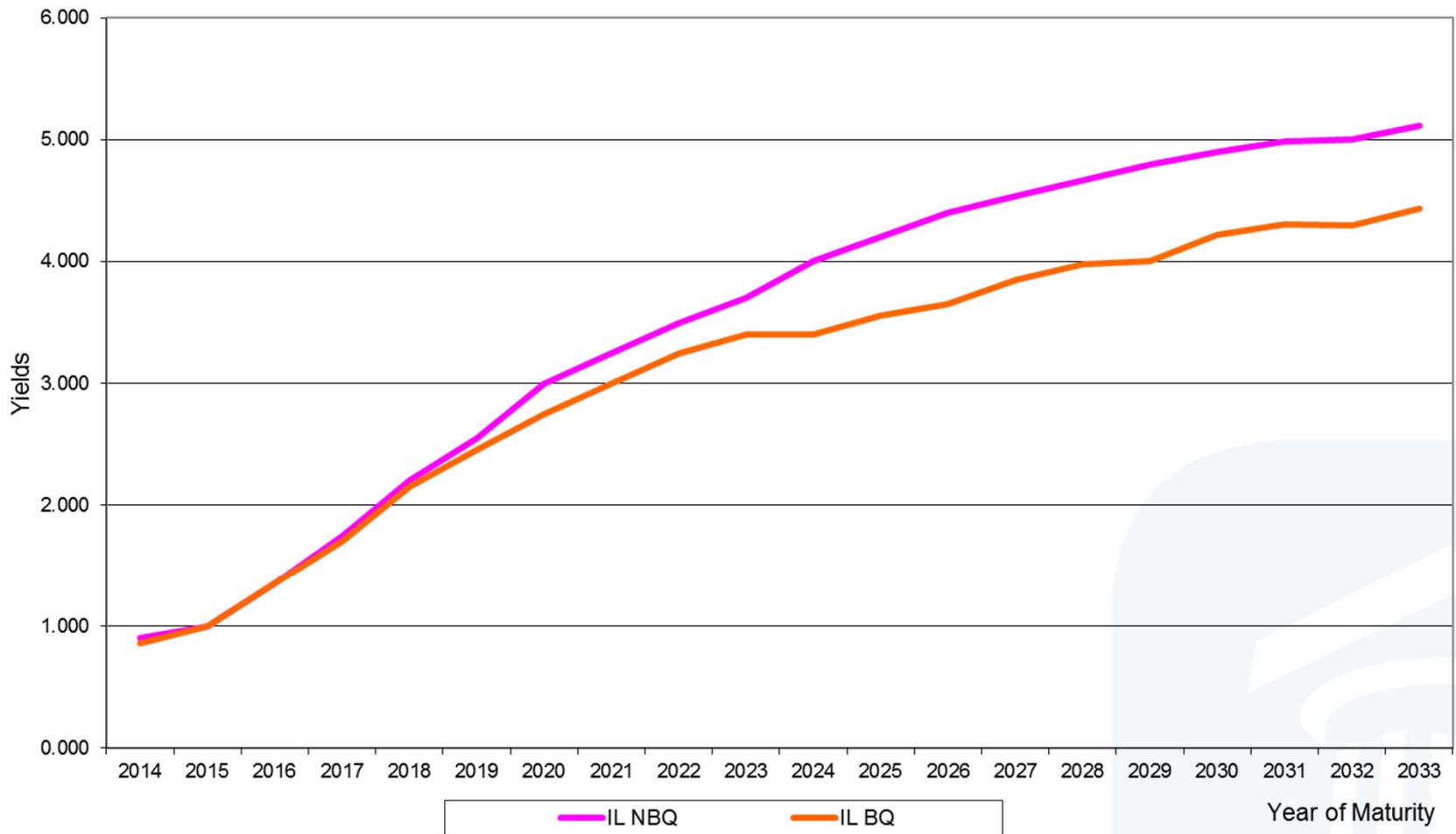




- Markets are concerned with the Fed's announcement that it may soon reduce some of its economic stimulus
  - “Tapering” of open market bond purchases
  - Timing and speed of Tapering depends upon economic news regarding the improvement of the labor market
- City of Detroit bankruptcy
  - Has the potential to redefine the meaning of a general obligation bond
  - Outcome of the bankruptcy will not be known for several months
- Illinois woes
  - 2013 super downgrade of the City of Chicago from Aa3 to A3 by Moody's
  - Uncertainty surrounding the State's pension reform

# Appendix B: Value of Bank Qualification

- Bank Qualification (“BQ”)
  - Bonds are designated as BQ if a district does not expect to issue more than \$10 million of tax-exempt securities in a single calendar year
  - Allows a financial institution to deduct 80% of its interest expense allocable to the purchase of tax-exempt securities essentially providing banks an additional tax benefit
  - Typically banks will buy the bonds at lower interest rates



\*Estimated yields that municipal issuers would pay selling federally tax-exempt municipal bonds as of the week of October 1, 2013.

# Appendix C: Types of Non-Referendum Bonds

- Non-referendum or Limited Tax Bonds may be issued under the IL School Code as follows:
  - Working Cash Bonds
    - Can be issued for capital projects or working capital
    - Limited by working cash formula
    - Requires 30-day petition period
    - Requires Bond Issue Notification Act (“BINA”) Hearing
  - Life Safety Bonds
    - Requires life safety approvals to issue bonds
    - Requires BINA Hearing
  - Funding Bonds
    - Issued to payoff a claim or liability (e.g. debt certificate)
    - Requires 30-day petition period
    - Requires BINA Hearing
  - Tort Bonds (Not applicable)

