

FINANCING UPDATE

Raymond James Public Finance

PREPARED BY: Elizabeth Hennessy, Managing Director

PREPARED FOR:

Community Consolidated School District 15
Cook County, Illinois

September 11, 2019



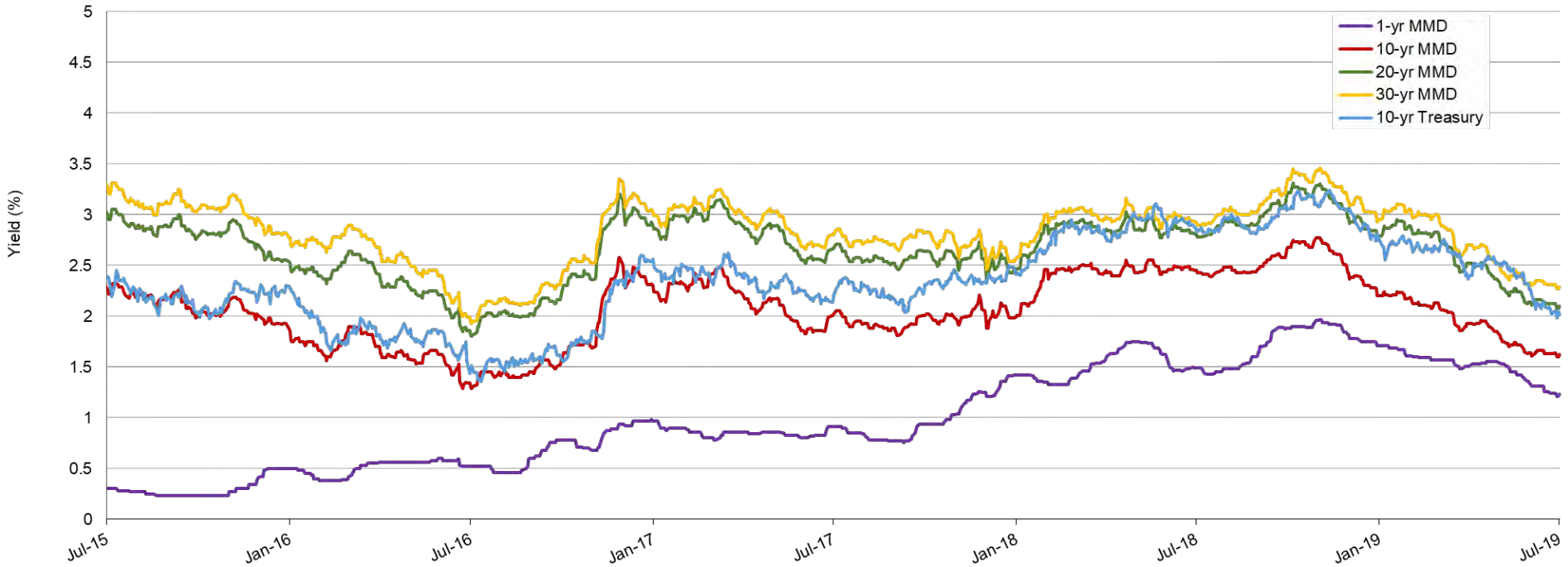
RAYMOND JAMES

| | |
|------------------|---|
| SECTION 1 | Market Update |
| SECTION 2 | Debt Limit and Outstanding Debt Summary |
| SECTION 3 | Financing Options |

Market Update

Section 1

AAA-MMD Index and Treasury Rates (5-year period)



Current Situation

Section 2

| | | |
|---------------------------------|----------------|------------------------|
| Equalized Assessed Valuation | 2018 | \$ 3,459,009,224 |
| TIF EAV | | <u>87,028,712</u> |
| TOTAL EAV | | \$ 3,546,037,936 |
| (Times) | | |
| Statutory Debt Limit PERCENTAGE | 6.9% | \$ 244,676,618 |
| (Less) | | |
| Outstanding Bond Principal | 33,171,204 | |
| Other Direct GO Debt | <u>591,689</u> | |
| Total Direct GO Debt | | <u>\$ (33,762,893)</u> |
| Net Debt Limit | | \$ 210,913,724 |

- The District can issue bonds without a referendum to fund capital projects, if the debt service payments fit within the District’s Debt Service Extension Base (DSEB) \$5,854,013.
- The Debt Service Extension Base is based on the 1994 tax levy for non-referendum debt service and is part of the Tax Limitation Law. The law was amended in 2009 to allow CPI increases to be applied to the DSEB.
- The types of limited bonds the District can issue include:

Working Cash Fund Bonds

- ✓ Can be used either for capital or operating;
- ✓ requires a petition period and public hearing

Life Safety Bonds

- ✓ Proceeds must be used for life safety projects only which are approved by the State and Regional Superintendent of Schools;
- ✓ requires public hearing

Funding Bonds

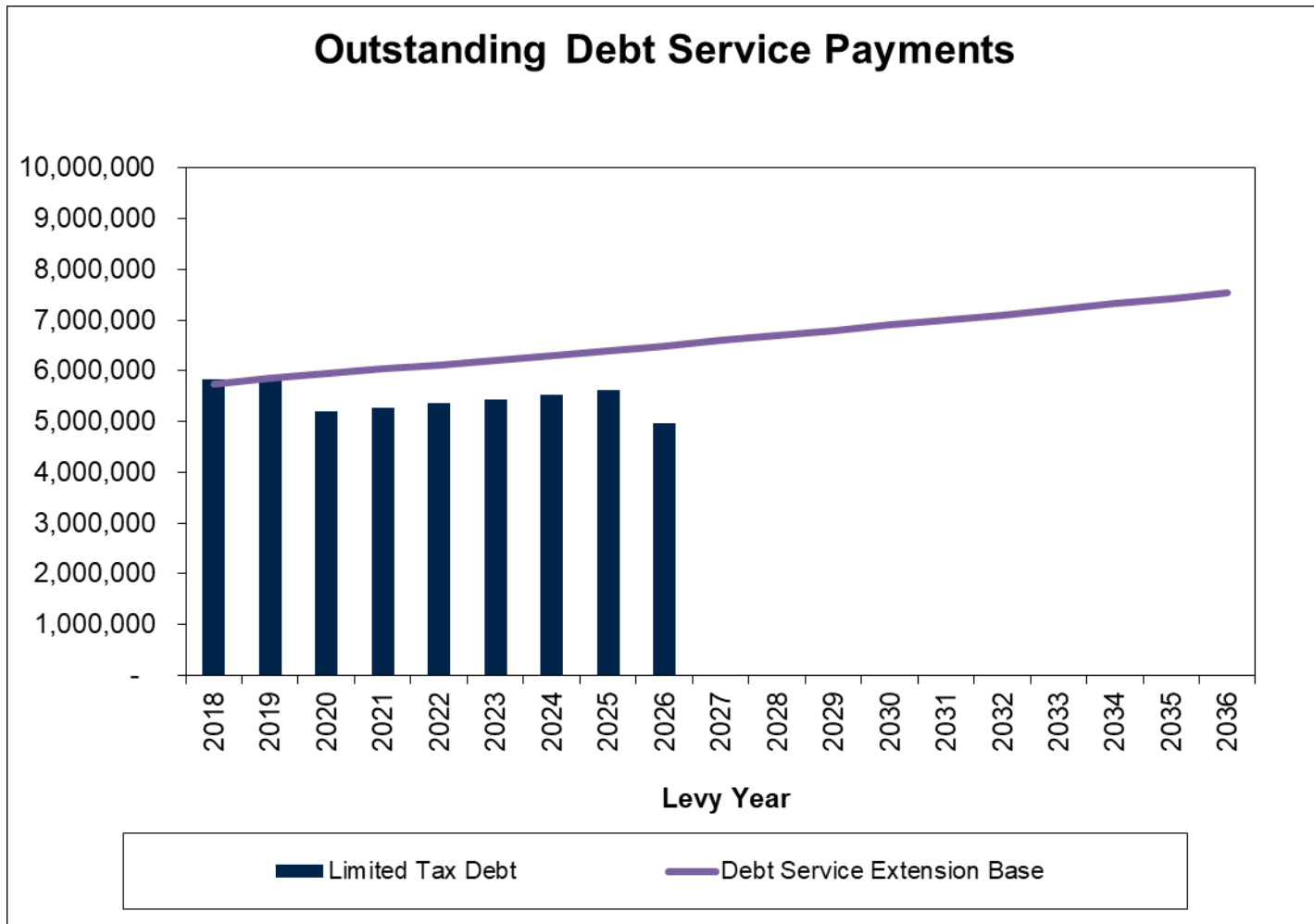
- ✓ Can be used to refund debt obligations of the District such as lease or debt certificates;
- ✓ requires petition period and public hearing

- Limited Bonds do not negatively impact the operating funds of the District.
- They are paid through the bond and interest tax levy up to the Debt Service Extension Base as described above.
- Best practice is to amortize bonds quickly to reduce interest cost and allow flexibility for future projects.

OUTSTANDING DEBT SERVICE

| Community Consolidated School District Number 15 (Palatine), Cook County, Illinois | | | | | | | |
|--|--------------------------------|----------|---------------------------|---------------------|---------------------------|-------------------------|-------------------------------|
| Summary of Outstanding Debt Service Tax Rate | | | | | | | |
| Tax Year | Equalized Assessed Valuation** | % Change | Debt Service Ext. Base ** | (CPI) DSEB % Change | Current DSEB Debt Service | Remaining DSEB Capacity | Current Debt Service Tax Rate |
| 2018 | 3,459,009,224 | -2.52% | 5,744,860 | 2.10% | 5,839,650 | (94,790) | 0.169 |
| 2019 | 3,459,009,224 | 0.00% | 5,854,013 | 1.90% | 5,839,650 | 14,363 | 0.169 |
| 2020 | 3,459,009,224 | 0.00% | 5,941,823 | 1.50% | 5,204,650 | 737,173 | 0.150 |
| 2021 | 3,459,009,224 | 0.00% | 6,030,950 | 1.50% | 5,263,900 | 767,050 | 0.152 |
| 2022 | 3,459,009,224 | 0.00% | 6,121,414 | 1.50% | 5,351,400 | 770,014 | 0.155 |
| 2023 | 3,459,009,224 | 0.00% | 6,213,236 | 1.50% | 5,444,400 | 768,836 | 0.157 |
| 2024 | 3,459,009,224 | 0.00% | 6,306,434 | 1.50% | 5,533,950 | 772,484 | 0.160 |
| 2025 | 3,459,009,224 | 0.00% | 6,401,031 | 1.50% | 5,631,350 | 769,681 | 0.163 |
| 2026 | 3,459,009,224 | 0.00% | 6,497,046 | 1.50% | 4,968,600 | 1,528,446 | 0.144 |
| 2027 | 3,459,009,224 | 0.00% | 6,594,502 | 1.50% | - | 6,594,502 | 0.000 |
| 2028 | 3,459,009,224 | 0.00% | 6,693,419 | 1.50% | - | 6,693,419 | 0.000 |
| 2029 | 3,459,009,224 | 0.00% | 6,793,821 | 1.50% | - | 6,793,821 | 0.000 |
| 2030 | 3,459,009,224 | 0.00% | 6,895,728 | 1.50% | - | 6,895,728 | 0.000 |
| 2031 | 3,459,009,224 | 0.00% | 6,999,164 | 1.50% | - | 6,999,164 | 0.000 |
| 2032 | 3,459,009,224 | 0.00% | 7,104,151 | 1.50% | - | 7,104,151 | 0.000 |
| 2033 | 3,459,009,224 | 0.00% | 7,210,713 | 1.50% | - | 7,210,713 | 0.000 |
| 2034 | 3,459,009,224 | 0.00% | 7,318,874 | 1.50% | - | 7,318,874 | 0.000 |
| 2035 | 3,459,009,224 | 0.00% | 7,428,657 | 1.50% | - | 7,428,657 | 0.000 |
| 2036 | 3,459,009,224 | 0.00% | 7,540,087 | 1.50% | - | 7,540,087 | 0.000 |
| Total | | | | | \$ 43,237,900 | \$ 76,707,162 | |

Note: CPI assumed at 1.5% from 2020 and onwards
 **Uses District EAV and Debt Service Extension Base assumptions



Financing Options

Section 3

- In 2016 and 2017, the District issued \$27.25M of bonds to address critical “A” category life safety items with bonds paid from the Debt Service Extension Base (DSEB)
- District still has \$97.8M of “B” category life safety items to complete by 2021 (District may apply for an extension from ISBE).

| School | "B" Items* | "C" Items* | Beyond LS* | School Total |
|--------------------|---------------------|---------------------|---------------------|----------------------|
| Carl Sandburg | \$4,821,845 | \$896,294 | \$407,963 | \$6,126,101 |
| Central Road | \$1,614,580 | \$478,812 | \$761,530 | \$2,854,922 |
| Frank Whiteley | \$5,319,763 | \$549,797 | \$849,922 | \$6,719,482 |
| Gray Sanborn | \$7,792,084 | \$1,841,407 | \$265,176 | \$9,898,666 |
| Hunting Ridge | \$3,404,039 | \$881,199 | \$761,530 | \$5,046,768 |
| Jane Addams | \$6,679,434 | \$639,005 | \$441,959 | \$7,760,399 |
| John Conyers | \$5,196,762 | \$2,678,002 | \$265,176 | \$8,139,940 |
| Kimball Hill | \$5,169,973 | \$490,643 | \$4,512,609 | \$10,173,225 |
| Kiszka ESC | \$2,384,541 | \$783,152 | \$324,602 | \$3,492,295 |
| Lake Louise | \$4,387,229 | \$691,632 | \$639,821 | \$5,718,682 |
| Lincoln | \$3,076,309 | \$600,657 | \$761,530 | \$4,438,496 |
| Marion Jordan | \$5,457,858 | \$819,461 | \$849,922 | \$7,127,241 |
| Pleasant Hill | \$4,271,775 | \$1,526,664 | \$2,222,716 | \$8,021,155 |
| Plum Grove | \$5,377,490 | \$1,504,158 | \$407,963 | \$7,289,610 |
| Stuart Paddock | \$4,613,240 | \$769,825 | \$938,314 | \$6,321,379 |
| Thomas Jefferson | \$4,552,590 | \$598,753 | \$441,959 | \$5,593,302 |
| Virginia Lake | \$4,933,762 | \$2,024,310 | \$761,530 | \$7,719,602 |
| Walter Sundling | \$3,986,338 | \$1,492,599 | \$407,963 | \$5,886,899 |
| Willow Bend | \$4,166,045 | \$871,204 | \$761,530 | \$5,798,779 |
| Winston Campus | \$10,607,025 | \$1,620,903 | \$530,351 | \$12,758,279 |
| GRAND TOTAL | \$97,812,681 | \$21,758,476 | \$17,314,064 | \$136,885,221 |

* Includes 15% escalation, 10% contingency, and 7.5% A&E fees

- In order to address the critical life safety B items, we suggest a multi-source funding approach over the next five years;
- Funding sources are all within the constraints of the Tax Limitation Law and the District's current resources as outlined below:
 1. Life Safety Bonds (DSEB)
 2. O&M Fund Budget
 3. Debt Certificates (repaid from operating funds)
- DSEB bonds maintain conservative practice of 10 year payback with flexibility for future issues
- Debt Certificates that are repaid from operating funds have 10 year payback with level debt service for ease of budgeting
- The District typically budgets between \$4M and \$7M annually to address capital projects in the O&M fund – the debt certificate options would pledge a portion of these amounts

Option 1 - (Pledging \$6M/Year Operating Funds)

| Fiscal Year | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | Total |
|--|-------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|
| Life Safety Bonds (DSEB) | 15,000,000 | | | | | 15,000,000 | 30,000,000 |
| O&M Operating Budget | 6,000,000 | 6,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 24,000,000 |
| Debt Certificates (\$3M/10 Year Payback) | | 28,000,000 | | | | | 26,880,000 |
| Total Funding for Projects | 21,000,000 | 34,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 18,000,000 | 80,880,000 |

Option 2 - (Pledging \$5M/Year Operating Funds)

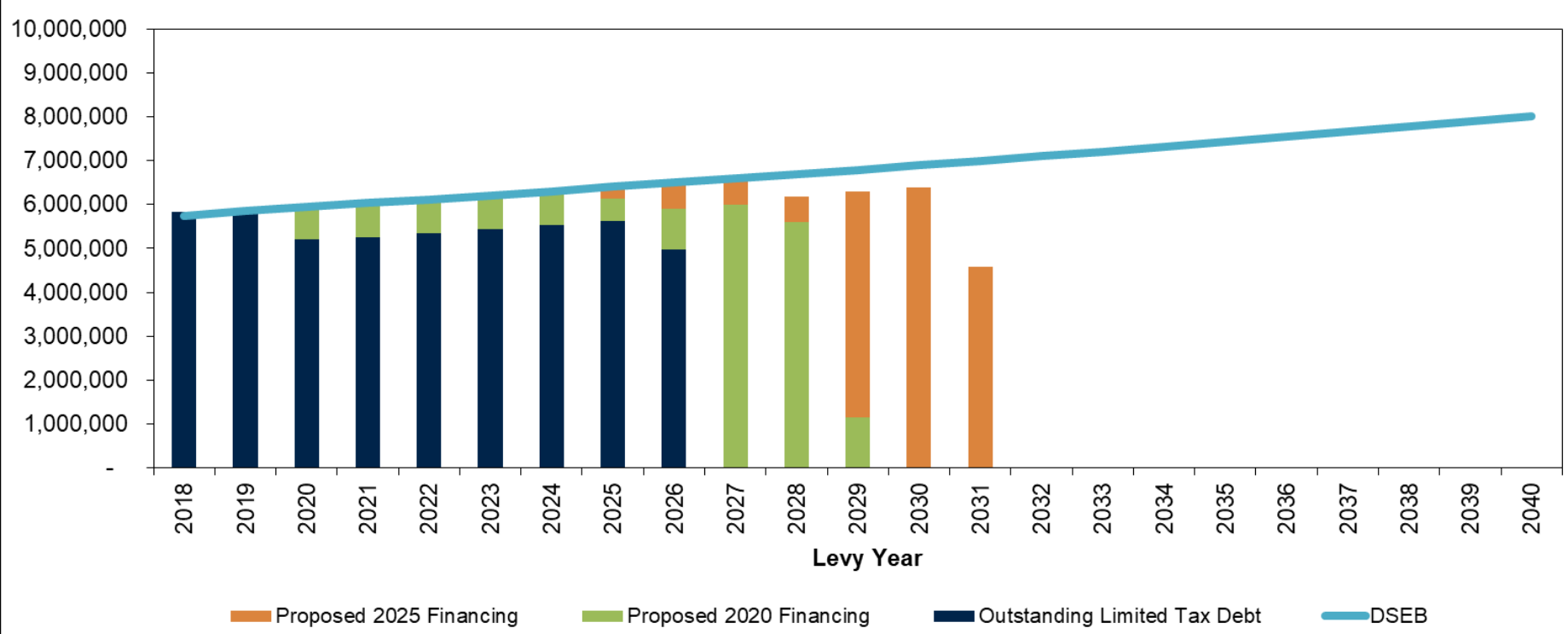
| Fiscal Year | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | Total |
|--|-------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|
| Life Safety Bonds (DSEB) | 15,000,000 | | | | | 15,000,000 | 30,000,000 |
| O&M Operating Budget | 5,000,000 | 5,000,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 20,000,000 |
| Debt Certificates (\$2.5M/10 Year Payback) | | 23,000,000 | | | | | 22,400,000 |
| Total Funding for Projects | 20,000,000 | 28,000,000 | 2,500,000 | 2,500,000 | 2,500,000 | 17,500,000 | 72,400,000 |

DSEB BONDS: \$15M FEB 2020 AND \$15M MAY 2025

| Tax Year | Debt Service Ext. Base | (CPI) DSEB % Change | Current DSEB Debt Service | Current Debt Service Tax Rate | Proposed 2020 Financing | | Proposed 2025 Financing | | Projected DSEB Debt Service | Remaining DSEB Capacity | Projected Debt Service Tax Rate |
|--------------|------------------------|---------------------|----------------------------------|-------------------------------|--|------------------|-----------------------------------|------------------|-----------------------------|-------------------------|---------------------------------|
| | | | | | \$15M February 2020 DSEB Debt Service* | LESS Cap I | \$15M May 2025 DSEB Debt Service* | LESS Cap I | | | |
| 2018 | 5,744,860 | 2.10% | 5,839,650 | 0.169 | | | | | 5,839,650 | (94,790) | 0.17 |
| 2019 | 5,854,013 | 1.90% | 5,839,650 | 0.169 | 452,167 | (452,167) | | | 5,839,650 | 14,363 | 0.17 |
| 2020 | 5,941,823 | 1.50% | 5,204,650 | 0.150 | 732,600 | | | | 5,937,250 | 4,573 | 0.17 |
| 2021 | 6,030,950 | 1.50% | 5,263,900 | 0.152 | 765,000 | | | | 6,028,900 | 2,050 | 0.17 |
| 2022 | 6,121,414 | 1.50% | 5,351,400 | 0.155 | 765,800 | | | | 6,117,200 | 4,214 | 0.18 |
| 2023 | 6,213,236 | 1.50% | 5,444,400 | 0.157 | 766,200 | | | | 6,210,600 | 2,636 | 0.18 |
| 2024 | 6,306,434 | 1.50% | 5,533,950 | 0.160 | 771,200 | | 347,900 | (347,900) | 6,305,150 | 1,284 | 0.18 |
| 2025 | 6,401,031 | 1.50% | 5,631,350 | 0.163 | 495,600 | | 596,400 | (325,000) | 6,398,350 | 2,681 | 0.18 |
| 2026 | 6,497,046 | 1.50% | 4,968,600 | 0.144 | 930,600 | | 596,400 | | 6,495,600 | 1,446 | 0.19 |
| 2027 | 6,594,502 | 1.50% | - | - | 5,993,200 | | 596,400 | | 6,589,600 | 4,902 | 0.19 |
| 2028 | 6,693,419 | 1.50% | - | - | 5,592,600 | | 596,400 | | 6,189,000 | 504,419 | 0.18 |
| 2029 | 6,793,821 | 1.50% | - | - | 1,149,200 | | 5,136,400 | | 6,285,600 | 508,221 | 0.18 |
| 2030 | 6,895,728 | 1.50% | - | - | | | 6,384,800 | | 6,384,800 | 510,928 | 0.18 |
| 2031 | 6,999,164 | 1.50% | - | - | | | 4,576,000 | | 4,576,000 | 2,423,164 | 0.13 |
| 2032 | 7,104,151 | 1.50% | - | - | | | | | - | 7,104,151 | - |
| 2033 | 7,210,713 | 1.50% | - | - | | | | | - | 7,210,713 | - |
| 2034 | 7,318,874 | 1.50% | - | - | | | | | - | 7,318,874 | - |
| 2035 | 7,428,657 | 1.50% | - | - | | | | | - | 7,428,657 | - |
| 2036 | 7,540,087 | 1.50% | - | - | | | | | - | 7,540,087 | - |
| 2037 | 7,653,188 | 1.50% | - | - | | | | | - | 7,653,188 | - |
| 2038 | 7,767,986 | 1.50% | - | - | | | | | - | 7,767,986 | - |
| 2039 | 7,884,506 | 1.50% | - | - | | | | | - | 7,884,506 | - |
| 2040 | 8,002,774 | 1.50% | - | - | | | | | - | 8,002,774 | - |
| Total | | | \$ 43,237,900 | | \$ 18,414,167 | (452,167) | \$ 18,830,700 | (672,900) | \$ 79,357,700 | | |
| | | | Proceeds | | 15,000,000 | | 15,000,000 | | 30,000,000 | | |
| | | | All-in-True Interest Cost | | 2.27% | | 3.13% | | | | |
| | | | Dated Date | | 2/1/2020 | | 5/1/2025 | | | | |

*Estimated Rates as of September 4, 2019. Preliminary, subject to change. Cushions are added to each proposed Series: 0.5% in 2020 and 1.50% in 2025.

Proposed Debt Service - \$30M DSEB Bonds

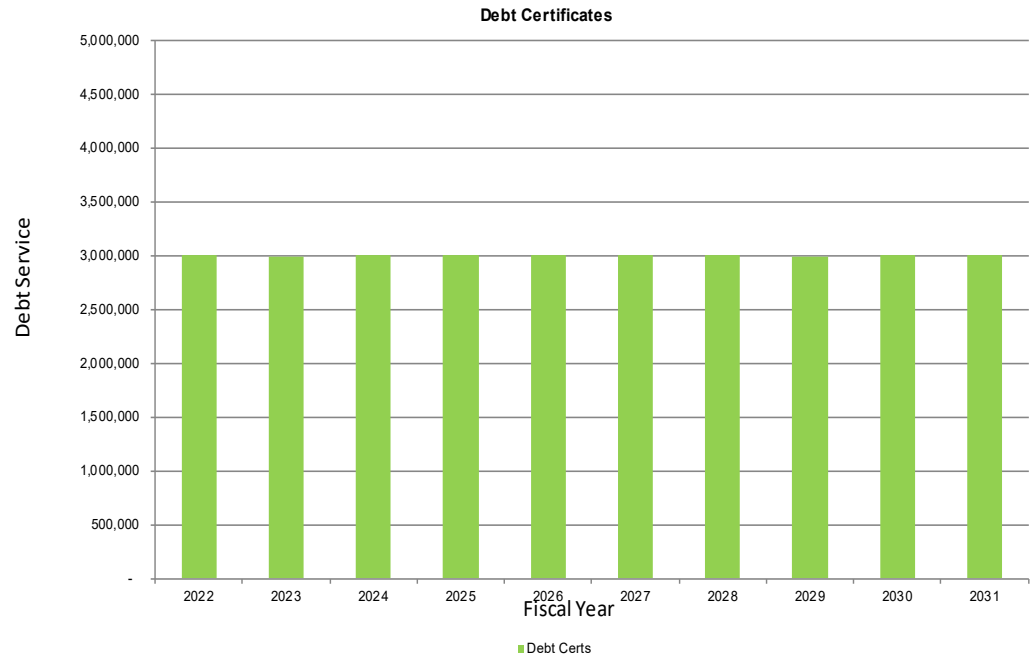


- Paid from general operating funds of the district; must budget for payments annually
- No petition period or public hearing required
- Can finance real or personal property; not operations
- Title transfer to district simultaneous with closing of purchase contract and financing
- Max maturity 20 years
- Market can penalizes debt certificates up to .05% v tax-backed bonds with the same rating

**Cook County School District No. 15 (Palatine)
Series 2021 \$3M / year Debt Certs**

| Year Ending (6/30) | Total Debt Service |
|--------------------|---------------------|
| 2022 | 3,004,533 |
| 2023 | 3,000,100 |
| 2024 | 3,002,900 |
| 2025 | 3,002,100 |
| 2026 | 3,002,600 |
| 2027 | 3,004,200 |
| 2028 | 3,001,800 |
| 2029 | 3,000,300 |
| 2030 | 3,004,400 |
| 2031 | 3,003,900 |
| TOTAL | \$30,026,833 |

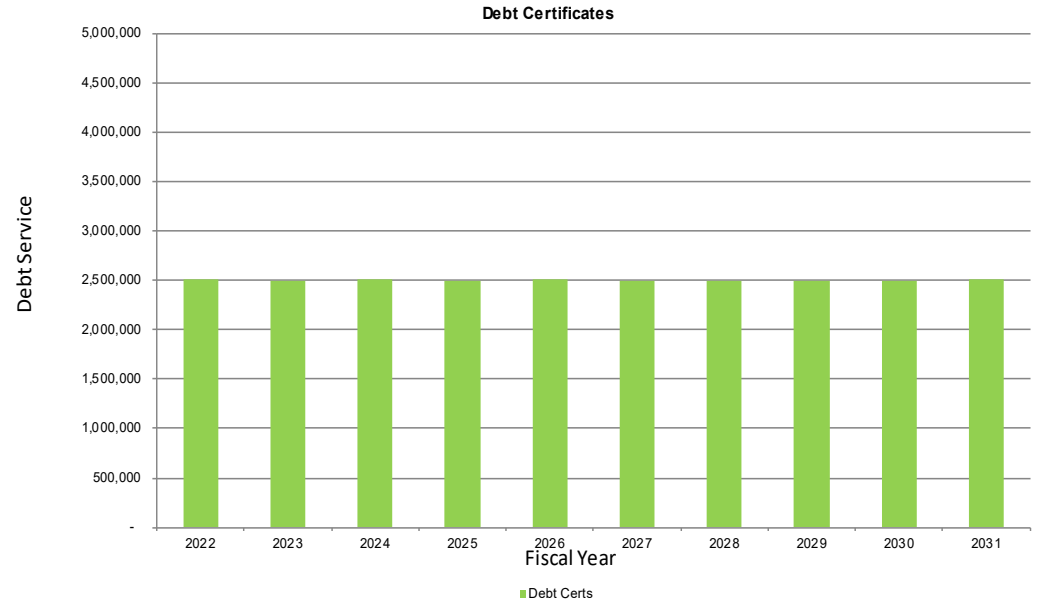
Dated Date 5/1/2021
All In True Interest Cost 2.20%
Proceeds \$26,889,824



**Cook County School District No. 15 (Palatine)
Series 2021 \$2.5M / year Debt Certs**

| Year Ending (6/30) | Total Debt Service |
|--------------------|---------------------|
| 2022 | 2,503,033 |
| 2023 | 2,501,000 |
| 2024 | 2,503,300 |
| 2025 | 2,502,600 |
| 2026 | 2,503,800 |
| 2027 | 2,501,800 |
| 2028 | 2,501,500 |
| 2029 | 2,502,700 |
| 2030 | 2,500,300 |
| 2031 | 2,504,100 |
| TOTAL | \$25,024,133 |

| | |
|----------------------------------|---------------------|
| Dated Date | 5/1/2021 |
| All In True Interest Cost | 2.20% |
| Proceeds | \$22,409,915 |



The information contained herein is solely intended to facilitate discussion of potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement. While we believe that the outlined financial structure or marketing strategy is the best approach under the current market conditions, the market conditions at the time any proposed transaction is structured or sold may be different, which may require a different approach.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive.

Raymond James shall have no liability, contingent or otherwise, to the recipient hereof or to any third party, or any responsibility whatsoever, for the accuracy, correctness, timeliness, reliability or completeness of the data or formulae provided herein or for the performance of or any other aspect of the materials, structures and strategies presented herein. This Presentation is provided to you for the purpose of your consideration of the engagement of Raymond James as an underwriter and not as your financial advisor or Municipal Advisor (as defined in Section 15B of the Exchange Act of 1934, as amended), and we expressly disclaim any intention to act as your fiduciary in connection with the subject matter of this Presentation. The information provided is not intended to be and should not be construed as a recommendation or “advice” within the meaning of Section 15B of the above-referenced Act. Any portion of this Presentation which provides information on municipal financial products or the issuance of municipal securities is only given to provide you with factual information or to demonstrate our experience with respect to municipal markets and products. Municipal Securities Rulemaking Board (“MSRB”) Rule G-17 requires that we make the following disclosure to you at the earliest stages of our relationship, as underwriter, with respect to an issue of municipal securities: the underwriter’s primary role is to purchase securities with a view to distribution in an arm’s-length commercial transaction with the issuer and it has financial and other interests that differ from those of the issuer.

Raymond James does not provide accounting, tax or legal advice; however, you should be aware that any proposed transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and/or legal counsel.

Raymond James and affiliates, and officers, directors and employees thereof, including individuals who may be involved in the preparation or presentation of this material, may from time to time have positions in, and buy or sell, the securities, derivatives (including options) or other financial products of entities mentioned herein. In addition, Raymond James or affiliates thereof may have served as an underwriter or placement agent with respect to a public or private offering of securities by one or more of the entities referenced herein.

This Presentation is not a binding commitment, obligation, or undertaking of Raymond James. No obligation or liability with respect to any issuance or purchase of any Bonds or other securities described herein shall exist, nor shall any representations be deemed made, nor any reliance on any communications regarding the subject matter hereof be reasonable or justified unless and until (1) all necessary Raymond James, rating agency or other third party approvals, as applicable, shall have been obtained, including, without limitation, any required Raymond James senior management and credit committee approvals, (2) all of the terms and conditions of the documents pertaining to the subject transaction are agreed to by the parties thereto as evidenced by the execution and delivery of all such documents by all such parties, and (3) all conditions hereafter established by Raymond James for closing of the transaction have been satisfied in our sole discretion. Until execution and delivery of all such definitive agreements, all parties shall have the absolute right to amend this Presentation and/or terminate all negotiations for any reason without liability therefor.