

Community Consolidated School District 15

Life Safety Financial Advisor & Funding Options

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Chief School Business Official
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Presentation Schedule

1. Financial Advisor
2. Funding Options
3. Sample Debt Retirement Schedule
4. Impact on homeowner of issuing Bonds
5. Fund balance scenarios
6. Advantages of issuing Bonds
7. Bond structure options
8. Calendar of Events
9. Questions



Financial Advisor

- Dodd-Frank authorized SEC to adopt rules for registration of municipal advisors and adopt rules governing municipal advisors
- Effective date of July 1, 2014
- RFP sent to three high quality firms; received two responses
- Municipal advisor = fiduciary duty to act in the best interest of its client
- Administration recommends William Blair financial advisor



Funding Options

- Pay for all items out of district funds
 - Effect on fund balance
- Issue life safety bonds
- Combination of district funds and life safety bonds



Fund Balance Scenarios

	Audited Actual 2013/14	Budget 2014/15	Budget Forecast 2015/16	Budget Forecast 2016/17	Budget Forecast 2017/18	Budget Forecast 2018/19
Beg. Fund Balance - Current	57,084,036	56,111,296	54,798,414	52,146,795	49,779,847	48,099,544
End. Fund Balance - Current	56,111,296 37.91%	54,798,414 36.63%	52,146,795 34.12%	49,779,847 32.42%	48,099,544 30.74%	47,018,725 29.62%
End. Fund Balance - Option 1 - all funded from district funds	56,111,296 37.91%	54,798,414 36.63%	52,146,795 34.12%	39,779,847 25.91%	28,099,544 17.96%	27,018,725 17.02%
End. Fund Balance - Option 2 - half funded from district funds	56,111,296 37.91%	54,798,414 36.63%	52,146,795 34.12%	44,779,847 29.16%	38,099,544 24.35%	37,018,725 23.32%

Debt Retirement Schedule

Community Consolidated School District 15 (Palatine), Cook County, Illinois
Summary of Outstanding Debt Service Tax Rate

Tax Year	Equalized Assessed		Debt Service Ext. Base	(CPI) DSEB % Change	Current Debt Service Levies	Current Debt Service Tax Rate	Current DSEB Debt Service	\$25MM	LESS	Projected DSEB Debt Service	Remaining DSEB Capacity	Projected Debt Service Tax Rate	Net Tax Rate Inc. Due to Bonds	Current Payments \$250,000 Home'	Impact on \$250,000 Home	Current Payments \$400,000 Home'	Impact on \$400,000 Home
	Valuation	% Change						Proposed DSEB Debt Service*	Funds on Hand in Debt Service								
2014	3,141,029,415	1.11%	5,429,227	1.50%	\$ 4,794,900	0.153	\$ 4,794,900			\$ 4,794,900	\$ 634,327	0.153	0.000	\$ 118	\$ -	\$ 194	\$ -
2015	3,141,029,415	0.00%	5,472,661	0.80%	4,794,900	0.153	4,794,900	806,250	(128,489)	5,472,661	-	0.174	0.022	118	17	194	27
2016	3,141,029,415	0.00%	5,527,387	1.00%	4,794,900	0.153	4,794,900	967,500	(235,013)	5,527,387	-	0.176	0.023	118	18	194	30
2017	3,141,029,415	0.00%	5,610,298	1.50%	4,794,900	0.153	4,794,900	967,500	(152,102)	5,610,298	-	0.179	0.026	118	20	194	33
2018	3,141,029,415	0.00%	5,694,452	1.50%	4,794,900	0.153	4,794,900	967,500	(67,948)	5,694,452	-	0.181	0.029	118	22	194	36
2019	3,141,029,415	0.00%	5,779,869	1.50%	4,794,900	0.153	4,794,900	967,500		5,762,400	17,469	0.183	0.031	118	24	194	39
2020	3,141,029,415	0.00%	5,866,567	1.50%	3,164,900	0.101	3,164,900	2,697,500		5,862,400	4,167	0.187	0.086	78	66	128	109
2021	3,141,029,415	0.00%	5,954,566	1.50%	3,171,950	0.101	3,171,950	2,778,300		5,950,250	4,316	0.189	0.088	78	68	129	113
2022	3,141,029,415	0.00%	6,043,884	1.50%	3,167,250	0.101	3,167,250	2,873,100		6,040,350	3,534	0.192	0.091	78	71	128	116
2023	3,141,029,415	0.00%	6,134,543	1.50%	-	0.000	-	6,131,100		6,131,100	3,443	0.195	0.195	-	151	-	249
2024	3,141,029,415	0.00%	6,226,561	1.50%	-	0.000	-	6,225,500		6,225,500	1,061	0.198	0.198	-	153	-	252
2025	3,141,029,415	0.00%	6,319,959	1.50%	-	0.000	-	6,247,500		6,247,500	72,459	0.199	0.199	-	154	-	253
2026	3,141,029,415	0.00%	6,414,759	1.50%	-	0.000	-	-		-	6,414,759	0.000	0.000	-	-	-	-
2027	3,141,029,415	0.00%	6,510,980	1.50%	-	0.000	-	-		-	6,510,980	0.000	0.000	-	-	-	-
2028	3,141,029,415	0.00%	6,608,645	1.50%	-	0.000	-	-		-	6,608,645	0.000	0.000	-	-	-	-
2029	3,141,029,415	0.00%	6,707,774	1.50%	-	0.000	-	-		-	6,707,774	0.000	0.000	-	-	-	-
2030	3,141,029,415	0.00%	6,808,391	1.50%	-	0.000	-	-		-	6,808,391	0.000	0.000	-	-	-	-
2031	3,141,029,415	0.00%	6,910,517	1.50%	-	0.000	-	-		-	6,910,517	0.000	0.000	-	-	-	-
2032	3,141,029,415	0.00%	7,014,174	1.50%	-	0.000	-	-		-	7,014,174	0.000	0.000	-	-	-	-
2033	3,141,029,415	0.00%	7,119,387	1.50%	-	0.000	-	-		-	7,119,387	0.000	0.000	-	-	-	-
2034	3,141,029,415	0.00%	7,226,178	1.50%	-	0.000	-	-		-	7,226,178	0.000	0.000	-	-	-	-
Total					\$ 33,478,600		\$ 33,478,600	\$ 31,629,250	\$ (583,552) ##	\$ 64,524,298	\$ 123,278,507			\$ 824	\$ 764	\$ 1,357	\$ 1,259

Debt Retirement Schedule

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								Proposed DSEB Debt Service*	Funds on Hand in Debt Service								
2014	3,141,029,415	1.11%	5,429,227	1.50%	\$ 4,794,900	0.153	\$ 4,794,900			\$ 4,794,900	\$ 634,327	0.153	0.000	\$ 118	\$ -	\$ 194	\$ -
2015	3,141,029,415	0.00%	5,472,661	0.80%	4,794,900	0.153	4,794,900	917,292	(239,531)	5,472,661	-	0.174	0.022	118	17	194	27
2016	3,141,029,415	0.00%	5,527,387	1.00%	4,794,900	0.153	4,794,900	1,100,750	(368,263)	5,527,387	-	0.176	0.023	118	18	194	30
2017	3,141,029,415	0.00%	5,610,298	1.50%	4,794,900	0.153	4,794,900	1,100,750	(285,352)	5,610,298	-	0.179	0.026	118	20	194	33
2018	3,141,029,415	0.00%	5,694,452	1.50%	4,794,900	0.153	4,794,900	1,100,750	(201,198)	5,694,452	-	0.181	0.029	118	22	194	36
2019	3,141,029,415	0.00%	5,779,869	1.50%	4,794,900	0.153	4,794,900	1,100,750	(115,781)	5,779,869	-	0.184	0.031	118	24	194	40
2020	3,141,029,415	0.00%	5,866,567	1.50%	3,164,900	0.101	3,164,900	1,100,750		4,265,650	1,600,917	0.136	0.035	78	27	128	45
2021	3,141,029,415	0.00%	5,954,566	1.50%	3,171,950	0.101	3,171,950	1,100,750		4,272,700	1,681,866	0.136	0.035	78	27	129	45
2022	3,141,029,415	0.00%	6,043,884	1.50%	3,167,250	0.101	3,167,250	1,105,750		4,273,000	1,770,884	0.136	0.035	78	27	128	45
2023	3,141,029,415	0.00%	6,134,543	1.50%	-	0.000	-	2,355,550		2,355,550	3,778,993	0.075	0.075	-	58	-	95
2024	3,141,029,415	0.00%	6,226,561	1.50%	-	0.000	-	2,390,350		2,390,350	3,836,211	0.076	0.076	-	59	-	97
2025	3,141,029,415	0.00%	6,319,959	1.50%	-	0.000	-	2,426,750		2,426,750	3,893,209	0.077	0.077	-	60	-	98
2026	3,141,029,415	0.00%	6,414,759	1.50%	-	0.000	-	2,465,250		2,465,250	3,949,509	0.078	0.078	-	61	-	100
2027	3,141,029,415	0.00%	6,510,980	1.50%	-	0.000	-	2,498,250		2,498,250	4,012,730	0.080	0.080	-	62	-	101
2028	3,141,029,415	0.00%	6,608,645	1.50%	-	0.000	-	2,535,750		2,535,750	4,072,895	0.081	0.081	-	62	-	103
2029	3,141,029,415	0.00%	6,707,774	1.50%	-	0.000	-	2,577,250		2,577,250	4,130,524	0.082	0.082	-	63	-	104
2030	3,141,029,415	0.00%	6,808,391	1.50%	-	0.000	-	2,612,250		2,612,250	4,196,141	0.083	0.083	-	64	-	106
2031	3,141,029,415	0.00%	6,910,517	1.50%	-	0.000	-	2,655,750		2,655,750	4,254,767	0.085	0.085	-	65	-	108
2032	3,141,029,415	0.00%	7,014,174	1.50%	-	0.000	-	2,692,000		2,692,000	4,322,174	0.086	0.086	-	66	-	109
2033	3,141,029,415	0.00%	7,119,387	1.50%	-	0.000	-	2,736,000		2,736,000	4,383,387	0.087	0.087	-	67	-	111
2034	3,141,029,415	0.00%	7,226,178	1.50%	-	0.000	-	2,772,000		2,772,000	4,454,178	0.088	0.088	-	68	-	112

Total \$ 33,478,600 \$ 33,478,600 \$ 39,344,692 \$ (1,210,124) ## \$ 71,613,168 \$ 116,189,638 \$ 824 \$ 939 \$ 1,357 \$ 1,546

Proceeds: 25,000,000
All-in-TIC: 3.941%

Impact to a Homeowner

Tax Year	Levy Year	DSEB	A Impact on \$250,000 Home	A Impact on \$400,000 Home	B Impact on \$250,000 Home	B Impact on \$400,000 Home
2014	2016	5,429,727				
2015	2017	5,472,661	17.00	27.00	17.00	27.00
2016	2018		18.00	30.00	18.00	30.00
2017	2019		20.00	33.00	20.00	33.00
2018	2020		22.00	36.00	22.00	36.00
2019	2021		24.00	39.00	24.00	40.00
2020	2022		66.00	109.00	27.00	45.00
2021	2023		68.00	113.00	27.00	45.00
2022	2024		71.00	116.00	27.00	45.00
2023	2025		151.00	249.00	58.00	95.00
2024	2026		153.00	252.00	59.00	97.00
2025	2027		154.00	253.00	60.00	98.00
2026	2028				61.00	100.00
2027	2029				62.00	101.00
2028	2030				62.00	103.00
2029	2031				63.00	104.00
2030	2032				64.00	106.00
2031	2033				65.00	108.00
2032	2034				66.00	109.00
2033	2035				67.00	111.00
2034	2036				68.00	112.00
			764.00	1257.00	937.00	1,545.00

Legislative Reasons for Life Safety Bonds

- Safety of students and staff is foremost in educational process
 - 10-year audits, as well as annual visits (fire marshal, safety inspections)
- Operating funds primarily used for educational purposes
- Levy amounts limited to CPI to cover cost of increases in educational expenses, not capital costs to build or adhere to safety codes



Advantages of Issuing Life Safety Bonds

- Preserves Fund Balance
 - Maintains high financial profile score
 - HB 4263 and SB 318 freezes property taxes for two years, beginning with 2017 levy year (2018-19 fiscal year)
- Current interest rate environment remains at historically low levels



Bond Structure Options

- One issue or two separate issues
 - Two issues saves interest cost (bank qualified)
 - Interest rate risk associated with two issues
 - Additional cost of issuance with two issues
- Bank qualified or non bank qualified
 - District may be able to issue bank qualified bonds in 2015 and non qualified bonds in 2016
 - Bank qualified bonds sell at a lower interest rate
 - Interest rate risk



Bond Structure Options (cont.)

- Delayed payment schedule
- Competitive bid or negotiated sale
- Financial Advisor will share benefits/drawbacks of options



Calendar of Events

1. District receives life safety approvals from the State
2. Determine the maximum amount to borrow of the approved amount
3. President executes an Order calling a Public Hearing
4. Notice of Hearing published, at least 7days and not more than 30, prior to Public Hearing
5. Posting of the Public Hearing notice at the District's principal office at least 48 hours before the Hearing



Calendar of Events (cont.)

6. School Board conducts Public Hearing
7. At least 7 days after the Public Hearing, the School Board adopts a Parameters Resolution authorizing the issuance and sale of Bonds
8. The Bonds are sold
9. The Bonds are issued (closed) about 2 weeks after the Bond sale



Questions/Discussion

