



**PMA**<sup>®</sup> **40**<sup>th</sup>  
ANNIVERSARY  
CELEBRATING 40 YEARS OF SERVING OUR CLIENTS



## Debt Discussion

**Tammie Beckwith Schallmo**

Senior Vice President, Managing Director  
PMA Securities, LLC

**Jasen Pinkerton**

Assistant Vice President, Quantitative Analyst  
PMA Securities, LLC

July 18, 2024



# Debt Capacity

Levy Year	2023	2024	2025	2026	2027
Collection Year	2024	2025	2026	2027	2028
Fiscal Year Ending 6/30	2025	2026	2027	2028	2029
Direct Debt, Beginning of Period (1)	\$ 16,715,000	\$ 15,565,000	\$ 14,700,000	\$ 13,805,000	\$ 12,875,000
Principal Paydown, Series 2015 (2)	(840,000)	(865,000)	-	-	-
Principal Paydown, Series 2016 (2)	-	-	(895,000)	(930,000)	(965,000)
Principal Paydown, Series 2018 (2)	-	-	-	-	-
Principal Paydown, Series 2021 (2)	(310,000)	-	-	-	-
Direct Debt, End of Period (1)	<u>\$ 15,565,000</u>	<u>\$ 14,700,000</u>	<u>\$ 13,805,000</u>	<u>\$ 12,875,000</u>	<u>\$ 11,910,000</u>
Equalized Assessed Valuation	\$ 826,091,837	\$ 826,091,837	\$ 826,091,837	\$ 826,091,837	\$ 826,091,837
Assumed EAV Increase		0.00%	0.00%	0.00%	0.00%
Statutory Debt Limit @ 6.90%	\$ 57,000,337	\$ 57,000,337	\$ 57,000,337	\$ 57,000,337	\$ 57,000,337
Direct Debt, End of Period as % of EAV	1.88%	1.78%	1.67%	1.56%	1.44%
Statutory Debt Margin at End of Period (1)	<u>\$ 41,435,337</u>	<u>\$ 42,300,337</u>	<u>\$ 43,195,337</u>	<u>\$ 44,125,337</u>	<u>\$ 45,090,337</u>

(1) Assumes that the principal due in the current year is paid or that the funds are set aside for payment. Does not include leases.

(2) Principal paid on December 1 of the fiscal year.



# Existing Principal on Bonds

Ley Year	Fiscal Year	\$8,505,000 GO Limited School Bonds, Series 2015	\$4,235,000 GO Limited School Bonds, Series 2016	\$5,910,000	\$6,365,000	Total	Ending Principal Balance	Cumulative Retirement as Percent of Total
				GO Limited Tax School Bonds, Series 2018	GO Limited Tax School Bonds, Series 2021			
2023	2025	\$ 840,000	\$ -	\$ -	\$ 310,000	\$ 1,150,000	\$ 15,565,000	6.88%
2024	2026	865,000	-	-	-	865,000	14,700,000	12.06%
2025	2027	-	895,000	-	-	895,000	13,805,000	17.41%
2026	2028	-	930,000	-	-	930,000	12,875,000	22.97%
2027	2029	-	965,000	-	-	965,000	11,910,000	28.75%
2028	2030	-	1,005,000	-	-	1,005,000	10,905,000	34.76%
2029	2031	-	410,000	670,000	-	1,080,000	9,825,000	41.22%
2030	2032	-	-	695,000	295,000	990,000	8,835,000	47.14%
2031	2033	-	-	725,000	360,000	1,085,000	7,750,000	53.63%
2032	2034	-	-	750,000	370,000	1,120,000	6,630,000	60.34%
2033	2035	-	-	785,000	380,000	1,165,000	5,465,000	67.30%
2034	2036	-	-	815,000	395,000	1,210,000	4,255,000	74.54%
2035	2037	-	-	-	1,245,000	1,245,000	3,010,000	81.99%
2036	2038	-	-	-	1,280,000	1,280,000	1,730,000	89.65%
2037	2039	-	-	-	1,320,000	1,320,000	410,000	97.55%
2038	2040	-	-	-	410,000	410,000	-	100.00%
<b>Total:</b>		<u>\$ 1,705,000</u>	<u>\$ 4,205,000</u>	<u>\$ 4,440,000</u>	<u>\$ 6,365,000</u>	<u>\$ 16,715,000</u>		

Purpose:	Working Cash	Working Cash	Working Cash & Life Safety	Working Cash
Callable:	Noncallable	12/01/24	12/01/27	12/01/30



## The Series 2016 Bonds

- ▶ The Series 2016 Limited Tax Bonds are callable on and after December 1, 2024 at par
  - ▶ \$4,205,000 of callable principal
  - ▶ Average rate of 3.85%
- ▶ Proceeds were used for capital projects
- ▶ Under federal tax law, the Bonds may be refunded at any time on a taxable basis
  - ▶ They may not be refunded on a tax-exempt current basis any sooner than early September of 2024 (closing)



## Non-Referendum GO Bonds

- ▶ Since the District is subject to the “tax cap”, the annual debt service (principal and interest) payments on non-referendum GO bonds are limited by the District’s Debt Service Extension Base (DSEB)
- ▶ Original DSEB was determined in tax year 1994 and was equal to the amount of non-referendum debt service levied for that year
- ▶ Public Act 96-0501, enacted in 2009, increases a district’s DSEB annually by the Consumer Price Index (CPI)
  - ▶ Original DSEB: \$1,395,552
  - ▶ DSEB as of levy year 2024: **\$1,974,100**



## Non-Referendum GO Bonds

- ▶ The following types of non-referendum GO bonds are subject to the District's DSEB:
  - ▶ Working Cash (for capital projects or operating capital)
    - ▶ If for capital, funds are abated (permanent transfer) to the O&M fund and then transferred to the capital projects fund
    - ▶ Maximum principal limited by a separate working cash formula
  - ▶ Funding (pays off a claim or liability like a land contract)
  - ▶ Tort
- ▶ All of these require a Bond Issue Notification Act (BINA) hearing
- ▶ Working Cash Bonds and Funding Bonds also require a back door referendum which is a 30-day petition process (10% of registered voters)



# Existing Debt Service on Bonds

## Non-Referendum Debt Service

Lew Year	Fiscal Year	District Contribution of Funds on Hand				District Contribution of Funds on Hand	Total	Non-Referendum Debt Service		Remaining Margin	5.0% County Loss/Cost Debt Service	EAV	Growth Rate	B&I Tax Rate
		\$8,505,000 GO Limited School Bonds, Series 2015	\$4,235,000 GO Limited School Bonds, Series 2016	\$5,910,000 GO Limited School Bonds, Series 2018	\$6,365,000 GO Limited School Bonds, Series 2021			Base Created W/1994 Levy (1)	Extension					
2021	2023	\$ 889,300	\$ 164,100	\$ 583,200	\$ 187,850	\$ (92,760)	\$ 1,731,690	\$ 1,731,690	\$ -	\$ 1,818,274	\$ 689,622,446	-6.55%	0.2637	
2022	2024	890,600	164,100	583,200	187,850	(94,060)	1,731,690	1,818,274	86,584	1,818,274	804,228,126	16.62%	0.2261	
2023	2025	891,150	164,100	177,600	497,850	-	1,730,700	1,909,188	178,488	1,817,235	826,091,837	2.72%	0.2200	
2024	2026	890,950	164,100	177,600	181,650	-	1,414,300	1,974,100	559,800	1,485,015	826,091,837	0.00%	0.1798	
2025	2027	-	1,059,100	177,600	181,650	-	1,418,350	1,974,100	555,750	1,489,268	826,091,837	0.00%	0.1803	
2026	2028	-	1,058,300	177,600	181,650	-	1,417,550	1,974,100	556,550	1,488,428	826,091,837	0.00%	0.1802	
2027	2029	-	1,056,100	177,600	181,650	-	1,415,350	1,974,100	558,750	1,486,118	826,091,837	0.00%	0.1799	
2028	2030	-	1,057,500	177,600	181,650	-	1,416,750	1,974,100	557,350	1,487,588	826,091,837	0.00%	0.1801	
2029	2031	-	422,300	847,600	181,650	-	1,451,550	1,974,100	522,550	1,524,128	826,091,837	0.00%	0.1845	
2030	2032	-	-	845,800	476,650	-	1,322,450	1,974,100	651,650	1,388,573	826,091,837	0.00%	0.1681	
2031	2033	-	-	848,000	532,800	-	1,380,800	1,974,100	593,300	1,449,840	826,091,837	0.00%	0.1755	
2032	2034	-	-	844,000	532,000	-	1,376,000	1,974,100	598,100	1,444,800	826,091,837	0.00%	0.1749	
2033	2035	-	-	849,000	530,900	-	1,379,900	1,974,100	594,200	1,448,895	826,091,837	0.00%	0.1754	
2034	2036	-	-	847,600	534,500	-	1,382,100	1,974,100	592,000	1,451,205	826,091,837	0.00%	0.1757	
2035	2037	-	-	-	1,372,650	-	1,372,650	1,974,100	601,450	1,441,283	826,091,837	0.00%	0.1745	
2036	2038	-	-	-	1,370,300	-	1,370,300	1,974,100	603,800	1,438,815	826,091,837	0.00%	0.1742	
2037	2039	-	-	-	1,371,900	-	1,371,900	1,974,100	602,200	1,440,495	826,091,837	0.00%	0.1744	
2038	2040	-	-	-	422,300	-	422,300	1,974,100	1,551,800	443,415	826,091,837	0.00%	0.0537	
2039	2041	-	-	-	-	-	-	1,974,100	1,974,100	-	826,091,837	0.00%	0.0000	
2040	2042	-	-	-	-	-	-	1,974,100	1,974,100	-	826,091,837	0.00%	0.0000	
2041	2043	-	-	-	-	-	-	1,974,100	1,974,100	-	826,091,837	0.00%	0.0000	
2042	2044	-	-	-	-	-	-	1,974,100	1,974,100	-	826,091,837	0.00%	0.0000	
2043	2045	-	-	-	-	-	-	1,974,100	1,974,100	-	826,091,837	0.00%	0.0000	
<b>Total DS From Current FY:</b>		<b>\$ 1,782,100</b>	<b>\$ 4,981,500</b>	<b>\$ 6,147,600</b>	<b>\$ 8,731,750</b>	<b>\$ -</b>	<b>\$ 21,642,950</b>				<b>\$ 22,725,098</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.

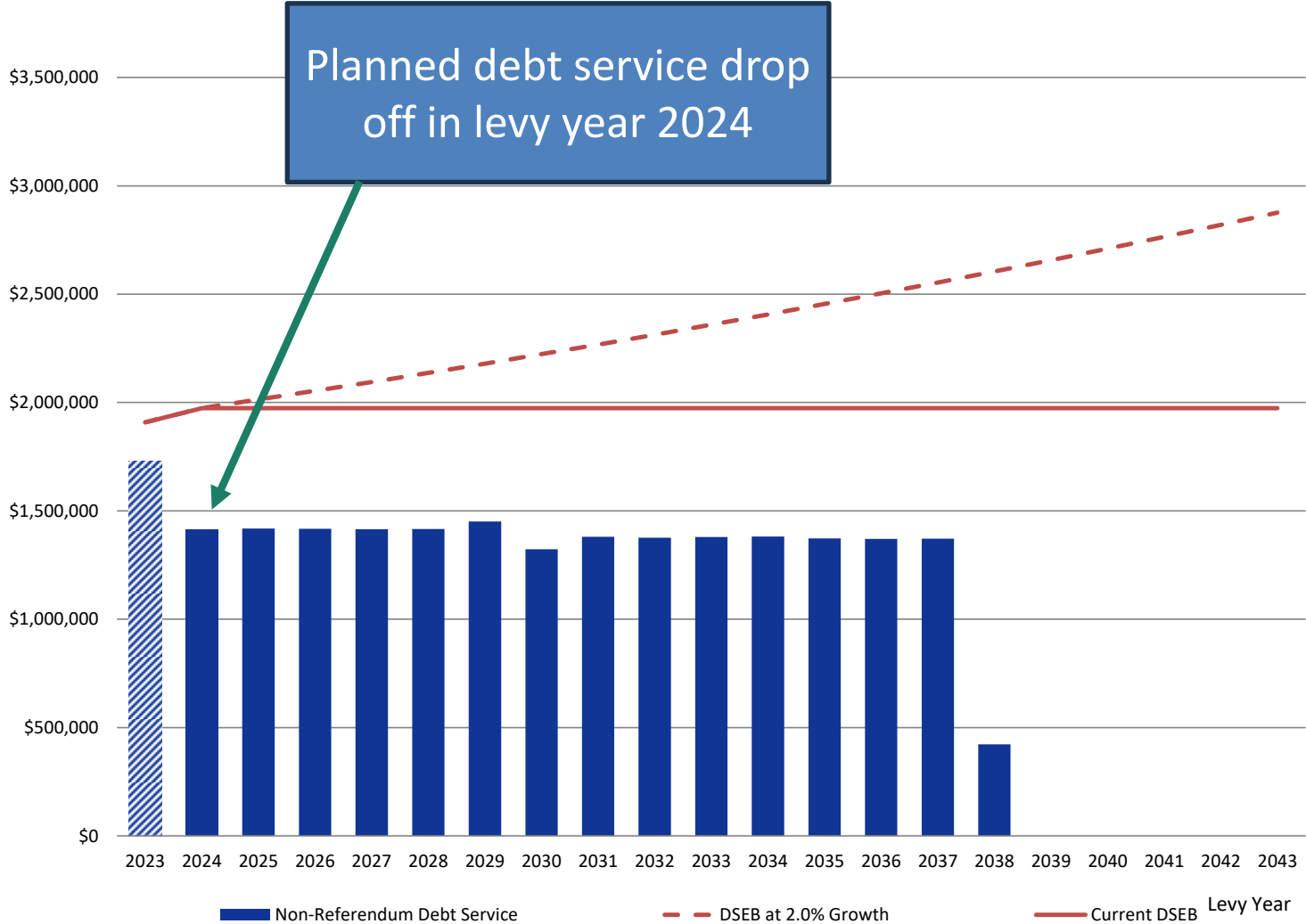
The applicable CPI increase has been applied to levy years 2009-2024, and assumed to be 0% per year thereafter.

**If the District issues non-referendum bonds with debt service structured assuming a growing DSEB, it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.**

**If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.**



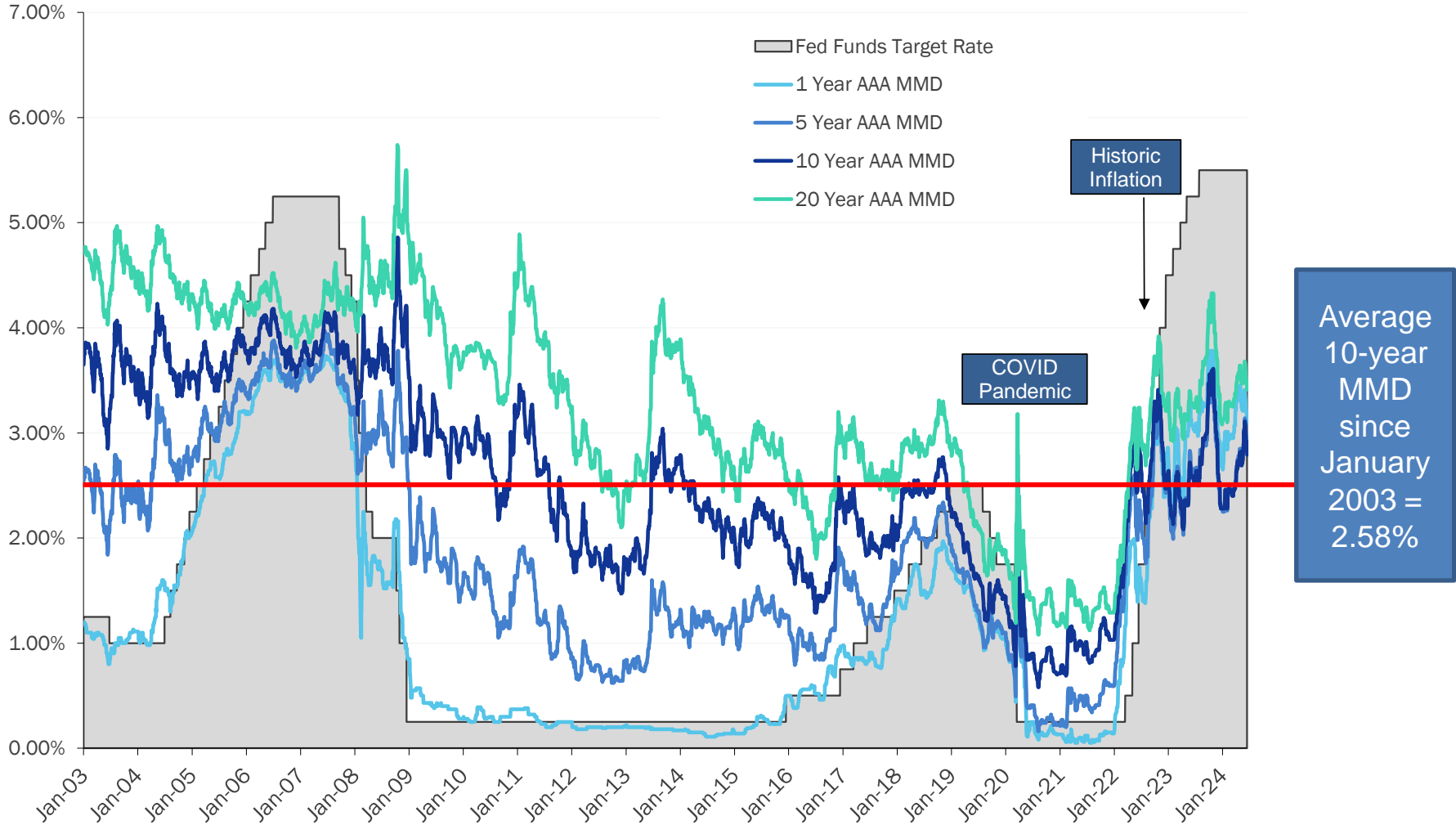
# Existing Debt Service on Bonds







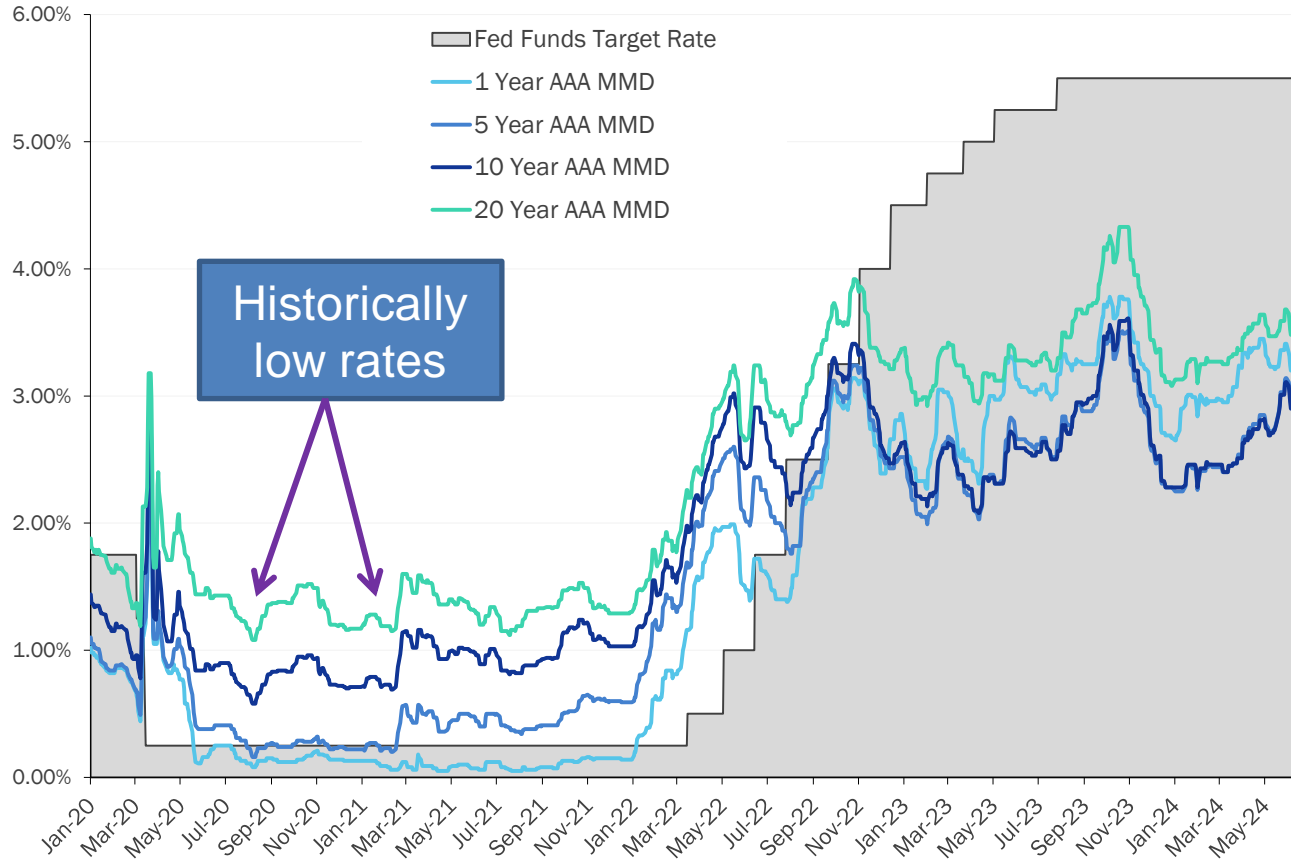
# Historical Tax-Exempt Rates



\*The Municipal Market Data "MMD" is a AAA municipal bond market index produced by TM3. As of July 5, 2024.



# Tax Exempt Rates since January 1, 2020



\*The Municipal Market Data "MMD" is a AAA municipal bond market index produced by TM3. As of July 5, 2024.

- Upcoming Fed meeting dates: July 30/31, September 17/18, November 6/7
- CPI and employment reports will be released monthly



# Working Cash Bond Capacity

Current equalized assessed valuation (Including TIF)			\$826,091,837
Times the maximum educational fund tax rate	\$3.5000	x	0.0350
Equals			<u>\$28,913,214</u>
Plus the lesser of the actual amount of replacement taxes received by the District during 2023 or the estimated amount of replacement taxes to be received during 2024.		+	\$1,373,133
<i>Plus the total Evidence-Based Funding most recently received*</i>		+	<u>\$1,165,544</u>
Equals			<u>\$31,451,891</u>
Times 85%		x	85%
Equals			<u>\$26,734,108</u>
Less the greater of working cash fund bonds outstanding OR the amount presently to the credit of the working cash fund (including amounts loaned to other funds)		-	\$15,240,000
			<b>Principal Outstanding</b>
<b>TOTAL (Authorized Issue Size)</b>			<b><u>\$11,494,108</u></b>

\*Pursuant to Public Act 101-0416.



# Series 2024 DSEB Bonds

## \$7 Million Working Cash Bonds and Simultaneous Current Refunding of Series 2016 Bonds at Current Market Rates

Non-Referendum Debt Service															
Ley Year	Fiscal Year	\$8,505,000 GO Limited School Bonds, Series 2015	\$4,235,000 GO Limited School Bonds, Series 2016	\$5,910,000 GO Limited Tax Series 2018	\$6,365,000 GO Limited Tax School Bonds, Series 2021	PROPOSED		District Contribution of Funds on Hand	Total	Non Referendum Debt Service Extension		5.0% County Loss/Cost Debt Service EAV	Growth Rate	B&I Tax Rate	
						GO Limited Tax School Bonds, Series 2025	Proposed Refunding of Bonds, Series [Est. D/S Savings]			Base Created W/1994 Levy (1)	Remaining Margin				
2021	2023	\$ 880,300	\$ 164,100	\$ 583,200	\$ 187,850	\$ -	\$ -	\$ (92,760)	\$ 1,734,690	\$ 1,731,690	\$ -	\$ 1,818,274	\$ 689,622,446	-6.55%	0.2637
2022	2024	890,600	164,100	583,200	187,850	-	-	(94,060)	1,731,690	1,818,274	86,584	1,818,274	804,228,126	16.62%	0.2264
2023	2025	891,150	164,100	177,600	497,850	-	-	-	1,730,700	1,909,188	178,488	1,817,235	826,091,837	2.72%	0.2200
2024	2026	890,950	164,100	177,600	181,650	554,583	2,913	-	1,971,796	1,974,100	2,304	2,070,386	826,091,837	0.00%	0.2506
2025	2027	-	1,059,100	177,600	181,650	560,500	(5,850)	-	1,973,000	1,974,100	1,100	2,071,650	826,091,837	0.00%	0.2508
2026	2028	-	1,058,300	177,600	181,650	553,250	(2,550)	-	1,968,250	1,974,100	5,850	2,066,663	826,091,837	0.00%	0.2502
2027	2029	-	1,056,100	177,600	181,650	290,750	(5,100)	-	1,701,000	1,974,100	273,100	1,786,050	826,091,837	0.00%	0.2162
2028	2030	-	1,057,500	177,600	181,650	290,750	(3,250)	-	1,704,250	1,974,100	269,850	1,789,463	826,091,837	0.00%	0.2166
2029	2031	-	422,300	847,600	181,650	290,750	(2,300)	-	1,740,000	1,974,100	234,100	1,827,000	826,091,837	0.00%	0.2212
2030	2032	-	-	845,800	476,650	350,750	-	-	1,673,200	1,974,100	300,900	1,756,860	826,091,837	0.00%	0.2127
2031	2033	-	-	848,000	532,800	287,750	-	-	1,668,550	1,974,100	305,550	1,751,978	826,091,837	0.00%	0.2121
2032	2034	-	-	844,000	532,000	287,750	-	-	1,663,750	1,974,100	310,350	1,746,938	826,091,837	0.00%	0.2115
2033	2035	-	-	849,000	530,900	287,750	-	-	1,667,650	1,974,100	306,450	1,751,033	826,091,837	0.00%	0.2120
2034	2036	-	-	847,600	534,500	287,750	-	-	1,669,850	1,974,100	304,250	1,753,343	826,091,837	0.00%	0.2122
2035	2037	-	-	-	1,372,650	287,750	-	-	1,660,400	1,974,100	313,700	1,743,420	826,091,837	0.00%	0.2110
2036	2038	-	-	-	1,370,300	287,750	-	-	1,658,050	1,974,100	316,050	1,740,953	826,091,837	0.00%	0.2107
2037	2039	-	-	-	1,371,900	287,750	-	-	1,659,650	1,974,100	314,450	1,742,633	826,091,837	0.00%	0.2109
2038	2040	-	-	-	422,300	1,247,750	-	-	1,670,050	1,974,100	304,050	1,753,553	826,091,837	0.00%	0.2123
2039	2041	-	-	-	-	1,669,750	-	-	1,669,750	1,974,100	304,350	1,753,238	826,091,837	0.00%	0.2122
2040	2042	-	-	-	-	1,668,250	-	-	1,668,250	1,974,100	305,850	1,751,663	826,091,837	0.00%	0.2120
2041	2043	-	-	-	-	1,668,250	-	-	1,668,250	1,974,100	305,850	1,751,663	826,091,837	0.00%	0.2120
2042	2044	-	-	-	-	304,500	-	-	304,500	1,974,100	1,669,600	319,725	826,091,837	0.00%	0.0387
2043	2045	-	-	-	-	-	-	-	-	1,974,100	1,974,100	-	826,091,837	0.00%	0.0000
<b>Total DS From Current FY:</b>		<b>\$ 1,782,100</b>	<b>\$ 4,981,500</b>	<b>\$ 6,147,600</b>	<b>\$ 8,731,750</b>	<b>\$11,464,083</b>	<b>\$ (16,137)</b>	<b>\$ -</b>	<b>\$ 33,090,896</b>	<b>\$ -</b>	<b>\$ 34,745,441</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Working Cash Proceeds: **\$ 7,000,000**

(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 2009-2024, and assumed to be 0% per year thereafter.

If the District issues non-referendum bonds with debt service structured assuming a growing DSEB, it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.

If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.

(2) Rates based upon market conditions as of July 1, 2024 and recent bond sales which PMA believes to be accurate and reliable. Estimated TIC = 4.28%.

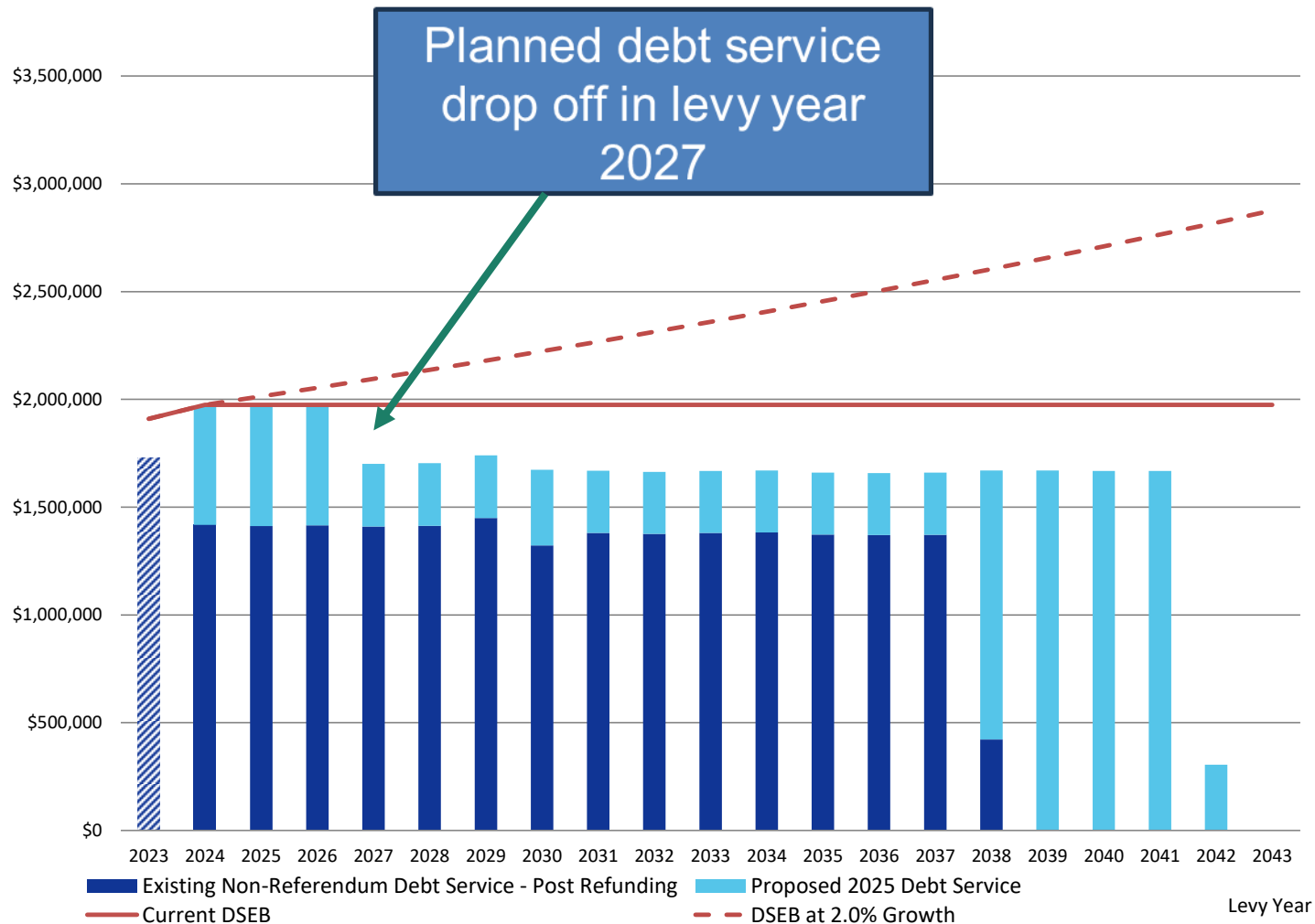
NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.

- To achieve at least 2.0% present value savings on the 2016 Refunding, rates need to drop by approximately 0.55%.



# Series 2024 DSEB Bonds

## \$7 Million Working Cash Bonds and Simultaneous Current Refunding of Series 2016 Bonds at Current Market Rates





## Spend Down Requirements

- ▶ When issuing **tax exempt bonds**, the District should consider the following IRS requirements:
  - ▶ The District must reasonably expect to spend or contractually obligate 5% of a bond issue within six months of issuance
  - ▶ The District must reasonably expect to spend 85% of the bond proceeds in three years
  - ▶ The District must diligently spend the bond proceeds
- ▶ During the aforementioned 3-Year “Temporary Period”, bond proceeds may be invested at materially higher yields than the bond yield



## After the Temporary Period

- ▶ After three years from the closing date on the bonds (upon expiration of the Temporary Period), tax-exempt bond proceeds:
  - ▶ Must be yield restricted
  - ▶ May not be invested in investments guaranteed by the federal government (such as FDIC-insured CDs)
    - ▶ Exception: may invest in US Treasury Securities



# Preliminary Timeline for Working Cash Bonds (And Refunding Bonds if Minimum Savings Target Can be Met)

<b>November 7, 2024</b>	Board adopts Resolution of Intent and Resolution calling a BINA hearing for Working Cash Bonds
<b>~November 11, 2024</b>	Legal notices for Working Cash Bonds published in the newspaper
<b>December 5, 2024</b>	Board holds BINA hearing for Working Cash Bonds
<b>~December 11, 2024</b>	30-day petition period ends for Working Cash Bonds
<b>January 9, 2025</b>	Board approves parameters resolution authorizing Working Cash Bonds and Refunding Bonds
<b>Late January 2025</b>	Bonds sold; delegates approve results
<b>Mid-February 2025</b>	Bonds close; District receives Working Cash bond proceeds





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## Overview of School District Provisions of Public Act 103-0591

- ▶ For tax capped school districts, bonds issued for Fire Prevention and Safety, Environmental Protection, School Security and Energy Conservation (“Life Safety”) purposes will no longer be subject to a district’s debt service extension base (“DSEB”)
  - ▶ School districts may structure Life Safety bonds without limit to the amount of the annual debt service payment, as long as the final maturity does not exceed 30 years
- ▶ The authorized amount of Life Safety bonds may be increased by up to 3% over the approvals to provide for expenses and capitalized interest
  - ▶ Previously, the principal of the bond issue was limited to the amount of the Life Safety approvals
  - ▶ This provision will facilitate direct placements since the purchaser may prefer to buy the bonds without paying a premium to cover the aforementioned items



## Life Safety Bonds

- ▶ For a tax capped school district, non-referendum Life Safety bonds are not subject to a DSEB constraint but do count against the debt limit
- ▶ Do not require a back door referendum (30-day petition process)
- ▶ Do require a BINA hearing
- ▶ Issued in evidence of Life Safety approvals
- ▶ The authorized amount may be increased by up to 3% over the Life Safety approvals to provide for expenses and capitalized interest
  - ▶ Previously, the principal of the bond issue was limited to the amount of the Life Safety approvals
  - ▶ This provision will facilitate direct placements since the purchaser may prefer to buy the bonds without paying a premium to cover the aforementioned items