

Oak Park School District 97, Cook County, IL

Financing Options

February 18, 2010

William Blair & Company®

Current Situation

- Capital Needs over the Next 6 Years:

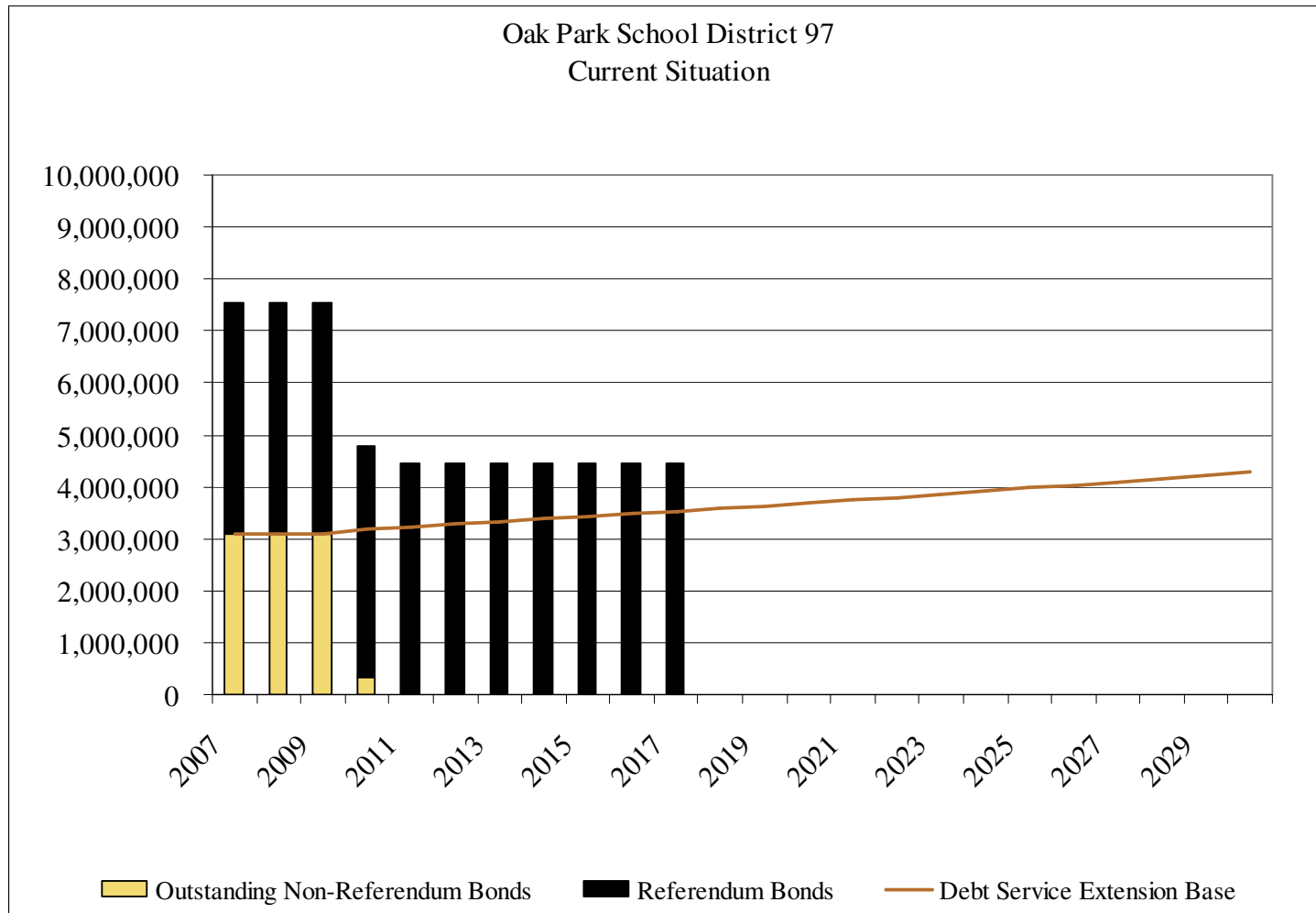
▪ \$1M/Year Capital repair	\$6,000,000
▪ Playground renovations	2,500,000
▪ Ground repairs	2,000,000
▪ Technology	3,500,000
▪ Total	\$14,000,000

- Cash flow needs – low point balance must be high enough to maintain payroll without short term borrowing in light of continued late taxes, late state categorical payments and possible reduced GSA.
- **1999 Referendum Bonds** are retired in **levy year 2017**, resulting in a tax rate drop of approximately **\$.19** per \$100 which generates approximately **\$4,500,000**. At that time future Boards could propose a rate increase or bond question for that amount (\$4,500,000) resulting in a no increase proposition.
- Future revenue source in levy year 2018/2019 – new construction from the TIF expiration.

Current Situation

<u>Tax Year</u>	<u>Equalized Assessed Valuation</u>	<u>Debt Service % Change</u>	<u>Debt Service Extension Base</u>	<u>Estimated CPI Factor for DSEB</u>	<u>Current Outstanding Referendum Debt Service</u>	<u>Outstanding Non-Referendum Debt Service</u>	<u>Remaining Debt Service Capacity</u>	<u>Proposed Total Debt Service</u>	<u>Debt Tax Rate</u>
2007	1,537,939,260	2%	3,086,538		4,455,450	3,087,070	(532)	7,542,520	0.49
2008	1,722,491,971	12%	3,086,538		4,458,550	3,081,814	4,724	7,540,364	0.44
2009	1,636,367,373	-5%	3,089,625	0.1%	4,453,900	3,086,065	3,560	7,539,965	0.46
2010	1,669,094,720	2%	3,173,044	2.7%	4,454,400	339,188	2,833,857	4,793,588	0.29
2011	1,869,386,087	12%	3,220,640	1.5%	4,458,250		3,220,640	4,458,250	0.24
2012	1,850,692,226	-1%	3,268,950	1.5%	4,453,650		3,268,950	4,453,650	0.24
2013	1,887,706,070	2%	3,317,984	1.5%	4,454,700		3,317,984	4,454,700	0.24
2014	2,114,230,799	12%	3,367,754	1.5%	4,454,150		3,367,754	4,454,150	0.21
2015	2,093,088,491	-1%	3,418,270	1.5%	4,455,200		3,418,270	4,455,200	0.21
2016	2,134,950,260	2%	3,469,544	1.5%	4,455,600		3,469,544	4,455,600	0.21
2017	2,391,144,292	12%	3,521,587	1.5%	4,458,100		3,521,587	4,458,100	0.19
2018	2,367,232,849	-1%	3,574,411	1.5%			3,574,411	0	0.00
2019	2,414,577,506	2%	3,628,027	1.5%			3,628,027	0	0.00
2020	2,704,326,806	12%	3,682,448	1.5%			3,682,448	0	0.00
2021	2,677,283,538	-1%	3,737,684	1.5%			3,737,684	0	0.00
2022	2,730,829,209	2%	3,793,750	1.5%			3,793,750	0	0.00
2023	3,058,528,714	12%	3,850,656	1.5%			3,850,656	0	0.00
2024	3,027,943,427	-1%	3,908,416	1.5%			3,908,416	0	0.00
2025	2,997,663,993	-1%	3,967,042	1.5%			3,967,042	0	0.00
2026	3,357,383,672	12%	4,026,547	1.5%			4,026,547	0	0.00
2027	3,323,809,835	-1%	4,086,946	1.5%			4,086,946	0	0.00
2028	3,290,571,737	-1%	4,148,250	1.5%			4,148,250	0	0.00
2029	3,685,440,345	12%	4,210,474	1.5%			4,210,474	0	0.00
2030	3,648,585,942	-1%	4,273,631	1.5%			4,273,631	0	0.00
Total:					\$40,097,950	\$3,425,252		\$43,523,202	

Current Situation



Option I: Issue Bonds for Working Capital and Building Needs

- Option I involves issuing \$12M of working cash fund bonds to bolster fund balances for operations and \$14M of working cash fund bonds for capital projects repaid over the next 8 years.
- Issuance would occur in FY 2011. Current interest rates utilized.
- The \$12M working cash for operations is funded by taxable bonds.
- The \$14M working cash bonds for capital projects is funded by tax-exempt bonds with an expectation of expenditure over three years.
- Tax rate for debt does not increase over current tax rate due to extension of Debt Service Extension Base Bonds.
- Interest earnings are not calculated in these options given unknowns regarding spending draws and cash flow borrowings.

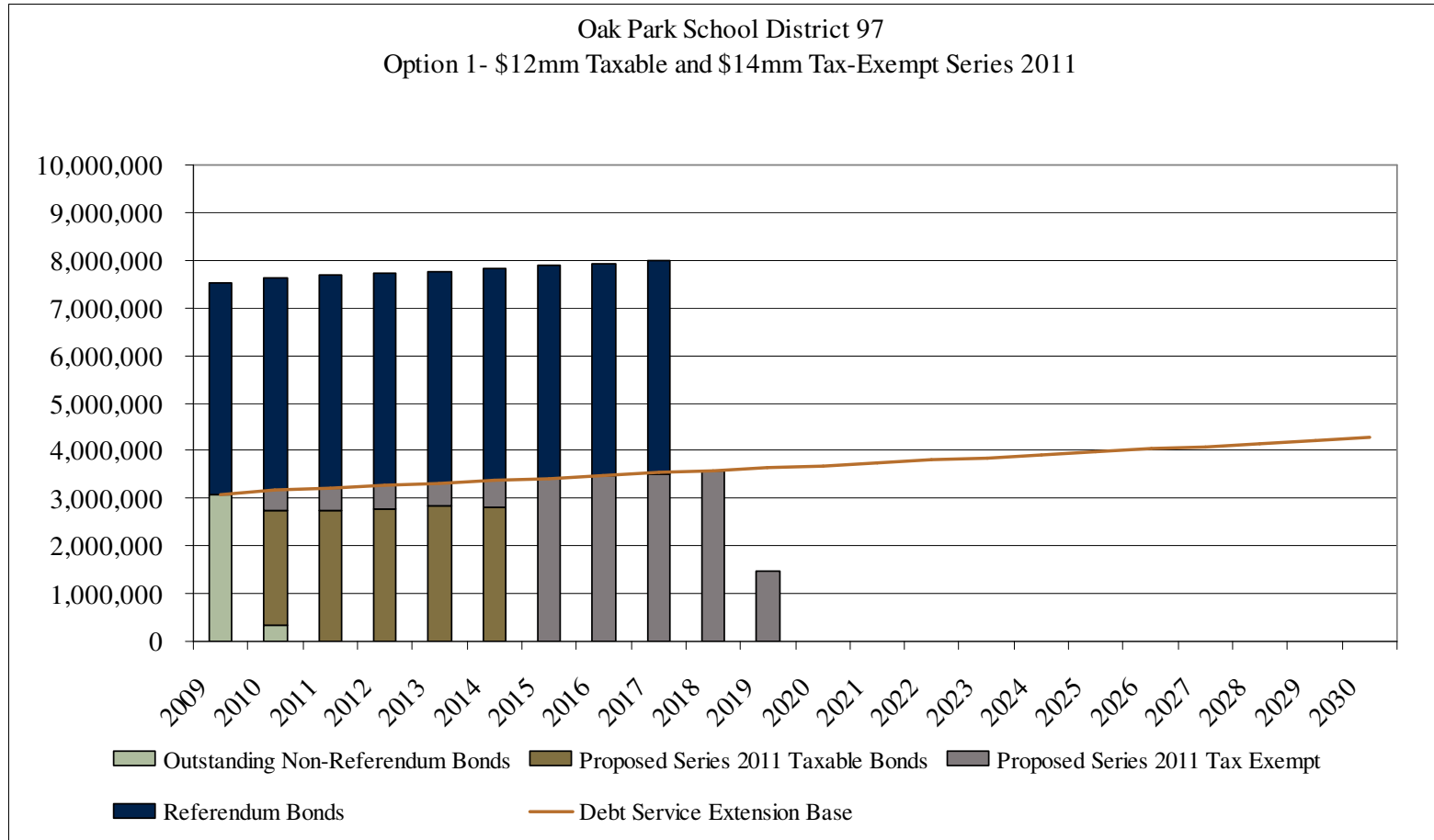
Option I: Issue Bonds for Working Capital and Building Needs

Tax Year	Equalized Assessed Valuation	Debt Service % Change	Debt Service Extension Base	Estimated CPI Factor for DSEB	Current Outstanding Referendum Debt Service	Outstanding Non-Referendum Debt Service	\$12mm Series 2011 Taxable Debt Service	\$14M Series 2011 Tax Exempt Debt Service	Remaining Debt Service Capacity	Proposed Total Debt Service	Debt Tax Rate
2007	1,537,939,260	2%	3,086,538		4,455,450	3,087,070			(532)	7,542,520	0.49
2008	1,722,491,971	12%	3,086,538		4,458,550	3,081,814			4,724	7,540,364	0.44
2009	1,636,367,373	-5%	3,089,625	0.1%	4,453,900	3,086,065			3,560	7,539,965	0.46
2010	1,669,094,720	2%	3,173,044	2.7%	4,454,400	339,188	2,395,417	438,367	73	7,627,371	0.46
2011	1,869,386,087	12%	3,220,640	1.5%	4,458,250		2,739,462	481,001	178	7,678,713	0.41
2012	1,850,692,226	-1%	3,268,950	1.5%	4,453,650		2,790,122	478,801	27	7,722,573	0.42
2013	1,887,706,070	2%	3,317,984	1.5%	4,454,700		2,836,129	481,801	54	7,772,630	0.41
2014	2,114,230,799	12%	3,367,754	1.5%	4,454,150		2,801,529	566,201	24	7,821,880	0.37
2015	2,093,088,491	-1%	3,418,270	1.5%	4,455,200			3,418,267	3	7,873,467	0.38
2016	2,134,950,260	2%	3,469,544	1.5%	4,455,600			3,469,531	13	7,925,131	0.37
2017	2,391,144,292	12%	3,521,587	1.5%	4,458,100			3,521,581	6	7,979,681	0.33
2018	2,367,232,849	-1%	3,574,411	1.5%				3,574,335	76	3,574,335	0.15
2019	2,414,577,506	2%	3,628,027	1.5%				1,485,341	2,142,686	1,485,341	0.06
2020	2,704,326,806	12%	3,682,448	1.5%					3,682,448	0	0.00
2021	2,677,283,538	-1%	3,737,684	1.5%					3,737,684	0	0.00
2022	2,730,829,209	2%	3,793,750	1.5%					3,793,750	0	0.00
2023	3,058,528,714	12%	3,850,656	1.5%					3,850,656	0	0.00
2024	3,027,943,427	-1%	3,908,416	1.5%					3,908,416	0	0.00
2025	2,997,663,993	-1%	3,967,042	1.5%					3,967,042	0	0.00
2026	3,357,383,672	12%	4,026,547	1.5%					4,026,547	0	0.00
2027	3,323,809,835	-1%	4,086,946	1.5%					4,086,946	0	0.00
2028	3,290,571,737	-1%	4,148,250	1.5%					4,148,250	0	0.00
2029	3,685,440,345	12%	4,210,474	1.5%					4,210,474	0	0.00
2030	3,648,585,942	-1%	4,273,631	1.5%					4,273,631	0	0.00
Total:					\$40,097,950	\$3,425,252	\$13,562,659	\$17,915,224		\$75,001,085	
Total Interest cost over life of debt										\$5,477,883	

Notes:

Market Conditions as of February 16, 2010.

Option I: Issue Bonds for Working Capital and Building Needs



Option I: Advantages and Disadvantages

- Advantages:
 - Immediately gives the District a cash balance to offset low cash points anticipated given future projected operating deficits;
 - Provides funds for needed capital projects to avoid deferred maintenance;
 - Allows the District to earn interest on the investment of the proceeds;
 - Takes advantage of today's low interest rate environment.
 - Tax rate drop for referendum in 2017/2018 is still available when referendum debt from 1999 is retired.
- Disadvantages:
 - Higher interest cost over 8 years versus short term rollover bonds;

Option II: Annual Rollover Bonds through 2017 Plus \$15M Referendum Bonds, February 2012

- Option II involves annual rollover bonds through 2017 for approximately \$2M working cash for operations and \$900,000 for capital.
- This is very similar to the bond issues the District has been issuing.
- Over 7 years this generates \$15M of working cash for operations and \$6.3M working cash for capital.
- Option II also shows the issuance of \$15M for capital projects that requires **referendum approval** (February 2012 or November 2012).
- Debt service on referendum bonds is “wrapped” around outstanding referendum bonds eliminating the tax rate drop in 2017 when the 1999 referendum bonds are retired.
- Because of future interest rate risk, we increased interest rates by 1% in 2011, 2012, 2013 and 2014 for a maximum increase of 4% given future inflation expectations and to be conservative.

Option II: Annual Rollover Bonds through 2017 Plus \$15M Referendum Bonds, February 2012

Tax Year	Equalized Assessed Valuation	Debt Service % Change	Estimated Extension Base	Current CPI Factor for DSEB	Outstanding Referendum Debt Service	Outstanding Non-Referendum Debt Service	\$2.0mm Taxable \$900k TaxExempt Series 2011	\$2.0mm Taxable \$900k TaxExempt Series 2012	\$15,000,000 Referendum February 2012	Capitalized Interest	\$2.1mm Taxable \$900k TaxExempt Series 2013	\$2.15mm Taxable \$900k TaxExempt Series 2014	\$2.2mm Taxable \$900k TaxExempt Series 2015	\$2.25mm Taxable \$900k TaxExempt Series 2016	\$2.3mm Taxable \$900k TaxExempt Series 2017	Remaining Debt Service Capacity	Proposed		
																	Debt Service Total	Debt Tax Rate	
2007	1,537,939,260	2%	3,086,538		4,455,450	3,087,070											(532)	7,542,520	0.49
2008	1,722,491,971	12%	3,086,538		4,458,550	3,081,814											4,724	7,540,364	0.44
2009	1,636,367,373	-5%	3,089,625	0.1%	4,453,900	3,086,065											3,560	7,539,965	0.46
2010	1,669,094,720	2%	3,173,044	2.7%	4,454,400	339,188	2,834,717										(860)	7,628,305	0.46
2011	1,869,386,087	12%	3,220,640	1.5%	4,458,250		200,980	3,019,412	641,181	(641,181)							248	8,319,823	0.45
2012	1,850,692,226	-1%	3,268,950	1.5%	4,453,650			41,993	854,909		3,224,321						2,636	8,574,872	0.46
2013	1,887,706,070	2%	3,317,984	1.5%	4,454,700				854,909			3,317,954					30	8,627,563	0.46
2014	2,114,230,799	12%	3,367,754	1.5%	4,454,150				854,909				3,367,747				7	8,676,806	0.41
2015	2,093,088,491	-1%	3,418,270	1.5%	4,455,200				854,909					3,418,267			3	8,728,376	0.42
2016	2,134,950,260	2%	3,469,544	1.5%	4,455,600				854,909						3,469,543		1	8,780,052	0.41
2017	2,391,144,292	12%	3,521,587	1.5%	4,458,100				854,909								3,521,587	5,313,009	0.22
2018	2,367,232,849	-1%	3,574,411	1.5%					1,744,909								3,574,411	1,744,909	0.07
2019	2,414,577,506	2%	3,628,027	1.5%					1,742,901								3,628,027	1,742,901	0.07
2020	2,704,326,806	12%	3,682,448	1.5%					1,742,703								3,682,448	1,742,703	0.06
2021	2,677,283,538	-1%	3,737,684	1.5%					1,744,343								3,737,684	1,744,343	0.07
2022	2,730,829,209	2%	3,793,750	1.5%					1,742,478								3,793,750	1,742,478	0.06
2023	3,058,528,714	12%	3,850,656	1.5%					1,742,008								3,850,656	1,742,008	0.06
2024	3,027,943,427	-1%	3,908,416	1.5%					1,742,683								3,908,416	1,742,683	0.06
2025	2,997,663,993	-1%	3,967,042	1.5%					1,744,137								3,967,042	1,744,137	0.06
2026	3,357,383,672	12%	4,026,547	1.5%					1,740,990								4,026,547	1,740,990	0.05
2027	3,323,809,835	-1%	4,086,946	1.5%					1,743,126								4,086,946	1,743,126	0.05
2028	3,290,571,737	-1%	4,148,250	1.5%					1,744,867								4,148,250	1,744,867	0.05
2029	3,685,440,345	12%	4,210,474	1.5%					1,740,792								4,210,474	1,740,792	0.05
2030	3,648,585,942	-1%	4,273,631	1.5%					1,741,068								4,273,631	1,741,068	0.05
Total:					\$40,097,950	\$3,425,252	\$3,035,697	\$3,061,405	\$28,427,632	(\$641,181)	\$3,224,321	\$3,317,954	\$3,367,747	\$3,418,267	\$3,469,543			\$94,845,769	

Total Interest cost on Rollover Bonds:

\$1,594,935

Total Interest Cost on Referendum Bonds:

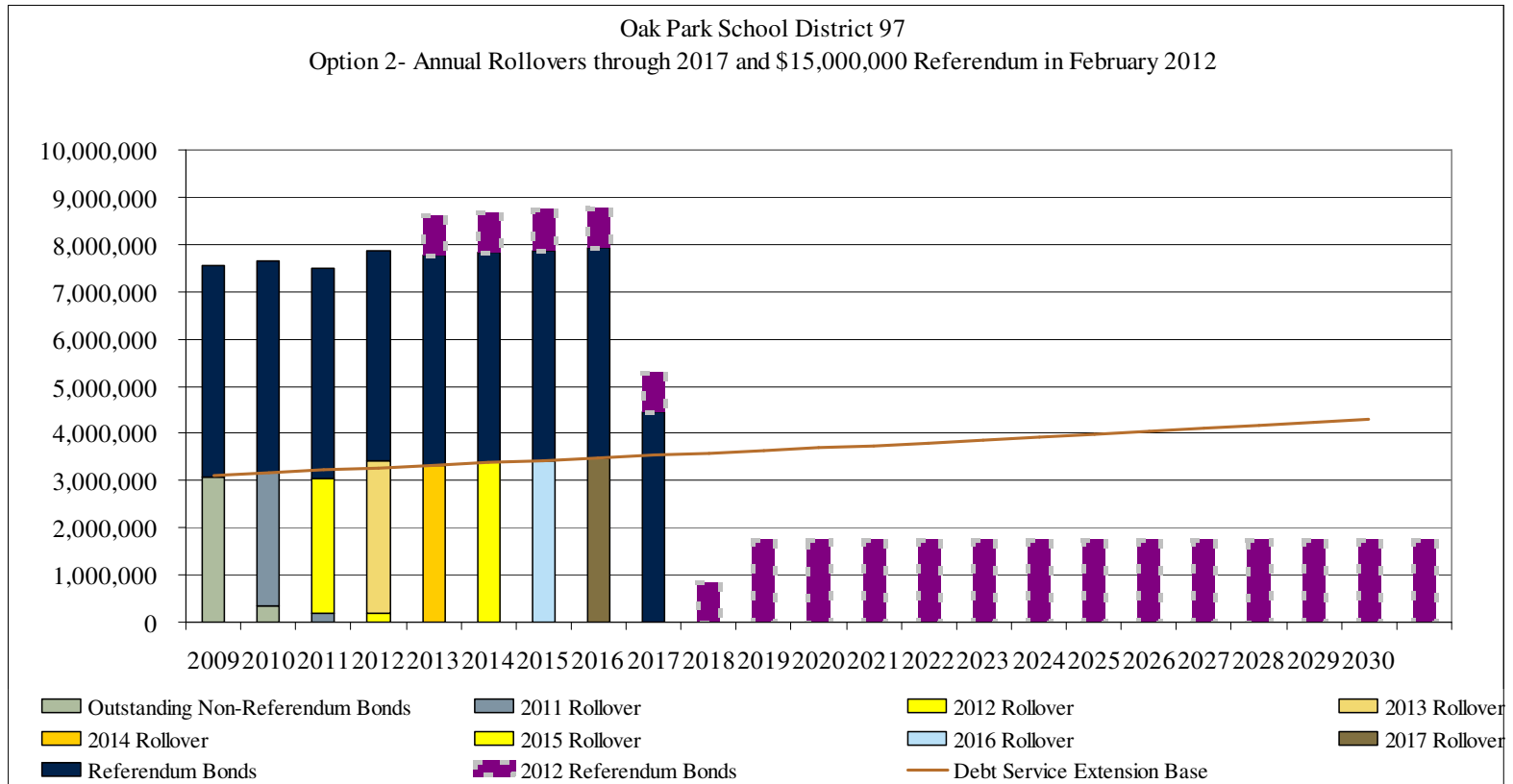
\$12,786,451

Notes:

Market Conditions as of February 16, 2010.

1% interest rate volatility for each additional year, up to 4%.

Option II: Annual Rollover Bonds through 2017 Plus \$15M Referendum Bonds, February 2012



Option II: Annual Rollover Bonds through 2017 Plus \$15M Referendum Bonds, February 2012

- Advantages:
 - Low interest cost on rollover bonds because of 1 year repayment;
 - Tax rate for debt does not increase much because referendum debt is “wrapped” around outstanding referendum debt amortizing principal after levy year 2017.
- Disadvantages:
 - Minimal interest earnings on rollover bonds;
 - Referendum for capital projects may be difficult;
 - Referendum debt somewhat back-end loaded.
 - No tax rate drop from the expiration of 1999 referendum bonds in 2017 due to extension of 2012 referendum bonds.

Option III: Continue Rollover Bonds through 2017

- Option III involves annual rollover bonds through 2017 for approximately \$2M working cash for operations and \$900,000 for capital.
- Over 7 years this generates \$15M of working cash for operations and \$6.3M working cash for capital.
- This is very similar to the bond issues the District has been issuing.
- Because of future interest rate risk, we increased interest rates by 1% in 2011, 2012, 2013 and 2014 for a maximum increase of 4% given future inflation expectations and to be conservative.

Option III: Continue Rollover Bonds through 2017

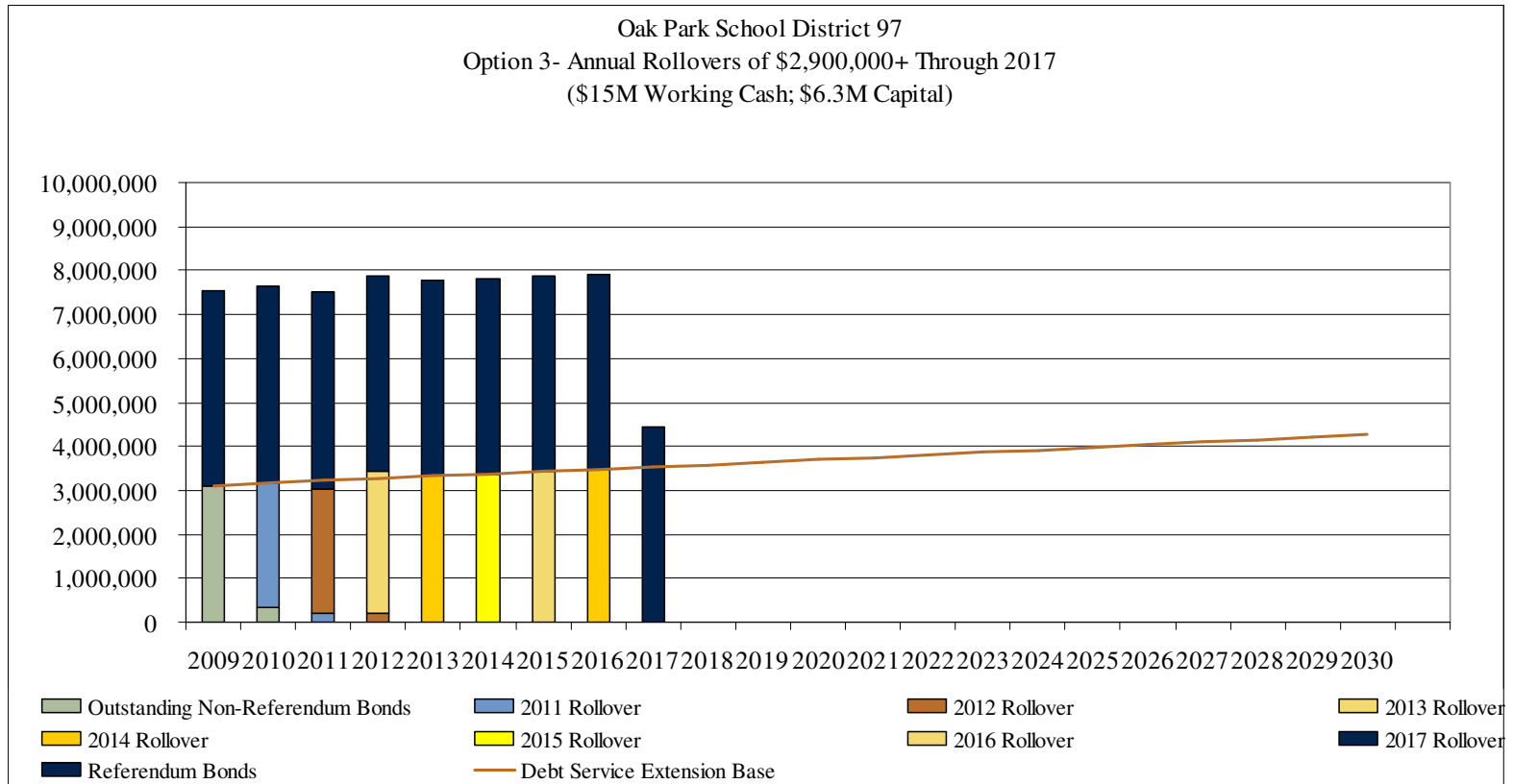
Tax Year	Equalized Assessed Valuation	Debt Service % Change	Debt Service Extension Base	Estimated CPI Factor for DSEB	Current										Remaining Debt Service Capacity	Proposed Total Debt Service	Proposed Debt Tax Rate		
					Outstanding Referendum Debt Service	Outstanding Non-Referendum Debt Service	\$2.0mm Taxable \$900k TaxExempt Series 2011	\$2.0mm Taxable \$900k TaxExempt Series 2012	\$2.1mm Taxable \$900k TaxExempt Series 2013	\$2.15mm Taxable \$900k TaxExempt Series 2014	\$2.2mm Taxable \$900k TaxExempt Series 2015	\$2.25mm Taxable \$900k TaxExempt Series 2016	\$2.3mm Taxable \$900k TaxExempt Series 2017						
2007	1,537,939,260	2%	3,086,538		4,455,450	3,087,070										(532)	7,542,520	0.49	
2008	1,722,491,971	12%	3,086,538		4,458,550	3,081,814										4,724	7,540,364	0.44	
2009	1,636,367,373	-5%	3,089,625	0.1%	4,453,900	3,086,065										3,560	7,539,965	0.46	
2010	1,669,094,720	2%	3,179,224	2.9%	4,454,400	339,188	2,841,717									(1,681)	7,635,305	0.46	
2011	1,869,386,087	12%	3,226,912	1.5%	4,458,250		200,980	3,025,412								520	7,684,642	0.41	
2012	1,850,692,226	-1%	3,275,316	1.5%	4,453,650			41,993	3,229,321							4,002	7,724,964	0.42	
2013	1,887,706,070	2%	3,324,445	1.5%	4,454,700					3,321,014						3,431	7,775,714	0.41	
2014	2,114,230,799	12%	3,374,312	1.5%	4,454,150								3,373,707			605	7,827,857	0.37	
2015	2,093,088,491	-1%	3,424,927	1.5%	4,455,200									3,420,307		4,620	7,875,507	0.38	
2016	2,134,950,260	2%	3,476,301	1.5%	4,455,600										3,470,500	5,801	7,926,100	0.37	
2017	2,391,144,292	12%	3,528,445	1.5%	4,458,100											3,528,445	4,458,100	0.19	
2018	2,367,232,849	-1%	3,581,372	1.5%												3,581,372	0	0.00	
2019	2,414,577,506	2%	3,635,092	1.5%												3,635,092	0	0.00	
2020	2,704,326,806	12%	3,689,619	1.5%												3,689,619	0	0.00	
2021	2,677,283,538	-1%	3,744,963	1.5%												3,744,963	0	0.00	
2022	2,730,829,209	2%	3,801,138	1.5%												3,801,138	0	0.00	
2023	3,058,528,714	12%	3,858,155	1.5%												3,858,155	0	0.00	
2024	3,027,943,427	-1%	3,916,027	1.5%												3,916,027	0	0.00	
2025	2,997,663,993	-1%	3,974,767	1.5%												3,974,767	0	0.00	
2026	3,357,383,672	12%	4,034,389	1.5%												4,034,389	0	0.00	
2027	3,323,809,835	-1%	4,094,905	1.5%												4,094,905	0	0.00	
2028	3,290,571,737	-1%	4,156,328	1.5%												4,156,328	0	0.00	
2029	3,685,440,345	12%	4,218,673	1.5%												4,218,673	0	0.00	
2030	3,648,585,942	-1%	4,281,953	1.5%												4,281,953	0	0.00	
Total:					\$40,097,950	\$3,425,252	\$3,042,697	\$3,067,405	\$3,229,321	\$3,321,014	\$3,373,707	\$3,420,307	\$3,470,500			\$66,448,154			
Total Interest Cost:																	\$1,624,952		

Notes:

Market Conditions as of February 16, 2010.

1% interest rate volatility for each additional year, up to 4%.

Option III: Continue Rollover Bonds through 2017



Option III: Continue Rollover Bonds through 2017

- Advantages:
 - Low interest cost on rollover bonds because of 1 year repayment;
- Disadvantages:
 - Minimal interest earnings on rollover bonds;
 - Less funds available for capital.
 - Preserves tax rate drop from expiration of 1999 referendum bonds in 2017.