

FINANCING OPTIONS AND UPDATE

Raymond James Public Finance

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PREPARED FOR

School District Number 97, Cook County, Illinois (Oak Park)

November 20, 2018



RAYMOND JAMES

- The District voters approved a limiting rate of 4.982 via referendum in Spring of 2017
- After discovering the funds to be received from the tax increase was higher by approximately \$2.5M than the ballot estimate, the District took the following actions:
 1. Abated the 2017 tax levy for debt service by \$2.6M
 2. Reduced the borrowing amount of the DSEB Bonds from \$10M to \$7.5M, using \$2.5M of operating funds for the Holmes renovation and life safety projects and not accessing the 2017 levy (\$2.1M reduction) for the DSEB Bonds
- Since the referendum, the Board has taken 3 tax reduction actions over 2 years (2017 levy year)
- The District will approve the 2018 tax levy in December 2018

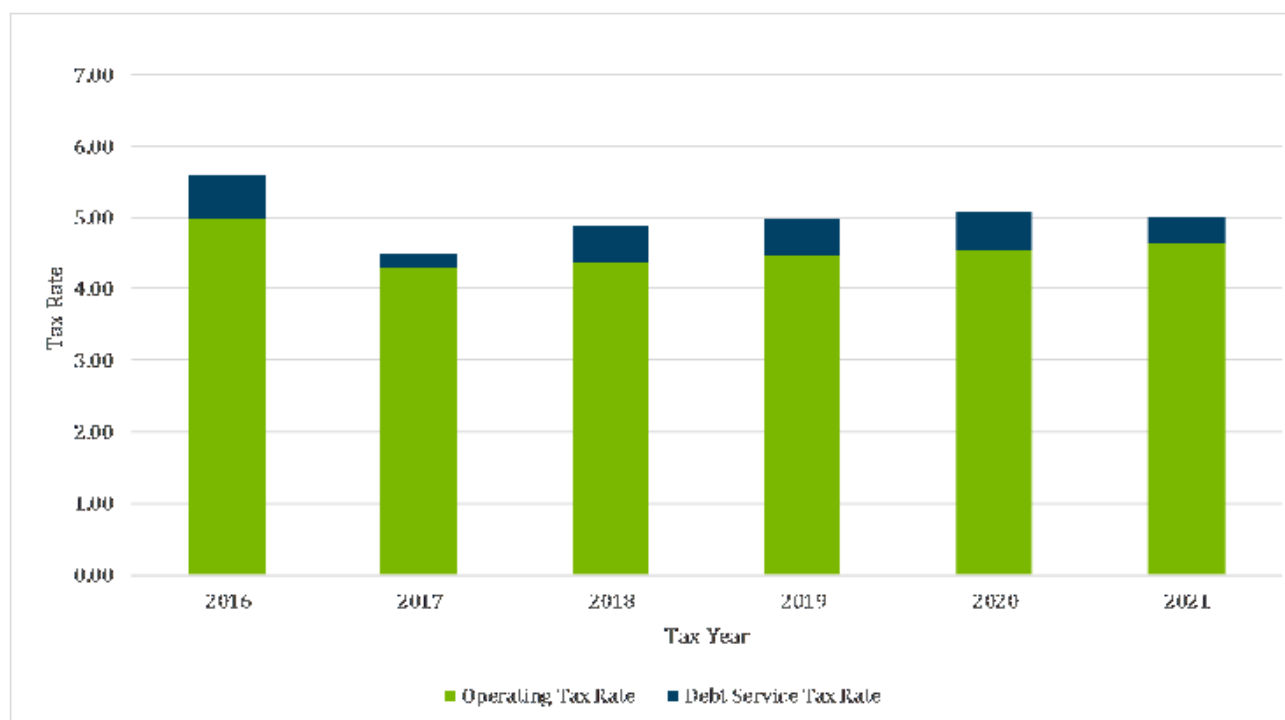
- The Board's direction is **to levy up to the Tax Cap maximum in 2018 (CPI plus new property)** and **provide a one time \$2.5M abatement in levy year 2018**; this gives flexibility to future Boards to decide what to do on the 2019 levy next year and thereafter;
- Currently there is only \$1.4M of debt service on the tax rolls for 2018; The Board authorized up to \$7.5M of DSEB bonds in September to pay for the remaining Holmes and life safety work; the Board will consider a resolution authorizing the issuance of up to \$30M referendum approved bonds in November
- In order to avoid additional interest cost, it makes more sense to reduce the amount of bonds to sell instead of issuing the bonds then abating the debt service due in 2018 levy year
- By reducing the amount of bonds issued the District will have to pay for the capital projects from the operating funds
- Reducing the 2018 tax levy gives the taxpayers the reduction in 2018 levy year paid in 2019

PROPOSED TAX RATE WITH \$7.5M DSEB AND \$57.5M REFERENDUM BONDS

PUBLIC FINANCE

Tax Year	Outstanding DSEB Bonds	1999B Referendum Bonds	Est. 2019 \$7.5M DSEB Bonds	Estimated 2019, 2020, 2021 \$57.5M Referendum Bonds	Total	5% Loss Factor	Estimated Tax Rate for Debt Service	Estimated Limiting Tax Rate*	Estimated Total Tax Rate
2016	3,471,739	4,455,600	-		7,927,339	8,323,706	0.600	4.982	5.582
2017	1,417,155	1,865,106	-		3,282,261	3,446,374	0.208	4.281	4.489
2018	1,412,301	-	2,210,761	4,438,297	8,061,359	8,464,427	0.511	4.371	4.882
2019	1,417,070	-	2,276,400	4,439,550	8,133,020	8,539,670	0.516	4.458	4.974
2020	1,416,271	-	2,334,200	4,435,400	8,185,871	8,595,165	0.519	4.547	5.066
2021	-	-	1,336,400	4,436,600	5,773,000	6,061,650	0.366	4.638	5.004

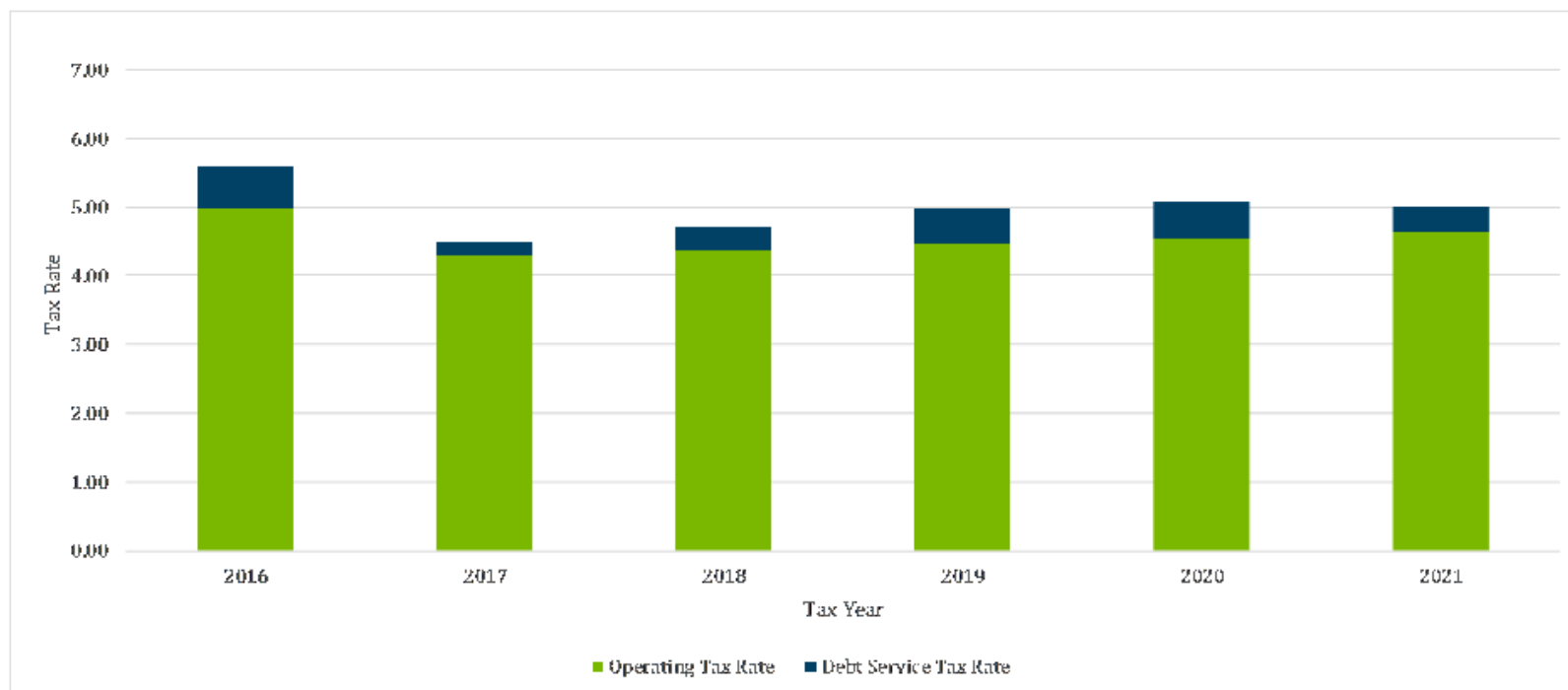
*Note: Estimated based on CPI increases only for calculation of limiting rate and current 2017 EAV with no reassessment or new property CPI in 2019-2021 tax year 2%



OPTION 1: ISSUE \$1.1M LESS DSEB BONDS (\$6.4M) AND ABATE \$1.4M (IMPACT 2018 LEVY) PUBLIC FINANCE

Tax Year	Outstanding DSEB Bonds	1999B Referendum Bonds	Partial Abatement of Current DSEB	Est. 2019 \$6.4M DSEB Bonds	Estimated 2019, 2020, 2021 \$57.5M Referendum Bonds	Total	Total Plus 5% Loss Factor	Estimated Tax Rate for Debt Service	Estimated Limiting Tax Rate*	Estimated Total Tax Rate
2016	3,471,739	4,455,600		-		7,927,339	8,323,706	0.600	4.982	5.582
2017	1,417,155	1,865,106		-		3,282,261	3,446,374	0.208	4.281	4.489
2018	1,412,301	-	(1,412,301)	1,045,917	4,439,746	5,485,662	5,759,945	0.348	4.371	4.719
2019	1,417,070	-		2,277,400	4,437,433	8,131,903	8,538,498	0.516	4.458	4.974
2020	1,416,271	-		2,330,200	4,438,417	8,184,888	8,594,132	0.519	4.547	5.066
2021	-	-		1,367,600	4,439,600	5,807,200	6,097,560	0.368	4.638	5.006

*Note: Estimated based on CPI increases only for calculation of limiting rate and current 2017 EAV with no reassessment or new property CPI in 2019-2021 tax year 2%



Advantages:

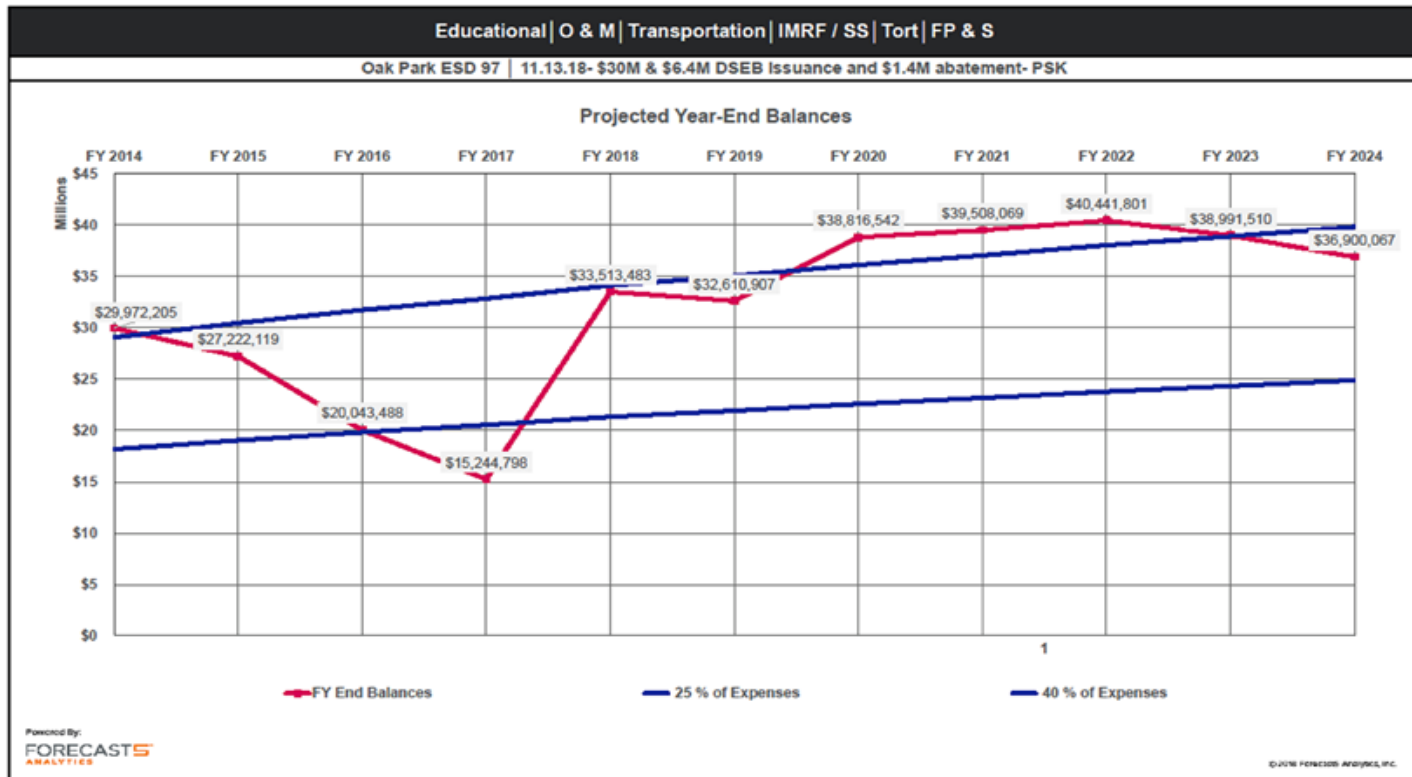
- By reducing DSEB principal by \$1.1M interest cost of approximately \$36,600 is saved
- By abating existing DSEB debt service of \$1.4M, the District can utilize accumulated loss/collection in debt service fund for abatement, *lessening the impact on operating funds*
- Impacts 2018 levy year by approximately \$2.5M achieving Board goal

Disadvantages:

- Operating funds of \$1.1M must be used for Holmes and life safety projects

OPTION 1: ISSUE \$1.1M LESS DSEB BONDS (\$6.4M) AND ABATE \$1.4M (IMPACT 2018 LEVY) PUBLIC FINANCE

-IMPACT ON FINANCIAL PROJECTION



OPTION 2: NO ISSUE OF \$7.5M DSEB BONDS

Tax Year	Outstanding DSEB Bonds	1999B Referendum Bonds	Est. 2019 \$0M DSEB Bonds	Estimated 2019, 2020, 2021 \$57.5M Referendum Bonds	Total	Total Plus 5% Loss Factor	Estimated Tax Rate for Debt Service	Estimated Limiting Tax Rate*	Estimated Total Tax Rate
2016	3,471,739	4,455,600	-		7,927,339	8,323,706	0.600	4.982	5.582
2017	1,417,155	1,865,106	-		3,282,261	3,446,374	0.208	4.281	4.489
2018	1,412,301	-	-	4,138,297	5,850,598	6,143,128	0.371	4.371	4.742
2019	1,417,070	-	-	4,139,550	5,856,620	6,149,450	0.371	4.458	4.830
2020	1,416,271	-	-	4,135,400	5,851,671	6,144,255	0.371	4.547	4.918
2021	-	-	-	4,136,600	4,136,600	4,658,430	0.281	4.638	4.920

*Note: Estimated based on CPI increases only for calculation of limiting rate and current 2017 EAV with no reassessment or new property CPI in 2019-2021 tax year 2%

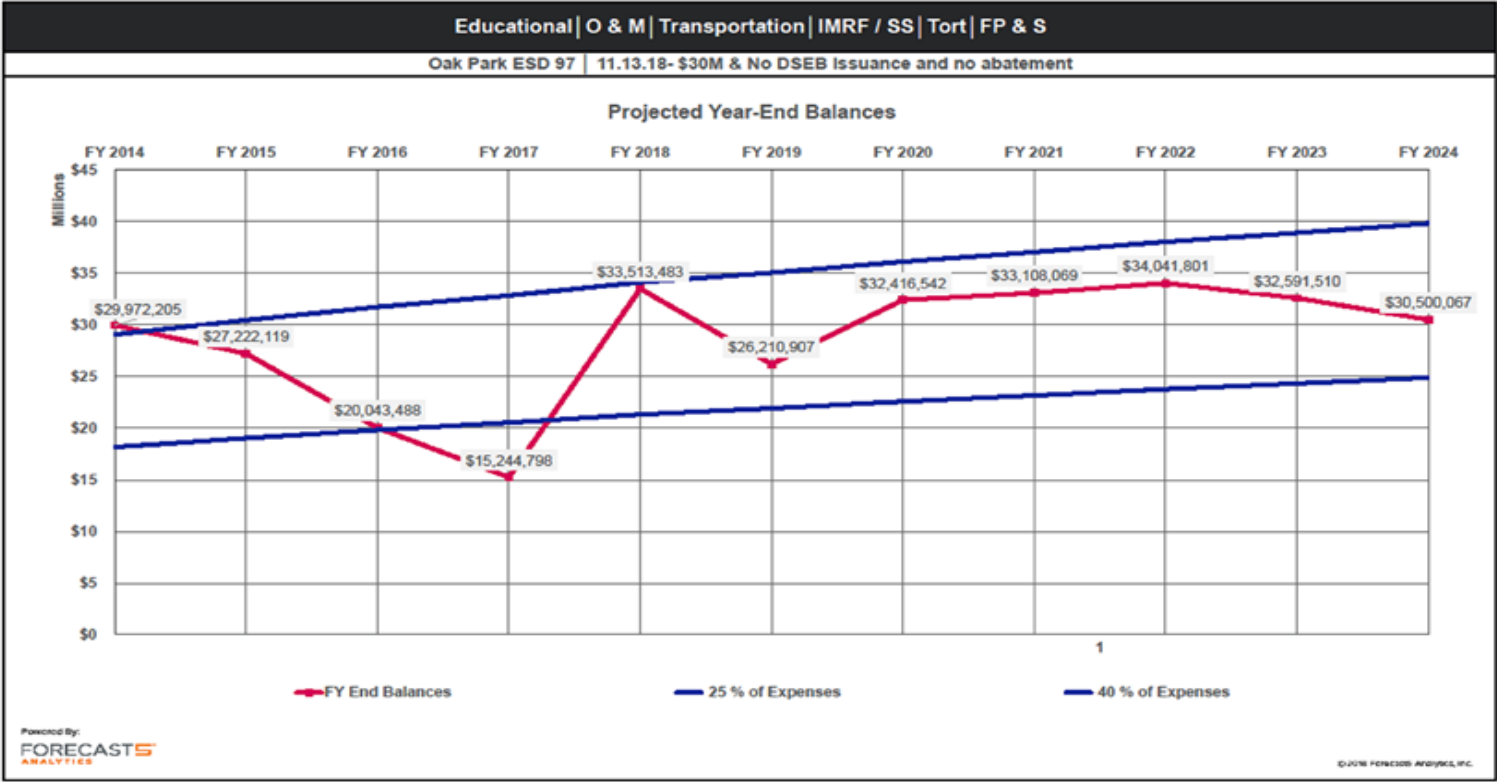


Advantages:

- By reducing DSEB interest cost on \$7.5M of approximately \$657,000

Disadvantages:

- Operating funds of \$7.5M must be used for Holmes and life safety projects impacting financial projections
- Impacts the 2018 tax levy by just over \$2.2M versus \$2.5M given size of remaining available DSEB in levy year 2018

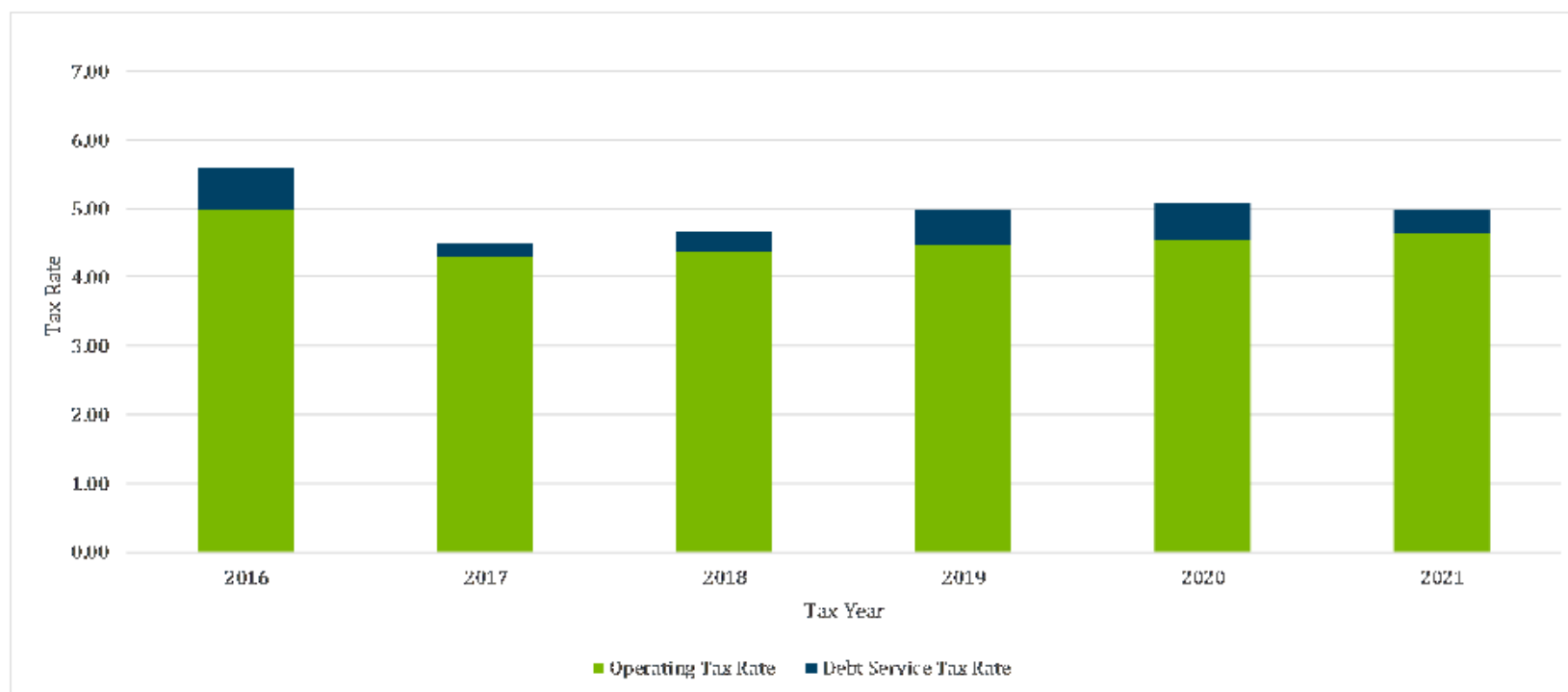


OPTION 3: ISSUE OF \$5M DSEB BONDS IN FALL 2019 WITH PARTIAL ABATEMENT

PUBLIC FINANCE

Tax Year	Outstanding DSEB Bonds	1999B Referendum Bonds	Partial Abatement of Current DSEB	Est. 2019 \$5M DSEB Bonds	Estimated 2019, 2020, 2021 \$57.5M Referendum Bonds	Total	Total Plus 5% Loss Factor	Estimated Tax Rate for Debt Service	Estimated Limiting Tax Rate*	Estimated Total Tax Rate
2016	3,471,739	4,455,600		-		7,927,339	8,323,706	0.600	4.982	5.582
2017	1,417,155	1,865,106		-		3,282,261	3,446,374	0.208	4.281	4.489
2018	1,412,301	-	(1,412,301)	-	4,439,746	4,439,746	4,661,733	0.282	4.371	4.652
2019	1,417,070	-		2,277,741	4,437,433	8,132,244	8,538,856	0.516	4.458	4.974
2020	1,416,271	-		2,353,000	4,438,417	8,207,688	8,618,072	0.520	4.547	5.068
2021	-	-		743,600	4,439,600	5,183,200	5,442,360	0.329	4.638	4.967

*Note: Estimated based on CPI increases only for calculation of limiting rate and current 2017 EAV with no reassessment or new property CPI in 2019-2021 tax year 2%

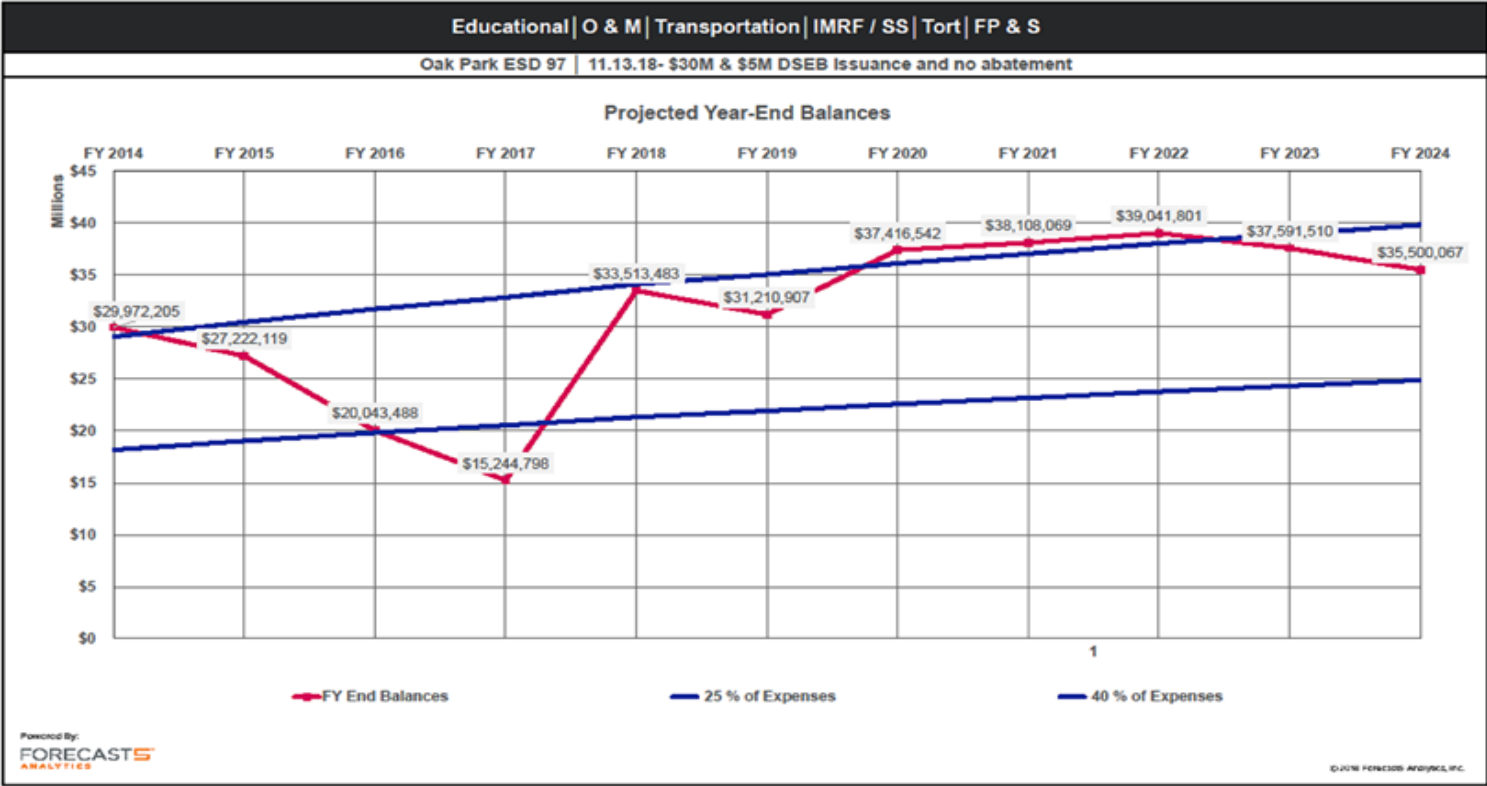


Advantages:

- By reducing DSEB bond issue by \$2.5M, \$283,420 of interest cost saved
- By abating existing DSEB debt service of \$1.4M, the District can utilize accumulated loss/collection in debt service fund for abatement, *lessening the impact on operating funds*

Disadvantages:

- Operating funds of \$2.5M must be used for Holmes and life safety projects impacting financial projections



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