



September 9, 2013

Geneva Community Unit School
District 304, Kane County, Illinois

Update on Debt Restructuring Options

William Blair

Outstanding Debt

Outstanding Debt

Dated
Issue
Series
Original Par
Earliest Call
Maturity

February 1, 2012				December 1, 2011				March 2, 2010			
G.O. REFUNDING SCHOOL BONDS				G.O. REFUNDING SCHOOL BONDS				G.O. REFUNDING SCHOOL BONDS			
2012				2011				2010			
\$4,165,000.00				\$8,755,000.00				\$2,615,000.00			
Non-Callable				Non-Callable				1/1/2020 @ 100			
January 1,				January 1,				January 1,			
Amount	Coupon	Interest	Debt Service	Amount	Coupon	Interest	Debt Service	Amount	Coupon	Interest	Debt Service

Fiscal Year

2013		114,538	114,538			342,800	342,800			127,458	127,458	
2014		124,950	124,950			342,800	342,800	5,000	1.950%	127,458	132,458	
2015		124,950	124,950			342,800	342,800	5,000	2.300%	127,360	132,360	
2016		124,950	124,950			342,800	342,800	10,000	2.750%	127,245	137,245	
2017	1,410,000	3.000%	124,950	1,534,950		342,800	342,800	10,000	3.100%	126,970	136,970	
2018	2,755,000	3.000%	82,650	2,837,650	3,455,000	4.000%	342,800	3,797,800	10,000	3.350%	126,660	136,660
2019					5,115,000	4.000%	204,600	5,319,600	10,000	3.400%	126,325	136,325
2020								10,000	3.500%	125,985	135,985	
2021								10,000	3.600%	125,635	135,635	
2022								10,000	3.700%	125,275	135,275	
2023								10,000	3.800%	124,905	134,905	
2024								2,525,000	3.85%/5.00%	124,525	2,649,525	
2025												
2026												
2027												

Total

Callable	\$0	\$0	\$2,555,000
Non-Callable	\$4,165,000	\$8,755,000	\$60,000
Total Outstanding	\$4,165,000	\$8,755,000	\$2,615,000

Notes

Refunding	Refunding	Refunding
2004A Bonds	2004A Bonds	2004 Bonds

Outstanding Debt (continued)

Dated
Issue
Series
Original Par
Earliest Call
Maturity

January 1, 2008				July 1, 2007				July 1, 2007			
G.O. SCHOOL BONDS				G.O. LIMITED TAX SCHOOL BONDS				G.O. SCHOOL BONDS			
2008				2007B				2007A			
\$14,585,000.00				\$7,550,000.00				\$85,820,000.00			
1/1/2018 @ 100				1/1/2017 @ 100				1/1/2017 @ 100			
January 1,				January 1,				January 1,			
Amount	Coupon	Interest	Debt Service	Amount	Coupon	Interest	Debt Service	Amount	Coupon	Interest	Debt Service

Fiscal Year

2013		673,920	673,920	765,000	4.500%	323,168	1,088,168			6,229,200	6,229,200	
2014		673,920	673,920	800,000	4.500%	288,743	1,088,743			6,229,200	6,229,200	
2015		673,920	673,920	835,000	4.500%	252,743	1,087,743			6,229,200	6,229,200	
2016		673,920	673,920	875,000	4.500%	215,168	1,090,168			6,229,200	6,229,200	
2017		673,920	673,920	915,000	4.500%/5.000%	175,793	1,090,793			6,229,200	6,229,200	
2018		673,920	673,920	805,000	4.250%	133,018	938,018			6,229,200	6,229,200	
2019		673,920	673,920	840,000	4.500%	98,805	938,805			6,229,200	6,229,200	
2020		673,920	673,920	840,000	4.500%/5.000%	61,005	901,005	2,650,000	5.000%	6,229,200	8,879,200	
2021	600,000	4.000%	673,920	1,273,920	500,000	4.450%	22,250	522,250	4,050,000	5.000%	6,096,700	10,146,700
2022	2,070,000	5.000%	649,920	2,719,920				10,595,000	9.000%	5,894,200	16,489,200	
2023	2,175,000	5.250%	546,420	2,721,420				11,550,000	9.000%	4,940,650	16,490,650	
2024	2,285,000	4.200%	432,233	2,717,233				12,590,000	9.000%	3,901,150	16,491,150	
2025	2,380,000	4.250%	336,263	2,716,263				13,720,000	9.000%	2,768,050	16,488,050	
2026	2,485,000	4.250%	235,113	2,720,113				14,960,000	5.000%	1,533,250	16,493,250	
2027	2,590,000	5.000%	129,500	2,719,500				15,705,000	5.000%	785,250	16,490,250	

Total

6229200

Callable
Non-Callable
Total Outstanding

\$14,585,000	\$2,985,000	\$37,365,000
\$0	\$4,190,000	\$48,455,000
\$14,585,000	\$7,175,000	\$85,820,000

Notes

	Refunding	New Money & Refunding
	2001B Bonds	1998 & 2004A Bonds -62.9% Refunding
		\$64.99M New, \$38.4M Ref -Abatements 2007

Outstanding Debt (continued)

Dated	December 1, 2004								June 7, 2001				September 9, 1998				
Issue	G.O. SCHOOL BONDS								CAPITAL APPREC. SCHOOL BONDS				CAPITAL APPREC. SCHOOL BONDS				
Series	2004A								2001A				1998A				
Original Par	\$41,184,191.65								\$19,499,905.15				\$35,599,916.90				
Earliest Call	1/1/2014 @ 100								NON-CALLABLE				NON-CALLABLE				
Maturity	January 1,								January 1,				January 1,				
	CIBS	Coupon	Refunded	CABS	Coupon	Interest	Debt Service	Amount	Coupon	Interest	Debt Service	Amount	Refunded	Coupon	Interest	Debt Service	
Fiscal Year																	
2013	615,000	4.000%	2,265,000			24,600	639,600	472,593	7.4389%	627,407	1,100,000	2,719,044	1,224,534	5.16365%	2,920,956	5,640,000	
2014				1,712,739	9.00%	2,077,261	3,790,000	439,307	7.4389%	660,693	1,100,000	1,750,095	2,219,688	5.16365%	2,069,905	3,820,000	
2015				1,874,650	9.00%	2,655,350	4,530,000	464,050	7.4389%	785,950	1,250,000	1,898,170	2,085,374	5.16365%	2,461,830	4,360,000	
2016				2,934,968	9.00%	4,810,032	7,745,000	1,123,268	7.4389%	2,131,732	3,255,000	287,542	1,938,325	5.16365%	407,458	695,000	
2017		5.000%	4,240,000	1,736,835	9.00%	3,268,165	5,005,000	2,245,460	7.4389%	4,754,540	7,000,000						
2018		5.000%	9,175,000					2,685,201	7.4389%	6,319,799	9,005,000						
2019		5.000%	5,200,000					3,050,476	7.4389%	7,954,524	11,005,000						
2020								3,607,240	7.4389%	10,392,760	14,000,000						
2021								3,077,704	7.4389%	9,772,297	12,850,000						
2022																	
2023																	
2024																	
2025																	
2026																	
2027																	
Total																	
Callable	\$0								\$0				\$0				
Non-Callable	\$8,874,192								\$17,165,298				\$6,654,851				
Total Outstanding	\$8,874,192								\$17,165,298				\$6,654,851				
Notes	New Money								Issued by Illinois Development Finance Authority				Issued by Illinois Development Finance Authority				

Abatement and Refunding Options to Level Debt Payments

District Strategy to Abate Ed Fund Surplus > \$15M Balance

Fiscal Year Levy Year	Actual			Budget	Projections				
	FY 2011	FY 2012	FY 2013 (unaudited)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	
	Levy 2009	Levy 2010	Levy 2011	Levy 2012	Levy 2013	Levy 2014	Levy 2015	Levy 2016	
Beginning Balance	\$13,221,782	\$18,224,829	\$20,179,860	\$20,285,307	\$16,988,727	\$18,453,791	\$18,905,925	\$19,991,941	
Revenues	63,450,794	66,460,883	58,440,420	58,249,098	61,182,473	63,325,958	65,532,742	67,847,418	
Expenditures	58,480,553	61,312,475	53,344,973	56,260,371	57,728,682	59,420,033	60,540,801	61,611,898	
Surplus/Deficit	4,970,241	5,148,408	5,095,447	1,988,727	3,453,791	3,905,925	4,991,941	6,235,520	
Transfers	32,806	(3,193,377)	(4,990,000)	(5,285,307)	(1,988,727)	(3,453,791)	(3,905,925)	(4,991,941)	
Other	-	0	0						
Ending Balance	\$18,224,829	\$20,179,860	\$20,285,307	\$16,988,727	\$18,453,791	\$18,905,925	\$19,991,941	\$21,235,520	
Less: Minimum \$15M	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,001	
Abatement Amount Surplus > \$15M	3,224,829	4,990,000	5,285,307	1,988,727	3,453,791	3,905,925	4,991,941	6,235,519	

Notes:

- Surplus amounts in the Education Fund are abated in the next fiscal year.
- Budget FY13 and Projection expenditure amounts do not include any salary increases for certified staff.
- Assumes full Property Tax Limitation Law Levy allowing CPI and new Property is extended annually.

Current Abatement Strategy: When surplus occurs in Education Fund, District abates amounts in excess of \$15M minimum the following Fiscal Year.

Current Situation – Do Nothing Scenario

Levy Year	EAV	% Change	Debt Service Levy	Estimated Tax Rate for Debt	2011/2012 Levy Abate	2012/2014 Levy Abate	Total Abatements	New Total Debt Service	Estimated Tax Rate for Debt Service	Annual (Savings)/Cost on \$315k Home
					w/ Ed Fund Surplus FY11	w/ Ed Fund Surplus FY12				
2010	1,409,003,529	-3.95%	14,624,805	1.04				14,624,805	1.04	
2011	1,328,294,553	-5.73%	15,951,903	1.20	(1,220,895)		(1,220,895)	14,731,008	1.11	(97)
2012	1,285,654,414	-3.21%	17,302,070	1.35	(2,003,934)	(298,136)	(2,302,070)	15,000,000	1.17	(188)
2013	1,269,302,947	-1.27%	18,730,973	1.48		(3,230,973)	(3,230,973)	15,500,000	1.22	(267)
2014	1,281,302,947	0.95%	20,293,283	1.58		(1,460,891)	(1,460,891)	18,832,392	1.47	(120)
2015	1,321,929,005	3.17%	22,013,633	1.67			-	22,013,633	1.67	-
2016	1,381,586,876	4.51%	23,618,248	1.71				23,618,248	1.71	-
2017	1,443,034,482	4.45%	24,302,850	1.68				24,302,850	1.68	-
2018	1,500,755,861	4.00%	24,590,110	1.64				24,590,110	1.64	-
2019	1,560,786,096	4.00%	24,928,505	1.60				24,928,505	1.60	-
2020	1,623,217,540	4.00%	19,344,395	1.19				19,344,395	1.19	-
2021	1,688,146,241	4.00%	19,346,975	1.15				19,346,975	1.15	-
2022	1,755,672,091	4.00%	21,857,908	1.24				21,857,908	1.24	-
2023	1,825,898,974	4.00%	19,204,313	1.05				19,204,313	1.05	-
2024	1,898,934,933	4.00%	19,213,363	1.01				19,213,363	1.01	-
2025	1,974,892,331	4.00%	19,209,750	0.97				19,209,750	0.97	-
2026	2,053,888,024	4.00%						-	-	-
2027	2,136,043,545	4.00%						-	-	-
2028	2,221,485,287	4.00%						-	-	-
2029	2,310,344,698	4.00%						-	-	-
2030	2,402,758,486	4.00%						-	-	-
2031	2,498,868,826	4.00%						-	-	-
Total			324,533,080		(3,224,829)	(4,990,000)	(8,214,829)	301,693,446		\$ (672)

Abatements FY11-FY13

Levy Year	EAV	% Change	Debt Service Levy	Estimated Tax Rate for Debt	2011/2012 Levy Abate	2012/2014 Levy Abate	2014 Levy Abate	Total Abatements	New Total Debt Service	Estimated Tax Rate for Debt Service	Annual (Savings)/Cost on \$315k Home
					w/ Ed Fund Surplus FY11	w/ Ed Fund Surplus FY12	w/ Ed Fund Surplus FY13				
2010	1,409,003,529	-3.95%	14,624,805	1.04					14,624,805	1.04	
2011	1,328,294,553	-5.73%	15,951,903	1.20	(1,220,895)			(1,220,895)	14,731,008	1.11	(97)
2012	1,285,654,414	-3.21%	17,302,070	1.35	(2,003,934)	(298,136)		(2,302,070)	15,000,000	1.17	(188)
2013	1,269,302,947	-1.27%	18,730,973	1.48		(3,230,973)		(3,230,973)	15,500,000	1.22	(267)
2014	1,281,302,947	0.95%	20,293,283	1.58		(1,460,891)		(3,993,283)	16,300,000	1.27	(327)
2015	1,321,929,005	3.17%	22,013,633	1.67			(2,532,392)	(2,752,915)	19,260,718	1.46	(219)
2016	1,381,586,876	4.51%	23,618,248	1.71					23,618,248	1.71	-
2017	1,443,034,482	4.45%	24,302,850	1.68					24,302,850	1.68	-
2018	1,500,755,861	4.00%	24,590,110	1.64					24,590,110	1.64	-
2019	1,560,786,096	4.00%	24,928,505	1.60					24,928,505	1.60	-
2020	1,623,217,540	4.00%	19,344,395	1.19					19,344,395	1.19	-
2021	1,688,146,241	4.00%	19,346,975	1.15					19,346,975	1.15	-
2022	1,755,672,091	4.00%	21,857,908	1.24					21,857,908	1.24	-
2023	1,825,898,974	4.00%	19,204,313	1.05					19,204,313	1.05	-
2024	1,898,934,933	4.00%	19,213,363	1.01					19,213,363	1.01	-
2025	1,974,892,331	4.00%	19,209,750	0.97					19,209,750	0.97	-
2026	2,053,888,024	4.00%							-	-	-
2027	2,136,043,545	4.00%							-	-	-
2028	2,221,485,287	4.00%							-	-	-
2029	2,310,344,698	4.00%							-	-	-
2030	2,402,758,486	4.00%							-	-	-
2031	2,498,868,826	4.00%							-	-	-
Total			324,533,080		(3,224,829)	(4,990,000)	(5,285,307)	(13,500,136)	296,408,139		\$ (1,098)

Current Abatement Strategy: FY11 and FY12 amounts actual. FY13 amount may change depending on actual FY13 surplus. Over 3 years total abatements estimated at \$13,500,136.

I: Abatements FY11-FY13 Plus 2015 Refunding to Flatten Debt

Levy Year	Debt Service Levy	Estimated Tax Rate for Debt	Total Abatements	Less: 2015 Refunded Debt Service	Plus: 2015 Refunding Debt Service	New Total Debt Service	Estimated Tax Rate for Debt Service	Annual (Savings)/Cost on \$315k Home
2010	14,624,805	1.04				14,624,805	1.04	
2011	15,951,903	1.20	(1,220,895)			14,731,008	1.11	(97)
2012	17,302,070	1.35	(2,302,070)			15,000,000	1.17	(188)
2013	18,730,973	1.48	(3,230,973)			15,500,000	1.22	(267)
2014	20,293,283	1.58	(3,993,283)			16,300,000	1.27	(327)
2015	22,013,633	1.67	(2,752,915)	(4,275,058)	2,261,250	17,246,910	1.30	(379)
2016	23,618,248	1.71		(7,580,058)	2,261,250	18,299,440	1.32	(404)
2017	24,302,850	1.68		(7,565,058)	2,261,250	18,999,043	1.32	(386)
2018	24,590,110	1.64		(7,855,058)	2,261,250	18,996,303	1.27	-
2019	24,928,505	1.60		(8,196,808)	2,261,250	18,992,948	1.22	-
2020	19,344,395	1.19		(2,610,558)	2,261,250	18,995,088	1.17	(23)
2021	19,346,975	1.15		(2,613,558)	2,261,250	18,994,668	1.13	(22)
2022	21,857,908	1.24		(5,122,483)	2,261,250	18,996,675	1.08	(171)
2023	19,204,313	1.05		(2,468,013)	2,261,250	18,997,550	1.04	(12)
2024	19,213,363	1.01		(2,475,000)	2,261,250	18,999,613	1.00	(12)
2025	19,209,750	0.97		(2,472,750)	2,261,250	18,998,250	0.96	(11)
2026					18,996,250	18,996,250	0.92	-
2027					18,999,500	18,999,500	0.89	-
2028					11,460,750	11,460,750	0.52	542
2029								
2030								
2031								
Total			(13,500,136)	(53,234,398)	74,330,250	317,503,992		\$ (1,757)
			Net Cost		21,095,853			
			AIC as of Sept 5		4.61%			

Does not contemplate surplus budgets FY2014 or thereafter. Levy Year 11- Levy Year 15 abatements estimated at \$13,500,136. Refunding bonds issued in FY2015 to flatten remaining levy payments.

I: Abatements FY11-FY13 Plus Refunding to Flatten Debt

Advantages:

- Flattens debt service payments for the life of the bond issue
- Does not rely on abatements of surplus after FY13

Disadvantages:

- Extends debt service for three years after final maturity
- Total net debt service cost from refunding estimated at \$21,095,853 and present value cost of \$4,783,423
- Future interest rate risk

II: Abatements FY11-FY18 to Flatten Debt

Levy Year	Debt Service Levy	Estimated Tax Rate for Debt	2011/2012 Levy Abate w/ Ed Fund Surplus FY11	2012/2014 Levy Abate w/ Ed Fund Surplus FY12	2014/15 Levy Abate w/ Ed Fund Surplus FY13	2015 Levy Abate w/ Ed Fund Surplus FY14	2016 Levy Abate w/ Ed Fund Surplus FY15	2016 Levy Abate w/ Ed Fund Surplus FY16	2017 Levy Abate w/ Ed Fund Surplus FY17	2018/19 Levy Abate w/ Ed Fund Surplus FY18	New Total Debt Service	Estimated Tax Rate for Debt Service	Annual (Savings)/Cost on \$315k Home
2010	14,624,805	1.04									14,624,805	1.04	
2011	15,951,903	1.20	(1,220,895)								14,731,008	1.11	(97)
2012	17,302,070	1.35	(2,003,934)	(298,136)							15,000,000	1.17	(188)
2013	18,730,973	1.48		(3,230,973)							15,500,000	1.22	(267)
2014	20,293,283	1.58		(1,460,891)	(2,532,392)						16,300,000	1.27	(327)
2015	22,013,633	1.67			(2,752,915)	(1,988,727)					17,271,991	1.31	(377)
2016	23,618,248	1.71					(3,453,791)				18,248,012	1.32	(408)
2017	24,302,850	1.68						(1,916,445)			19,310,909	1.34	(363)
2018	24,590,110	1.64							(4,991,941)		19,354,591	1.29	(335)
2019	24,928,505	1.60								(5,235,519)	23,928,505	1.53	(62)
2020	19,344,395	1.19								(1,000,000)	19,344,395	1.19	-
2021	19,346,975	1.15									19,346,975	1.15	-
2022	21,857,908	1.24									21,857,908	1.24	-
2023	19,204,313	1.05									19,204,313	1.05	-
2024	19,213,363	1.01									19,213,363	1.01	-
2025	19,209,750	0.97									19,209,750	0.97	-
2026											-	-	-
2027											-	-	-
2028											-	-	-
2029											-	-	-
2030											-	-	-
2031											-	-	-
Total			(3,224,829)	(4,990,000)	(5,285,307)	(1,988,727)	(3,453,791)	(3,905,925)	(4,991,941)	(6,235,519)	277,821,716		\$ (2,423)
									Total Abatements	(34,076,039)			

Uses estimated surplus budgets FY2011-FY2018 for abatements through levy year 2019. Total abatements estimated at \$34,076,039.

II: Abatements FY11-FY18

Advantages:

- Flattens debt service payments for the life of the bond issue through levy year 2018 without the cost of refunding bonds
- Depending on economy and future tax base growth may not need future refunding issues

Disadvantages:

- Not clear budget surpluses will continue in the projection years
- Relies on operating tax levy funds to reduce debt service.

III: Abatements FY11-FY18 Plus Refunding to Flatten Debt

Levy Year	Debt Service Levy	Estimated Tax Rate for Debt	Abate w/ Surplus FY11	Abate w/ Surplus FY12	Abate w/ Surplus FY13	Abate w/ Surplus FY14	Abate w/ Surplus FY15	Abate w/ Surplus FY16	Abate w/ Surplus FY17	Abate w/ Surplus FY18	Less: 2019 Refunded Debt Service	Plus: 2019 Refunding Debt Service	New Total Debt Service	Estimated Tax Rate for Debt Service	Annual (Savings)/Cost on \$315k Home
2010	14,624,805	1.04											14,624,805	1.04	
2011	15,951,903	1.20	(1,220,895)										14,731,008	1.11	(97)
2012	17,302,070	1.35	(2,003,934)	(298,136)									15,000,000	1.17	(188)
2013	18,730,973	1.48		(3,230,973)									15,500,000	1.22	(267)
2014	20,293,283	1.58		(1,460,891)	(2,532,392)								16,300,000	1.27	(327)
2015	22,013,633	1.67			(2,752,915)	(1,988,727)							17,271,991	1.31	(377)
2016	23,618,248	1.71				(3,453,791)	(1,916,445)						18,248,012	1.32	(408)
2017	24,302,850	1.68					(4,991,941)						19,310,909	1.34	(363)
2018	24,590,110	1.64						(5,235,519)					19,354,591	1.29	(335)
2019	24,928,505	1.60						(1,000,000)	(5,455,023)	524,750	18,998,233	1.22	18,998,233	1.22	(365)
2020	19,344,395	1.19							(873,773)	524,750	18,995,373	1.17	18,995,373	1.17	(21)
2021	19,346,975	1.15							(882,023)	524,750	18,989,703	1.12	18,989,703	1.12	(20)
2022	21,857,908	1.24							(3,382,098)	524,750	19,000,560	1.08	19,000,560	1.08	(156)
2023	19,204,313	1.05							(730,738)	524,750	18,998,325	1.04	18,998,325	1.04	(11)
2024	19,213,363	1.01							(743,750)	524,750	18,994,363	1.00	18,994,363	1.00	(11)
2025	19,209,750	0.97							(735,000)	524,750	18,999,500	0.96	18,999,500	0.96	(10)
2026											11,019,750	11,019,750	11,019,750	0.54	515
2027															
2028															
2029															
2030															
2031															
Total			(3,224,829)	(4,990,000)	(5,285,307)	(1,988,727)	(3,453,791)	(3,905,925)	(4,991,941)	(6,235,519)	(12,802,403)	14,693,000	279,712,314		\$ (2,441)
									Total Abatements	(34,076,039)	Net Cost	1,890,598			
											AIC as of Sept 5	3.62%			

Levy Year 11- Levy Year 18 abatements estimated at \$34,076,039 Refunding bonds issued in 2019 to flatten remaining levy payments.

III: Abatements FY11-FY17 Plus Refunding to Flatten Debt

Advantages:

- Flattens debt service payments for the life of the bond issue through levy year 2018 without the cost of refunding bonds
- Uses refunding debt structure in 2019 to flatten remaining debt payments
- Lowest cost of refunding \$1,890,598 and present value savings of \$16,304 at current interest rates.
- Depending on economy and future tax base growth may not need future refunding issues

Disadvantages:

- Not clear budget surpluses will continue in the projection years
- Relies on operating tax levy funds to reduce debt service.
- Future interest rate risk

Option IV:

- Using cash to defease bonds is also possible. The next option shows using the 2.6M surplus in FY2014 for defeasing or paying off bonds that are callable in the future.
- The District's next call date is January 1, 2017. The cash will be invested in treasury securities to the call date and pay down bonds with the highest interest cost (the longest).
- Alternatively, if the District determines to proceed with a refunding bond issue for restructuring, the cash that would have been used for abatement may be used in the escrow to reduce the cost of the refunding bonds.

IV: Defeasance of Long Bonds Using \$2.6M

Levy Year	Debt Service Levy	Estimated Tax Rate for Debt	2011/2012 Levy Abate w/ Ed Fund Surplus FY11	2012/2014 Levy Abate w/ Ed Fund Surplus FY12	2014/2015 Levy Abate w/ Ed Fund Surplus FY13	Less: Defeased Debt Service	New Total Debt Service	Estimated Tax Rate for Debt Service	Annual (Savings)/Cost on \$315k Home
2010	14,624,805	1.04					14,624,805	1.04	
2011	15,951,903	1.20	(1,220,895)				14,731,008	1.11	(97)
2012	17,302,070	1.35	(2,003,934)	(298,136)			15,000,000	1.17	(188)
2013	18,730,973	1.48		(3,230,973)			15,500,000	1.22	(267)
2014	20,293,283	1.58		(1,460,891)	(2,532,392)		16,300,000	1.27	(327)
2015	22,013,633	1.67			(2,752,915)	(123,750)	19,136,968	1.45	(228)
2016	23,618,248	1.71				(123,750)	23,494,498	1.70	(9)
2017	24,302,850	1.68				(123,750)	24,179,100	1.68	(9)
2018	24,590,110	1.64				(123,750)	24,466,360	1.63	-
2019	24,928,505	1.60				(123,750)	24,804,755	1.59	-
2020	19,344,395	1.19				(123,750)	19,220,645	1.18	(8)
2021	19,346,975	1.15				(123,750)	19,223,225	1.14	(8)
2022	21,857,908	1.24				(123,750)	21,734,158	1.24	(7)
2023	19,204,313	1.05				(123,750)	19,080,563	1.04	(7)
2024	19,213,363	1.01				(123,750)	19,089,613	1.01	(7)
2025	19,209,750	0.97				(2,598,750)	16,611,000	0.84	(138)
2026									
2027									
2028									
2029									
2030									
2031									
Total			(3,224,829)	(4,990,000)	(5,285,307)	(3,836,250)	292,571,889		\$ (1,301)

IV: Defeasance of Long Bonds Using \$2.6M

Advantages:

- Unlike abatements, defeasance reduces interest cost over time by calling in longer term bonds

Disadvantages:

- Affects taxpayers at the end of the debt service schedule more than in the years where taxes increase the most
- Negative arbitrage reduces the effectiveness of defeasance because short term interest earnings are so low

Market Update

Historical AAA MMD Interest Rates

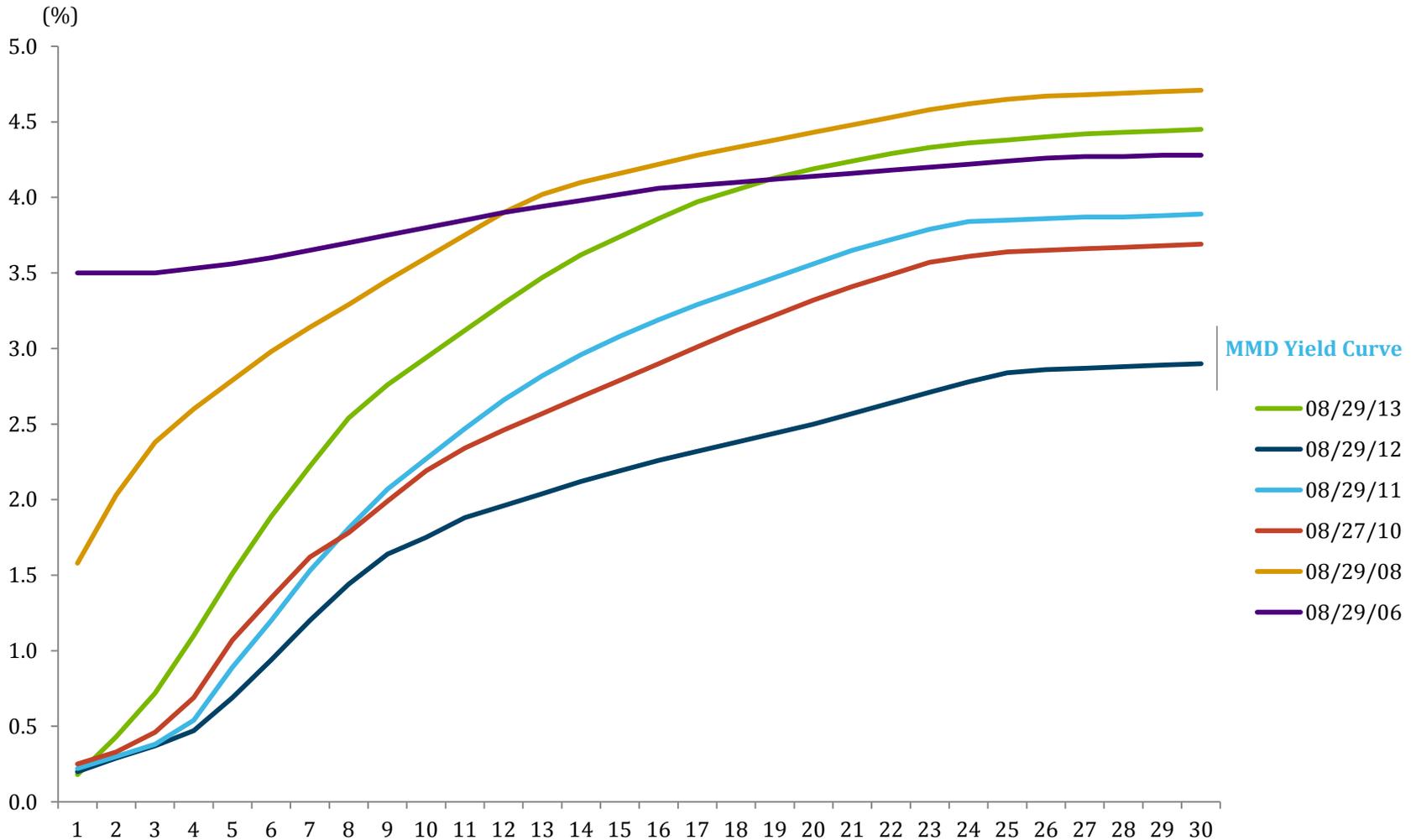
AAA Municipal Market Data (“MMD”) During the Past Five Years



Note: Reflects market conditions as of August 29, 2013
Source: Thomson Financial

Municipal Yield Curve Comparison

AAA MMD Curves During the Past Seven Years



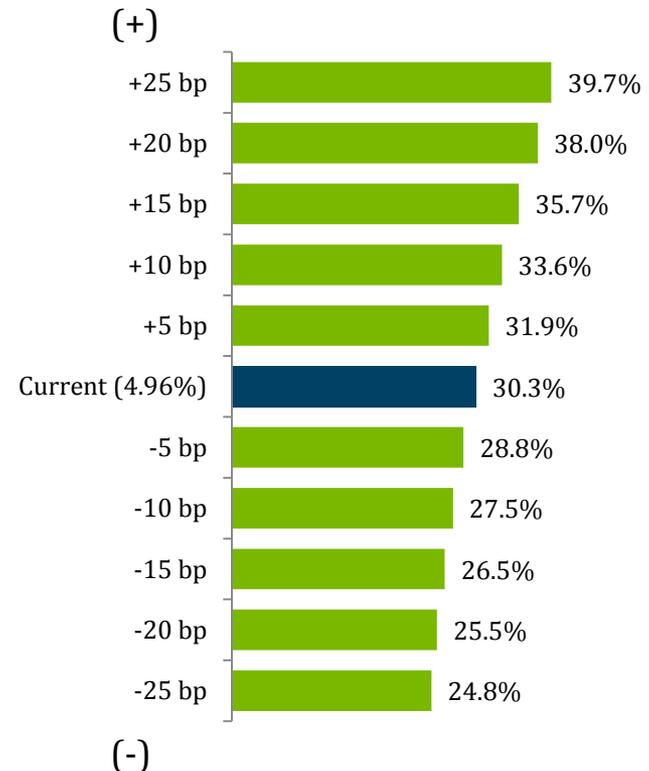
Note: Reflects market conditions as of August 29, 2013
 Source: Thomson Financial

Municipal G.O. Interest Rates at Historical Lows

Historical BBI-20 Index¹



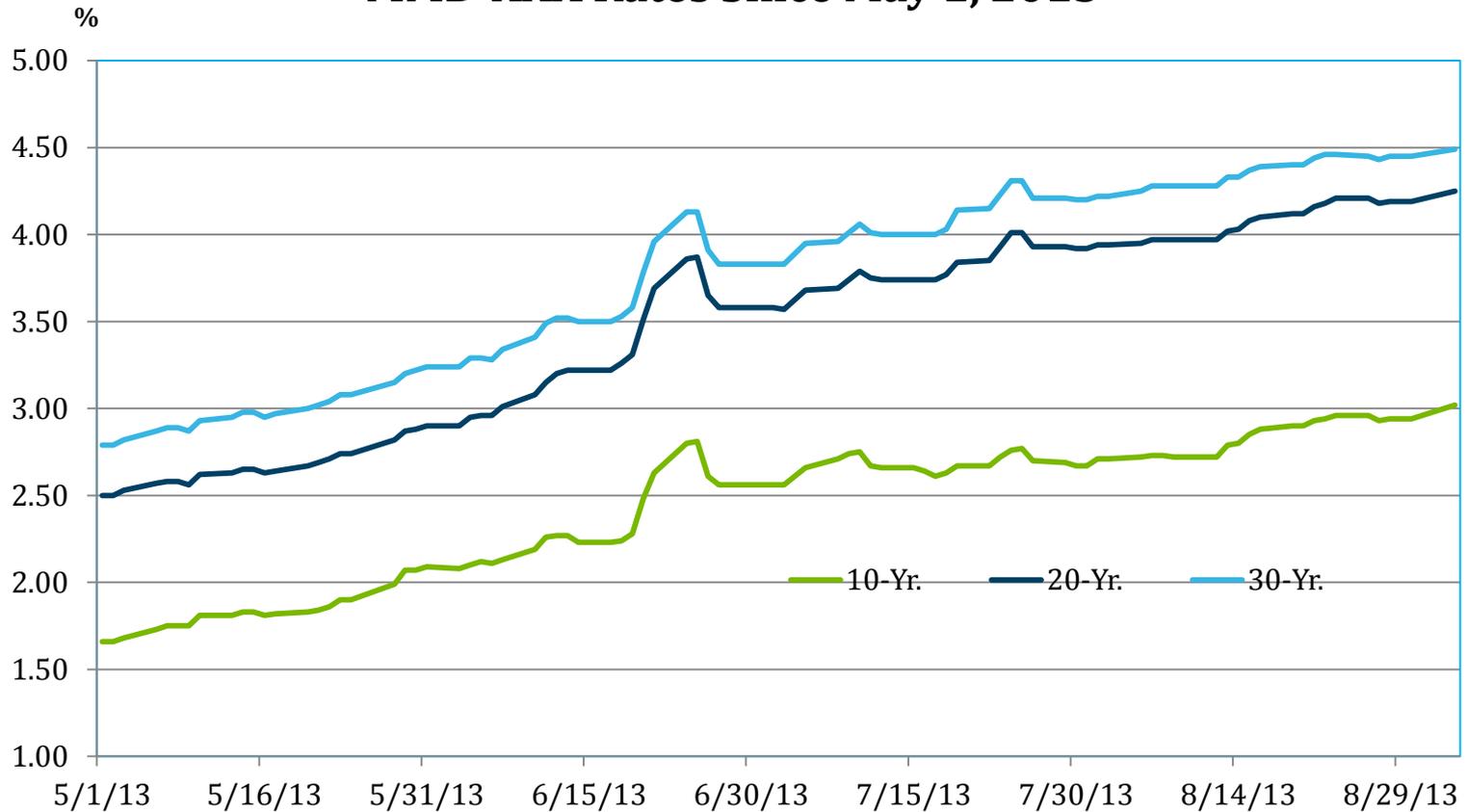
Percentage of Time BBI-20 Has Been At or Below Specified Level Since 1980



(1) Reflects market conditions as of August 29, 2013. The 20-year Bond-Buyer Index (BBI-20) is based on the average yields of 20-year bonds issued by 20 different general obligation bond issuers; these issuers are all rated Aa2 by Moody's
Source: Bloomberg Information Systems

AAA-MMD Interest Rates Since May 1, 2013

MMD-AAA Rates Since May 1, 2013



Refunding for Savings Options: Series 2007A

Opportunity to Refund the Series 2007A Bonds for Savings

- Given recent market movement, advanced refunding of the Series 2007A Bonds is not creating savings.
- Waiting until the call date does generate substantial savings at today's interest rates, even though they have increased since 2012.

Option I: Non-BQ Refunding of Series 2007A Callable Bonds – US Treasury Securities Escrow

Community Unit School District 304 Kane County, IL Proposed Refunding of Series 2007A Bonds, Dec 2013 Non-BQ

<u>Period</u> <u>Ending</u>	<u>Series 2007A</u> <u>Prior</u> <u>Debt Service</u>	<u>Series 2013</u> <u>Refunding</u> <u>Debt Service</u>	<u>Annual Savings</u>
1/1/2015	\$964,000	\$1,101,913	(\$137,913)
1/1/2016	964,000	1,097,150	(133,150)
1/1/2017	964,000	1,095,550	(131,550)
1/1/2018	964,000	1,093,150	(129,150)
1/1/2019	964,000	1,095,750	(131,750)
1/1/2020	964,000	1,096,500	(132,500)
1/1/2021	964,000	1,097,000	(133,000)
1/1/2022	964,000	1,097,250	(133,250)
1/1/2023	964,000	1,092,250	(128,250)
1/1/2024	964,000	1,092,250	(128,250)
1/1/2025	964,000	1,097,000	(133,000)
1/1/2026	10,369,000	10,501,250	(132,250)
1/1/2027	10,368,750	10,500,000	(131,250)
	\$31,341,750	\$33,057,013	(\$1,715,263)

Savings Summary - All Callable Maturities

Total Savings.....	\$	(1,715,263)
Average annual savings.....	\$	(131,943)
Net PV Savings.....	\$	(1,295,508)
PV as a % of Bonds Refunded.....		-6.72%
Par Amount of Bonds Refunded....	\$	19,280,000
Negative Arbitrage.....	\$	1,930,024

- Savings Negative given increased interest rates and negative arbitrage.

Option II: Non-BQ Current Refunding of Series 2007A Callable Bonds December 2016

Community Unit School District 304, Kane County, IL Proposed Refunding of Series 2007A Bonds, Jan 2017 Current Refunding of 2007A Bonds

<u>Period</u> <u>Ending</u>	<u>Series 2007</u> <u>Prior</u> <u>Debt Service</u>	<u>Series 2013</u> <u>Refunding</u> <u>Debt Service</u>	<u>Annual</u> <u>Savings</u>
1/1/2018	964,000	890,500	73,500
1/1/2019	964,000	890,500	73,500
1/1/2020	964,000	890,500	73,500
1/1/2021	964,000	890,500	73,500
1/1/2022	964,000	890,500	73,500
1/1/2023	964,000	890,500	73,500
1/1/2024	964,000	890,500	73,500
1/1/2025	964,000	890,500	73,500
1/1/2026	10,369,000	9,580,500	788,500
1/1/2027	10,368,750	9,576,000	792,750
	\$28,449,750	\$26,280,500	\$2,169,250

Savings Summary - All Callable Maturities

Total Savings.....	\$ 2,169,250
Average annual savings.....	\$ 350,007
Net PV Savings.....	\$ 2,183,926
PV as a % of Bonds Refunded.....	8.42%
Par Amount of Bonds Refunded....	\$ 19,280,000
Negative Arbitrage.....	\$ -

- Present value savings large at 8.4%
- NO Negative arbitrage because current refunding
- Future interest rate risk

Notice and Disclaimer

The accompanying information was obtained from sources which William Blair & Company, L.L.C. believes to be reliable but does not guarantee its accuracy and completeness.

The material has been prepared solely for informational purposes and is not a solicitation of an offer to buy or sell any security or instrument or to participate in any trading strategy.

Historical data is not an indication of future results.

The opinions expressed are our own unless otherwise stated.

Per Rule G-23 we are providing the information contained in this proposal for discussion purposes in anticipation of serving as an underwriter . In our capacity as underwriter, our primary role will be to purchase the Bonds as a principal in a commercial, arms' length transaction and we will have financial and other interests that differ from yours. We will not be acting as a municipal advisor, financial advisor or fiduciary.