



PMATM



LAKE BLUFF SCHOOLS
DISTRICT 65

Refunding Opportunity

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Existing Principal on Bonds

Levy Year	Fiscal Year	\$5,375,000 GO Limited Bonds, Series 2015	\$9,215,000 GO Refunding School Bonds, Series 2016	\$1,600,000 GO Refunding School Bonds, Series 2020	Total	Ending Principal Balance	Cumulative Principal Retirement as Percent of Total
2022	2024	\$ 240,000	\$ 1,540,000	\$ -	\$ 1,780,000	\$ 12,185,000	12.75%
2023	2025	255,000	1,605,000	-	1,860,000	10,325,000	26.07%
2024	2026	275,000	1,670,000	-	1,945,000	8,380,000	39.99%
2025	2027	290,000	1,695,000	-	1,985,000	6,395,000	54.21%
2026	2028	310,000	1,740,000	-	2,050,000	4,345,000	68.89%
2027	2029	330,000	-	1,600,000	1,930,000	2,415,000	82.71%
2028	2030	350,000	-	-	350,000	2,065,000	85.21%
2029	2031	370,000	-	-	370,000	1,695,000	87.86%
2030	2032	390,000	-	-	390,000	1,305,000	90.66%
2031	2033	410,000	-	-	410,000	895,000	93.59%
2032	2034	435,000	-	-	435,000	460,000	96.71%
2033	2035	460,000	-	-	460,000	-	100.00%
2034	2036	-	-	-	-	-	100.00%
2035	2037	-	-	-	-	-	100.00%
Totals:		<u>\$ 4,115,000</u>	<u>\$ 8,250,000</u>	<u>\$ 1,600,000</u>	<u>\$ 13,965,000</u>		

Purpose: Working Cash AR-08 CR - 10

Callable: 12/30/24 12/30/24 N/A

Non-Referendum Debt Service			Referendum Debt Service										
			Non Referendum Debt Service		\$5,690,000 GO School Building					\$1,600,000 Total General			
\$5,375,000 GO Limited Bonds, Series 2015	Funds on Hand	Total	Extension Base Created W/1994 Levy (1)	Remaining Margin (1)	GO Refunding School Bonds, Series 2016	Refunding Bonds, Series 2017	GO Refunding School Bonds, Series 2020	Total	Obligation Bonds Debt Service	1.0% County Loss/Cost Debt Service	EAV (2)	Growth Rate	B&I Tax Rate
\$ 392,000	\$ -	\$ 392,000	\$ 402,776	\$ 10,776	\$ 269,038	\$ 1,454,600	\$ 64,000	\$ 1,787,638	\$ 2,179,638	\$ 2,204,434	\$ 683,662,224	-1.28%	0.3220
398,600	(4,880)	393,720	408,416	14,694	974,038	774,800	64,000	1,812,838	2,206,558	2,228,623	675,391,654	-1.21%	0.3300
404,600	(10,880)	393,720	428,835	35,115	1,780,838	-	64,000	1,844,838	2,238,558	2,260,943	681,612,529	0.92%	0.3317
410,800	(16,280)	393,720	450,277	56,557	1,784,238	-	64,000	1,848,238	2,241,958	2,264,377	729,325,406	7.00%	0.3105
419,800	-	419,800	465,587	45,787	1,785,038	-	64,000	1,849,038	2,268,838	2,291,526	729,325,406	0.00%	0.3142
423,800	-	423,800	465,587	41,787	1,776,638	-	64,000	1,840,638	2,264,438	2,287,082	729,325,406	0.00%	0.3136
432,200	-	432,200	465,587	33,387	1,783,500	-	64,000	1,847,500	2,279,700	2,302,497	729,325,406	0.00%	0.3157
439,800	-	439,800	465,587	25,787	-	-	1,664,000	1,664,000	2,103,800	2,124,838	729,325,406	0.00%	0.2913
446,600	-	446,600	465,587	18,987	-	-	-	-	446,600	451,066	729,325,406	0.00%	0.0618
452,600	-	452,600	465,587	12,987	-	-	-	-	452,600	457,126	729,325,406	0.00%	0.0627
457,800	-	457,800	465,587	7,787	-	-	-	-	457,800	462,378	729,325,406	0.00%	0.0634
462,200	-	462,200	465,587	3,387	-	-	-	-	462,200	466,822	729,325,406	0.00%	0.0640
470,800	-	470,800	465,587	(5,213)	-	-	-	-	465,587	470,243	729,325,406	0.00%	0.0645
478,400	-	478,400	465,587	(12,813)	-	-	-	-	465,587	470,243	729,325,406	0.00%	0.0645
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
-	-	-	465,587	465,587	-	-	-	-	-	-	729,325,406	0.00%	0.0000
\$ 5,298,600	\$ (27,160)	\$ 5,271,440			\$ 8,910,250	\$ -	\$ 1,984,000	\$ 10,894,250	\$ 16,147,664	\$ 16,309,140			

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.



The Series 2015 Limited Tax Bonds

- ▶ The Bonds maturing on and after December 30, 2025 are callable on and after December 30, 2024 at par
 - ▶ \$3,620,000 of callable principal
 - ▶ Average rate of 4.00%
- ▶ Proceeds were used to fund 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 October of 2024 (closing)



The Series 2016 Tax Bonds

- ▶ The Bonds maturing on and after December 30, 2025 are callable on and after December 30, 2024 at par
 - ▶ \$5,105,000 of callable principal
 - ▶ Average rate of 2.25%
- ▶ Proceeds were used to refund the District's Series 2008 Referendum Bonds
- ▶ 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 October of 2024 (closing)



Refunding Tools

1. Taxable Advance Refunding
2. Tax-Exempt Current Refunding
3. Forward Settlement Tax-Exempt Current Refunding



What is a Forward Settlement Current Refunding?

- ▶ In a Forward, the interest rate is set in the present, but the bonds close in the future (early October 2024)
- ▶ This strategy would allow the District to lock in a rate above the current market, which mitigates market risk
 - ▶ Allows the refunding bonds to be issued tax-exempt
 - ▶ No inefficient escrow
- ▶ Typically, this is not an option until the sale date is a year or less from the closing date



Forward Settlement Current Refundings

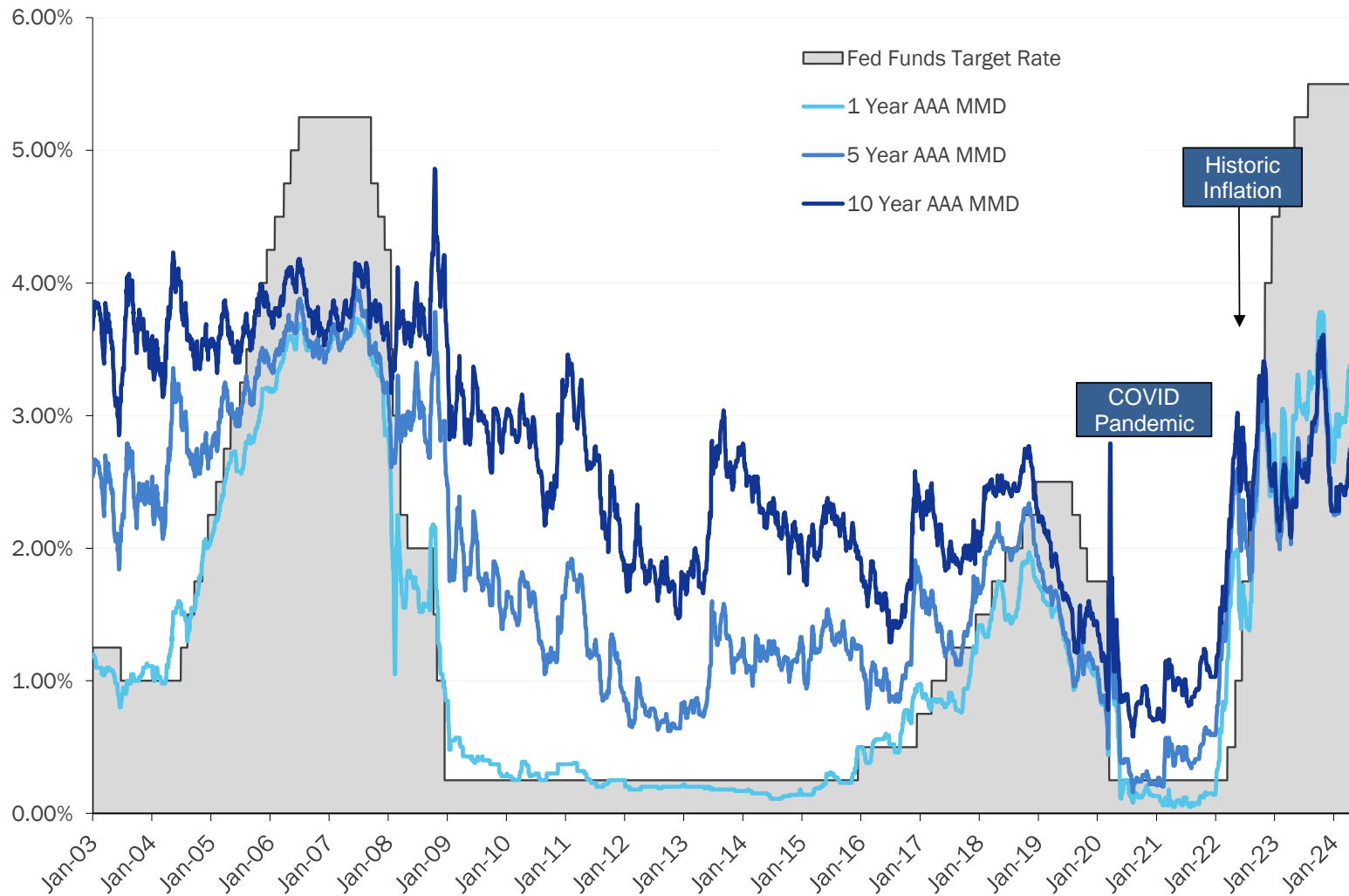
- ▶ Bonds are priced based on current market rates
- ▶ Bonds are not issued (closed) until a future date (the same being within 90 days of the call date of the refunded bonds)
- ▶ Investor/purchaser of the Bonds guarantees a rate for the Bonds; investor/purchaser typically charges a yield premium due to the illiquidity of the investment (prior to closing)
- ▶ The District is able to lock in savings
- ▶ There are two closings: one shortly after the sale date (“soft closing”) and the other on the actual date of delivery. (The “two closings” approach is necessary to confirm no change in law or facts since pricing that would make delivery of the bonds impossible.)



Forward Settlement Current Refundings (cont'd.)

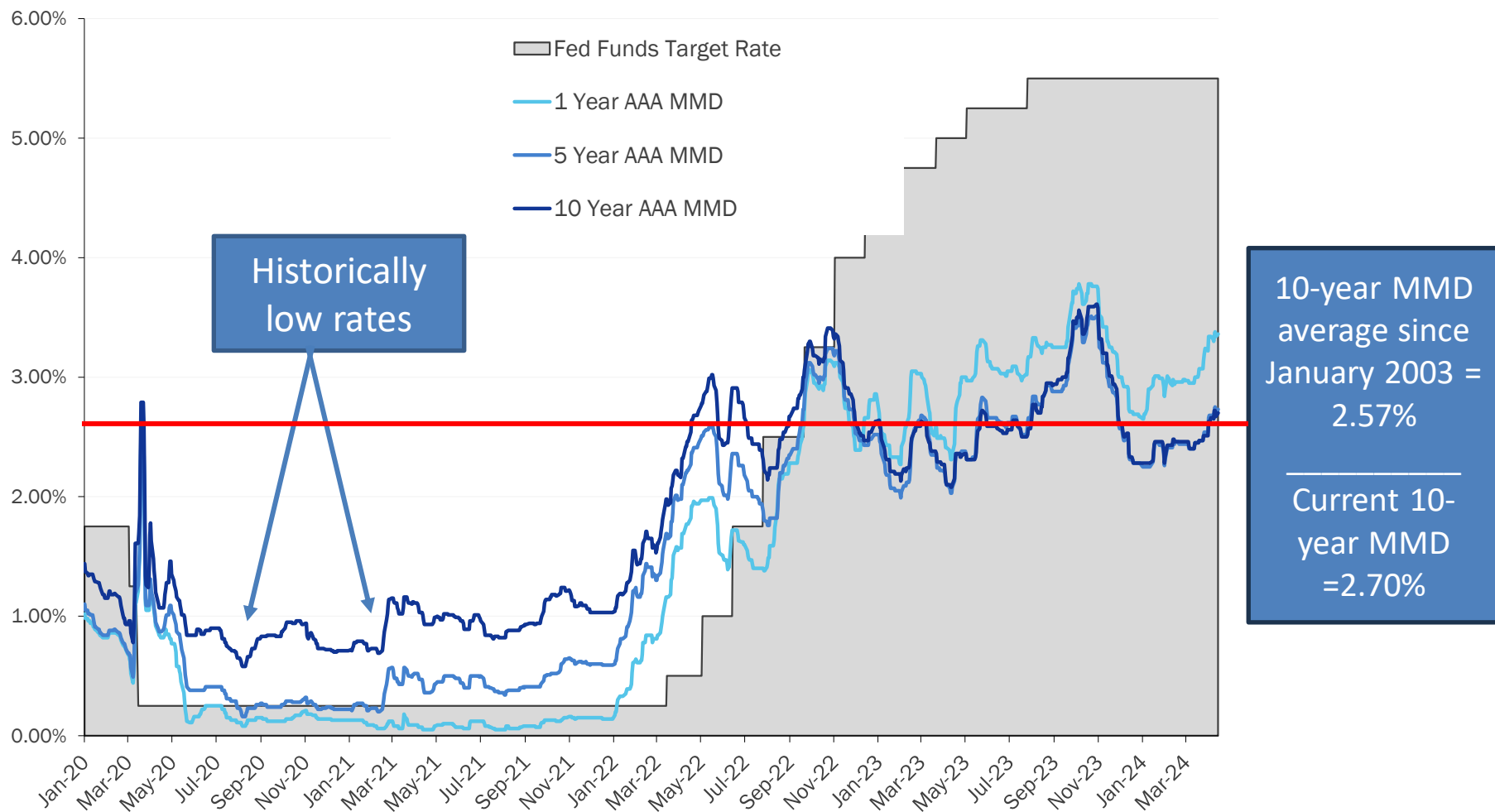
- ▶ Special Legal Considerations
 - ▶ Typically, the District will be required to execute a rate lock agreement
 - ▶ A rate lock agreement is a hedging agreement. It provides that, at the expected forward delivery date, if the bonds are not issued and interest rates are lower at that time than today, the district will need to make a payment to the bank. (If interest rates are higher at that time, no payment is required.)
 - ▶ District officials should carefully review the terms of the proposed rate lock agreement
- ▶ Since January 1, 2022, PMA has served as municipal advisor on 17 forward delivery transactions totaling \$453 million in par amount

Historical Tax-Exempt Rates



*The Municipal Market Data "MMD" is a AAA municipal bond market index produced by TM3. As of April 16, 2024.

Tax Exempt Rates since January 1, 2020



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Types of Sale

Competitive Public Offering

- Select Underwriter via bid opening at preset time and date

Negotiated Public Offering

- Preselect underwriter prior to sale date
- Interest rates negotiated through a process that takes indications of interest from bond investors through order period.

Private Placement

- Bonds sold directly to sophisticated bond investor (typically a bank)



Estimated Savings with a Tax-Exempt Current Refunding of the 2015 Bonds at Current Market Rates as of March 5, 2024 (Competitive sale that closes in early October of 2024)

Debt Service Comparison

Date	New Debt Service	+	Noncallable Debt Service	=	Net New Debt Service	vs.	Old Net Debt Service	=	Savings
12/30/2024	39,194.44		260,100.00		299,294.44		299,294.44		-
12/30/2025	406,000.00		-		406,000.00		419,800.00		13,800.00
12/30/2026	409,000.00		-		409,000.00		423,800.00		14,800.00
12/30/2027	416,250.00		-		416,250.00		432,200.00		15,950.00
12/30/2028	422,500.00		-		422,500.00		439,800.00		17,300.00
12/30/2029	432,750.00		-		432,750.00		446,600.00		13,850.00
12/30/2030	436,750.00		-		436,750.00		452,600.00		15,850.00
12/30/2031	439,750.00		-		439,750.00		457,800.00		18,050.00
12/30/2032	446,750.00		-		446,750.00		462,200.00		15,450.00
12/30/2033	452,500.00		-		452,500.00		470,800.00		18,300.00
12/30/2034	462,000.00		-		462,000.00		478,400.00		16,400.00
Total	\$4,363,444.44		\$260,100.00		\$4,623,544.44		\$4,783,294.44		\$159,750.00

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	163,890.85
Net PV Cashflow Savings @ 3.348%(AIC)	163,890.85
Transfers from Prior Issue Debt Service Fund	(33,205.56)
Contingency or Rounding Amount	2,336.57
Net Present Value Benefit	\$133,021.86
Net PV Benefit / \$3,620,000 Refunded Principal	3.675%



Estimated Savings with a Tax-Exempt Current Refunding of the 2015 Bonds at Current Market Rates as of April 15, 2024 (Competitive sale that closes in early October of 2024)

Debt Service Comparison

Date	New Debt Service	+	Noncallable Debt Service	=	Net New Debt Service	vs.	Old Net Debt Service	=	Savings
12/30/2024	39,843.75		260,100.00		299,943.75		299,943.75		-
12/30/2025	408,750.00		-		408,750.00		419,800.00		11,050.00
12/30/2026	416,750.00		-		416,750.00		423,800.00		7,050.00
12/30/2027	423,750.00		-		423,750.00		432,200.00		8,450.00
12/30/2028	429,750.00		-		429,750.00		439,800.00		10,050.00
12/30/2029	439,750.00		-		439,750.00		446,600.00		6,850.00
12/30/2030	443,500.00		-		443,500.00		452,600.00		9,100.00
12/30/2031	451,250.00		-		451,250.00		457,800.00		6,550.00
12/30/2032	452,750.00		-		452,750.00		462,200.00		9,450.00
12/30/2033	463,250.00		-		463,250.00		470,800.00		7,550.00
12/30/2034	467,250.00		-		467,250.00		478,400.00		11,150.00
Total	\$4,436,593.75		\$260,100.00		\$4,696,693.75		\$4,783,943.75		\$87,250.00

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	102,126.31
Net PV Cashflow Savings @ 3.705%(AIC)	102,126.31
Transfers from Prior Issue Debt Service Fund	(32,556.25)
Contingency or Rounding Amount	694.85
Net Present Value Benefit	\$70,264.91
Net PV Benefit / \$3,620,000 Refunded Principal	1.941%



Recommended Approach

- ▶ PMA will continue to closely monitor market conditions
 - ▶ Evolving market dynamics and inflationary pressures may influence the placement market and the municipal bond market as a whole

- ▶ PMA recommends the Board adopt a parameters resolution for the sale of refunding bonds
 - ▶ Will enable the District to work toward either a forward current refunding (private placement) in spring/summer or a traditional current refunding (competitive sale) in September
 - ▶ Does not obligate the Board to execute a refunding



Suggested Timeline for Refunding Bonds (Method of Sale TBD)

April 30/May 1	Next Fed Meeting
May 3	April 2024 Employment Report released
May 15	April 2024 CPI released
May 21	Board adopts parameters resolution for bond sale - <i>valid for six months</i>
No later than mid-September	Bids due; rate locked in
~October 2	Bonds close

- Upcoming Fed meeting dates: June 11/12, July 30/31
- Monthly Employment and CPI Reports will continue to be released



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