



January 27, 2014

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 (Current Projection)

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

Fiscal Year	Actual	Budget		Projections			
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Levy Year	Levy 2011	Levy 2012	Levy 2013	Levy 2014	Levy 2015	Levy 2016	Levy 2017
Beginning Balance	\$20,179,860	\$20,970,638	\$16,988,727	\$18,905,334	\$18,372,251	\$20,189,435	\$20,057,529
Revenues	58,440,420	58,210,098	59,444,704	62,045,814	63,831,919	65,569,687	67,259,460
Expenditures	52,698,642	56,260,371	57,439,370	58,673,563	58,642,484	60,512,158	62,432,051
Surplus/Deficit	5,741,778	1,949,727	2,005,334	3,372,251	5,189,435	5,057,529	4,827,409
Transfer to Debt Service	(4,990,000)	(5,931,638)	(1,988,727)	(3,905,334)	(3,372,251)	(5,189,435)	(5,057,528)
Other Transfers	0		1,900,000				
Ending Balance	\$20,931,638	\$16,988,727	\$18,905,334	\$18,372,251	\$20,189,435	\$20,057,529	\$19,827,410
Less: Minimum \$15M	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,001	\$15,000,002
Abatement Amount Surplus > \$15M	5,931,638	1,988,727	3,905,334	3,372,251	5,189,435	5,057,528	4,827,408

Notes: Surplus amounts in the Education Fund are abated in the next fiscal year.
Assumes full Property Tax Limitation Law Levy allowing CPI + new Property is extended annually, except for levy year 2013 (1% increase).

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 Service	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				
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	1,249,212,747	-2.83%	18,730,973	1.50		(3,230,973)	(3,230,973)	15,500,000	1.24	(272)
2014	1,236,228,492	-1.04%	20,293,283	1.64		(1,460,891)	(1,460,891)	18,832,392	1.52	(124)
2015	1,248,228,492	0.97%	22,013,633	1.76				22,013,633	1.76	-
2016	1,288,193,062	3.20%	23,618,248	1.83				23,618,248	1.83	-
2017	1,341,838,854	4.16%	24,302,850	1.81				24,302,850	1.81	-
2018	1,397,094,019	4.12%	24,590,110	1.76				24,590,110	1.76	-
2019	1,454,006,840	4.07%	24,928,505	1.71				24,928,505	1.71	-
2020	1,512,167,114	4.00%	19,344,395	1.28				19,344,395	1.28	-
2021	1,572,653,798	4.00%	19,346,975	1.23				19,346,975	1.23	-
2022	1,635,559,950	4.00%	21,857,908	1.34				21,857,908	1.34	-
2023	1,700,982,348	4.00%	19,204,313	1.13				19,204,313	1.13	-
2024	1,769,021,642	4.00%	19,213,363	1.09				19,213,363	1.09	-
2025	1,839,782,508	4.00%	19,209,750	1.04				19,209,750	1.04	-
2026	1,913,373,808	4.00%						-	-	-
2027	1,989,908,760	4.00%						-	-	-
2028	2,069,505,111	4.00%						-	-	-
2029	2,152,285,315	4.00%						-	-	-
2030	2,238,376,728	4.00%						-	-	-
2031	2,327,911,797	4.00%						-	-	-
Total			309,908,275		(3,224,829)	(4,990,000)	(8,214,829)	301,693,446		\$ (680)

I. Abatements FY11-FY13

Levy Year	Debt Service Levy	Estimated Tax Rate for Debt Service	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				
2011	15,951,903	1.20	(1,220,895)			(1,220,895)	14,731,008	1.11	(97)
2012	17,302,070	1.35	(2,003,934)	(298,136)		(2,302,070)	15,000,000	1.17	(188)
2013	18,730,973	1.50		(3,230,973)		(3,230,973)	15,500,000	1.24	(272)
2014	20,293,283	1.64		(1,460,891)	(2,532,392)	(3,993,283)	16,300,000	1.32	(339)
2015	22,013,633	1.76			(3,399,246)	(3,399,246)	18,614,387	1.49	(286)
2016	23,618,248	1.83					23,618,248	1.83	-
2017	24,302,850	1.81					24,302,850	1.81	-
2018	24,590,110	1.76					24,590,110	1.76	-
2019	24,928,505	1.71					24,928,505	1.71	-
2020	19,344,395	1.28					19,344,395	1.28	-
2021	19,346,975	1.23					19,346,975	1.23	-
2022	21,857,908	1.34					21,857,908	1.34	-
2023	19,204,313	1.13					19,204,313	1.13	-
2024	19,213,363	1.09					19,213,363	1.09	-
2025	19,209,750	1.04					19,209,750	1.04	-
2026							-	-	-
2027							-	-	-
2028							-	-	-
2029							-	-	-
2030							-	-	-
2031							-	-	-
Total	309,908,275		(3,224,829)	(4,990,000)	(5,931,638)	(14,146,467)	295,761,808		\$ (1,181)

Current Abatement Strategy: FY11 and FY12 amounts actual. FY13 amount may change depending on actual FY13 surplus. Over 3 years total abatements estimated at \$14,146,467.

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

Levy Year	Debt Service Levy	Estimated Tax Rate for Debt Service	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
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	1.50	(3,230,973)			15,500,000	1.24	(272)
2014	20,293,283	1.64	(3,993,283)			16,300,000	1.32	(339)
2015	22,013,633	1.76	(3,399,246)	(3,513,145)	1,827,250	16,928,492	1.36	(428)
2016	23,618,248	1.83		(6,836,145)	1,827,250	18,609,353	1.44	(408)
2017	24,302,850	1.81		(7,127,895)	1,827,250	19,002,205	1.42	(415)
2018	24,590,110	1.76		(7,122,895)	1,827,250	19,294,465	1.38	(398)
2019	24,928,505	1.71		(7,459,645)	1,827,250	19,296,110	1.33	(407)
2020	19,344,395	1.28		(1,878,395)	1,827,250	19,293,250	1.28	(4)
2021	19,346,975	1.23		(1,879,645)	1,827,250	19,294,580	1.23	(3)
2022	21,857,908	1.34		(4,389,295)	1,827,250	19,295,863	1.18	(164)
2023	19,204,313	1.13		(1,736,175)	1,827,250	19,295,388	1.13	6
2024	19,213,363	1.09		(1,742,000)	1,827,250	19,298,613	1.09	5
2025	19,209,750	1.04		(1,743,000)	1,827,250	19,294,000	1.05	5
2026					19,297,250	19,297,250	1.01	1,059
2027					19,298,750	19,298,750	0.97	1,018
2028					766,500	766,500	0.04	39
2029								
2030								
2031								
Total	309,908,275		(14,146,467)	(45,428,235)	59,462,250	309,795,823		\$ (991)
			Net Cost		14,034,015			
			AIC as of Jan 9		4.29%			

Does not contemplate surplus budgets FY2014 or thereafter. Levy Year 11-15 abatements estimated at \$14,146,467. Refunding bonds issued in FY2015 to flatten remaining levy payments.

I-A: 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 \$14,034,015 and present value cost of \$2,321,723
- Future interest rate risk

II: Abatements FY11-FY19 to Flatten Debt

Levy Year	Debt Service Levy	Estimated Tax Rate for Debt	2011/2012 Levy Abate	2012/2014 Levy Abate	2014/15 Levy Abate	2015/16 Levy Abate	2016 Levy Abate	2016/17 Levy Abate	2017/18 Levy Abate	2018/19 Levy Abate	2019/22 Levy Abate	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	w/ Ed Fund Surplus FY14	w/ Ed Fund Surplus FY15	w/ Ed Fund Surplus FY16	w/ Ed Fund Surplus FY17	w/ Ed Fund Surplus FY18	w/ Ed Fund Surplus FY19			
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	1.50		(3,230,973)								15,500,000	1.24	(272)
2014	20,293,283	1.64		(1,460,891)	(2,532,392)							16,300,000	1.32	(339)
2015	22,013,633	1.76			(3,399,246)	(1,685,000)						16,929,387	1.36	(428)
2016	23,618,248	1.83				(303,727)	(3,905,334)					18,609,187	1.44	(408)
2017	24,302,850	1.81					(800,000)	(2,572,251)				19,330,599	1.44	(389)
2018	24,590,110	1.76							(2,400,000)	(2,789,435)		19,360,675	1.39	(393)
2019	24,928,505	1.71								(2,440,000)		19,360,977	1.33	(402)
2020	19,344,395	1.28								(2,617,528)		19,344,395	1.28	-
2021	19,346,975	1.23										19,346,975	1.23	-
2022	21,857,908	1.34									(1,877,408)	19,980,500	1.22	(121)
2023	19,204,313	1.13										19,204,313	1.13	-
2024	19,213,363	1.09										19,213,363	1.09	-
2025	19,209,750	1.04										19,209,750	1.04	-
2026												-	-	-
2027												-	-	-
2028												-	-	-
2029												-	-	-
2030												-	-	-
2031												-	-	-
Total	309,908,275		(3,224,829)	(4,990,000)	(5,931,638)	(1,988,727)	(3,905,334)	(3,372,251)	(5,189,435)	(5,057,528)	(4,827,408)	271,421,125		\$ (3,036)
Total Abatements														
														(38,487,150)

Uses estimated surplus budgets FY2011-FY2019. Total abatements estimated at \$38,487,150.

II: Abatements FY11-FY19

Advantages:

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

Disadvantages:

- Depends on education fund surpluses for the next six years.

Options III: Combo of Abatement/Defeasance 2018

- Options III is a combination of abatements/cash defeasance
- Using cash to pay-off or defease bonds works best on the bond call date. The next call date is for the Series 2007A bonds January 1, 2017 and for the Series 2008 bonds January 1, 2018
- Option III shows continuing abatements through FY2017. The cash surplus generated in FY2018 and FY2019 (prospectively) is used to pay down principal in order to flatten the debt service payments in Fall of 2018.
- Waiting until 2018 helps minimize the refunding of non-callable bonds. Market and economic conditions at the time will also dictate the timing.
- In this option, the debt service is not extended

III: Abatements FY11-FY17-Defeasance to Flatten Debt Service in Fall 2018

Levy Year	Debt Service Levy	Estimated Tax Rate for Debt	2011/2012 Levy Abate	2012/2014 Levy Abate	2014/15 Levy Abate	2015 Levy Abate	2016 Levy Abate	2016/17 Levy Abate	2017/18 Levy Abate	Less: 2018	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	w/ Ed Fund Surplus FY14	w/ Ed Fund Surplus FY15	w/ Ed Fund Surplus FY16	w/ Ed Fund Surplus FY17	Defeased Debt Service			
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	1.50		(3,230,973)							15,500,000	1.24	(272)
2014	20,293,283	1.64		(1,460,891)	(2,532,392)						16,300,000	1.32	(339)
2015	22,013,633	1.76			(3,399,246)	(1,685,000)					16,929,387	1.36	(428)
2016	23,618,248	1.83				(303,727)	(3,905,334)				18,609,187	1.44	(408)
2017	24,302,850	1.81						(800,000)			18,609,187	1.44	(408)
2018	24,590,110	1.76						(2,572,251)	(2,310,000)	(187,718)	19,232,882	1.43	(397)
2019	24,928,505	1.71							(2,879,435)	(2,415,420)	19,295,255	1.38	(398)
2020	19,344,395	1.28								(5,621,420)	19,307,085	1.33	(406)
2021	19,346,975	1.23								(109,920)	19,234,475	1.27	(8)
2022	19,346,975	1.23								(109,920)	19,237,055	1.22	(7)
2023	21,857,908	1.34								(2,549,920)	19,307,988	1.18	(164)
2024	19,204,313	1.13									19,204,313	1.13	-
2025	19,213,363	1.09									19,213,363	1.09	-
2026	19,209,750	1.04									19,209,750	1.04	-
2027											-	-	-
2028											-	-	-
2029											-	-	-
2030											-	-	-
2031											-	-	-
Total	309,908,275		(3,224,829)	(4,990,000)	(5,931,638)	(1,988,727)	(3,905,334)	(3,372,251)	(5,189,435)	(10,994,318)	270,311,744		\$ (3,111)

Total for Debt Payoff FY18 + 19	(9,884,936)
Total Abatements	(28,602,214)

Net Cost/(Savings)	(10,994,318)
Less: Cash on Hand	9,884,936
Net Cost/(Savings)	(1,109,382)
AIC as of Jan 9	0.00%

FY2011-2017 abatements estimated at \$28,602,214.
 The projected cash surplus from FY18 and FY19 operations \$9,884,936
 is used in Fall 2018 to flatten remaining levy payments.

III: Abatements FY11-FY17-Defeasance to Flatten Debt Service in Fall 2018

Advantages:

- Flattens debt service payments for the life of the bond issues
- Uses **FY 2018 and FY2019 cash surplus to pay down** and flatten remaining debt payments
- Allows use of FY2020 and forward surpluses, if any, which are not pledged to debt service
- No Bonds are issued so no associated costs

Disadvantages:

- Uses FY2019 projected surplus before it is fully realized
- Relies on operating tax levy funds to reduce debt service.

Options IV: Combo of Abatement/Refunding/Defeasance To Lower Debt Service to \$17M

- Options IV is a combination of abatements/cash defeasance/ refunding
- Using cash to pay-off or defease bonds works best on the bond call date. The next call date is for the Series 2007A bonds January 1, 2017 and for the Series 2008 bonds January 1, 2018
- Option IV shows continuing abatements through FY2016. The cash surplus generated partially in FY 2016 and total in FY2017 and FY2018, FY2019 (prospectively) is used to pay down principal in order to flatten the debt service payments to \$17M annually in Fall of 2017.
- In this option, the debt service is extended 2 years.

IV: Abatements FY11-FY16-Defeasance/Refunding to Flatten Debt Service in 2017

Levy Year	Debt Service Levy	Estimated Tax Rate for Debt	2011/2012 Levy Abate	2012/2014 Levy Abate	2014/15 Levy Abate	2015 Levy Abate	2016 Levy Abate	2016/17 Levy Abate	Less: 2017	Plus:	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	w/ Ed Fund Surplus FY14	w/ Ed Fund Surplus FY15	w/ Ed Fund Surplus FY16	Ref/Defeased Debt Service	2017 Refunding Debt Service			
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	1.50		(3,230,973)							15,500,000	1.24	(272)
2014	20,293,283	1.64		(1,460,891)	(2,532,392)						16,300,000	1.32	(339)
2015	22,013,633	1.76			(3,399,246)	(1,685,000)					16,929,387	1.36	(428)
2016	23,618,248	1.83				(303,727)	(3,905,334)	(2,409,187)			17,000,000	1.32	(539)
2017	24,302,850	1.81						-	(8,573,708)	1,266,750	16,995,893	1.27	(572)
2018	24,590,110	1.76							(8,858,708)	1,266,750	16,998,153	1.22	(571)
2019	24,928,505	1.71							(9,201,208)	1,266,750	16,994,048	1.17	(573)
2020	19,344,395	1.28							(3,614,708)	1,266,750	16,996,438	1.12	(163)
2021	19,346,975	1.23							(3,616,958)	1,266,750	16,996,768	1.08	(157)
2022	21,857,908	1.34							(6,125,820)	1,266,750	16,998,838	1.04	(312)
2023	19,204,313	1.13							(3,473,850)	1,266,750	16,997,213	1.00	(136)
2024	19,213,363	1.09							(3,483,750)	1,266,750	16,996,363	0.96	(132)
2025	19,209,750	1.04							(3,480,750)	1,266,750	16,995,750	0.92	(126)
2026										16,996,750	16,996,750	0.89	933
2027										10,085,250	10,085,250	0.51	532
2028													
2029													
2030													
2031													
Total	309,908,275		(3,224,829)	(4,990,000)	(5,931,638)	(1,988,727)	(3,905,334)	(3,372,251)	(50,429,458)	38,482,750	275,511,853		\$ (3,139)
								963,064	Net Cost/(Savings)		(11,946,708)		
									Less: Cash on Hand		16,037,435		
									Total for Debt Payoff partial FY16 full FY17, 18+19		(16,037,435)		4,090,728
									Total Abatements		(22,449,715)		3.72%

FY2011-2016 abatements estimated at \$22,449,715.
 The projected cash surplus from FY16 - FY19 operations \$16,037,435
 is used in Fall 2017 to flatten remaining levy payments.

IV: Abatements FY11-FY16-Defeasance/Refunding to Flatten Debt Service in 2017

Advantages:

- Flattens debt service payments for the life of the bond issues to **\$17M**
- Uses a portion of FY16 and all of FY17, FY18 and FY19 cash surpluses to pay down and flatten remaining debt payments
- Allows use of FY2020 and forward surpluses, if any, which are not pledged to debt service

Disadvantages:

- Uses FY18 and FY19 projected surplus before it is fully realized
- Extends debt service payments by two years
- Total cost is \$4.09M and present value cost is \$678,000
- Relies on operating tax levy funds to reduce debt service

Abatement and Refunding Options to Level Debt Payments (Current Projection with Additional Surplus in FY2014)

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

Fiscal Year Levy Year	Actual	Budget	Projections				
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
	Levy 2011	Levy 2012	Levy 2013	Levy 2014	Levy 2015	Levy 2016	Levy 2017
Beginning Balance	\$20,179,860	\$20,970,638	\$18,988,727	\$18,905,334	\$18,372,251	\$20,189,435	\$20,057,529
Revenues	58,440,420	58,210,098	59,444,704	62,045,814	63,831,919	65,569,687	67,259,460
Expenditures	52,698,642	54,260,371	57,439,370	58,673,563	58,642,484	60,512,158	62,432,051
Surplus/Deficit	5,741,778	3,949,727	2,005,334	3,372,251	5,189,435	5,057,529	4,827,409
Transfer to Debt Service	(4,990,000)	(5,931,638)	(3,988,727)	(3,905,334)	(3,372,251)	(5,189,435)	(5,057,528)
Other Transfers	0		1,900,000				
Ending Balance	\$20,931,638	\$18,988,727	\$18,905,334	\$18,372,251	\$20,189,435	\$20,057,529	\$19,827,410
Less: Minimum \$15M	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,001	\$15,000,002
Abatement Amount Surplus > \$15M	5,931,638	3,988,727	3,905,334	3,372,251	5,189,435	5,057,528	4,827,408

Notes:

Surplus amounts in the Education Fund are abated in the next fiscal year.

Assumes full Property Tax Limitation Law Levy allowing CPI + new Property is extended annually, except for levy year 2013 (1% increase).

Assumes expenditures come in \$2M underbudget in FY2014 increasing the surplus in FY2014

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

Options IV: Combo of Abatement/Refunding/Defeasance To Lower Debt Service to \$17M

- Options IV is a combination of abatements/cash defeasance/ refunding
- Using cash to pay-off or defease bonds works best on the bond call date. The next call date is for the Series 2007A bonds January 1, 2017 and for the Series 2008 bonds January 1, 2018
- Option IV shows continuing abatements through FY2016. The cash surplus generated partially in FY 2016 and total in FY2017 and FY2018, FY2019 (prospectively) is used to pay down principal in order to flatten the debt service payments to \$17M annually in Fall of 2017.
- In this option, the debt service is extended 2 years.

IV: Abatements FY11-FY16-Defeasance/Refunding to Flatten Debt Service in 2017

Levy Year	Debt Service Levy	Estimated Tax Rate for Debt	2011/2012 Levy Abate	2012/2014 Levy Abate	2014/15 Levy Abate	2015 Levy Abate	2016 Levy Abate	2016/17 Levy Abate	Less: 2017	Plus:	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	w/ Ed Fund Surplus FY14	w/ Ed Fund Surplus FY15	w/ Ed Fund Surplus FY16	Ref/Defeased Debt Service	2018 Refunding Debt Service			
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	1.50		(3,230,973)							15,500,000	1.24	(272)
2014	20,293,283	1.64		(1,460,891)	(2,532,392)						16,300,000	1.32	(339)
2015	22,013,633	1.76			(3,399,246)	(1,685,000)					16,929,387	1.36	(428)
2016	23,618,248	1.83				(2,303,727)	(3,905,334)	(409,187)			17,000,000	1.32	(539)
2017	24,302,850	1.81						-	(8,433,108)	1,125,250	16,994,993	1.27	(572)
2018	24,590,110	1.76							(8,718,108)	1,125,250	16,997,253	1.22	(571)
2019	24,928,505	1.71							(9,055,608)	1,125,250	16,998,148	1.17	(573)
2020	19,344,395	1.28							(3,474,108)	1,125,250	16,995,538	1.12	(163)
2021	19,346,975	1.23							(3,474,458)	1,125,250	16,997,768	1.08	(157)
2022	21,857,908	1.34							(5,987,320)	1,125,250	16,995,838	1.04	(312)
2023	19,204,313	1.13							(3,329,800)	1,125,250	16,999,763	1.00	(136)
2024	19,213,363	1.09							(3,340,500)	1,125,250	16,998,113	0.96	(131)
2025	19,209,750	1.04							(3,339,000)	1,125,250	16,996,000	0.92	(126)
2026										16,995,250	16,995,250	0.89	933
2027										6,966,750	6,966,750	0.35	368
2028													
2029													
2030													
2031													
Total	309,908,275		(3,224,829)	(4,990,000)	(5,931,638)	(3,988,727)	(3,905,334)	(3,372,251)	(49,152,008)	34,089,250	272,395,803		\$ (3,303)
								2,963,064	Net Cost/(Savings)		(15,062,758)		
									Less: Cash on Hand		18,037,435		
									Total for Debt Payoff partial FY16 full FY17, 18+19		(18,037,435)	Net Cost/(Savings)	2,974,678
									Total Abatements		(22,449,715)	AIC as of Jan 9	3.70%

FY2011-2016 abatements estimated at \$22,449,715.
 The projected cash surplus from FY16 - FY19 operations \$18,037,435
 is used in Fall 2017 to flatten remaining levy payments.

IV: Abatements FY11-FY16-Defeasance/Refunding to Flatten Debt Service in 2017

Advantages:

- Flattens debt service payments for the life of the bond issues to **\$17M**
- Uses a portion of FY16 and all of FY17, FY18 and FY19 cash surpluses to pay down and flatten remaining debt payments
- Allows use of FY2020 and forward surpluses, if any, which are not pledged to debt service

Disadvantages:

- Uses FY18 and FY19 projected surplus before it is fully realized
- Extends debt service payments by two years
- Total cost is \$2.9M and present value cost is \$545,000
- Relies on operating tax levy funds to reduce debt service

Notice and Disclaimer

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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.