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## Meridian 223

District Debt Overview, New Money Scenarios, and New School Debt Legislation

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October 23, 2024

# District Debt Overview



# Outstanding Principal

▶ The interest rate on the 2016A Bonds is 3.16%

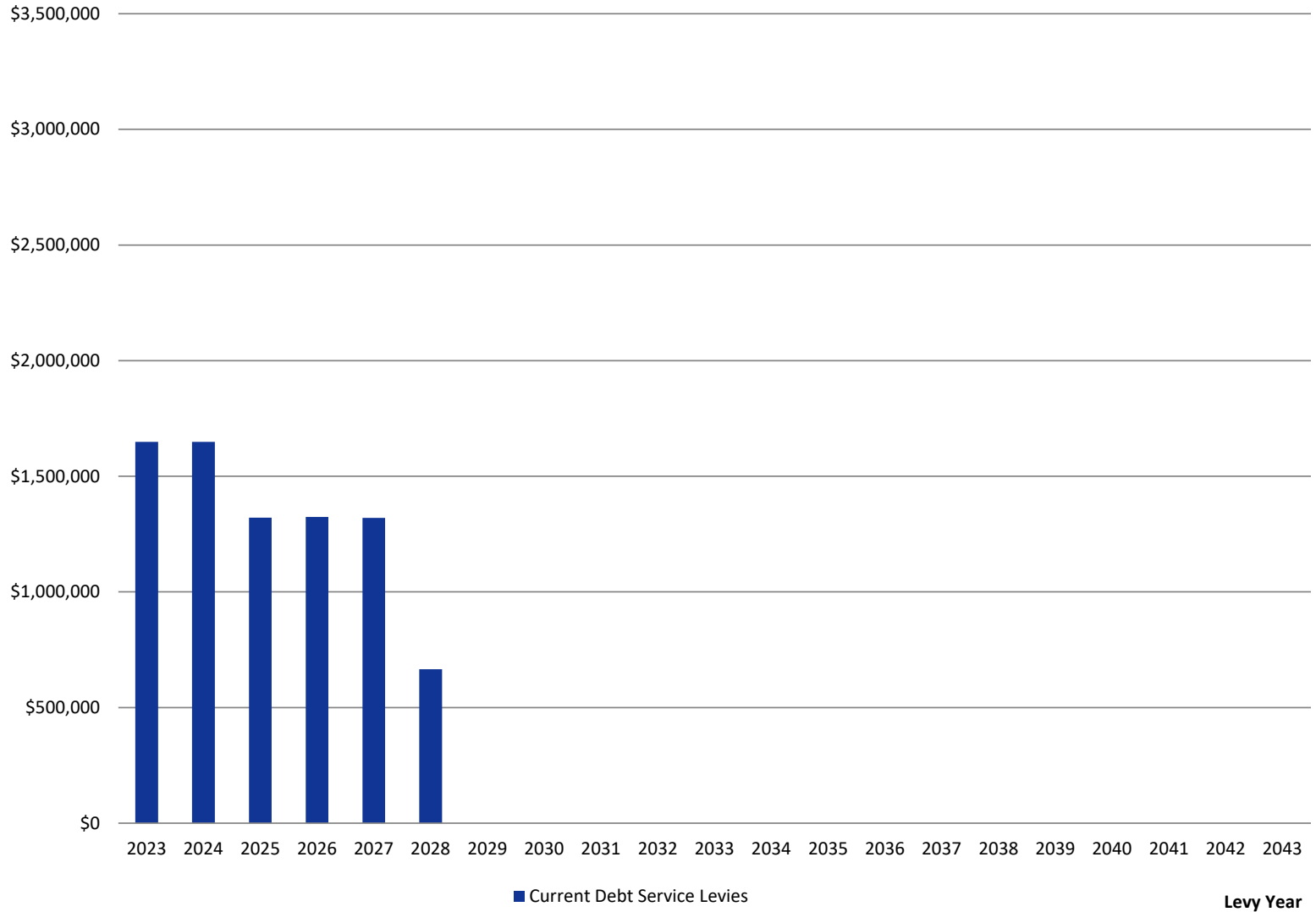
Levy Year	Fiscal Year	\$11,095,000 GO School Bonds, Series		Ending Principal Balance	Cumulative Principal Retirement as Percent of Total
		2016A	Total		
2023	2025	\$1,420,000	\$ 1,420,000	\$ 5,870,000	19.48%
2024	2026	1,485,000	1,485,000	4,385,000	39.85%
2025	2027	1,205,000	1,205,000	3,180,000	56.38%
2026	2028	1,245,000	1,245,000	1,935,000	73.46%
2027	2029	1,280,000	1,280,000	655,000	91.02%
2028	2030	655,000	655,000	-	100.00%
2029	2031	-	-	-	100.00%
<b>Total:</b>		<u>\$ 7,290,000</u>	<u>\$ 7,290,000</u>		

Purpose: LS + AR

Callable: 12/1/24



# General Obligation Debt Service





# General Obligation Debt Service (Detail)

## General Obligation Debt Service

\$11,095,000

GO School

Lew Year	Fiscal Year	Prior Bonds Debt Service	Bonds, Series 2016A	Total	Rate Setting EAV	Growth Rate	B&I Tax Rate
2019	2021	<del>\$ 1,390,000</del>	<del>\$ 454,619</del>	<del>\$ 1,844,619</del>	<del>\$ 191,837,980</del>	<del>6.82%</del>	<del>0.962</del>
2020	2022	<del>270,000</del>	<del>1,595,369</del>	<del>1,865,369</del>	<del>201,185,310</del>	<del>4.87%</del>	<del>0.927</del>
2021	2023	-	<del>1,648,994</del>	<del>1,648,994</del>	<del>206,493,736</del>	<del>2.64%</del>	<del>0.799</del>
2022	2024	-	<del>1,648,119</del>	<del>1,648,119</del>	<del>224,292,906</del>	<del>8.62%</del>	<del>0.735</del>
<b>2023</b>	<b>2025</b>	-	<b>1,648,869</b>	<b>1,648,869</b>	<b>243,244,295</b>	<b>8.45%</b>	<b>0.678</b>
2024	2026	-	1,648,669	1,648,669	261,000,000	7.30%	0.632
2025	2027	-	1,320,894	1,320,894	268,830,000	3.00%	0.491
2026	2028	-	1,324,144	1,324,144	276,894,900	3.00%	0.478
2027	2029	-	1,320,469	1,320,469	285,201,747	3.00%	0.463
2028	2030	-	665,234	665,234	293,757,799	3.00%	0.226
2029	2031	-	-	-	302,570,533	3.00%	0.000
2030	2032	-	-	-	311,647,649	3.00%	0.000
2031	2033	-	-	-	320,997,079	3.00%	0.000
2032	2034	-	-	-	330,626,991	3.00%	0.000
2033	2035	-	-	-	340,545,801	3.00%	0.000
2034	2036	-	-	-	350,762,175	3.00%	0.000
2035	2037	-	-	-	361,285,040	3.00%	0.000
2036	2038	-	-	-	372,123,591	3.00%	0.000
2037	2039	-	-	-	383,287,299	3.00%	0.000
2038	2040	-	-	-	394,785,918	3.00%	0.000
2039	2041	-	-	-	406,629,496	3.00%	0.000
2040	2042	-	-	-	418,828,381	3.00%	0.000
2041	2043	-	-	-	431,393,232	3.00%	0.000
2042	2044	-	-	-	444,335,029	3.00%	0.000
2043	2045	-	-	-	457,665,080	3.00%	0.000
<b>Total DS From Current FY:</b>		<u>\$ -</u>	<u>\$ 7,928,278</u>	<u>\$ 7,928,278</u>			



# Legal Debt Margin

- ▶ 6.9% of EAV for K-8 and 9-12 districts, 13.8% of EAV for unit districts
  - ▶ Less: outstanding principal
  
- ▶ Exemptions exist for some bonds
- ▶ Working cash bonds and funding bonds are exempted at the time of issuance but count after issuance
- ▶ **The District's working cash bond authority is currently estimated at \$12.7 million**

Lew Year	2023	2024	2025	2026	2027	2028
Collection Year	2024	2025	2026	2027	2028	2029
Fiscal Year Ending 6/30	2025	2026	2027	2028	2029	2030
Direct Debt, Beginning of Period (1)	\$ 7,290,000	\$ 5,870,000	\$ 4,385,000	\$ 3,180,000	\$ 1,935,000	\$ 655,000
Principal Paydown, Series 2016A (2)	(1,420,000)	(1,485,000)	(1,205,000)	(1,245,000)	(1,280,000)	(655,000)
Direct Debt, End of Period (1)	<u>\$ 5,870,000</u>	<u>\$ 4,385,000</u>	<u>\$ 3,180,000</u>	<u>\$ 1,935,000</u>	<u>\$ 655,000</u>	<u>\$ -</u>
Equalized Assessed Valuation (3)	\$ 244,165,890	\$ 261,988,867	\$ 269,848,533	\$ 277,943,989	\$ 286,282,309	\$ 294,870,778
Assumed EAV Increase		7.30%	3.00%	3.00%	3.00%	3.00%
Statutory Debt Limit @ 13.80%	\$ 33,694,893	\$ 36,154,464	\$ 37,239,098	\$ 38,356,271	\$ 39,506,959	\$ 40,692,167
Direct Debt, End of Period as % of EAV	2.40%	1.67%	1.18%	0.70%	0.23%	0.00%
Statutory Debt Margin at End of Period (1)	\$ 27,824,893	<b>\$ 31,769,464</b>	\$ 34,059,098	\$ 36,421,271	\$ 38,851,959	\$ 40,692,167

(1) Assumes that the principal due in the current year is paid or that the funds are set aside for payment.

Does not include leases.

(2) Principal paid on December 1 of the fiscal year.

(3) Uses total EAV including the EAV located in TIF districts.



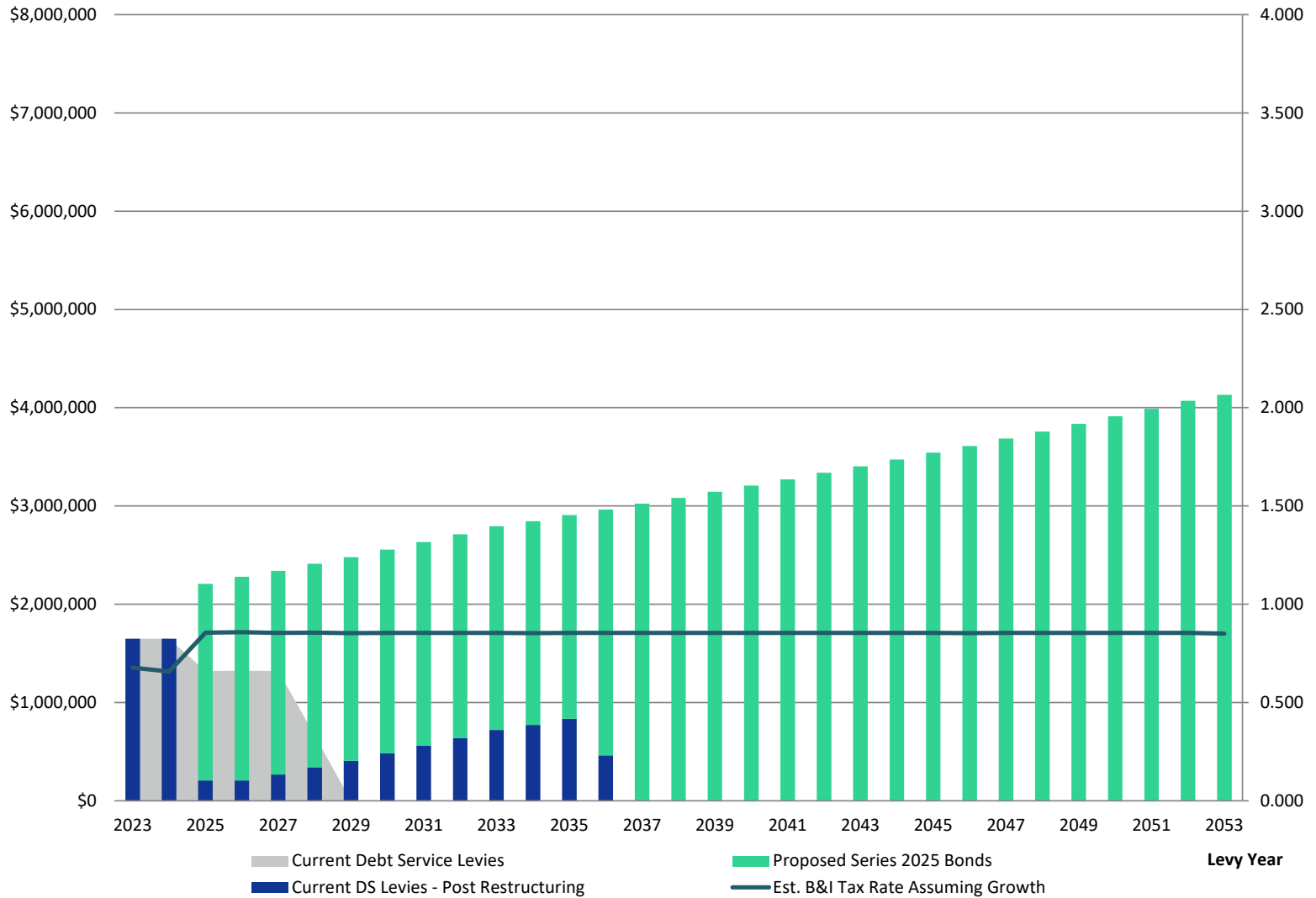
# Credit Rating Scales and Definitions

	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>	<u>Kroll</u>	
Investment Grade	Aaa	AAA	AAA	AAA	Extremely strong capacity to meet financial obligations.
	Aa1	AA+	AA+	AA+	Very strong capacity to meet obligations.
	Aa2	AA	AA	AA	
	Aa3	AA-	AA-	AA-	
	A1	A+	A+	A+	Strong financial capacity but susceptible to adversity.
	A2	A	A	A	
	A3	A-	A-	A-	
	Baa1	BBB+	BBB+	BBB+	Adequate financial capacity but adverse conditions will lead to weakness.
	Baa2	BBB	BBB	BBB	
Baa3	BBB-	BBB-	BBB-		
Non-Investment Grade	Ba1	BB+	BB+	BB+	Non-Investment Grade Speculative
	Ba2	BB	BB	BB	
	Ba3	BB-	BB-	BB-	
	B1	B+	B+	B+	Highly Speculative
	B2	B	B	B	
	B3	B-	B-	B-	
	Caa	CCC+		CCC+	Extremely Speculative
	Ca	CCC	CCC	CCC	
	C	CCC-		CCC-	
			DDD	CC	Default
			DD	C	
	D	D	D		

# New Money Scenarios



# \$39 Million Life Safety Bonds (Issued in 2025) Amortized Over 30 Years Level B&I Rate



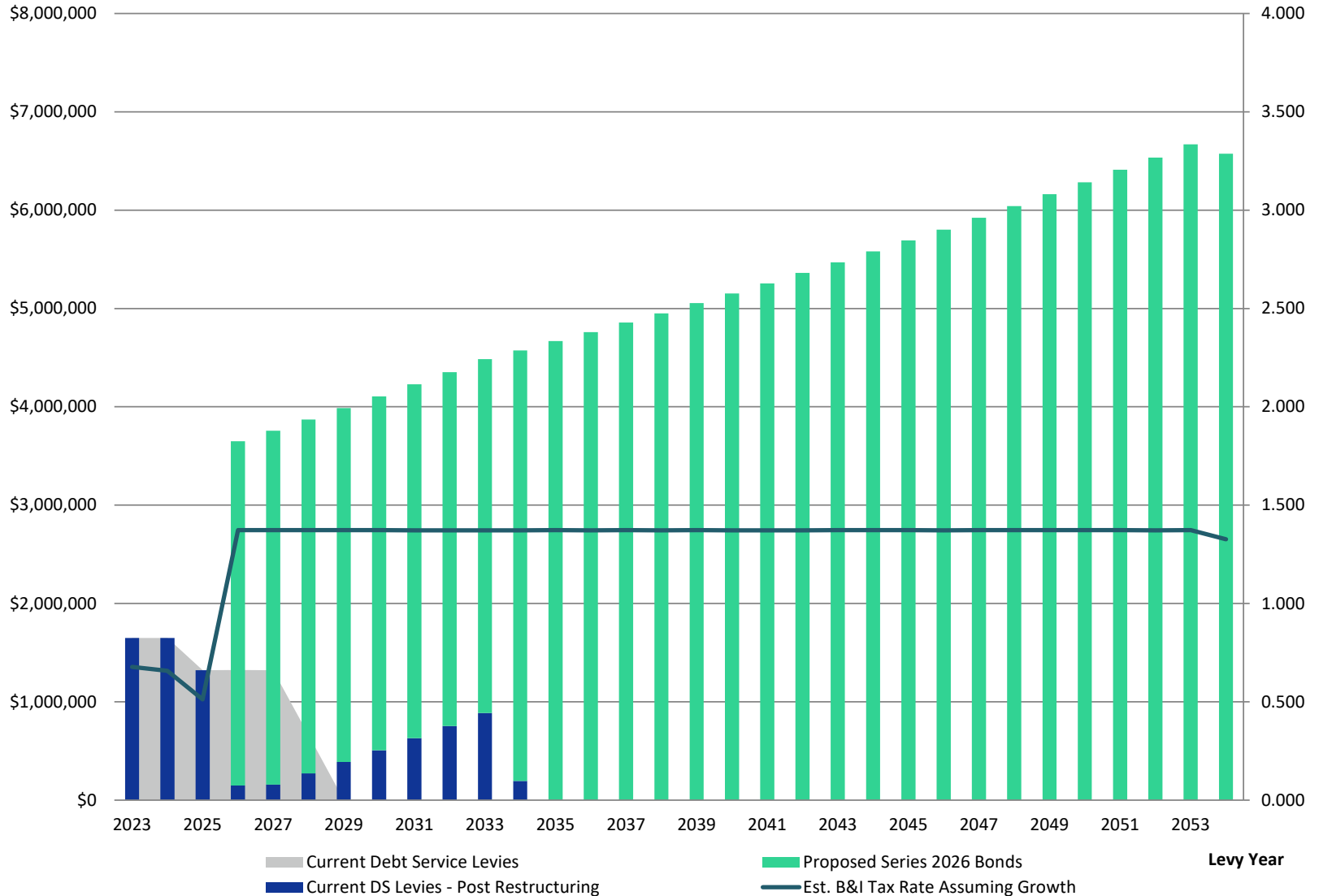


# Sample Timeline of Key Events for Life Safety Bond Issuance

<b>T</b>	President signs order calling for BINA hearing
<b>T+ 1-5 Days</b>	Order is published in paper
<b>T+ 7-30 Days</b>	BINA Hearing
<b>T+ 35-50 Days</b>	Board approves parameter resolution authorizing the sale
<b>T+ 35-50 Days</b>	Administration delivers credit rating presentation
<b>T+ 40-55 Days</b>	District receives credit rating
<b>T+ 50-65 Days</b>	Bonds sold; delegates approve final results
<b>T+ 70-85 Days</b>	Bonds close
<b>Start to End</b>	Document drafting including Official Statements etc



# \$68 Million Referendum Debt Service (Issued in 2026) Amortized Over 30 Years Level B&I Rate





# Summary

<b>Total Proceeds</b> .....	
July 1, 2025.....	
July 1, 2026.....	
<b>Estimated Total Change in Debt Service</b> .....	
Estimated Composite TIC (1).....	
Fiscal Year of Final Payment.....	
<b>Estimated B&amp;I Tax Rate Change</b> .....	
Issuing in the summer of 2025 would impact LY25, summer of 2026..LY26.....	
<u>Estimated Home Value (1) (Increased by assumed EAV growth rate)</u>	
\$200,000 Home	
\$400,000 Home	

<b>Health/Life Safety</b>	
30 Year Payback LVI Tax Rate with 3% and 2% Annual Growth	
<b>\$</b>	<b>39,000,000</b>
	39,000,000
	-
<b>\$</b>	<b>86,972,997</b>
	4.75%
	2055
	<b>0.086</b>
Est. Change in Bond Payment LY25	
	\$142
	\$294

<b>Referendum</b>	
30 Year Payback LVI Tax Rate with 3% and 2% Annual Growth	
<b>\$</b>	<b>68,000,000</b>
	-
	68,000,000
<b>\$</b>	<b>146,906,916</b>
	4.75%
	2056
	<b>0.826</b>
Est. Change in Bond Payment LY26	
	\$588
	\$1,227

(1) Actual tax rates and payments may vary based on EAV growth, State Law changes, property tax rate initiatives and other factors. The analysis assumes home values increase at the same rate as EAV. Includes \$6,000 homeowner exemption. Assumes the home value increases at the EAV growth rate.

# School Debt Finance Review and Legislative Changes for Illinois School Districts



## Overview of School District Provisions of Public Act 103-0591

- ▶ Bonds and debt certificates issued for capital projects can now be issued over 30 years, an increase from the prior maximum authority of 20 years
- ▶ Voter approved bonds (including refundings of those bonds) authorized by election on or after November 5, 2024, are exempt from a school district's statutory debt limit
  - ▶ Public hearing and publication requirements must be met
- ▶ Voter approval is not required for any purchase or construction of a building provided it will increase classroom space for Pre-K or Kindergarten
  - ▶ Prior to building or purchase, the new classroom space must be certified by the Board of Education via a resolution
  - ▶ *Note that this provision does not provide additional funding authority*



## Overview of School District Provisions of Public Act 103-0591

- ▶ For tax capped school districts, bonds issued for Life Safety purposes will no longer be subject to a district's debt service extension base ("DSEB")
  - ▶ School districts may structure Life Safety bonds without limit to the amount of the annual debt service payment, as long as the final maturity does not exceed 30 years
- ▶ The authorized amount of Life Safety bonds may be increased by up to 3% over the approvals to provide for expenses and capitalized interest
  - ▶ Previously, the principal of the bond issue was limited to the amount of the Life Safety approvals
  - ▶ This provision will facilitate direct placements since the purchaser may prefer to buy the bonds without paying a premium to cover the aforementioned items



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# Appendix A— Scenario Detail



# \$39 Million Life Safety Bonds (Issued in 2025) Amortized Over 30 Years Level B&I Rate (detail)

General Obligation Debt Service										
Ley Year	Fiscal Year	Prior Bonds Debt Service	\$11,095,000 GO School Bonds, Series 2016A	Proposed \$39,000,000 GO School Bonds, Series 2025 (1)	Proposed Tax- Exempt Restructuring Series 2025 (1) [Est. Change in D/S]	Total	Rate Setting EAV	Growth Rate	B&I Tax Rate	
2019	2021	\$ 1,390,000	\$ 454,619	\$ -	\$ -	\$ 1,844,619	\$ 191,837,980	6.82%	0.962	
2020	2022	270,000	1,595,369	-	-	1,865,369	201,185,310	4.87%	0.927	
2021	2023	-	1,648,994	-	-	1,648,994	206,493,736	2.64%	0.799	
2022	2024	-	1,648,119	-	-	1,648,119	224,292,006	8.62%	0.735	
2023	2025	-	1,648,869	-	-	1,648,869	243,244,295	8.45%	0.678	
2024	2026	-	1,648,669	-	-	1,648,669	261,000,000	7.30%	0.632	
2025	2027	-	1,320,894	1,998,866	(1,113,225)	2,206,535	268,830,000	3.00%	0.821	
2026	2028	-	1,324,144	2,072,438	(1,116,475)	2,280,106	276,894,900	3.00%	0.823	
2027	2029	-	1,320,469	2,072,438	(1,053,738)	2,339,169	285,201,747	3.00%	0.820	
2028	2030	-	665,234	2,072,438	(326,550)	2,411,122	293,757,799	3.00%	0.821	
2029	2031	-	-	2,072,438	406,325	2,478,763	302,570,533	3.00%	0.819	
2030	2032	-	-	2,072,438	483,575	2,556,013	311,647,649	3.00%	0.820	
2031	2033	-	-	2,072,438	561,200	2,633,638	320,997,079	3.00%	0.820	
2032	2034	-	-	2,072,438	638,950	2,711,388	330,626,991	3.00%	0.820	
2033	2035	-	-	2,072,438	721,450	2,793,888	340,545,801	3.00%	0.820	
2034	2036	-	-	2,072,438	773,213	2,845,650	347,356,717	2.00%	0.819	
2035	2037	-	-	2,072,438	834,363	2,906,800	354,303,851	2.00%	0.820	
2036	2038	-	-	2,500,888	461,813	2,962,700	361,389,928	2.00%	0.820	
2037	2039	-	-	3,023,088	-	3,023,088	368,617,727	2.00%	0.820	
2038	2040	-	-	3,082,569	-	3,082,569	375,990,081	2.00%	0.820	
2039	2041	-	-	3,145,750	-	3,145,750	383,509,883	2.00%	0.820	
2040	2042	-	-	3,207,238	-	3,207,238	391,180,081	2.00%	0.820	
2041	2043	-	-	3,271,638	-	3,271,638	399,003,682	2.00%	0.820	
2042	2044	-	-	3,338,425	-	3,338,425	406,983,756	2.00%	0.820	
2043	2045	-	-	3,402,206	-	3,402,206	415,123,431	2.00%	0.820	
2044	2046	-	-	3,472,456	-	3,472,456	423,425,900	2.00%	0.820	
2045	2047	-	-	3,543,519	-	3,543,519	431,894,418	2.00%	0.820	
2046	2048	-	-	3,610,000	-	3,610,000	440,532,306	2.00%	0.819	
2047	2049	-	-	3,686,244	-	3,686,244	449,342,952	2.00%	0.820	
2048	2050	-	-	3,756,594	-	3,756,594	458,329,811	2.00%	0.820	
2049	2051	-	-	3,835,394	-	3,835,394	467,496,408	2.00%	0.820	
2050	2052	-	-	3,911,856	-	3,911,856	476,846,336	2.00%	0.820	
2051	2053	-	-	3,990,325	-	3,990,325	486,383,262	2.00%	0.820	
2052	2054	-	-	4,070,013	-	4,070,013	496,110,928	2.00%	0.820	
2053	2055	-	-	4,130,656	-	4,130,656	506,033,146	2.00%	0.816	
<b>Total DS From</b>										
<b>Current FY:</b>		\$ -	\$ 7,928,278	\$ 85,702,097	\$ 1,270,900	\$ 94,901,275				

(1) Rates based upon market conditions as of October 11, 2024 and recent bond sales which PMA believes to be accurate and reliable, plus 0.25%. Estimated TIC = 4.75%.

**NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.**



# \$68 Million Referendum Debt Service (Issued in 2026) Amortized Over 30 Years Level B&I Rate (detail)

General Obligation Debt Service										
Ley Year	Fiscal Year	Prior Bonds Debt Service	\$11,095,000 GO School Bonds, Series 2016A	Proposed \$68,000,000 GO School Bonds, Series 2026 (1)	Proposed Tax- Exempt Restructuring Series 2026 (1) [Est. Change in D/S]	Total	Rate Setting EAV	Growth Rate	B&I Tax Rate	
2019	2021	\$ 1,300,000	\$ 454,619	\$ -	\$ -	\$ 1,844,619	\$ 191,837,980	6.82%	0.962	
2020	2022	270,000	1,595,369	-	-	1,865,369	201,185,340	4.87%	0.927	
2021	2023	-	1,648,994	-	-	1,648,994	206,493,736	2.64%	0.799	
2022	2024	-	1,648,119	-	-	1,648,119	224,292,906	8.62%	0.735	
2023	2025	-	1,648,869	-	-	1,648,869	243,244,295	8.45%	0.678	
2024	2026	-	1,648,669	-	-	1,648,669	261,000,000	7.30%	0.632	
2025	2027	-	1,320,894	-	-	1,320,894	268,830,000	3.00%	0.491	
2026	2028	-	1,324,144	3,500,003	(1,175,175)	3,648,972	276,894,900	3.00%	1.318	
2027	2029	-	1,320,469	3,598,975	(1,161,656)	3,757,788	285,201,747	3.00%	1.318	
2028	2030	-	665,234	3,598,975	(393,531)	3,870,678	293,757,799	3.00%	1.318	
2029	2031	-	-	3,598,975	388,500	3,987,475	302,570,533	3.00%	1.318	
2030	2032	-	-	3,598,975	507,625	4,106,600	311,647,649	3.00%	1.318	
2031	2033	-	-	3,598,975	629,750	4,228,725	320,997,079	3.00%	1.317	
2032	2034	-	-	3,598,975	754,375	4,353,350	330,626,991	3.00%	1.317	
2033	2035	-	-	3,598,975	885,875	4,484,850	340,545,801	3.00%	1.317	
2034	2036	-	-	4,378,975	194,750	4,573,725	347,356,717	2.00%	1.317	
2035	2037	-	-	4,669,050	-	4,669,050	354,303,851	2.00%	1.318	
2036	2038	-	-	4,760,131	-	4,760,131	361,389,928	2.00%	1.317	
2037	2039	-	-	4,857,681	-	4,857,681	368,617,727	2.00%	1.318	
2038	2040	-	-	4,951,175	-	4,951,175	375,990,081	2.00%	1.317	
2039	2041	-	-	5,054,956	-	5,054,956	383,509,883	2.00%	1.318	
2040	2042	-	-	5,153,369	-	5,153,369	391,180,081	2.00%	1.317	
2041	2043	-	-	5,255,888	-	5,255,888	399,003,682	2.00%	1.317	
2042	2044	-	-	5,361,725	-	5,361,725	406,983,756	2.00%	1.317	
2043	2045	-	-	5,470,094	-	5,470,094	415,123,431	2.00%	1.318	
2044	2046	-	-	5,580,206	-	5,580,206	423,425,900	2.00%	1.318	
2045	2047	-	-	5,691,275	-	5,691,275	431,894,418	2.00%	1.318	
2046	2048	-	-	5,802,513	-	5,802,513	440,532,306	2.00%	1.317	
2047	2049	-	-	5,922,869	-	5,922,869	449,342,952	2.00%	1.318	
2048	2050	-	-	6,041,294	-	6,041,294	458,329,811	2.00%	1.318	
2049	2051	-	-	6,161,869	-	6,161,869	467,496,408	2.00%	1.318	
2050	2052	-	-	6,283,544	-	6,283,544	476,846,336	2.00%	1.318	
2051	2053	-	-	6,410,138	-	6,410,138	486,383,262	2.00%	1.318	
2052	2054	-	-	6,535,469	-	6,535,469	496,110,928	2.00%	1.317	
2053	2055	-	-	6,668,225	-	6,668,225	506,033,146	2.00%	1.318	
2054	2056	-	-	6,573,131	-	6,573,131	516,153,809	2.00%	1.273	
<b>Total DS From</b>										
<b>Current FY:</b>		\$ -	\$ 7,928,278	\$ 146,276,403	\$ 630,513	\$ 154,835,194				

(1) Rates based upon market conditions as of October 11, 2024 and recent bond sales which PMA believes to be accurate and reliable, plus 0.25%. Estimated TIC = 4.75%.

**NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.**