

Draft – January 11, 2011

ADMINISTRATIVE GUIDELINES FOR WORKING CASH REFERENDUM BOND POLICY

Upon successful passage of a working cash bond issue referendum on April 5, 2011, and to ensure that District 97 exercises transparency and accountability when using these funds, the following administrative guidelines have been developed. These guidelines provide parameters for:

1. Issuance and Retirement of Debt
2. Reporting Structure
3. Use of Capital Monies

ISSUANCE and RETIREMENT OF DEBT

1. Initial borrowing should be structured to maximum debt capacity (both operating and capital) insuring that District 97 receives the most competitive interest rates and best bond rating.
2. The debt shall be retired at the same rate on an annual basis.
3. Issuance of debt is through tax year 2017, with total retirement of all debt by December 1, 2018.
4. Secondary and subsequent issuances (to maximum of \$75 million) should occur only if:
 - a. Illinois State Board of Education (ISBE) standard of fund balance to revenue ratio is anticipated to be below 25 percent.
 - b. No contributing factors (e.g., state's financial condition significantly improves, possible new state revenues coming to District 97, etc.) positively influence the District's financial conditions.
5. The District does not anticipate any Debt Service Extension Base (DSEB) will be issued during the life of this Working Cash Bond issuance unless an unforeseen financial need presents itself. If such a need should occur, the Board of Education will inform the community about the reasons for the need.

REPORTING STRUCTURE

1. At two annual June Board meetings, the Superintendent or designee will:
 - a. Provide a report to Board, which has previously been reviewed by both the Facility Advisory Committee (FAC) and Finance Oversight Review Committee (FORC) regarding:
 1. Amount of annual debt retired associated with referendum bond proceeds.
 2. Amount of transfer from Working Cash Fund for such debt retirement.
 3. Remaining amount of debt to be retired and remaining available fund balance in Working Cash Fund.

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4. Any interest earned for given year and total interest earned to date.
 5. Amount of capital work done in a given year, amount remaining to be done and total remaining balance available.
 6. Annual expense growth and projected expense curve growth.
 7. Use/non-use of DSEB.
2. At adoption of the District’s annual tentative budget, which takes place every August, the Superintendent or designee will provide an update on everything listed in the first item of this section.
 3. At adoption of the District’s final annual budget, which takes place every September, the Superintendent or designee will provide an update on everything listed in the first item of this section.
 4. At presentation and adoption of the District’s annual levy, which takes place every December, the Superintendent or designee will provide an update on everything listed in the first item of this section.
 5. The Superintendent or designee will make the following information available on the District’s Web site:
 - a. Annual debt retirement and transfers made.
 - b. Annual capital projects completed, and work still remaining to be completed.
 - c. Expected ISBE fund balance ratio – annually and projected out a minimum of five years.
 - d. Key audit observations (financial stability of District).
 - e. Use/Non-use of DSEB.
 - f. Monitoring of expense growth curve.
 - g. Monitoring of anticipated deficit of FY 2018.

MANAGEMENT OF CAPITAL PROCEEDS

1. Projected Capital Projects will be presented to the FAC for review on an annual basis in October, and then promulgated to the Board for approval, which includes giving the architects the authority to proceed with the issuance of bids in January. Following bid receipt, outcomes will be presented to the FAC with promulgation to Board for approval in March/April. Work approved by the Board will begin following the completion of the school year.
2. Projects intended to provide a more immediate return on investment will be given priority. A timeline for the return on investment will be shared with the FAC and the Board, along with a presentation of the work to be considered.
3. A mechanism for monitoring immediate and ongoing savings will be created and utilized throughout the life of these capital funds.
4. Other capital projects that clearly support educational and/or facility quality need to be sequenced and scheduled following review by the FAC and the Board.