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**TO: Members, Board of Education
Dr. Constance Collins, Superintendent**

FROM: Therese M. O'Neill, Assistant Superintendent for Finance & Operations

RE: Annual Borrowing – Debt Service Extension Base – Approval of Bond Sale

DATE: June 14, 2010

Annually, the Board of Education of Oak Park District 97 has utilized its Debt Service Extension Base to borrow \$2,900,000 of Working Cash Bonds which has been used to support the Education Fund by \$700,000 and the Capital Projects Fund by \$2,200,000. The Board of Education, commencing with the 2009-10 school year, recognizing that its 5-year Capital Plan would only require \$1,000,000 annually and that the Education Fund required greater support, chose to allocate \$1,900,000 annually to the Education Fund and allocate the \$1,000,000 to its Capital Projects Fund. For the past two years (2008-09 and 2009-10), the annual DSEB borrowing closed with receipt of monies in February.

As the State of Illinois, over the course of 2009-10, failed to make timely payments of categorical monies (totaling as of May 27, 2010 approximately \$4,800,000) for this current school year, has yet to adopt a 2010-11 budget, anticipation of property taxes in early/late December 2010, and debt payments of both principal and interest due December 1, 2010, it is evident that our actual cash on hand will be exhausted, once those December 1 bond payments are made. To insure adequate resources to meet day-to-day obligations, it is necessary to accelerate our annual DSEB borrowing with the closing anticipated on October 5, 2010. Further, due to the uncertainty of whether District 97 will receive the outstanding \$4,800,000 along with expenditures running their normal course (payrolls, accounts payable) along with the \$6,300,781 bond payments on December 1, our cash flow projections predict an overall cash deficit of approximately \$4,600,000. It is for this reason that a recommendation to undertake two years of DSEB borrowing (\$5,800,000) occur, as well as utilizing \$1,000,000 of an available \$1,750,000 in accumulated Bond & Interest Fund loss/cost and interest earnings for a total of \$6,900,000. The \$1,000,000 of accumulated loss/cost and interest earnings in the Bond & Interest Fund can only be used for debt issuance and payment; therefore, within 30 days, this \$1,000,000 will be immediately repaid.

At its scheduled meeting of Wednesday, May 26, 2010, FORC (Finance Oversight Review Committee) reviewed, discussed, and fully supported this recommendation. Attached is the presentation reviewed by FORC and prepared by the District's financial advisor, Elizabeth Hennessy of William Blair & Company. At its June 22, 2010 meeting, a formal resolution of intent to issue Working Cash Bonds will need to be approved. The last two pages of this presentation delineate the proposed financing schedule from the presentation this evening to closing of the issue on October 5, 2010.

Attachment (1)

