

RAYMOND JAMES®

TO: Ms. Amy McPartlin, Chief School Business Official

FROM: Ms. Elizabeth Hennessy, Raymond James & Associates

DATE: September 2, 2022

RE: Working Cash Fund Borrowing

Cash Flow Need

The District planned to fund its capital plan with non-referendum working cash fund bonds. The next working cash fund bond was planned to be issued in March of 2023. This fall, the District, like all other Cook County municipal governments, will not receive the second distribution of property taxes until December of 2022. These funds typically arrive in August and September. This delay is causing cash flow shortages for many governments including the District. The chart below shows the anticipated cash flow deficit in the education fund and the debt service fund and the loans from the working cash, transportation and O&M funds to the needy funds.

Need for Working Cash Fund Bonds

(3,164,787.19)	Estimated Ed Fund Deficit
(529,738.95)	Estimated Debt Service Fund Deficit
350,000.00	Loan from O&M
1,225,000.00	Loan from Transportation
725,000.00	Loan from Working Cash

(1,394,526.14) Estimated Need after Loans

In order to avoid short term borrowing of tax anticipation warrants (TAWs) to remedy cash shortages, the District may accelerate the issue of the working cash fund bonds and use the proceeds for cash flow until taxes come in. The amount of the working cash fund bond issue is estimated at \$2.5M. Once property taxes are collected by the District, the working cash fund loan can be repaid and the proceeds used for capital projects as planned. This approach has several advantages:

- Avoids short term borrowing and associated costs;
- TAWs use district operating funds to pay interest while working cash fund bonds do not impact the operating funds and use the bond and interest fund tax levy;
- By issuing the working cash fund bonds now, the District avoids continued increases in interest rates.

Financing Schedule

In order to issue the working cash fund bonds and receive the proceeds in time to meet anticipated cash flow deficits, the District needs to close the bond issue and receive the proceeds by November 1, 2022. If you recall, the issue of working cash bonds requires a public hearing and a petition period. One special meeting will need to be called in October to approve the bond resolution. The proposed financing schedule is shown below:



Prospect Heights School District Number 23, Cook County, Illinois
\$2,500,000* General Obligation Limited Tax School Bonds, Series 2022 (Working Cash)

PROPOSED FINANCING SCHEDULE

(Private Placement)

August-22	September-22	October-22	November-22	December-22	January-23
S M T W Th F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	S M T W Th F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	S M T W Th F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	S M T W Th F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	S M T W Th F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	S M T W Th F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

DATE	ACTIVITY	RESPONSIBLE PARTY	BOARD ACTION	STATUS
Friday, September 2, 2022	Receive Resolutions to Loan O&M, Trans, Working Cash to Ed and Working Cash to Debt Service Receive draft Resolution calling Public Hearing and Resolution of Intent for issue of Working Cash Bonds	C&C		
Finance Committee Tuesday, September 6, 2022	Discussion of Short Term Cash Flow needs and Long Term Capital Needs; review cash flow and Loan resolutions, Review Resolution calling public hearing (BINA) and Resolution of Intent to issue Working Cash Fund Bonds and financing plan	District/RJ		
Wednesday, September 7, 2022	Publication of Notice of Public Hearing in Daily Herald	RJ		
Monday, September 12, 2022	District Posts Notice of Public Hearing on website and at District Office	District		
Regular Meeting Wednesday, September 14, 2022	Hold public hearing on the issue of \$2.5M working cash fund bonds, close public hearing with roll call vote to close public hearing;	District	Action Item; Roll Call Vote	
	Board approves Resolutions authorizing interfund loans: O&M, Trans and WC to Ed and WC to Debt Service;	District	Action Item; Roll Call Vote	
	Board approves Resolution of Intent authorizing the issue of \$2.5M working cash fund bonds	District	Action Item; Roll Call Vote	
Thursday, September 15, 2022	Publication of Notice of Intent in Daily Herald beginning 30 day petition period	RJ		
Wednesday, September 21, 2022	Distribute draft Preliminary Term Sheet	RJ		
Wednesday, September 28, 2022	Receive comments on Preliminary Term Sheet	ALL		
Monday, October 3, 2022	Send Term Sheet to potential bidders	RJ		
Monday, October 10, 2022	District secures Treasurer's surety bond for 25% of the bond amount, effective November 1st, 2022	District		
Monday, October 17, 2022	Petition Period ends	District		
Tuesday, October 18, 2022	Receive bids from banks on bonds; review winning bid with District	District/RJ		
Special Meeting Tuesday, October 18, 2022	Board approves bond sale resolution and winning bidder on bonds President, Secretary and Treasurer sign bond documents	District	Action Item; Roll Call Vote	
Ongoing	Process and file documents	District/C&C		
Tuesday, November 1, 2022	Close bond issue; receive working cash fund proceeds	ALL		

RESPONSIBLE PARTIES

Chapman and Cutler, Bond	C&C
Prospect Heights SD 23, Issuer	District
Raymond James, Placement Agent	RJ

*Preliminary, subject to change.



Debt Structure

The working cash fund bonds will be repaid over 5 years and allow for another working cash fund bond issuance in 2026 per the funding plan. The chart on the next page shows the debt repayment schedule and the conservatively estimated interest rates including a cushion for rising interest rates. The bonds will be sold via a competitive private placement among interested local banks. This approach is most cost effective for a bond issue of this size and length.

Please let me know if you have any questions.

Tax Year	Non-Referendum (DSEB/Limited Tax)										Remaining DSEB Capacity	B&I Tax Rate
	Debt Service Extension Base	CPI Growth (1)	Current DSEB D/S	Proposed Series 2022		Less Cap-1	Net Debt Service	Total DSEB D/S				
				Debt Service	Series 2026 Debt Service							
2019	1,210,127	1.90%	1,209,009	-	-	-	-	1,209,009		1,118	0.199	
2020	1,237,960	2.30%	1,224,409	-	-	-	-	1,224,409		13,551	0.202	
2021	1,255,292	1.40%	1,254,209	-	-	-	-	1,254,209		1,083	0.207	
2022	1,755,292	5.00%	1,270,409	481,711	-	-	481,711	1,752,120		3,172	0.289	
2023	1,843,056	5.00%	1,263,209	576,954	-	-	576,954	1,840,163		2,894	0.304	
2024	1,898,348	3.00%	1,237,409	658,504	-	-	658,504	1,895,913		2,435	0.313	
2025	1,936,315	2.00%	1,252,756	681,124	(52,836)	-	681,124	1,933,880		2,435	0.319	
2026	1,965,360	1.50%	1,199,000	316,743	448,047	-	764,790	1,963,790		1,570	0.324	
2027	1,994,840	1.50%	1,218,600	771,947	-	-	771,947	1,990,547		4,293	0.328	
2028	2,024,763	1.50%	1,240,800	779,586	-	-	779,586	2,020,386		4,377	0.333	
2029	2,055,134	1.50%	1,260,400	330,057	-	-	330,057	1,590,457	464,677	0.262	0.262	
2030	2,085,961	1.50%	322,400	-	-	-	-	322,400	1,763,561	0.053	0.053	
2031	2,117,250	1.50%	-	-	-	-	-	-	2,117,250	0.000	0.000	
2032	2,149,009	1.50%	-	-	-	-	-	-	2,149,009	0.000	0.000	
2033	2,181,244	1.50%	-	-	-	-	-	-	2,181,244	0.000	0.000	
2034	2,213,963	1.50%	-	-	-	-	-	-	2,213,963	0.000	0.000	
2035	2,247,172	1.50%	-	-	-	-	-	-	2,247,172	0.000	0.000	
2036	2,280,880	1.50%	-	-	-	-	-	-	2,280,880	0.000	0.000	
2037	2,315,093	1.50%	-	-	-	-	-	-	2,315,093	0.000	0.000	
2038	2,349,820	1.50%	-	-	-	-	-	-	2,349,820	0.000	0.000	
2039	2,385,067	1.50%	-	-	-	-	-	-	2,385,067	0.000	0.000	
2040	2,420,843	1.50%	-	-	-	-	-	-	2,420,843	0.000	0.000	
2041	2,457,155	1.50%	-	-	-	-	-	-	2,457,155	0.000	0.000	
2042	2,494,013	1.50%	-	-	-	-	-	-	2,494,013	0.000	0.000	
			12,743,601	2,715,034	2,382,473	(52,836)	5,044,671	17,788,272				
			All in True Interest Cost		4.19%	5.26%						
			Proceeds for Projects	\$2,400,000	\$2,000,000	\$52,836			\$ 4,400,000			
			Estimated Cap-1	\$0	\$0	\$52,836						

(1) CPI is assumed to grow at 5.00% in 2023, 3% in 2024, 2% in 2025, and 1.5% thereafter

(2) Rates are based on current market spreads over AAA-MMD as of August 31, 2022 with a 1.00% cushion for 2022 and 2.00% for 2026.