

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304
227 NORTH FOURTH STREET, GENEVA, KANE COUNTY, ILLINOIS
FINANCE COMMITTEE MINUTES**

The Board of Education Finance Committee met at 6:00 p.m. on Tuesday, October 13, 2015, at Williamsburg Elementary School, 1812 Williamsburg Avenue, Geneva, Illinois.

1. CALL TO ORDER (Bylaws 0163 & 0164)

The meeting was called to order at 6:00 p.m. by Bill Wilson.

Committee members present: Dave Lamb, Kelly Nowak, Bill Wilson, Tom Anderson

Staff present: Donna Oberg, Assistant Superintendent Business Services; Dr. Kent Mutchler, Superintendent

Others present: Pat Fordonski, Jill Nippert, Scott Ney

2. PUBLIC COMMENT (Bylaw 0167.3)

None.

3. APPROVAL OF MINUTES (Bylaw 0168.1)

3.1 September 12, 2015

Motion by Lamb, second by Nowak, to approve the minutes as presented. Ayes, four (4) Anderson, Lamb, Nowak, Wilson. Nays, none (0). Abstained, none (0). Motion carried unanimously.

4. DISCUSSION/CONSIDERATION (Bylaw 0155)

4.1 Long Term Debt Presentation by Elizabeth Hennessey

Elizabeth Hennessey from William Blair presented an update on the District's Debt Restructuring Plan. The bond market has been good, and at this time, there is no increase in Federal interest rates. The future of the rates is based on economic factors, including CPI, unemployment rates, and seeing our economy become more robust. When they do raise the interest rates it's good to know that it will be impacting the short end of the yield curve. She provided the Board with two options. Option I is to abate thru 2016, then refund/defease in January 2017 and 2018. This option uses the Educational Fund surpluses over \$14 million per current projection through fiscal year 2017. When refunding takes place in January 2017, it will stabilize the 2016 tax levy and capitalize on currently callable bonds and refunding savings. Remaining refunding and defeasance of Series 2008 bonds occurs in January 2018. The plan extends debt service payments by four years from current final maturity. Option IB is the same as Option I but with an interest rate increase. Since 2011, the District has abated \$23,556,926 back to the taxpayers. For more detailed information on this presentation, you can access on the District's website the video of the Board meeting.

Questions, comments, concerns: The assumptions in Option 1B seemed reasonable. It accomplishes what we want and doesn't overly burden the taxpayers. Even if the rates were higher, we would accomplish what we wanted. What is the current interest rate of the bonds? (5%-9%) When does the process start to pay down 2017? (Next year at this time. We could wait until January, but fall would be better.) It was added that we might think about using some of our reserves to add to the debt reduction saying that we have reasonable reserves, so we should think about this. (O&M is already running close to negative and there's not much in transportation. Other than working cash, I'm not sure where you would look.) Can we continue the process of abating? (We think so.) When are the next callable issues after these? (It looks like in 2020.) Is the money you are setting aside in 2016 going into the debt service? If it's going into debt service, are there restraints? (The Board makes that decision on an annual basis. If it's put into debt service then there are more

constraints. We have to have some kind of reserve to protect our taxpayers.) When was the working cash established, and what were the restrictions? (Around 2001-2002. It was strictly the intent of the Board to avoid taking out tax anticipation warrants.) Dave would like to revisit the original intent. Keep in mind the long term and that the bonds will be paid off in 2018. We have a situation where if the State implements 0%, then we may need these funds. If we think the funds are there are sufficient, there may be safety in putting the funds into bonds. (That is one of the most "for sure" things you can do.) We talked about going four years on the bonds. Is there any way, as we get closer, that we could say three or five years? (Absolutely, we can consider that. There will be more savings the shorter the extension and vice versa.)

4.2 Levy Information

The Assistant Superintendent for Business Services reported to the committee the upcoming levy. She provided multiple worksheets that show the calculations under different variations. Remember that the county will always levy slightly to fill in for any taxes that are not paid by the community. In one of the options, she calculated on a \$315,000 home with the abatement amount to show you that the increase would be approximately \$280. Another option was the same, but without the abatement that showed what the increase would have been (from \$6.61 to \$7) and how that would have increased property taxes by a substantial amount. Another option shows if we were to levy .8% in Special Education, increase the municipal retirement funds and social security funds from \$1.1 million, levy the .8% in the transportation fund, leave O&M with \$9.8 million and education fund keep the same as last year. The reason for these examples is so that you can see the difference. She would like to have discussion and thoughts on what we want to do moving forward. The goal is to have this adopted in November.

Questions, comments, concerns: That \$280 increase is attributed to, not the rate going up, but the entire home value increasing. It does make a difference to all who pay property taxes. Why would we do less than .8% when we need the revenue from the levy? (There are things coming up that we will need to address, which is why we would not take less than .8% with the levy.) We need to look at the risk going forward. Every dollar we give up this year is compounded in future years. We might be more willing to look at other options if the State knew what they were doing. We are encouraged that Ms. Oberg can present a scenario where we take less and have it show we would still be able to meet our needs.

5. FUTURE AGENDA ITEMS

5.1 November

- 1st Quarter Review

6. ITEMS FOR RECOMMENDATION TO FULL BOARD (Bylaw 0155)

We will move the Long Term Debt presentation and the Levy presentation forward to the full Board.

7. INFORMATION

7.1 Legislative Update

8. ADJOURNMENT

At 7:01 p.m., motion by Nowak, second by Anderson, and with unanimous consent, the meeting was adjourned.

APPROVED _____
(Date)

William R. Wilson CHAIRPERSON

SECRETARY _____
Dr. Kent Mutchler

Bonnie J. Johnson RECORDING
SECRETARY