



**AGENDA**  
**BOARD OF EDUCATION – MOKENA SCHOOL DISTRICT 159**  
**SPECIAL MEETING**  
**Mokena Elementary School**  
**October 29, 2018**  
**7:00 PM**

- I. ROLL CALL**
- II. PLEDGE OF ALLEGIANCE**
- III. PUBLIC COMMUNICATIONS**
- IV. DISCUSSION TOPICS**
  - A. Possible April 2, 2019 Referendum 2
  - B. Referendum Options 3
    - 1. Bond Sale
    - 2. Limiting Rate
    - 3. Debt Service Extension Base (DSEB)
  - C. Next Steps
- V. ADJOURNMENT**

## 20 Year Capital Plan - Mokena School District #159

Phase	Project	Year	In Between
1	Clocks/Intercom Upgrade	2018	\$ 137,500.00
1	IT Upgrades	2018	\$ 162,500.00
1	Seal Coat Parking Lot (MJHS)	2018	\$ 65,000.00
		<b>2018 Total</b>	<b>\$ 365,000.00</b>
1	Door/Window Markings	2019	\$ 18,025.00
1	Access Control and Surveillance	2019	\$ 386,250.00
1	HVAC and Controls (MIS)	2019	\$ 566,500.00
1	Domestic Hot Water Upgrade (MIS)	2019	\$ 36,050.00
1	Concrete walkways repair & replace	2019	\$ 463,500.00
1	Parking Lot Upgrade	2019	\$ 1,184,500.00
		<b>2019 Total</b>	<b>\$ 2,654,825.00</b>
1	HVAC and Controls (MES)	2020	\$ 663,062.50
1	Roof rehab/repair	2020	\$ 1,379,170.00
1	Fencing Installation (MES/MIS)	2020	\$ 151,178.25
		<b>2020 Total</b>	<b>\$ 2,193,410.75</b>
1	Restroom Update	2021	\$ 792,227.08
1	Furnishings/Millwork Update	2021	\$ 300,499.93
		<b>2021 Total</b>	<b>\$ 1,092,727.00</b>
1	Interior Sealants update	2022	\$ 253,239.48
1	Window Upgrades	2022	\$ 1,266,197.41
		<b>2022 Total</b>	<b>\$ 1,519,436.89</b>
1	MJHS Track Upgrade	2023	\$ 191,280.22
1	MJHS Lighting Upgrade	2023	\$ 249,243.93
1	Exterior Sealants/Façade Repair	2023	\$ 318,800.37
		<b>2023 Total</b>	<b>\$ 759,324.52</b>
2	Flooring Replacement	2024	\$ 2,806,022.90
2	Maker Space Addition (MES/MIS)	2024	\$ 388,067.00
2	Hall Locker Upgrade	2024	\$ 167,167.32
2	MJHS Auditorium Update	2025	\$ 1,906,304.49
2	Storage Space Update	2025	\$ 261,348.20
2	Playfields Upgrade	2026	\$ 1,330,108.59
2	Landscaping Upgrades	2027	\$ 185,930.18
2	MJHS HVAC Upgrade	2028	\$ 1,881,482.93
2	MJHS Roof Replacement	2028	\$ 4,031,749.14
2	Interior Sealants	2028	\$ 302,381.19
2	Technology Updates	2028	\$ 503,968.64
3	MES HVAC Overhaul	2029	\$ 2,906,891.13
3	Parking Lots Update	2030	\$ 1,639,625.02
3	Security Improvements	2031	\$ 550,700.14
3	Roof Replacement MES & MIS	2032	\$ 9,075,538.35
3	Interior Sealants	2033	\$ 350,542.67
3	Exterior Selants/Façade Repair	2034	\$ 762,235.56
3	Furnishings/Millwork Update	2035	\$ 454,533.10
3	Electrical Service Upgrade	2036	\$ 1,149,142.32
3	Technology Updates	2037	\$ 657,564.77
3	Anticipated Building Expansion/Renovation	2038	\$ 9,256,320.08



## MOKENA SD#159

# Debt Overview and Summary of Financing/Revenue Options

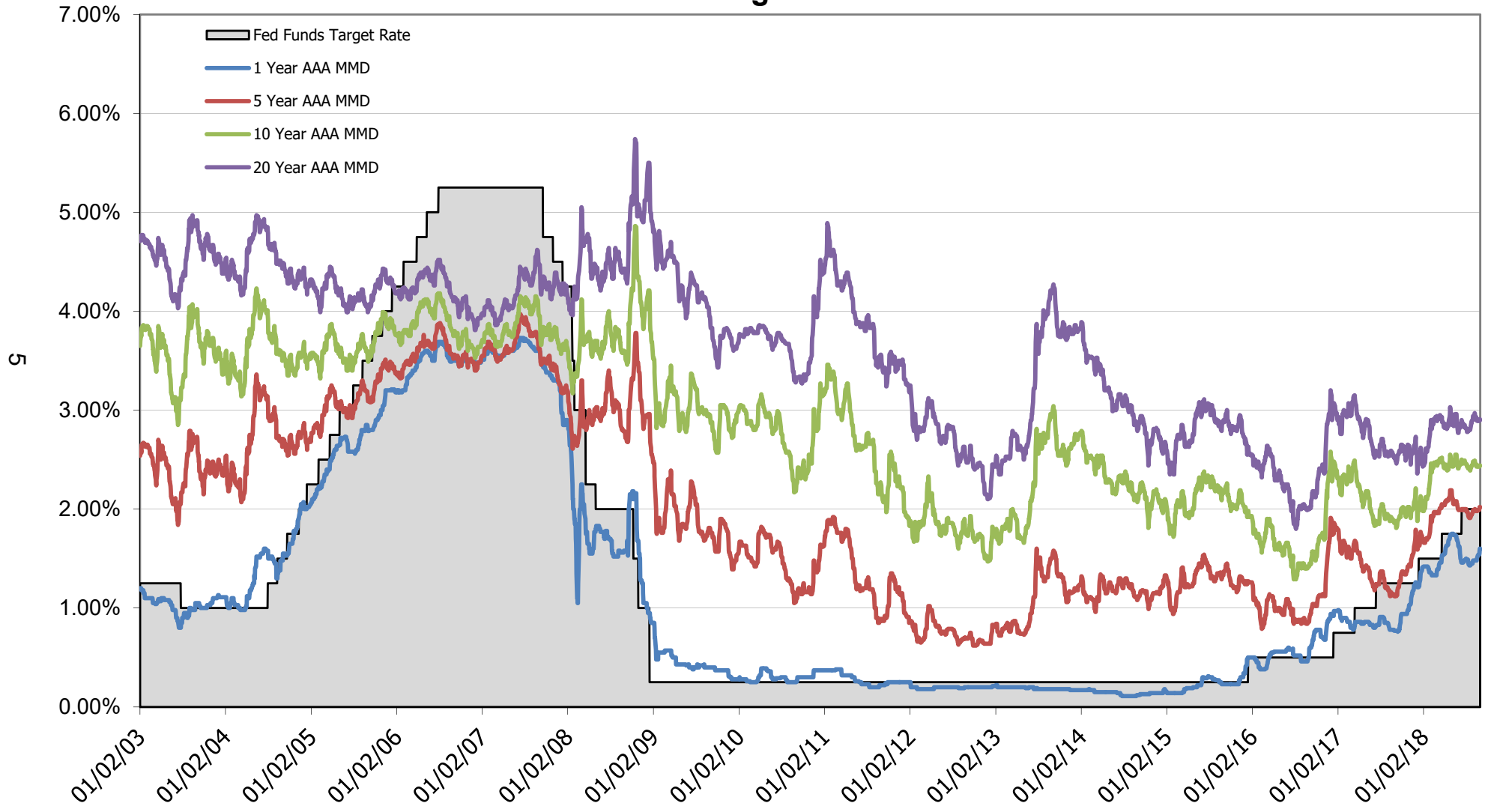
ROBERT E. LEWIS  
SVP, MANAGING DIRECTOR  
PMA SECURITIES, INC.

TAMMIE BECKWITH SCHALLMO  
SVP, MANAGING DIRECTOR  
PMA SECURITIES, INC.

September 10, 2018

# Market Update

### Fed Funds Target Rate vs. MMD



\*The Municipal Market Data "MMD" is a AAA municipal bond market index produced by TM3. As of August 31, 2018

# Overview of District Debt

Levy Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Collection Year	2018	2019	2020	2021	2022	2023	2024	2025	2026
Fiscal Year Ending 6/30	2019	2020	2021	2022	2023	2024	2025	2026	2027
Direct Debt, Beginning of Period (1)	\$ 7,746,106	\$ 7,120,570	\$ 6,525,000	\$ 6,215,000	\$ 5,895,000	\$ 5,565,000	\$ 5,230,000	\$ 4,885,000	\$ 4,525,000
Principal Paydown, Series 2000 (2)	(515,535)	(480,570)	-	-	-	-	-	-	-
Principal Paydown, Series 2016A (2)	(110,000)	(115,000)	(115,000)	(120,000)	(125,000)	(125,000)	(130,000)	(135,000)	(140,000)
Principal Paydown, Series 2016B (2)	-	-	(195,000)	(200,000)	(205,000)	(210,000)	(215,000)	(225,000)	(235,000)
Direct Debt, End of Period (1)	<u>\$ 7,120,570</u>	<u>\$ 6,525,000</u>	<u>\$ 6,215,000</u>	<u>\$ 5,895,000</u>	<u>\$ 5,565,000</u>	<u>\$ 5,230,000</u>	<u>\$ 4,885,000</u>	<u>\$ 4,525,000</u>	<u>\$ 4,150,000</u>
Equalized Assessed Valuation	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096
Assumed EAV Increase		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Statutory Debt Limit @ 6.90%	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679
Direct Debt, End of Period as % of EAV	1.24%	1.14%	1.08%	1.03%	0.97%	0.91%	0.85%	0.79%	0.72%
Statutory Debt Margin at End of Period (1)	<b>\$ 32,519,108</b>	<b>\$ 33,114,679</b>	<b>\$ 33,424,679</b>	<b>\$ 33,744,679</b>	<b>\$ 34,074,679</b>	<b>\$ 34,409,679</b>	<b>\$ 34,754,679</b>	<b>\$ 35,114,679</b>	<b>\$ 35,489,679</b>

(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.

		GO Capital Appreciation				Cumulative	
		School Bonds,	GO Limited	GO Refunding			Principal
Ley Year	Fiscal Year	Series 2000 (FGIC)	School Bonds, Series 2016A	School Bonds, Series 2016B	Total	Ending Principal Balance	Retirement as Percent of Total
2017	2019	\$ 515,535	\$ 110,000	\$ -	\$ 625,535	\$ 7,120,570	8.08%
2018	2020	480,570	115,000	-	595,570	6,525,000	15.76%
2019	2021	-	115,000	195,000	310,000	6,215,000	19.77%
2020	2022	-	120,000	200,000	320,000	5,895,000	23.90%
2021	2023	-	125,000	205,000	330,000	5,565,000	28.16%
2022	2024	-	125,000	210,000	335,000	5,230,000	32.48%
2023	2025	-	130,000	215,000	345,000	4,885,000	36.94%
2024	2026	-	135,000	225,000	360,000	4,525,000	41.58%
2025	2027	-	140,000	235,000	375,000	4,150,000	46.42%
2026	2028	-	145,000	245,000	390,000	3,760,000	51.46%
2027	2029	-	155,000	255,000	410,000	3,350,000	56.75%
2028	2030	-	160,000	265,000	425,000	2,925,000	62.24%
2029	2031	-	165,000	275,000	440,000	2,485,000	67.92%
2030	2032	-	170,000	285,000	455,000	2,030,000	73.79%
2031	2033	-	180,000	300,000	480,000	1,550,000	79.99%
2032	2034	-	185,000	310,000	495,000	1,055,000	86.38%
2033	2035	-	195,000	325,000	520,000	535,000	93.09%
2034	2036	-	200,000	335,000	535,000	-	100.00%
<b>Total:</b>		<u>\$ 996,106</u>	<u>\$ 2,670,000</u>	<u>\$ 4,080,000</u>	<u>\$ 7,746,106</u>		

Purpose: NM - BLD NM - WC AR - 2000 WC – Working Cash  
 AR – Advance Refund  
 BLD – Building  
 NM – New Money

Callable: NA 12/01/25 12/01/25

## Non-Referendum Debt Service

## Referendum Debt Service

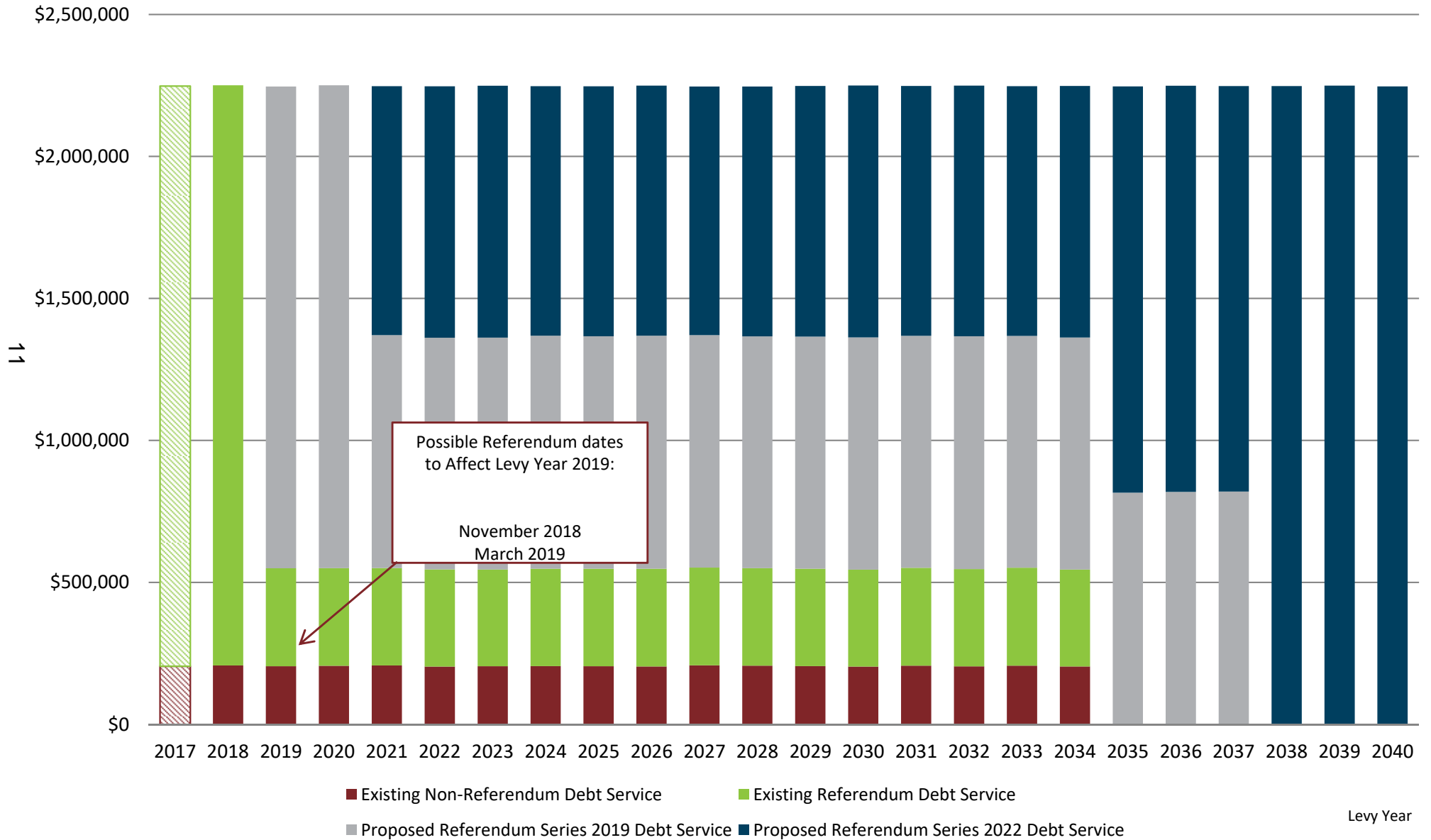
Levy Year	Fiscal Year	GO Limited School Bonds, Series 2016A		Non Referendum Debt Service Extension Base Created W/1994 Levy (1)		GO Capital Appreciation School Bonds, Series 2000 (FGIC)			GO Refunding School Bonds, Series 2016B		Total General Obligation Bonds Debt Service	EAV	Growth Rate	B&I Tax Rate
		Total	Remaining Margin	Series 2000	Total	Total								
2015	2017	\$ 207,545	\$ 207,545	\$ 208,422	\$ 877	\$ 1,850,000	\$ 188,638	\$ 2,038,638	\$ 2,246,183	\$ 532,203,181	-0.80%	0.4221		
2016	2018	207,250	207,250	209,881	2,631	1,890,000	152,950	2,042,950	2,250,200	553,652,807	4.03%	0.4064		
2017	2019	205,050	205,050	214,288	9,238	1,890,000	152,950	2,042,950	2,248,000	574,488,096	3.76%	0.3913		
2018	2020	207,800	207,800	218,788	10,988	1,890,000	152,950	2,042,950	2,250,750	574,488,096	0.00%	0.3918		
2019	2021	204,925	204,925	218,788	13,863	-	345,025	345,025	549,950	574,488,096	0.00%	0.0957		
2020	2022	206,400	206,400	218,788	12,388	-	344,100	344,100	550,500	574,488,096	0.00%	0.0958		
2021	2023	207,725	207,725	218,788	11,063	-	343,025	343,025	550,750	574,488,096	0.00%	0.0959		
2022	2024	203,975	203,975	218,788	14,813	-	341,800	341,800	545,775	574,488,096	0.00%	0.0950		
2023	2025	205,150	205,150	218,788	13,638	-	340,425	340,425	545,575	574,488,096	0.00%	0.0950		
2024	2026	205,500	205,500	218,788	13,288	-	342,700	342,700	548,200	574,488,096	0.00%	0.0000		
2025	2027	205,000	205,000	218,788	13,788	-	343,500	343,500	548,500	574,488,096	0.00%	0.0000		
2026	2028	204,300	204,300	218,788	14,488	-	343,900	343,900	548,200	574,488,096	0.00%	0.0000		
2027	2029	208,300	208,300	218,788	10,488	-	343,900	343,900	552,200	574,488,096	0.00%	0.0000		
2028	2030	207,000	207,000	218,788	11,788	-	343,500	343,500	550,500	574,488,096	0.00%	0.0000		
2029	2031	205,500	205,500	218,788	13,288	-	342,700	342,700	548,200	574,488,096	0.00%	0.0000		
2030	2032	203,800	203,800	218,788	14,988	-	341,500	341,500	545,300	574,488,096	0.00%	0.0000		
2031	2033	206,800	206,800	218,788	11,988	-	344,800	344,800	551,600	574,488,096	0.00%	0.0000		
2032	2034	204,500	204,500	218,788	14,288	-	342,600	342,600	547,100	574,488,096	0.00%	0.0000		
2033	2035	206,900	206,900	218,788	11,888	-	344,900	344,900	551,800	574,488,096	0.00%	0.0000		
2034	2036	204,000	204,000	218,788	14,788	-	341,700	341,700	545,700	574,488,096	0.00%	0.0000		
2035	2037	-	-	218,788	218,788	-	-	-	-	574,488,096	0.00%	0.0000		
2036	2038	-	-	218,788	218,788	-	-	-	-	574,488,096	0.00%	0.0000		
2037	2039	-	-	218,788	218,788	-	-	-	-	574,488,096	0.00%	0.0000		
<b>Total DS From</b>														
<b>Current FY:</b>		<u>\$ 3,702,625</u>	<u>\$ 3,702,625</u>	<u>\$ 4,590,052</u>	<u>\$ 887,427</u>	<u>\$ 3,780,000</u>	<u>\$ 5,795,975</u>	<u>\$ 9,575,975</u>	<u>\$ 13,278,600</u>					

The deadline to impact the 2019 levy is March 1, 2020

(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009. The applicable CPI increase has been applied to levy years 2009-2018, and assumed to be 0% per year thereafter.  
**If the District issues non-referendum bonds with debt service structured assuming a growing DSEB, it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.**  
**If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.**

# Sample Building Bond Referendum Scenarios

The following are illustrations and not intended to be a recommendation.





# SCENARIO 1

## 20 YEAR FINANCING - MAINTAIN CURRENT ANNUAL DEBT SERVICE ESTIMATED NET PROCEEDS: \$26.3 MILLION

### Non-Referendum Debt Service

### Referendum Debt Service

Levy Year	Fiscal Year	GO Limited School Bonds, Series 2016A		Non Referendum Debt Service Extension Base Created W/1994 Levy		GO Capital Appreciation School Bonds, Series 2000 (FGIC)		GO Refunding School Bonds, Series 2016B		Proposed \$11,630,000 GO School Bonds, Series 2019 (2)	Proposed \$14,010,000 GO School Bonds, Series 2022 (3)	Total General Obligation Bonds Debt Service	EAV	Growth Rate	B&I Tax Rate	Impact on a \$300,000 B&I Tax Rate Change	Market Value Home (4)
		Total	Remaining Margin	Series 2000 (FGIC)	Series 2016B	Total	Total	Total	Total								
2015	2017	\$ 207,545	\$ 207,545	\$ 208,422	\$ 877	\$ 1,850,000	\$ 188,638	\$ -	\$ -	\$ 2,038,638	\$ 2,246,183	\$ 532,203,181	-0.80%	0.4221			
2016	2018	207,250	207,250	209,881	2,631	1,890,000	152,950	-	-	2,042,950	2,250,200	553,652,807	4.03%	0.4064			
2017	2019	205,050	205,050	214,288	9,238	1,890,000	152,950	-	-	2,042,950	2,248,000	574,488,096	3.76%	0.3913			
2018	2020	207,800	207,800	218,788	10,988	1,890,000	152,950	-	-	2,042,950	2,250,750	574,488,096	0.00%	0.3918			
2019	2021	204,925	204,925	218,788	13,863	-	345,025	1,696,300	-	2,041,325	2,246,250	574,488,096	0.00%	0.3910	0.00	-0.74	
2020	2022	206,400	206,400	218,788	12,388	-	344,100	1,700,200	-	2,044,300	2,250,700	574,488,096	0.00%	0.3918			
2021	2023	207,725	207,725	218,788	11,063	-	343,025	820,200	876,850	2,040,075	2,247,800	574,488,096	0.00%	0.3913			
2022	2024	203,975	203,975	218,788	14,813	-	341,800	816,200	885,100	2,043,100	2,247,075	574,488,096	0.00%	0.3911			
2023	2025	205,150	205,150	218,788	13,638	-	340,425	816,450	887,350	2,044,225	2,249,375	574,488,096	0.00%	0.3915			
2024	2026	205,500	205,500	218,788	13,288	-	342,700	820,700	878,850	2,042,250	2,247,750	574,488,096	0.00%	0.3913			
2025	2027	205,000	205,000	218,788	13,788	-	343,500	818,700	880,100	2,042,300	2,247,300	574,488,096	0.00%	0.3912			
2026	2028	204,300	204,300	218,788	14,488	-	343,900	820,700	880,600	2,045,200	2,249,500	574,488,096	0.00%	0.3916			
2027	2029	208,300	208,300	218,788	10,488	-	343,900	818,875	875,350	2,038,125	2,246,425	574,488,096	0.00%	0.3910			
2028	2030	207,000	207,000	218,788	11,788	-	343,500	816,150	879,600	2,039,250	2,246,250	574,488,096	0.00%	0.3910			
2029	2031	205,500	205,500	218,788	13,288	-	342,700	817,525	882,850	2,043,075	2,248,575	574,488,096	0.00%	0.3914			
2030	2032	203,800	203,800	218,788	14,988	-	341,500	817,775	886,875	2,046,150	2,249,950	574,488,096	0.00%	0.3916			
2031	2033	206,800	206,800	218,788	11,988	-	344,800	816,900	880,000	2,041,700	2,248,500	574,488,096	0.00%	0.3914			
2032	2034	204,500	204,500	218,788	14,288	-	342,600	819,900	882,675	2,045,175	2,249,675	574,488,096	0.00%	0.3916			
2033	2035	206,900	206,900	218,788	11,888	-	344,900	816,550	879,450	2,040,900	2,247,800	574,488,096	0.00%	0.3913			
2034	2036	204,000	204,000	218,788	14,788	-	341,700	817,075	885,550	2,044,325	2,248,325	574,488,096	0.00%	0.3914			
2035	2037	-	-	218,788	218,788	-	-	816,250	1,430,525	2,246,775	2,246,775	574,488,096	0.00%	0.3911			
2036	2038	-	-	218,788	218,788	-	-	819,075	1,430,075	2,249,150	2,249,150	574,488,096	0.00%	0.3915			
2037	2039	-	-	218,788	218,788	-	-	820,325	1,427,600	2,247,925	2,247,925	574,488,096	0.00%	0.3913			
2038	2040	-	-	218,788	218,788	-	-	-	2,248,100	2,248,100	2,248,100	574,488,096	0.00%	0.3913			
2039	2041	-	-	218,788	218,788	-	-	-	2,249,450	2,249,450	2,249,450	574,488,096	0.00%	0.3916			
2040	2042	-	-	218,788	218,788	-	-	-	2,246,750	2,246,750	2,246,750	574,488,096	0.00%	0.3911			
<b>Total DS From Current FY:</b>		<b>\$ 3,702,625</b>	<b>\$ 3,702,625</b>	<b>\$ 5,246,417</b>	<b>\$ 1,543,792</b>	<b>\$ 3,780,000</b>	<b>\$ 5,795,975</b>	<b>\$ 17,305,850</b>	<b>\$ 23,373,700</b>	<b>\$ 50,255,525</b>	<b>\$ 53,958,150</b>						

Estimated Net Proceeds: 12,000,000 14,290,000 Total Net Proceeds: 26,290,000

(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009. The applicable CPI increase has been applied to levy years 2009-2018, and assumed to be 0% per year thereafter. **If the District issues non-referendum bonds with debt service structured assuming a growing DSEB, it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.**

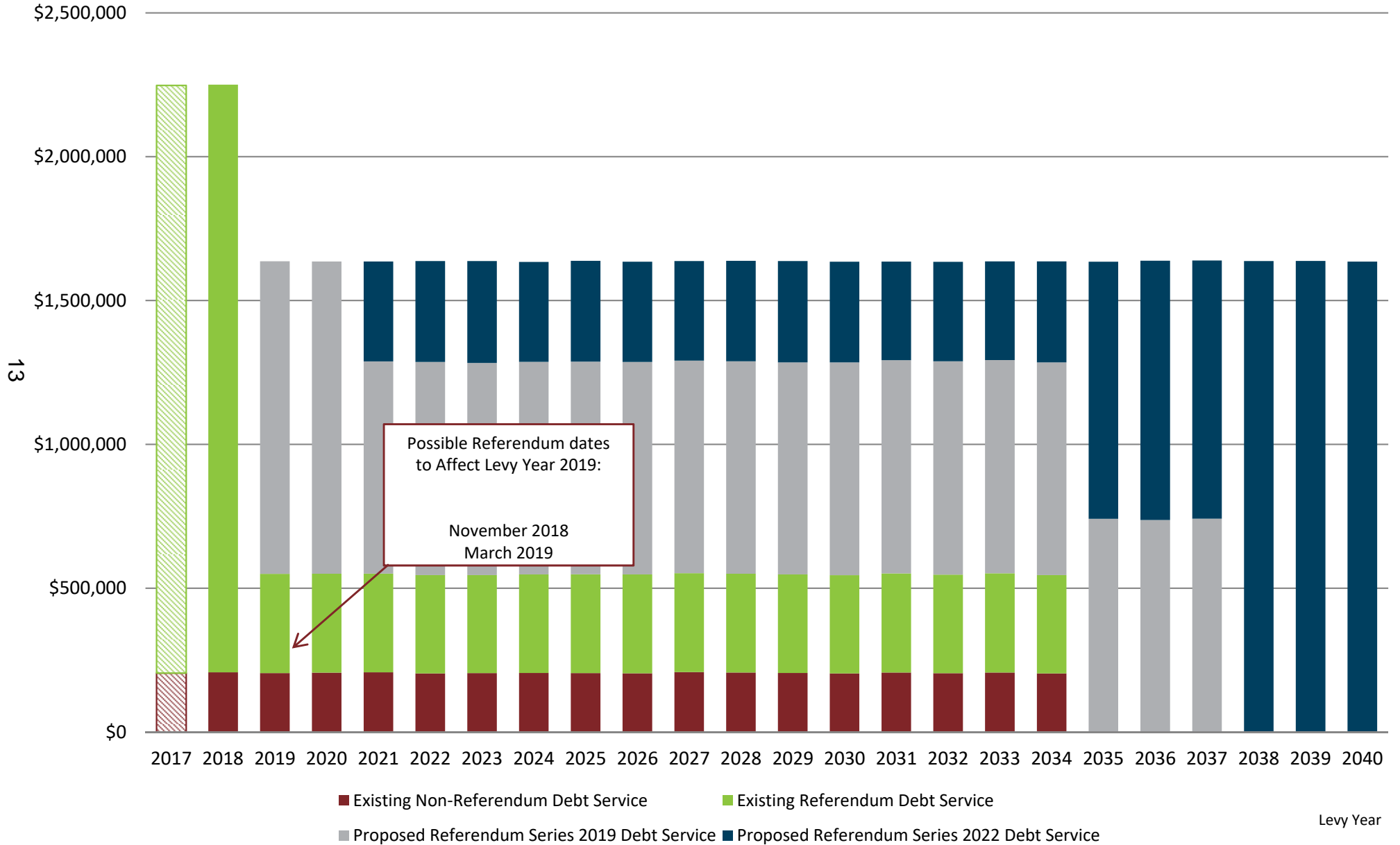
**If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.**

(2) Rates based upon the "AAA" MMD index for August 29, 2018 and recent bond sales which PMA believes to be accurate and reliable, plus 0.50%. Estimated TIC = 4.085%.

(3) Rates based upon the "AAA" MMD index for August 29, 2018 and recent bond sales which PMA believes to be accurate and reliable, plus 0.50%. Estimated TIC = 4.270%.

(4) Actual tax rates and payments may vary based on EAV growth, State Law changes, property tax rate initiatives and other factors. Includes 6,000 homeowner exemption.

**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.**





# SCENARIO 2

## 20 YEAR FINANCING - EST. \$100 TAX PAYMENT DECREASE

### ESTIMATED NET PROCEEDS: \$17 MILLION

#### Non-Referendum Debt Service

#### Referendum Debt Service

Lewy Year	Fiscal Year	GO Limited School Bonds, Series 2016A		Non Referendum Debt Service Extension Base Created W/1994 Levy		GO Capital Appreciation School Bonds, Series 2000 (FGIC)		Proposed \$9,695,000 GO School Bonds, Series 2019		Proposed \$7,020,000 GO School Bonds, Series 2022		Total General Obligation Bonds Debt Service		Growth Rate	B&I Tax Rate	Impact on a \$300,000 B&I Tax Rate Change	Market Value Home (4)
		Total	Remaining Margin	Series 2000 (FGIC)	GO Refunding School Bonds, Series 2016B	Series 2019 (2)	Series 2022 (3)	Total	EAV								
2015	2017	\$ 207,545	\$ 207,545	\$ 208,422	\$ 877	\$ 1,850,000	\$ 188,638	\$ -	\$ -	\$ 2,038,638	\$ 2,246,183	\$ 532,203,181	-0.80%	0.4224			
2016	2018	207,250	207,250	209,884	2,634	1,890,000	152,950	-	-	2,042,950	2,250,200	553,652,807	4.03%	0.4064			
2017	2019	205,050	205,050	214,288	9,238	1,890,000	152,950	-	-	2,042,950	2,248,000	574,488,096	3.76%	0.3913			
2018	2020	207,800	207,800	218,788	10,988	1,890,000	152,950	-	-	2,042,950	2,250,750	574,488,096	0.00%	0.3918			
2019	2021	204,925	204,925	218,788	13,863	-	345,025	1,086,538	-	1,431,563	1,636,488	574,488,096	0.00%	0.2849	-0.11	-100.51	
2020	2022	206,400	206,400	218,788	12,388	-	344,100	1,085,525	-	1,429,625	1,636,025	574,488,096	0.00%	0.2848			
2021	2023	207,725	207,725	218,788	11,063	-	343,025	737,775	347,425	1,428,225	1,635,950	574,488,096	0.00%	0.2848			
2022	2024	203,975	203,975	218,788	14,813	-	341,800	740,775	350,925	1,433,500	1,637,475	574,488,096	0.00%	0.2850			
2023	2025	205,150	205,150	218,788	13,638	-	340,425	737,775	354,175	1,432,375	1,637,525	574,488,096	0.00%	0.2850			
2024	2026	205,500	205,500	218,788	13,288	-	342,700	739,025	347,175	1,428,900	1,634,400	574,488,096	0.00%	0.2845			
2025	2027	205,000	205,000	218,788	13,788	-	343,500	739,275	350,425	1,433,200	1,638,200	574,488,096	0.00%	0.2852			
2026	2028	204,300	204,300	218,788	14,488	-	343,900	738,525	348,425	1,430,850	1,635,150	574,488,096	0.00%	0.2846			
2027	2029	208,300	208,300	218,788	10,488	-	343,900	738,950	346,425	1,429,275	1,637,575	574,488,096	0.00%	0.2850			
2028	2030	207,000	207,000	218,788	11,788	-	343,500	738,475	349,425	1,431,400	1,638,400	574,488,096	0.00%	0.2852			
2029	2031	205,500	205,500	218,788	13,288	-	342,700	737,100	352,175	1,431,975	1,637,475	574,488,096	0.00%	0.2850			
2030	2032	203,800	203,800	218,788	14,988	-	341,500	739,825	349,925	1,431,250	1,635,050	574,488,096	0.00%	0.2846			
2031	2033	206,800	206,800	218,788	11,988	-	344,800	741,425	342,675	1,428,900	1,635,700	574,488,096	0.00%	0.2847			
2032	2034	204,500	204,500	218,788	14,288	-	342,600	741,900	345,650	1,430,150	1,634,650	574,488,096	0.00%	0.2845			
2033	2035	206,900	206,900	218,788	11,888	-	344,900	741,250	343,400	1,429,550	1,636,450	574,488,096	0.00%	0.2849			
2034	2036	204,000	204,000	218,788	14,788	-	341,700	739,475	351,150	1,432,325	1,636,325	574,488,096	0.00%	0.2848			
2035	2037	-	-	218,788	218,788	-	-	741,575	893,450	1,635,025	1,635,025	574,488,096	0.00%	0.2846			
2036	2038	-	-	218,788	218,788	-	-	737,325	901,225	1,638,550	1,638,550	574,488,096	0.00%	0.2852			
2037	2039	-	-	218,788	218,788	-	-	741,950	897,425	1,639,375	1,639,375	574,488,096	0.00%	0.2854			
2038	2040	-	-	218,788	218,788	-	-	-	1,637,500	1,637,500	1,637,500	574,488,096	0.00%	0.2850			
2039	2041	-	-	218,788	218,788	-	-	-	1,637,925	1,637,925	1,637,925	574,488,096	0.00%	0.2851			
2040	2042	-	-	218,788	218,788	-	-	-	1,635,425	1,635,425	1,635,425	574,488,096	0.00%	0.2847			
<b>Total DS From</b>																	
<b>Current FY:</b>		\$ 3,702,625	\$ 3,702,625	\$ 5,246,417	\$ 1,543,792	\$ 3,780,000	\$ 5,795,975	\$ 14,744,463	\$ 12,482,325	\$ 36,802,763	\$ 40,505,388						

Estimated Net Proceeds: 10,000,000 7,075,000 Total Net Proceeds: 17,075,000

(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009. The applicable CPI increase has been applied to levy years 2009-2018, and assumed to be 0% per year thereafter.

**If the District issues non-referendum bonds with debt service structured assuming a growing DSEB, it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.**

**If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.**

(2) Rates based upon the "AAA" MMD index for August 29, 2018 and recent bond sales which PMA believes to be accurate and reliable, plus 0.50%. Estimated TIC = 4.108%.

(3) Rates based upon the "AAA" MMD index for August 29, 2018 and recent bond sales which PMA believes to be accurate and reliable, plus 0.50%. Estimated TIC = 4.378%.

(4) Actual tax rates and payments may vary based on EAV growth, State Law changes, property tax rate initiatives and other factors. Includes 6,000 homeowner exemption.

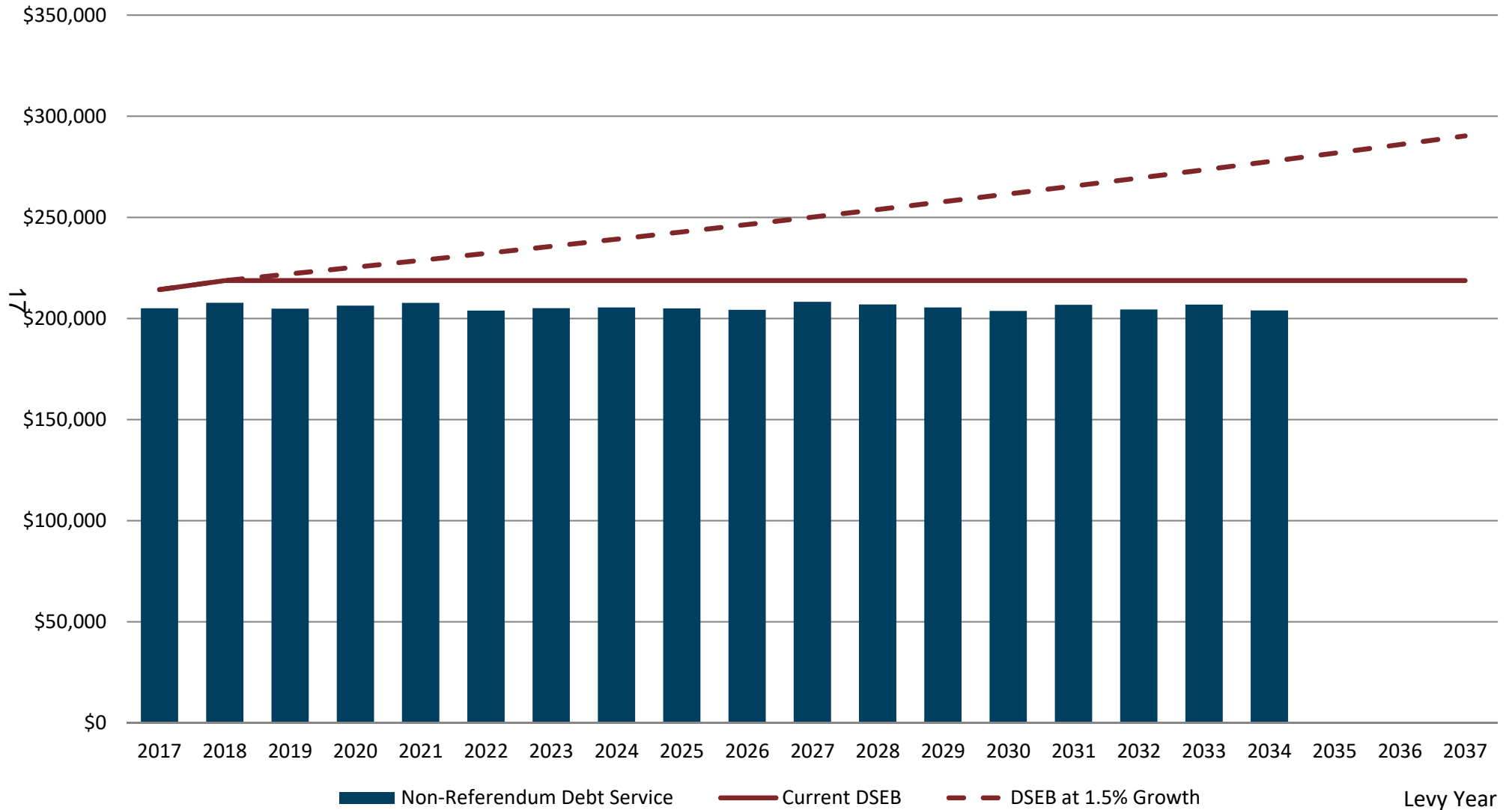
**NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.**

# Referendum to Increase the District's Debt Service Extension Base

- Since the District is subject to tax caps, the annual debt service (principal and interest) payments on non-referendum General Obligation (GO) bonds are limited by the District's Debt Service Extension Base (DSEB)
- Original DSEB was determined in tax year 1994 and was equal to the amount of non-referendum debt service levied for that year
- Public Act 96-0501, enacted in 2009, increases a district's DSEB annually by the Consumer Price Index (CPI)
  - Original DSEB: \$186,375
  - DSEB for levy year 2018: \$218,788
- Under the school code, there are four types of non-referendum GO bonds that can be sold including life safety and working cash (see Appendix A for more details)

### Existing Debt Service Extension Base

Assumed 1.5% Future Growth

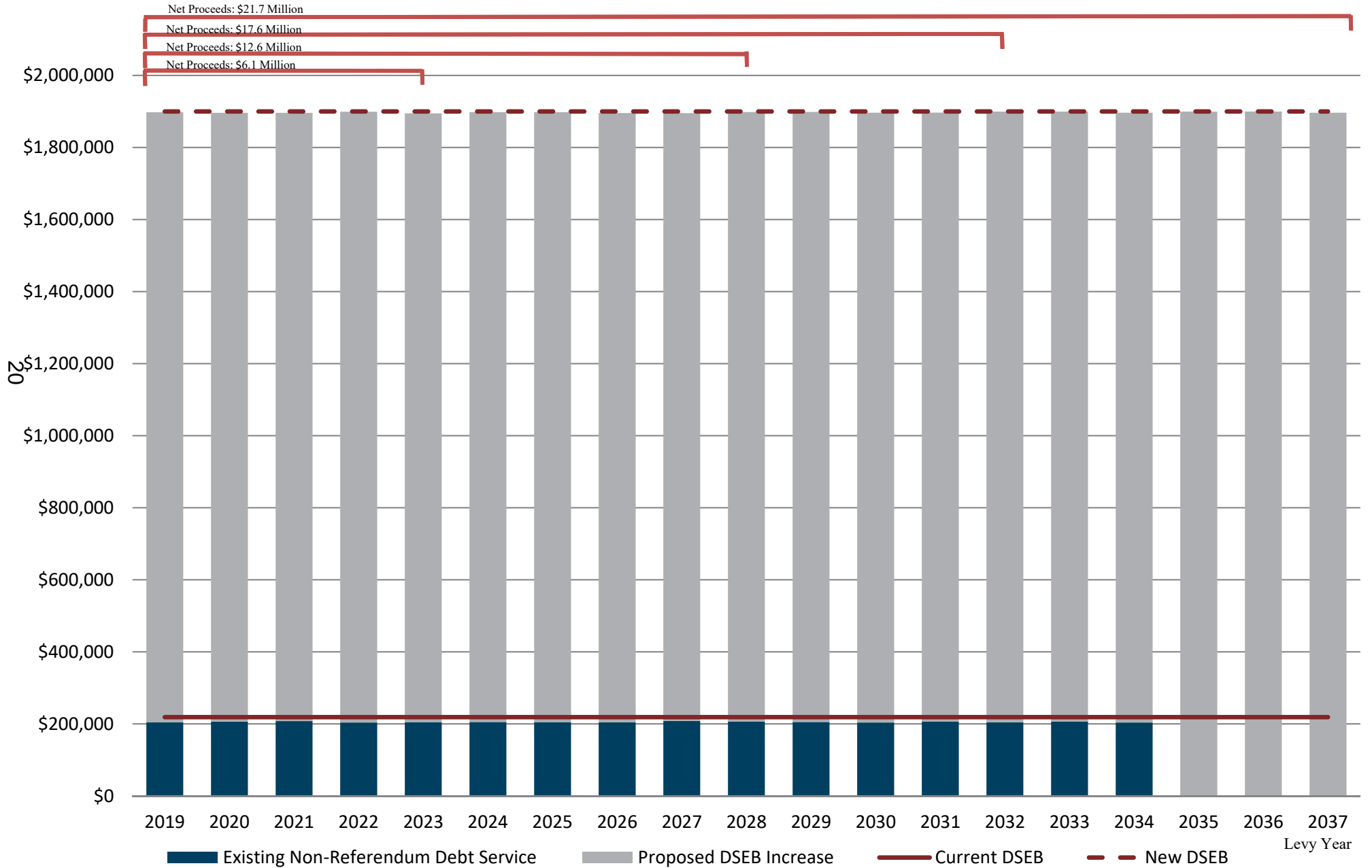


## Possible Debt Service Extension Base (DSEB) Ballot Language

Shall the **debt service extension base** under the Property Tax Extension Limitation Law for School District Number 159, Will County, Illinois, for payment of principal and interest on limited bonds **be increased to \$1,900,000 for the 2019 levy year and all subsequent levy years?**

- The District could also chose to ask the voters to permit the DSEB to increase by CPI each year as is the case for most other school districts with a DSEB
- A DSEB referendum provides the District with an increased annual amount of property taxes that may be extended to pay non-referendum debt service subject to the District completing the required proceedings for a non-referendum bond issue

- If a referendum to increase the DSEB is successful the District could then issue non-referendum GO bonds payable from the DSEB anytime thereafter after completing the process for issuing the desired type of non-referendum bond
  - A life safety bond would require a BINA hearing
  - A working cash bond would require a BINA hearing and a 30-day petition period
  
- The District could issue bonds for a term of up to 20 years; however, the District may not want to do that for the following reasons:
  - A 20-year financing ties the hands of future Boards
  - The District will likely generate more bond proceeds by keeping the DSEB borrowings shorter (i.e. less interest paid on a 5-year bond than a 20-year bond)
  - Allows the District to address ongoing capital needs as a bond matures



# Bond Scenario Summary

Referendum Scenarios

DSEB Referendum Scenarios to Maintain Current Annual Debt Service

	Scenario 1		Scenario 2		Scenario 3		Scenario 4		Scenario 5		Scenario 6	
	Series 2019 & 2022		Series 2019 & 2022		Series 2019		Series 2019		Series 2019		Series 2019	
	Maintain Current Annual Debt Service		Estimated \$100 tax payment decrease		5yr scenario		10yr scenario		15yr scenario		20yr scenario	
<b>Total Proceeds</b> .....	\$	26,290,000	\$	17,075,000	\$	6,155,000	\$	12,640,000	\$	17,675,000	\$	21,760,000
Proposed August 2019 Proceeds		12,000,000		10,000,000		6,155,000		12,640,000		17,675,000		21,760,000
Proposed February 2022 Proceeds		14,290,000		7,075,000								
<b>Estimated Change in Debt Service due to Issuance (1)</b> .....	\$	40,679,550	\$	27,226,788	\$	6,767,750	\$	15,216,413	\$	23,690,400	\$	32,767,150
Estimated TIC (1) (2).....		4.19%*		4.24%*		3.10%		3.38%		3.79%		4.09%
<b>Estimated B&amp;I Tax Rate Change (Levy Year 2019) (3)</b> .....		(0.0008)		(0.1069)		(0.0011)		(0.0019)		(0.0011)		(0.0014)
<b>Estimated Tax Payment Change (LY2019)(3)</b>												
		Estimated LY2018 B&I Payment of Mokena 159 Tax Bill										
\$100,000 Home	\$	107	\$	(29)	\$	(0)	\$	(1)	\$	(0)	\$	(0)
\$200,000 Home		238		(65)		(1)		(1)		(1)		(1)
<b>\$300,000 Home</b>		368		(101)		(1)		(2)		(1)		(1)
\$400,000 Home		499		(136)		(1)		(2)		(1)		(2)
\$500,000 Home		629		(172)		(2)		(3)		(2)		(2)

(1) Preliminary rates based upon the "AAA" MMD index for August 29, 2018 and recent bond sales which PMA believes to be accurate and reliable, plus 0.50%.

(2) True Interest Cost (TIC) is the semiannual discount rate which equates the principal and interest payments to the purchase price paid by the purchaser.

(3) Actual tax rates and payments may vary based on EAV growth, State Law changes, property tax rate initiatives and other factors. Includes \$6,000 homeowner exemption.

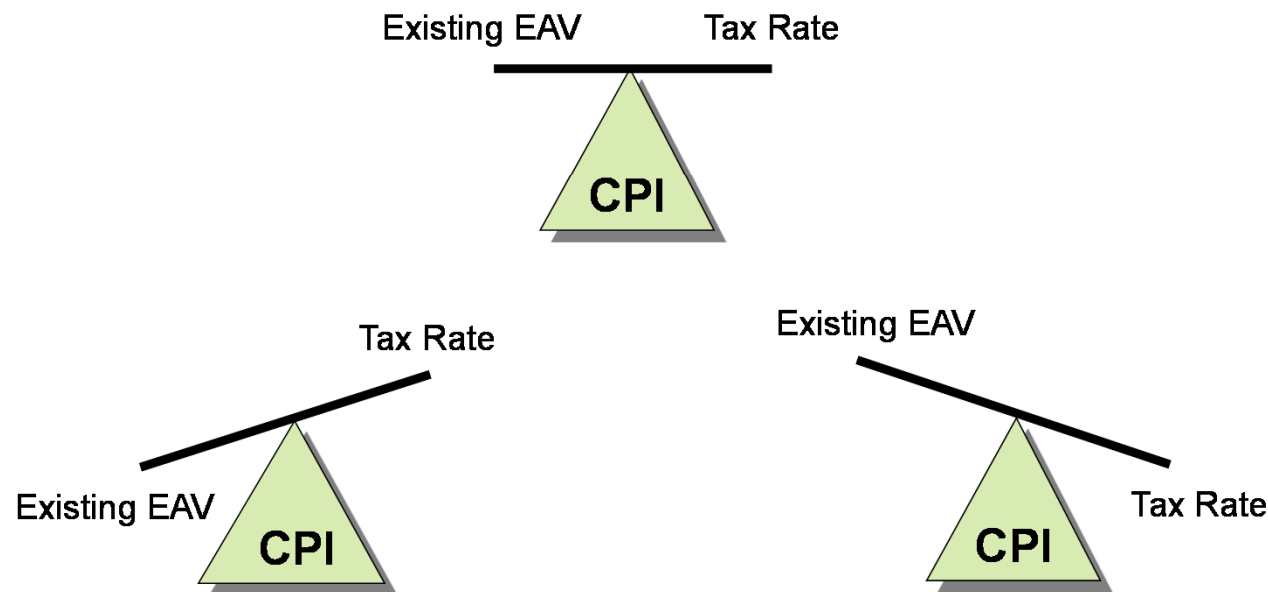
\*Composite TIC

**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 manager of the debt proceeds.**

# Overview of PTELL (Tax Cap)

- **Prior Year Extension** (amount collected from taxpayers) which can increase annually by the lesser of 5% and CPI
- The **Limiting Rate** changes each year by the relationship between CPI and the reassessment of EAV

## EAV Change, CPI and Tax Rate



- The District's Limiting Rate for 2017 was \$2.4967/\$100 of EAV
- A voter approved Limiting Rate increase raises the limiting rate by a XX% to generate \$XX additional funds
- A district determines an amount of funds needed and then determines a Limiting Rate increase to request
- A Limiting Rate increase has two periods:
  - An effective period (one to four years)
    - The number of years the Limiting Rate remains unaffected by the tax cap and the Prior Year Extension changes by the change in EAV
  - The year following the effective period the tax cap is applied against the Prior Year Extension from the last year of the effective period

(Face of Ballot)

OFFICIAL BALLOT

PROPOSITION TO INCREASE THE LIMITING RATE

(INSTRUCTIONS TO VOTERS: Mark a cross (X) in the space opposite the word indicating the way you desire to vote.)

Shall the limiting rate under the Property Tax Extension Limitation Law for Mokena School District Number 159, Will County, Illinois, be increased by an additional amount equal to ____% above the limiting rate for any purpose of said School District for levy year 2018 and be equal to ____% of the equalized assessed value of the taxable property therein for levy year 2019?	YES	
	NO	

- (1) The approximate amount of taxes extendable at the most recently extended limiting rate is \$ \_\_\_\_\_, and the approximate amount of taxes extendable if the proposition is approved is \$ \_\_\_\_\_.
- (2) For the 2019 levy year the approximate amount of the additional tax extendable against property containing a single family residence and having a fair market value at the time of the referendum of \$100,000 is estimated to be \$ \_\_\_\_\_.
- (3) If the proposition is approved, the aggregate extension for 2019 will be determined by the limiting rate set forth in the proposition, rather than the otherwise applicable limiting rate calculated under the provisions of the Property Tax Extension Limitation Law (commonly known as the Property Tax Cap Law).

- **Advantages**
  - The Limiting Rate increase is permanent
  - No interest expense or costs of issuance to sell bonds
  
- **Disadvantages**
  - Difficult to implement predictably
    - The interaction between CPI and the EAV reassessment rate will change the Limiting Rate without a referendum
  - Lag time for the receipt of funds since the timing of approval relative to the levy cycle determines when added revenue is received

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# Appendix A: Overview of Illinois School District Municipal Bond Finance

- The IL School Code prescribes very specific methods for school districts to issue municipal bonds which are as follows:
- Types of General Obligation (GO) School Bonds
  - GO School Building Bonds
    - Authorized via referendum
  - Non-referendum GO Bonds
    - Described in more detail on the next two slides
- Other borrowing options mechanisms
  - Alternate revenue bonds
  - Debt or lease certificates
  - Capital leases
  - These three types of obligations are payable from operating dollars and not from a separate tax levy like a GO bond
- Tax Anticipation Warrants (TAWs) for short-term cash flow needs

- The following types of non-referendum GO bonds are available to the District and the levy for these bonds needs to fit within the District's DSEB:
  - Working Cash (for capital projects or operating capital)
    - If for capital, funds are abated (permanent transfer) to the O&M fund and then transferred to the capital projects fund
  - Life Safety (issued in evidence of life safety approvals)
  - Funding (pays off a claim or liability like a land contract)
  - Tort
  
- All of these require a BINA (Bond Issue Notification Act) hearing
  
- Working Cash Bonds and Funding Bonds also require a back door referendum which is a 30-day petition process (10% of registered voters)
  
- **Please note that since the District's DSEB is utilized for nearly 20 years it does not have the capacity to issue non-referendum bonds at this time**

**Working Cash Fund Bond Worksheet**

**MAXIMUM SIZE OF WORKING CASH FUND**

Current equalized assessed valuation (Including TIF)			\$553,652,807.00
Times the maximum educational fund tax rate	\$3.5000	x	0.0350
Equals			<u>\$19,377,848.25</u>
Plus the lesser of the actual amount of replacement taxes received by the District during 2017 or the estimated amount of replacement taxes to be received by the District during 2018.		+	\$97,524.00
Equals			<u>\$19,475,372.25</u>
Times 85%		x	85%
Equals			<u>\$16,554,066.41</u>
Less the greater of working cash fund bonds outstanding OR the amount presently to the credit of the working cash fund (including amounts loaned to other funds)		-	\$2,780,000.00
			[WC Principal Outstanding]

**[(Assumes Working Cash Fund is Abated)]**

***TOTAL (Authorized Issue Size)*** **\$13,774,066.41**

If issued on a tax-exempt basis, the working cash fund bonds would constitute a working capital financing under the Internal Revenue Code of 1986 and the arbitrage and rebate regulations promulgated thereunder. If the bonds are to be issued on a tax-exempt basis, an analysis must be made of the District's anticipated cash flow deficits in its education or other funds to determine how the proceeds of the working cash fund bonds may be invested.

In general, in order to invest the bond proceeds at an unrestricted yield, the District must reasonably expect that the principal amount of the working cash fund bonds to be issued will not be greater than the sum of (i) the projected cash flow deficit in its educational or other funds during the thirteen months following the issuance of the bonds and (ii) five percent of the expenditures from the education or other funds in the preceding fiscal year. This reasonably expected deficit must be evidenced by monthly cash flow estimates prepared by the District.