



# ***Bremen High School***

## ***District 228***

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# **UPDATED FINANCING PLAN**

## **QUALIFIED SCHOOL CONSTRUCTION BOND ISSUE**

November 15, 2016

# Opportunity Created by Federal Qualified School Construction Bond “QSCB” Program

- The QSCB program creates extraordinary, low cost opportunities for school districts to provide updates, renovations and improvements to school facilities.
- Bremen #228 was one of 29 school districts in Illinois that received the QSCB award out of 193 that applied.
- The District has 18 months (from February 16) to issue its QSCBs.
- The District has three years from the date of the QSCB issuance to spend the funds.
- The District is authorized to issue up to \$50 million in QSCBs (one of only three).

# Glaring Rating for District 228 Ensures Attractive Sales of \$50 Million QSCB

- A glowing financial report for Bremen High School District 228 means it will be easier to sell \$50 million in bonds needed for an exciting capital improvement plan at each of the district's four high schools, officials said today.
- "Bonds will now be more attractive to investors," said Thomas O'Malley, Assistant Superintendent for Finance. "Even better, the estimated savings for taxpayers generated by the enhanced bond rating is approximately \$2 to \$2.5 million," O'Malley also said.
- The district has received a **Double A** bond rating from Moody's, an upgrade from its previous **A-plus** rating of 2014. Rob Grossi, the District's financial advisor, stated that the rating was a reflection of the "strong operating reserves and a commitment to continually decreasing the annual deficit, and the benefits of issuing the debt through the Qualified School Construction Bond program were all factors considered by Moody's in rendering their rating."
- Superintendent Bill Kendall said District 228 finds itself in a rare situation when compared to neighboring school districts in the south suburbs. "It's uncommon to see a school district in Illinois have improved bond ratings because the state is in such financial disarray. Despite the financial condition of the state, the district is performing well and has made good choices and decisions on behalf of the community, taxpayers, students and staff," Dr. Kendall said.
- Having such a strong and vibrant rating means the bonds will be "more interesting in terms of investors looking at purchasing bonds the district issues, which makes for a more competitive bond market for the district," O'Malley said.
- The seven-year plan calls for new classrooms, building envelope improvements, retention/detention on each campus, installation of FieldTurf at each of the four stadiums, along with field houses, space for new fitness centers, weight rooms, training rooms, additional storage, remodeling of cafeterias and kitchens, and new digital signage.
- District 228 is one of just 29 school districts selected state-wide to participate in the program that will benefit the more than 5,000 students at Bremen, Tinley Park, Hillcrest and Oak Forest High Schools.
- "The proposed bond issue will decrease the district's property tax levy by about \$5.3 million. This will, in turn, reduce the property tax burden on residents by about \$170 per year on a \$150,000 home value." said Bremen Township Treasurer Joe McDonnell.
- A bond hearing will take place prior to the regular Board of Education meeting on Tuesday, November 15, 7pm at Hillcrest High School in Country Club Hills.

# Tentative Timeline for Bond Issuance

## May 2016

- Approve Reimbursement Resolution at Board Meeting **(Done)**

## October 2016

- Approve Debt Certificate Resolution at Board Meeting **(Done)**
- Call Public Hearing for Sale of Qualified School Construction Bonds (“QSCB’s”) **(Done)**

## November 2016

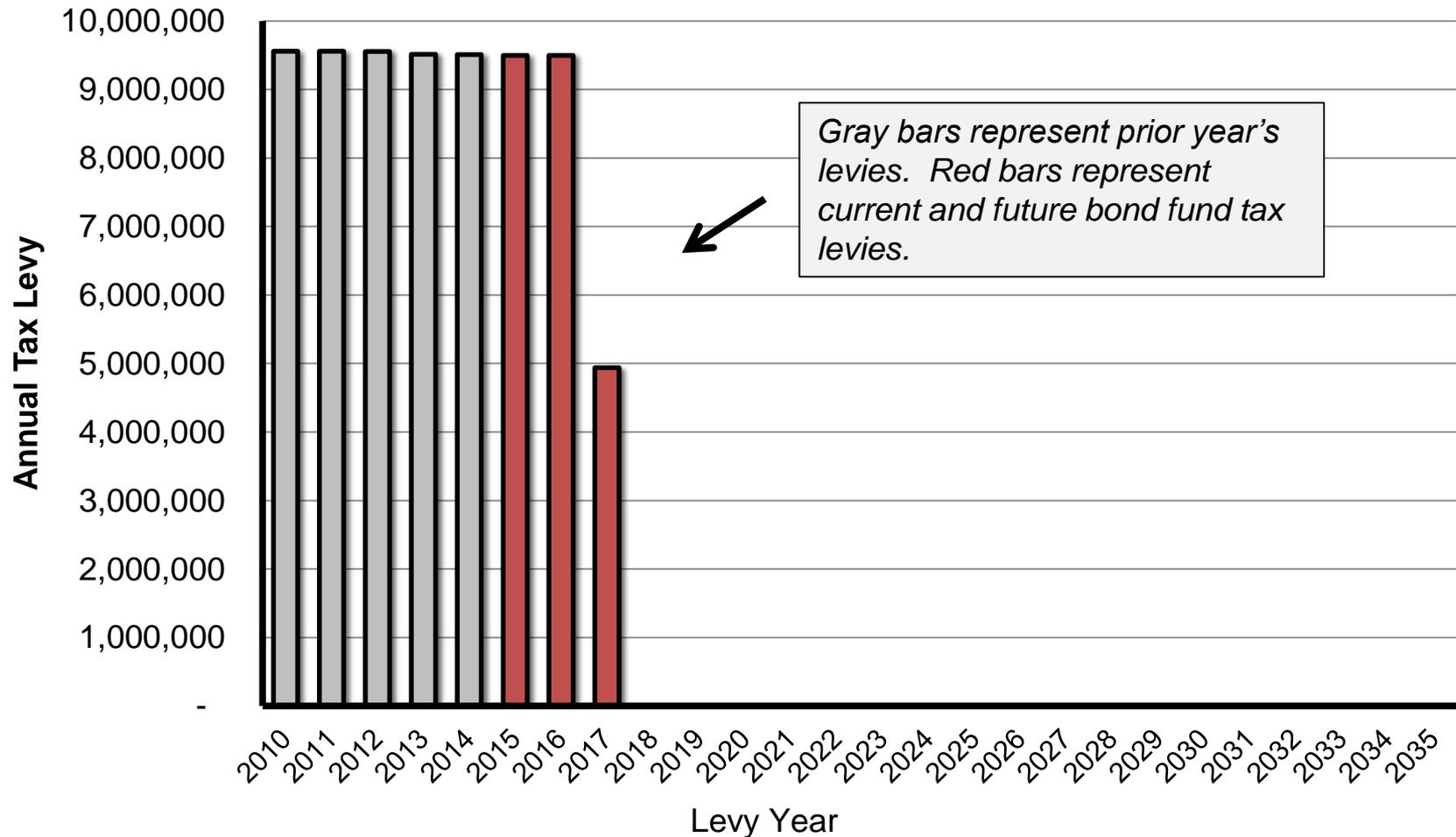
- Close on Sale of Debt Certificates **(Done on November 14, 2016)**
- Hold Public Hearing on Sale of Qualified School Construction Bonds (November 15, 2016)
- Approve Notice of Intent to issue QSCB’s (November 15, 2016)

## December 2016 / January 2017

- Approve QSCB Bond Resolution
- Close on Sale of QSCB’s

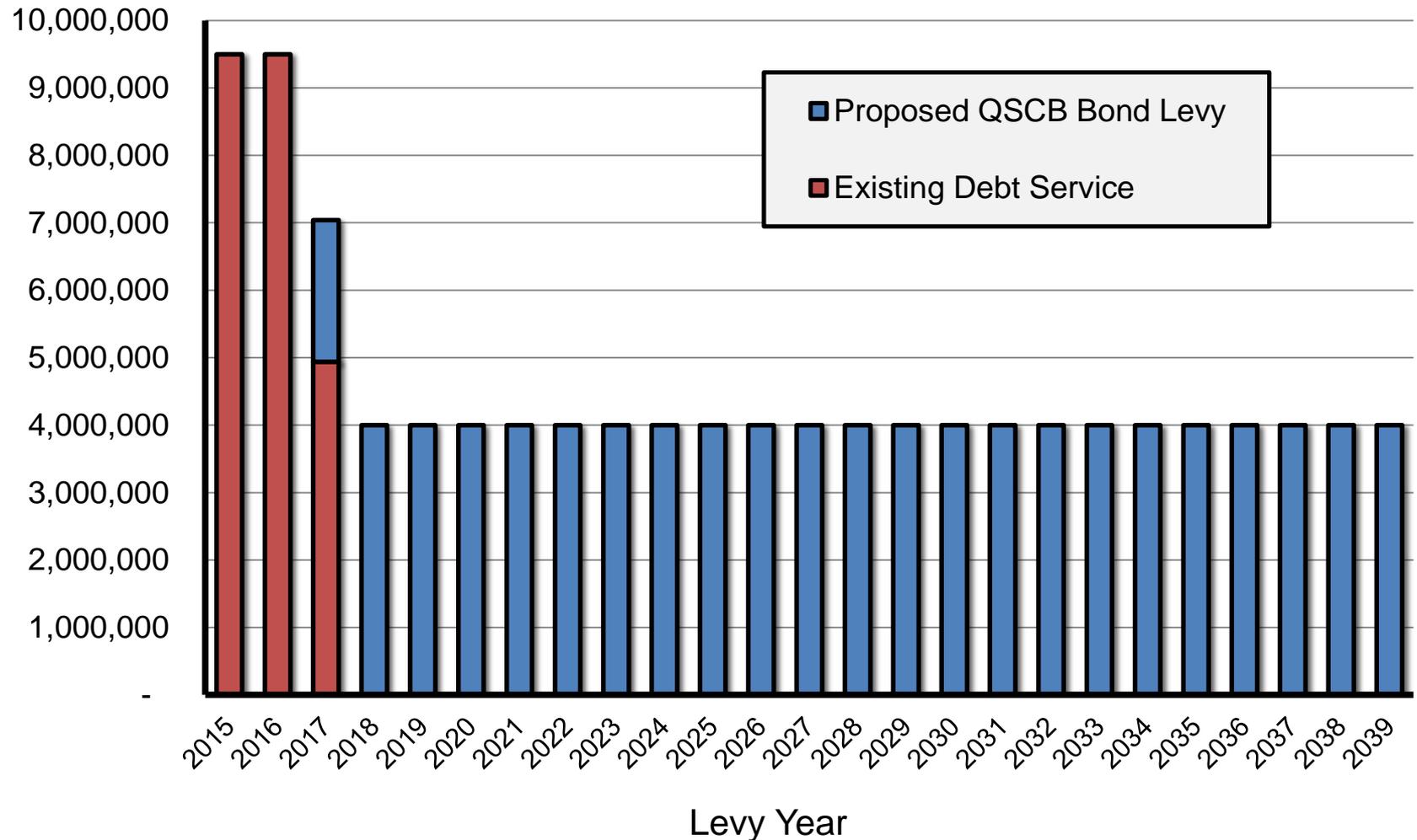
Under this timeline, the District would be able to utilize the summers of 2016, 2017, 2018 and 2019 to complete desired projects.

# Outstanding Debt Service Tax Levies



# Proposed Debt Service Tax Levies

After Issuance of \$50 Million QSCB Bond Issue



# Impact of Proposed Financing Plan:

## Annual Tax Burden to Taxpayers will Decrease

The annual bond and interest fund tax levy will decrease by approximately \$5.3 million versus the current tax levy. It is estimated that this will reduce the tax burden on residents versus current payments as follows:

- \$100,000 value home = \$115 annual tax savings
- \$150,000 value home = \$170 annual tax savings
- \$200,000 value home = \$230 annual tax savings

# Utilizing the Qualified School Construction Bond Program to Help Stabilize Financial Condition

*District will receive a projected \$45 million in federal funds over the next 25 years.*

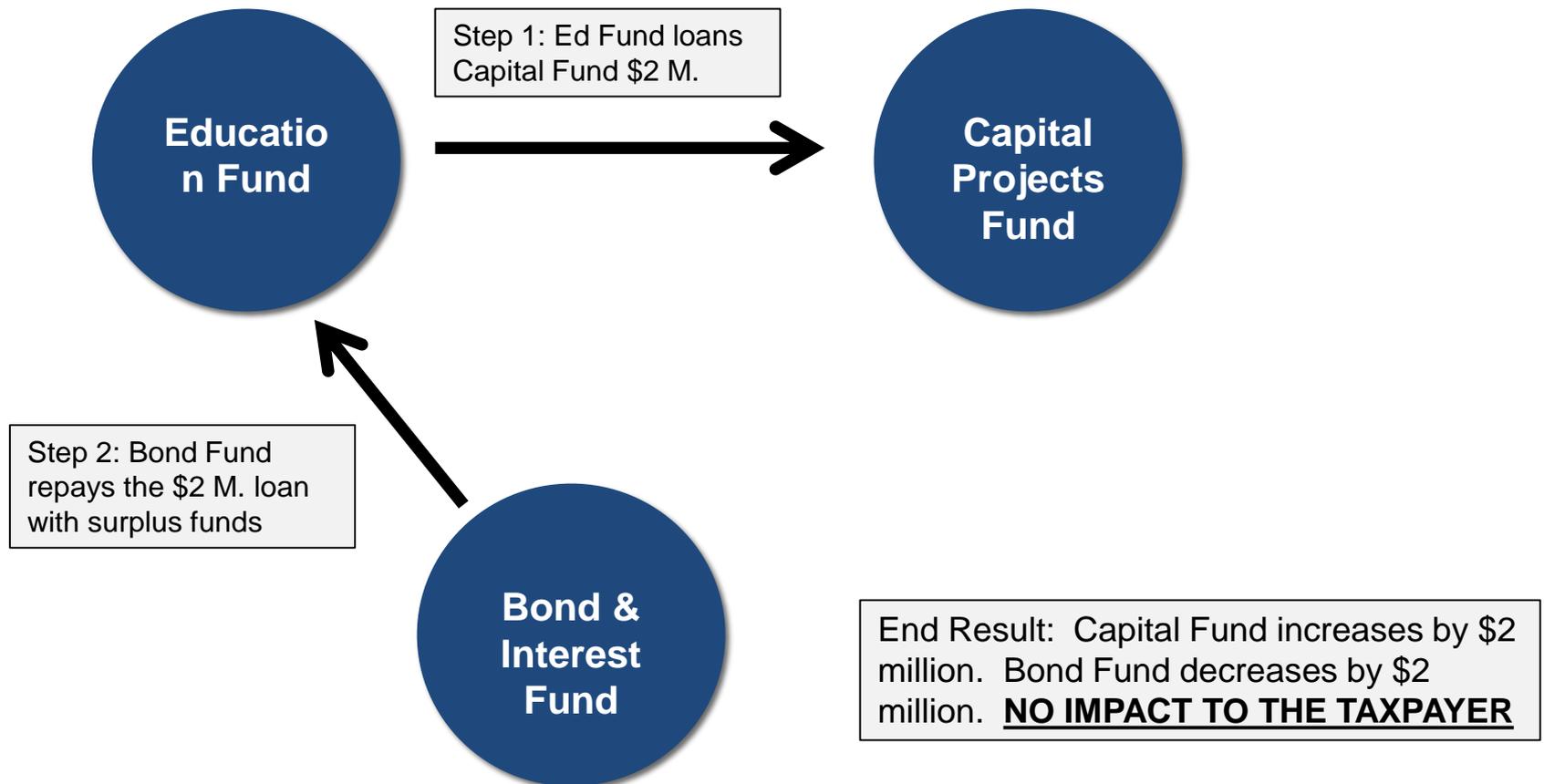
**The District is projected to receive approximately \$2 million annually over the next 25 years in unrestricted Federal funds.**

**Benefits to Bremen High School District #228 include:**

- ① Reducing the annual deficit, while maintaining necessary staffing and programming to address student needs
- ② Addressing capital projects outside the scope of the Qualified School Construction Bond Program
- ③ Improving the quality of District facilities to minimize future expenses associated with maintenance of facilities and improving the overall educational experiences of students in the District.

# Plan to Generate Full \$50 Million for Capital Projects

Issue \$2 Million in Debt to Pay for all Financing Costs without Extending a Tax Levy



# Summary of Benefits of Financing Plan

- ✓ Reduces the annual tax burden on all taxpayers
- ✓ Strengthens District's financial condition to better address expected Statewide funding challenges
- ✓ The 25 year subsidy to be used for operations will likely be viewed as a net positive to the District's credit rating
- ✓ Delays need to borrow funds to address operational deficits
- ✓ Creates greater ability to use fund balance reserves to pay for non-qualified capital expenses such as turf fields.
- ✓ Greatly improves District facilities for future generations of District #228 students



# Questions

