Special Meeting

Wednesday, February 1, 2017 6:00 PM
Central 301 District Office, 275 South St, P.O. Box 396, Burlington, IL 60109

1. **Meeting Call to Order - President Kellenberger**
   A. Roll Call
   B. Approval of Agenda
2. **Information Item**
   A. Review Debt Service Structure/Underwriter
3. **Action Item**
   A. Approve Underwriter Selection
   B. Approve Letter of Credit for Kane County Construction Permit
4. **Executive Session**
   A. *"The appointment, employment, resignation, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee or against the legal counsel for the District to determine its validity [5 ILCS 120/2(c)(1)].*
   B. Open Session
   C. Personnel Report
5. **Adjourn**

PMA™ SECURITIES

Central Unit School District 301

Updated Financing Plan and Underwriter Recommendation

Tammie Beckwith Schallmo

Senior Vice President, Managing Director

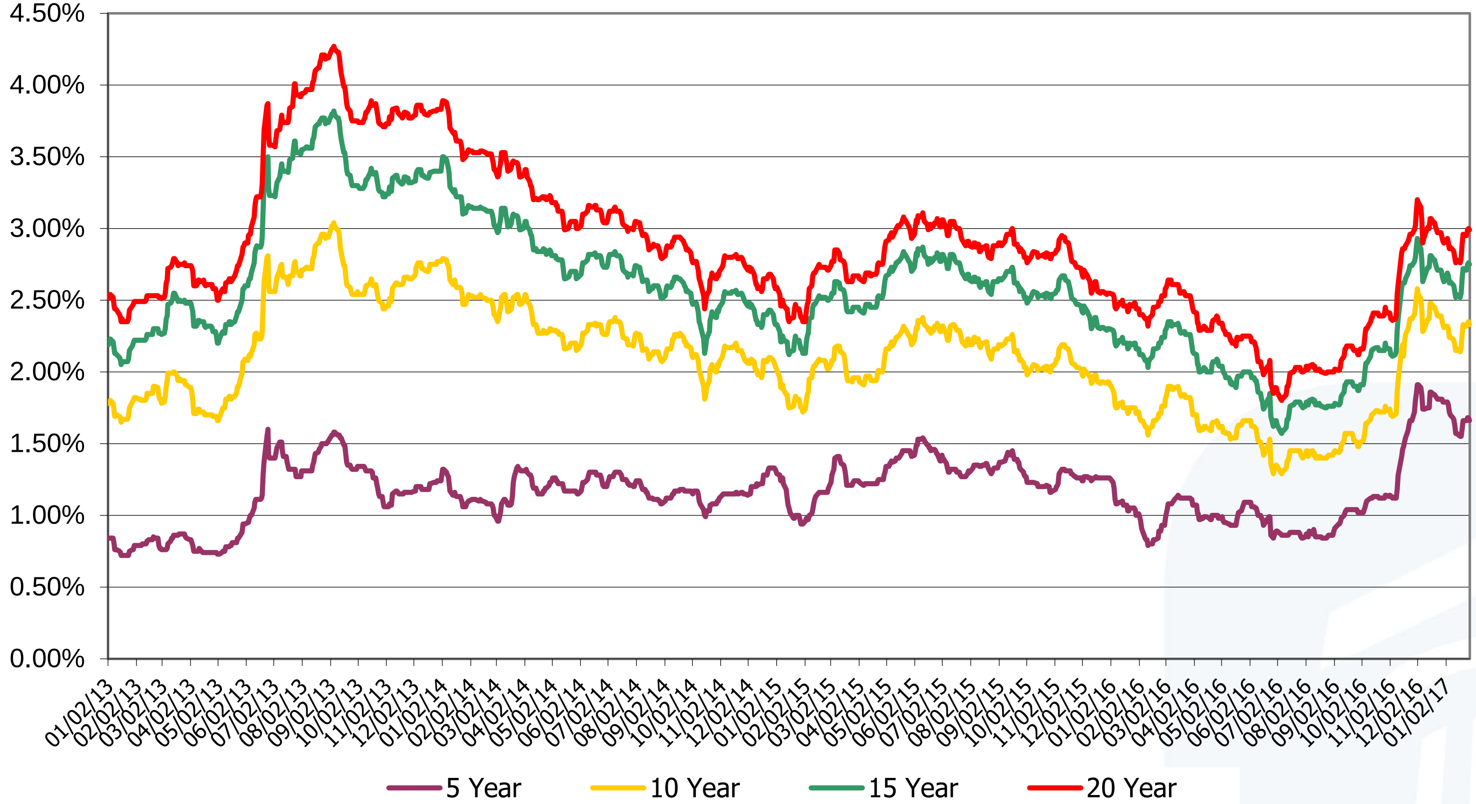
February 1, 2017

Discussion Topics

- Current Market Conditions
- Underwriter Selection
- Bank Qualification
- Recommended Financing Approach
- Preliminary Timetable

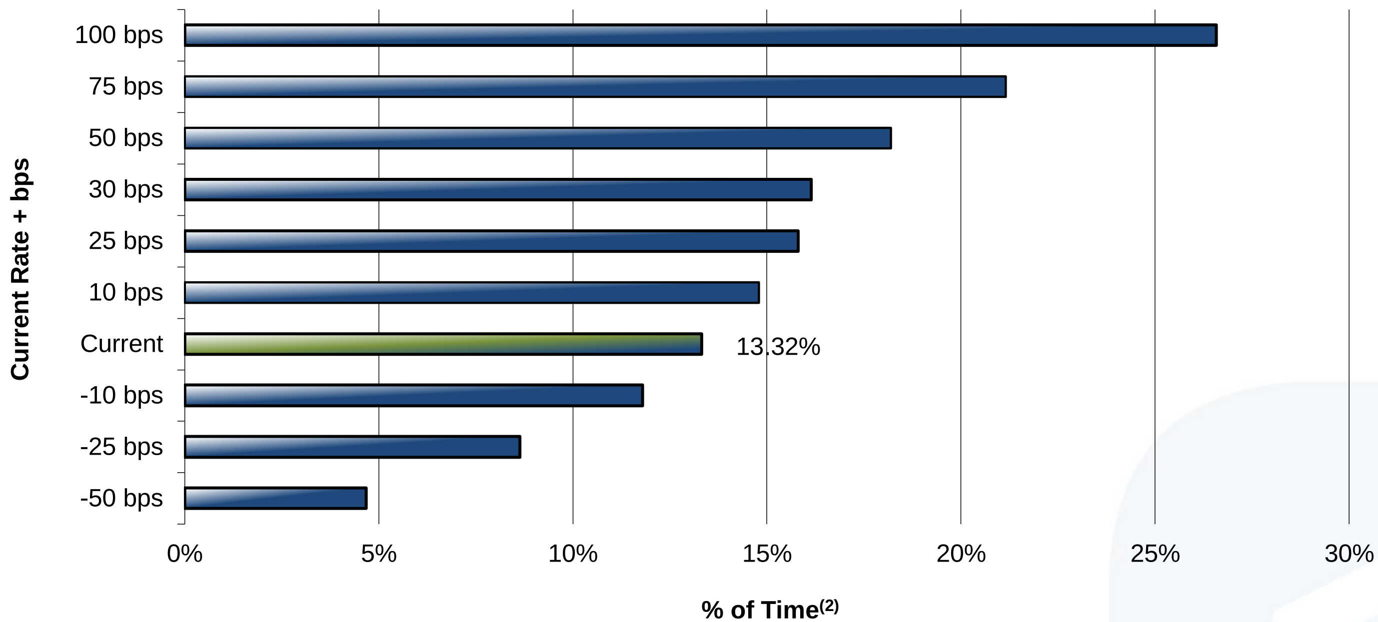
Market Conditions

HISTORICAL INTEREST RATE COMPARISON
MMD "AAA" Bond Index - Day to Day Comparison



*The Municipal Market Data “MMD” is a AAA municipal bond market index produced by TM3. As of January 27, 2017.

Time Distribution of Rates[1]



[1]Current Rate is the MMD 20-year rate as of 01/27/17.
[2]Data encompasses MMD 20-year rates between 01/02/90 and 01/27/17. Past performance does not guarantee future results.
Source: The Municipal Market Data "MMD" is a AAA municipal bond market index produced by TM3.

- Over the last 27 years the 20-year MMD has been at its current level just under 3.0% of the time and has been lower about 10.3% of the time

Underwriter Selection

- PMA sent a Request for Proposal (RFP) for underwriting services to seven firms on January 3rd
- Seven proposals were received on the January 17th due date
- PMA considered several criteria, including:
  - Proposed interest rates and yields as of January 11th due date (for both BQ and Non-BQ sales)
  - Underwriter's discount (fee)
  - Experience/comparable pricing analyses
  - Ability to market and sell Illinois school district bonds

- After a thorough review of the proposals, PMA recommends that the District select Hutchinson, Shockey, Erley & Company ("Hutch") to underwrite its Series 2017 Referendum Bonds
  - Nationally ranked underwriter
  - Extensive experience underwriting transactions in Illinois
  - Based on its proposed scale and underwriting spread, the District will incur the lowest cost of borrowing

Firm	2017 Bonds NBQ (per $1,000)	Fee for 2017 Bonds	2017 Bonds BQ (per $1,000)	Fee for 2017 Bonds
JPMorgan	2.640	$58,080	N/A	N/A
RBC	3.430	75,460	3.430	75,460
Stifel	3.500	77,000	3.750	82,500
Hutchinson, Shockey, Erley & Co	3.750	82,500	3.750	82,500
William Blair	3.880	85,360	3.960	87,120
Hiltop	3.925	86,348	4.068	89,496
Mesirow	3.950	86,900	3.950	86,900

*Based on $22 million of referendum bonds sold.

Bank Qualification

- Tax-exempt municipal securities are designated as Bank Qualified ("BQ") if the District does not expect to issue more than $10 million in a single calendar year

- Allows a financial institution to deduct 80% of its interest expense allocable to the purchase of tax-exempt securities, essentially providing banks a double tax benefit

- Some of the savings are passed along to the district as a lower interest rate versus a traditional tax-exempt bond or non-bank qualified ("NBQ")

- The Board should consider issuing a portion of its referendum bonds on a BQ basis

- The BQ benefit changes over time
- Currently, the greatest benefit is in year 2022 and beyond and is between 0.25% and 0.30%
- The Board needs to decide whether to issue the Bonds:
  - All at once in 2017, or
  - As a BQ/Non-BQ split in 2017 and 2018
- Given continued pressure on and uncertainty about the municipal bond market, most of the firms who submitted proposals recommended that the District sell of all of the bonds in 2017

PMA SECURITIES

$22 Million Referendum Bonds - Non-Bank Qualified Structure

		Non-Referendum Bonds Debt Service				Referendum Bonds Debt Service														
Levy Year	Fiscal Year	$2,515,000 GO Limited Bonds, Series 2016A Bonds	Total	Non Referendum Debt Service Extension Base Created W/ 1994 Levy (1)	Remaining Margin	$9,304,325 GO Refunding and Building Bonds, Series 1995 CABS	GO School Bonds, Series 1999 CABS	$500,000 GO School Building Bonds, Series 2000 CABS	$2,999,960 GO School Building Bonds, Series 2003 CABS	$21,030,000 GO School Bonds, Series 2006 CIBS	$12,248,482 GO School Bonds, Series 2006 CABS	$9,815,781 GO Capital Appreciation Refunding School Bonds, Series 2013	$9,590,000 General Obligation Refunding Bonds, Series 2014	Proposed $21.1M GO School Bonds, Series 2017 Bonds (3)	Savings from Refundings / Abatements or Capitalized Interest	Total	Total General Obligation Bonds Debt Service	EAV	Growth Rate (2)	B&I Tax Rate
2011	2013	~~$ -~~	~~$ -~~	~~$ 243,058~~	~~$ 243,058~~	~~$ 3,695,000~~	~~$ 950,000~~	~~$ -~~	~~$ -~~	~~$ 1,917,919~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ 6,562,919~~	~~$ 6,562,919~~	~~$ 633,986,418~~	~~-6.38%~~	~~1.0352~~
2012	2014	~~-~~	~~-~~	~~250,350~~	~~250,350~~	~~4,065,000~~	~~1,010,000~~	~~-~~	~~-~~	~~1,950,294~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~	~~7,025,294~~	~~7,025,294~~	~~584,989,413~~	~~-7.73%~~	~~1.2009~~
2013	2015	~~-~~	~~-~~	~~254,606~~	~~254,606~~	~~3,175,000~~	~~1,085,000~~	~~-~~	~~-~~	~~2,800,419~~	~~-~~	~~-~~	~~454,150~~	~~-~~	~~1,100~~	~~7,515,669~~	~~7,515,669~~	~~551,866,662~~	~~-5.66%~~	~~1.3619~~
2014	2016	~~-~~	~~-~~	~~258,425~~	~~258,425~~	~~-~~	~~1,172,000~~	~~1,350,000~~	~~1,910,000~~	~~3,151,669~~	~~-~~	~~-~~	~~305,300~~	~~-~~	~~(1,000,000)~~	~~6,888,969~~	~~6,888,969~~	~~554,737,203~~	~~0.52%~~	~~1.2418~~
2015	2017	-	-	260,492	260,492	-	1,245,000	-	3,200,000	2,113,584	-	-	1,896,800	-	(500,000)	7,955,384	7,955,384	599,173,756	8.01%	1.3277
2016	2018	255,673	255,673	262,316	6,642	-	1,330,000	-	175,000	-	-	-	7,549,750	1,136,578	(1,136,578)	9,054,750	9,310,423	635,640,706	6.09%	1.4647
2017	2019	259,050	259,050	267,824	8,774	-	1,410,000	-	-	-	3,440,000	-	-	1,633,625	-	6,483,625	6,742,675	673,566,334	5.97%	1.0010
2018	2020	260,250	260,250	271,842	11,592	-	-	-	-	-	5,190,000	-	-	1,633,000	-	6,823,000	7,083,250	708,508,987	4.00%	0.9997
2019	2021	259,400	259,400	275,919	16,519	-	-	-	-	-	5,555,000	-	-	1,635,500	-	7,190,500	7,449,900	744,849,347	4.00%	1.0002
2020	2022	258,400	258,400	280,058	21,658	-	-	-	-	-	5,940,000	-	-	1,631,125	-	7,571,125	7,829,525	782,643,321	4.00%	1.0004
2021	2023	257,250	257,250	284,259	27,009	-	-	-	-	-	6,355,000	-	-	1,634,750	-	7,989,750	8,247,000	821,949,054	4.00%	1.0033
2022	2024	255,950	255,950	288,523	32,573	-	-	-	-	-	6,805,000	-	-	1,631,250	-	8,436,250	8,692,200	862,827,016	4.00%	1.0074
2023	2025	259,500	259,500	292,851	33,351	-	-	-	-	-	-	6,975,000	-	1,635,500	-	8,610,500	8,870,000	905,340,096	4.00%	0.9797
2024	2026	257,750	257,750	297,243	39,493	-	-	-	-	-	-	7,480,000	-	1,632,375	-	9,112,375	9,370,125	949,553,700	4.00%	0.9868
2025	2027	255,850	255,850	301,702	45,852	-	-	-	-	-	-	-	-	1,631,875	-	1,631,875	1,887,725	995,535,848	4.00%	0.1896
2026	2028	258,800	258,800	306,228	47,428	-	-	-	-	-	-	-	-	1,633,750	-	1,633,750	1,892,550	1,043,357,282	4.00%	0.1814
2027	2029	221,450	221,450	310,821	89,371	-	-	-	-	-	-	-	-	1,632,875	-	1,632,875	1,854,325	1,093,091,573	4.00%	0.1696
2028	2030	-	-	315,483	315,483	-	-	-	-	-	-	-	-	1,634,125	-	1,634,125	1,634,125	1,144,815,236	4.00%	0.1427
2029	2031	-	-	320,216	320,216	-	-	-	-	-	-	-	-	1,633,800	-	1,633,800	1,633,800	1,198,607,846	4.00%	0.1363
2030	2032	-	-	325,019	325,019	-	-	-	-	-	-	-	-	1,632,400	-	1,632,400	1,632,400	1,254,552,160	4.00%	0.1301
2031	2033	-	-	329,894	329,894	-	-	-	-	-	-	-	-	1,633,900	-	1,633,900	1,633,900	1,312,734,246	4.00%	0.1245
2032	2034	-	-	334,843	334,843	-	-	-	-	-	-	-	-	1,633,200	-	1,633,200	1,633,200	1,373,243,616	4.00%	0.1189
2033	2035	-	-	339,865	339,865	-	-	-	-	-	-	-	-	1,635,200	-	1,635,200	1,635,200	1,436,173,360	4.00%	0.1139
2034	2036	-	-	344,963	344,963	-	-	-	-	-	-	-	-	1,634,800	-	1,634,800	1,634,800	1,501,620,295	4.00%	0.1089
2035	2037	-	-	350,138	350,138	-	-	-	-	-	-	-	-	1,632,000	-	1,632,000	1,632,000	1,569,685,107	4.00%	0.1040
Total DS From Current FY:		$ 3,059,323	$ 3,059,323			$ -	$ 3,985,000	$ -	$ 3,375,000	$ 2,113,584	$ 33,285,000	$ 14,455,000	$ 9,446,550	$ 32,171,628	$ (1,636,578)	$ 97,195,184	$ 100,254,508			

(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 2009-2017, and assumed to be 1.5% per year thereafter.
(2) EAV and growth rates in levy years 2016-2018 as estimated in FPP.
(3) Rates based upon the RFP submitted by Hutchinson Shockey Early & Co., inc. on January 17, 2017. Estimated TIC = 3.26%

$22 Million Non-Referendum Bonds - Bank Qualified/Non-Bank Qualified Structure

		Non-Referendum Bonds Debt Service				Referendum Bonds Debt Service															
Levy Year	Fiscal Year	$2,515,000 GO Limited Bonds, Series 2016A Bonds	Total	Non Referendum Debt Service Extension Base Created W/ 1994 Levy (1)	Remaining Margin	$9,304,325 GO Refunding and Building Bonds, Series 1995 CABS	GO School Bonds, Series 1999 CABS	$500,000 GO School Building Bonds, Series 2000 CABS	$2,999,960 GO School Building Bonds, Series 2003 CABS	$21,030,000 GO School Bonds, Series 2006 CIBS	$12,248,482 GO School Bonds, Series 2006 CABS	$9,815,781 GO Capital Appreciation Refunding School Bonds, Series 2013	$9,590,000 General Obligation Refunding Bonds, Series 2014	Proposed $9.18 GO School Bonds, Series 2017 Bonds (3) [Bank Qualified]	Proposed $11.23M GO School Bonds, Series 2018 Bonds (3) [Non Bank Qualified]	Savings from Refundings / Abatements or Capitalized Interest	Total	Total General Obligation Bonds Debt Service	EAV	Growth Rate (2)	B&I Tax Rate
2011	2013	~~$ -~~	~~$ -~~	~~$ 243,058~~	~~$ 243,058~~	~~$ 3,695,000~~	~~$ 950,000~~	~~$ -~~	~~$ -~~	~~$ 1,917,919~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ 6,562,919~~	~~$ 6,562,919~~	~~$ 633,986,418~~	~~-6.38%~~	~~1.0352~~
2012	2014	~~-~~	~~-~~	~~250,350~~	~~250,350~~	~~4,065,000~~	~~1,010,000~~	~~-~~	~~-~~	~~1,950,294~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~	~~7,025,294~~	~~7,025,294~~	~~584,989,413~~	~~-7.73%~~	~~1.2009~~
2013	2015	~~-~~	~~-~~	~~254,606~~	~~254,606~~	~~3,175,000~~	~~1,085,000~~	~~-~~	~~-~~	~~2,800,419~~	~~-~~	~~-~~	~~454,150~~	~~-~~	~~-~~	~~1,100~~	~~7,515,669~~	~~7,515,669~~	~~551,866,662~~	~~-5.66%~~	~~1.3619~~
2014	2016	~~-~~	~~-~~	~~258,425~~	~~258,425~~	~~-~~	~~1,172,000~~	~~1,350,000~~	~~1,910,000~~	~~3,151,669~~	~~-~~	~~-~~	~~305,300~~	~~-~~	~~-~~	~~(1,000,000)~~	~~6,888,969~~	~~6,888,969~~	~~554,737,203~~	~~0.52%~~	~~1.2418~~
2015	2017	-	-	260,492	260,492	-	1,245,000	-	3,200,000	2,113,584	-	-	1,896,800	-	-	(500,000)	7,955,384	7,955,384	599,173,756	8.01%	1.3277
2016	2018	255,673	255,673	262,316	6,642	-	1,330,000	-	175,000	-	-	-	7,549,750	436,560	-	(436,560)	9,054,750	9,310,423	635,640,706	6.09%	1.4647
2017	2019	259,050	259,050	267,824	8,774	-	1,410,000	-	-	-	3,440,000	-	-	367,200	1,228,963	-	6,446,163	6,705,213	673,566,334	5.97%	0.9955
2018	2020	260,250	260,250	271,842	11,592	-	-	-	-	-	5,190,000	-	-	367,200	1,224,350	-	6,781,550	7,041,800	708,508,987	4.00%	0.9939
2019	2021	259,400	259,400	275,919	16,519	-	-	-	-	-	5,555,000	-	-	367,200	1,227,850	-	7,150,050	7,409,450	744,849,347	4.00%	0.9948
2020	2022	258,400	258,400	280,058	21,658	-	-	-	-	-	5,940,000	-	-	367,200	1,224,475	-	7,531,675	7,790,075	782,643,321	4.00%	0.9954
2021	2023	257,250	257,250	284,259	27,009	-	-	-	-	-	6,355,000	-	-	367,200	1,229,100	-	7,951,300	8,208,550	821,949,054	4.00%	0.9987
2022	2024	255,950	255,950	288,523	32,573	-	-	-	-	-	6,805,000	-	-	367,200	1,226,600	-	8,398,800	8,654,750	862,827,016	4.00%	1.0031
2023	2025	259,500	259,500	292,851	33,351	-	-	-	-	-	-	6,975,000	-	367,200	1,226,975	-	8,569,175	8,828,675	905,340,096	4.00%	0.9752
2024	2026	257,750	257,750	297,243	39,493	-	-	-	-	-	-	7,480,000	-	367,200	1,225,100	-	9,072,300	9,330,050	949,553,700	4.00%	0.9826
2025	2027	255,850	255,850	301,702	45,852	-	-	-	-	-	-	-	-	367,200	1,225,850	-	1,593,050	1,848,900	995,535,848	4.00%	0.1857
2026	2028	258,800	258,800	306,228	47,428	-	-	-	-	-	-	-	-	367,200	1,228,975	-	1,596,175	1,854,975	1,043,357,282	4.00%	0.1778
2027	2029	221,450	221,450	310,821	89,371	-	-	-	-	-	-	-	-	367,200	1,229,350	-	1,596,550	1,818,000	1,093,091,573	4.00%	0.1663
2028	2030	-	-	315,483	315,483	-	-	-	-	-	-	-	-	367,200	1,226,975	-	1,594,175	1,594,175	1,144,815,236	4.00%	0.1393
2029	2031	-	-	320,216	320,216	-	-	-	-	-	-	-	-	1,018,900	576,300	-	1,595,200	1,595,200	1,198,607,846	4.00%	0.1331
2030	2032	-	-	325,019	325,019	-	-	-	-	-	-	-	-	1,595,000	-	-	1,595,000	1,595,000	1,254,552,160	4.00%	0.1271
2031	2033	-	-	329,894	329,894	-	-	-	-	-	-	-	-	1,597,700	-	-	1,597,700	1,597,700	1,312,734,246	4.00%	0.1217
2032	2034	-	-	334,843	334,843	-	-	-	-	-	-	-	-	1,593,300	-	-	1,593,300	1,593,300	1,373,243,616	4.00%	0.1160
2033	2035	-	-	339,865	339,865	-	-	-	-	-	-	-	-	1,596,700	-	-	1,596,700	1,596,700	1,436,173,360	4.00%	0.1112
2034	2036	-	-	344,963	344,963	-	-	-	-	-	-	-	-	1,597,700	-	-	1,597,700	1,597,700	1,501,620,295	4.00%	0.1064
2035	2037	-	-	350,138	350,138	-	-	-	-	-	-	-	-	1,596,300	-	-	1,596,300	1,596,300	1,569,685,107	4.00%	0.1017
Total DS From Current FY:		$ 3,059,323	$ 3,059,323			$ -	$ 3,985,000	$ -	$ 3,375,000	$ 2,113,584	$ 33,285,000	$ 14,455,000	$ 9,446,550	$ 15,438,560	$ 15,300,863	$ (936,560)	$ 96,462,997	$ 99,522,320			

(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 2009-2017, and assumed to be 1.5% per year thereafter.
(2) EAV and growth rates in levy years 2016-2018 as estimated in FPP.
(3) Rates based upon the RFP submitted by Hutchinson Shockey Early & Co., inc. on January 17, 2017. Estimated TIC = 3.18%

- Per Hutch's proposed interest rates and yields as of January 11th, pricing results would be as follows:

	Non BQ in 2017	BQ in 2017/Non BQ in 2018
Average annual debt service	$1,633,424	$1,594,888
Total debt service	$32,171,628	$30,739,423
Estimated TIC*	3.26%	3.18%

- The analysis incorporates costs of issuance

*TIC = True Interest Cost

- The breakeven point between Non-BQ and BQ rates is approximately 0.65%

Estimated Interest Earnings on Bond Proceeds

	Closing Date	Proceeds	Estimated Interest
Scenario I	03/23/17	**$ 22,000,000.00**	**$ 132,650.53**
Scenario II	03/23/17	$ 10,000,000.00	$ 23,165.48
	01/15/18	$ 12,000,000.00	$ 22,815.56
		$ 22,000,000.00	**$ 45,981.04**

The above portfolio is an indication of investment rates and interest earned on the District's bond proceeds.

Based on a hypothetical draw schedule and for illustration only and investment rates are general market rates.

Investment rates quoted are net of all fees.

Investment rates are indicative as of 1/06/17. Investment Rates at the time of execution may vary, based on market conditions at that time.

Maturity dates are assumed to be on the 15th of each month.

- Analysis based on the construction draw schedule provided by the District on 1/4/17
- The District may earn almost $87,000 more in interest earnings with one Non-BQ issue in 2017

- 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.

Recommended Financing Approach

- At this time, PMA recommends that the District issue its referendum bonds all at once in 2017 (Non-BQ)

- The Board is slated to adopt a parameters resolution on February 21st
  - Will allow for two series of bonds (BQ and Non-BQ) in case market conditions warrant a shift to a BQ/Non-BQ structure

Remaining Timeline

Remaining Timeline

Board adopts parameters resolution for the sale of the Bonds (regular meeting)	February 21
District secures credit rating for the 2017 Bonds	February 22
Price Series 2017 Bonds	March 2
Close Series 2017 Bonds	March 23

The information contained herein is solely intended to suggest/discuss potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive. The information set forth herein was gathered from sources which we believe, but do not guarantee, to be accurate. Neither the information, nor any options expressed, constitute a solicitation by us for purposes of sale or purchase of any securities or commodities. Investment/financing decisions by market participants should not be based on this information.

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