

**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 Monday, November 10, 2014, at Williamsburg Elementary School, 1812 Williamsburg Avenue, Geneva, Illinois.

1. CALL TO ORDER

The meeting was called to order at 6:02 p.m. by Bill Wilson.

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

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

Others present: Mary Stith, Leslie Juby, Kelly Burns, Karen Mansk, Nan Waterstreet, Laura Bieniak, Laura Perry, Patrick Murphy

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

3.1 October 14, 2014

Motion by Nowak, second by Lamb, to approve the minutes as presented. Ayes, three (3) Lamb, Nowak, Wilson. Nays, none (0). Absent, none (0). Motion carried unanimously.

4. DISCUSSION/CONSIDERATION

4.1 Long Term Payment Plan Presented by Elizabeth Hennessey of William Blair
Elizabeth Hennessey of William Blair presented the District's Long Term Payment Plan. This presentation is an update of what the District used last year. In the current situation the District has abated \$14,146,467 back to the taxpayers since 2011. Ms. Hennessey presented two options to the Board.

Option I

- Assumes current financial projection – no additional surplus set aside for defeasance in FY2015 or FY2016
- Uses Educational fund surpluses over \$14M per current projection through FY2017
- Refund/defeasance takes place in Fall 2017
- Does not use prospective surpluses in FY2018 or FY2019
- Extends debt service payments by four years from current final maturity

Option II

- Assumes current financial projection – no additional surplus set aside for abatement in FY2015, 2016 or 2017
- Uses Educational fund surpluses over \$14M per current projection through FY2016
- Refund/defeasance takes place in Fall 2016
- Does not use prospective surpluses in FY2017 or thereafter
- Extends debt service payments by four years from current final maturity

Discussion, comments, questions: We have actual numbers for 2014 so do we have \$5.5 million to abate? (That's from the previous year. For FY14 we have \$5.9 million.) Is the interest rate as of today? (Yes.) Which way do you see interest rates going? (We don't know, which is why we have Option 1B.) Are we in the 9-14 year range for refunding? (Yes, we are at about 12 years.) If rates go up and we are struggling then we would be on a downward trajectory? (Yes, but you are still at a lower level.) We will be feeling a pinch in 15/16? (Yes.) If 1% adds \$650,000 per year then what does it do to the savings? (The Net PV savings would be negative which is Option 1B.) Option 1B sounds feasible. It allows us to refinance earlier if rates trend up and helps to keep levy rates more steady. It feels like we are being more aggressive. It should still read \$15 million all the way across the bottom. Anything over \$15 million would be surplus, and then we would take the \$1 million so that we weren't starting the next year at \$13 million but at \$14 million instead. What would that do to the defeasance if we took that extra \$1 million for each of the next two years? (It would cost more, meaning you would have to sell more bonds.) The numbers will change but the theory and process will be the same. If we wanted to refund in 2016, what's the lead time to do that? (It would take a resolution of the Board. There are no hearing processes. It would then take about 6 weeks.) That resolution is made so that there is flexibility with timing, so that it can be done with what Ms. Hennessey has done. She then would help us to determine the timing so that we are saving the most. We talked about balancing the final payoff with the cost of extending or varying that time, and trying to achieve a lower levy rate so that there wasn't a drastic change in taxes. We want to keep the district sustainable.

5. FUTURE AGENDA ITEMS

5.1 December

- Bus Buy-Back Financial Study Presentation/Discussion
- Facility Plan Update

No discussion.

6. ITEMS FOR RECOMMENDATION TO FULL BOARD

Motion by Nowak, second by Lamb, to move the presentation forward to the Board as presented. Ayes, three (3) Lamb, Nowak, Wilson. Nays, none (0). Absent, none (0). Motion carried unanimously.

7. INFORMATION

7.1 Legislative Update

We have a new governor and a lame duck session. There has been what they call "hearings" on SB16 in which they are urging you to send in your comments. The Assistant Superintendent of Business Services will provide more information.

8. ADJOURNMENT

At 6:45 p.m., motion by Lamb, second by Nowak, and with unanimous consent, the meeting was adjourned.

APPROVED December 8, 2014
(Date)

William R. Wilson

CHAIRPERSON

SECRETARY Dr. Kent Mutchler

Bonnie J. Johnson

RECORDING
SECRETARY