



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

NOTICE OF SPECIAL MEETING

****PLEASE TAKE NOTICE** that the Finance Committee of Geneva Community Unit School District Number 304 has rescheduled its Regular Meeting, originally scheduled for Monday, July 25, 2016, at 6:00 p.m. to Monday, July 25 at 5:00 p.m. Accordingly, the Board of Education will hold a Special Meeting on July 25, 2016, at 5:00 p.m. at the Coultrap Educational Services Center, 227 North Fourth Street, Geneva, Illinois. The purpose of the meeting will be to discuss, consider and take action on the Agenda set forth below.

Bill Wilson
Committee Chair

The Board of Education Finance Committee met at 6:00 p.m. on Monday, July 25, 2016, at the Coultrap Educational Services Center, 227 North Fourth Street, Geneva, Illinois.

1. CALL TO ORDER (Bylaws 0163 & 0164)

The meeting was called to order at 5:07 p.m. by Bill Wilson.

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

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

Others present: Leslie Juby, Todd Latham, Rick Petesch, Susan Sarkaukas.

2. PUBLIC COMMENT (Bylaw 0167.3)

None.

3. APPROVAL OF MINUTES (Bylaw 0168.1)

3.1 June 14, 2016

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

4. DISCUSSION/CONSIDERATION (Bylaw 0155)

4.1 Update on Debt Restructuring Plan – Elizabeth Hennessey

Elizabeth Hennessey presented to the committee an update on the Debt Restructuring Plan. Hennessey provided a market update and explained past and new adjusted options on market changes. She reviewed the District's current situation and indicated that over \$23 million has been abated so far. It is estimated that for FY16 there will be a surplus of \$3.3 million which would be transferred to the Debt Service Fund for defeasance in FY17. For FY17, it is estimated that we will have \$2.8 million to be transferred to debt services. She reviewed with the Board multiple options for refunding and abatements. The options ranged from refunding for leveled debt payments in the four years beyond the current schedule and from

accelerated payment versus leveling the payment. Each option uses just under \$5 million for that defeasance. Option I is refunding in the fall of 2016 and 2017, and accelerating the tax payment at \$16 million. Option IIA is refunding in the fall of 2016 and 2017, and accelerating the tax payment at \$15.5 million. Option IIB is refunding in the fall of 2016, and accelerating the tax payment at \$15.5 million. Option III is refunding in the fall of 2016 and 2017, and the tax payment is level at \$14.8 million. Option IV is refunding in the fall of 2016 and 2017, and extending six years with a drop in 2024. Ms. Hennessey provided the Board with a schedule to get in the ready position by getting the rating updated, the preliminary official statement drafted, and then bringing it to the Board at their September 12th meeting the Parameters and Bond Resolution to allow us to close November 15th.

Comments, questions, concerns: For FY16, now that we are past June 30th, do you think these are going to come in pretty close to actuals? (Yes, but those are the estimated actuals, so in other words, they are not audited.) So the bonds that are callable on January 1, 2018, generally you just wait? (We think so.) The risk over the next year is what happens with the rates? (Yes.) In all of the scenarios, we are done with abating? (Yes.) Are we at the max as to what we can levy on the Education Fund? (Close to it.) So, Option IIA saves the taxpayers roughly \$500,000 a year? (It would save more than Option I.) Over the long term it's going to cost us more? (Right.) So, the negative is us putting aside money, putting it into an escrow account that is paying us some kind of short treasury yield that's below the yield on bonds? (Correct. What this forces us to do is make the bonds that are going to be callable on January 1, 2018, make that portion of the refunding bonds bigger because we can't earn as much as we're paying on the bonds.) The reason you would think about this option is the risk over the next year? (Yes.) In Option III, we would be able to achieve some taxpayer relief? (Yes.) The difference between Option I and Option III is that the numbers are very close, so you have more savings early on? (Correct.) Is it fair to say it's Option IIA or Option III? (Option II gives an additional savings to the current taxpayer initially, and pushes things out so that new residents are going to share some of the burden of tax payments. Possibly Option IIA or Option III.) When we've done refundings in the past, what was the number you looked at? (It was 3%.) Option III accomplishes a couple of things, in that the rates are favorable, so it would be nice if we could push it out more than the 3% we originally talked about. The taxpayers will definitely notice the drop in their tax bill, even if it's just the one year. Is there any risk with our triple A status? (It's double A+ status, and you are in good shape.)

5. FUTURE AGENDA ITEMS

We will move the five plans that Elizabeth presented tonight to the full Board for review.

Motion by Nowak, second by Lamb, to move item 4.1 to the full Board. Ayes, four (4) Anderson, Lamb, Nowak, Wilson. Nays, none (0). Absent, none (0). Late, none (0). Abstained, none (0). Motion carried unanimously.

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

7. INFORMATION

7.1 Legislative Update

Ms. Oberg reported that a tentative State budget was approved for this fiscal year for education and Governor Rauner's budget went forward with General State Aid being funded at 100% which is what was in our preliminary budget for education. We will get an additional \$99,000 which is going to go into Operations and Maintenance.

The grants are coming forward the same as they were for 2016. Some are a little less, like the Special Education reimbursement, mainly because we have less students.

7.2 State Payment Summary for 2015-2016

Ms. Oberg reported that we have received State payments for the first three quarters. For the fourth quarter, the only payment we have received is for Driver Education. We are still waiting on a little over \$1 million from the State.

Comments, questions, concerns: When did we receive our fourth quarter payment last year? (In August. If we receive it within 60 days of our ending fiscal year, the auditors can accrue it back to the correct fiscal year.) How many payments did we receive last year? (We received all of our payments.)

7.3 Interest Summary for 2009-2016

Ms. Oberg reported that back in 2009 the District had about \$2 million in interest payments, but back then, interest rates were much higher, and we had construction funds we were still using. In 2010, the interest payments dropped to \$147,000 because interest rates dropped drastically. From there, it dropped to \$54,000, which held steady for a couple of years. In the last three years, we have increased from \$219,000 to \$264,000, because we did some investing in municipal bonds.

8. ADJOURNMENT

At 5:57 p.m., motion by Lamb, second by Anderson, and with unanimous consent, the meeting was adjourned.

APPROVED	<u>August 8, 2016</u> (Date)	<u>William R. Wilson</u>	CHAIRPERSON
SECRETARY	<u>Dr. Kent Mutchler</u>	<u>Bonnie J. Johnson</u>	RECORDING SECRETARY