



GENEVA COMMUNITY UNIT
SCHOOL DISTRICT 304

A Tradition of Excellence

June 26, 2017

Geneva Community Unit School
District Number 304, Kane
County, Illinois

Financing Update

William Blair

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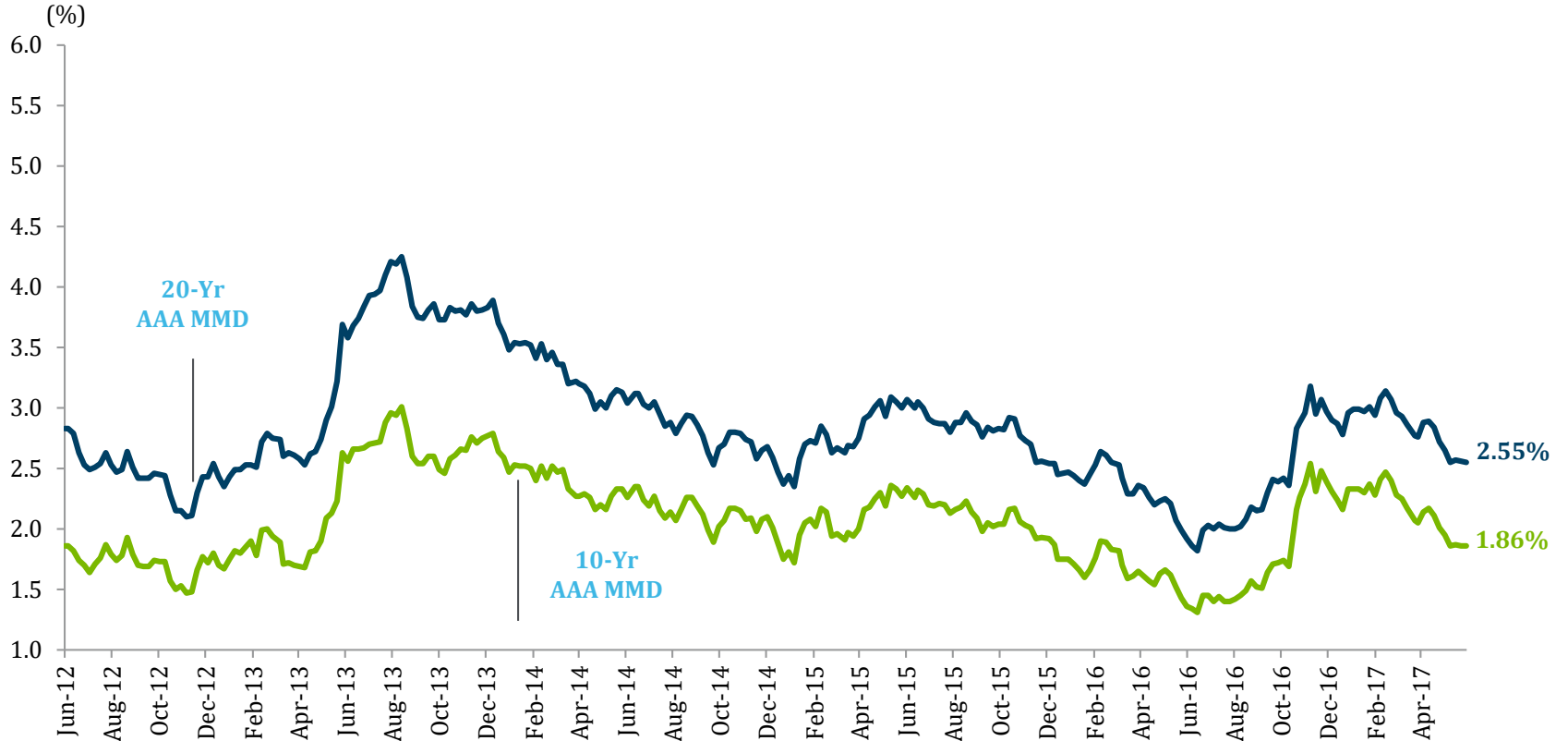
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Market Update

Historical AAA MMD Interest Rates

AAA Municipal Market Data (“MMD”) During the Past Five Years

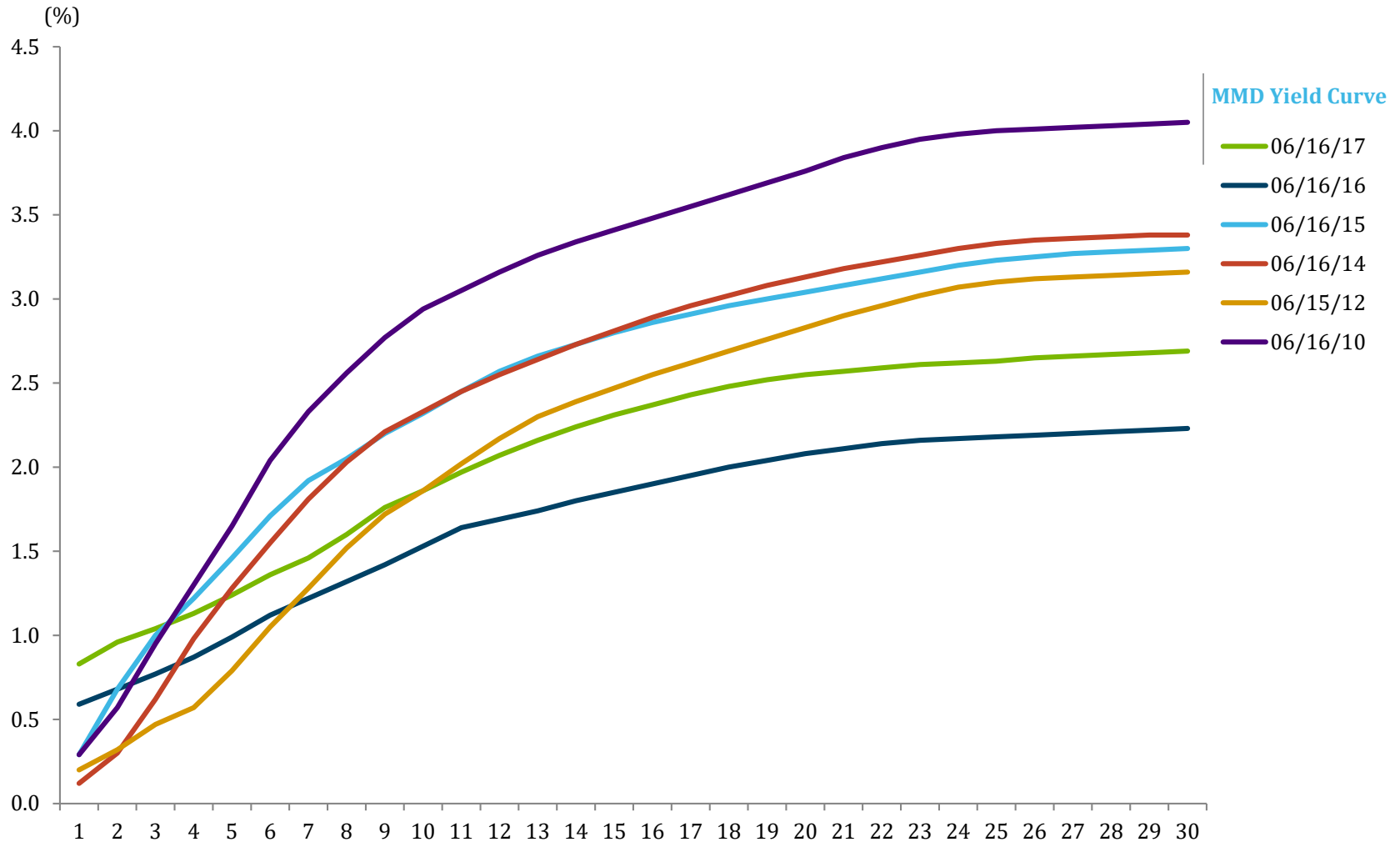


Note: Reflects market conditions as of June 23, 2017

Source: Thomson Financial

Municipal Yield Curve Comparison

AAA MMD Curves During the Past Seven Years



Note: Reflects market conditions as of June 23, 2017
Source: Thomson Financial

Market Commentary June 23, 2017

Fixed-income markets have been very stable over the last week. Extremely low volatility in U.S. bond yields had the 10-year U.S. Treasury note trading in a very narrow range between 2.14% and 2.19%, leaving the benchmark index near its 2017 year-to-date low. The week was an unusually restive period, largely resulting from investors taking respite as they await a flurry of economic data that will be released in the coming days. Investors reportedly expect inflation to remain subdued, which over the last few months has led to a run-up in the demand for U.S. and municipal debt and has also raised doubts about the Federal Reserve's plans to raise interest rates any higher in 2017. Simultaneously, the decline in yields has been kept in check, to some degree by key Fed officials insisting inflation is still on track to reach their 2% target. The Commerce Department will release its latest report on the personal consumption expenditure (PCE) price index, which is the Fed's preferred inflation gauge, and (combined with the June jobs report due to be released on July 6) could be a harbinger of things to come for the remainder of 2017. If the data is disappointing, we may continue to see demand for government bonds and a spillover into the municipal market.

As the market ostensibly expects slow growth, the Fed is split on the inflation forecast. In public remarks, Fed officials are not showing any change in their outlook even as they continue to show differences of opinion over whether the recent weakening inflation signals are temporary or more prolonged. Notably, two doves argued for the importance of staying the course as New York Fed President William Dudley argued that the Fed must continue with its normalization of monetary policy and Boston Fed President Eric Rosengren argued that low interest rates pose financial stability concerns that central bankers and the private sector must seriously consider. In addition, Chicago Fed President Charles Evans suggested no more rate hikes until December.

Market Commentary June 23, 2017

The municipal market was able to absorb the week's heavy \$11.8 billion in primary issue supply. However, investors appeared neutral heading into the end of the second quarter. In addition to the upcoming data releases that will drive rates in the short term, there will be another large redemption of municipal bonds coming on July 1. Further, market participants were reporting later in the week that competitive primary syndicates still had substantial balances from deals that priced earlier in the week. The balances primarily comprised short and intermediate maturities, but dealers seemed complacent with regard to allocating the bonds. In addition, selling pressure remained elevated later in the week as municipal bid wanted par was approximately \$830 million, according to MMD. Perhaps also telling of the lack of new-issue demand was Lipper's reported municipal fund outflows for the week ending June 21 of \$890 million, impressively only the second week of outflows in the last 11 weeks. The week ahead is expected to be quiet, from a historical perspective for the week before Independence Day, and most of the week's supply will involve New York State issues.

The 10- and 30-year Treasury yields closed the week at 2.15% and 2.71%, respectively, down slightly from 2.16% and 2.78% last Friday. The 10- and 30-year AAA MMD closed at 1.86% and 2.69%, respectively, unchanged and down from 1.86% and 2.70% last Friday. SIFMA reset on Wednesday at 0.87%, up from 0.81% the prior week.

Illinois budget gridlock continues to affect all Illinois issuers. The continuing budget gridlock in Illinois resulted in another credit downgrade bringing the State credit rating on the verge of below investment grade.

Final Phase of Debt Restructure

Education Fund FY2016 and FY2017 Estimate

Fiscal Year Levy Year	Actual	Budget	Projection			
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	Levy 2014	Levy 2015	Levy 2016	Levy 2017	Levy 2018	Levy 2019
Beginning Balance	\$20,891,672	\$18,251,001	\$16,596,937	\$15,908,220	\$17,091,728	\$17,513,145
Revenues	75,159,367	76,662,554	78,195,805	79,759,722	81,354,916	82,982,014
Expenditures	71,908,366	74,065,617	76,287,585	78,576,213	80,933,499	83,361,504
Surplus/Deficit	3,251,001	2,596,937	1,908,220	1,183,508	421,417	(379,490)
Transfer to Debt Service for Abatement	(5,891,672)	(1,200,165)		0	0	0
Transfer to Debt Service for Defeasance	0	(3,050,836)	(2,596,937)	0	0	0
Other Transfers						
Ending Balance	\$18,251,001	\$16,596,937	\$15,908,220	\$17,091,728	\$17,513,145	\$17,133,655
Less: Minimum \$14M	\$14,000,000	\$14,000,000	\$14,000,000	\$14,000,000	\$14,000,000	\$14,000,000
Abatement Amount Surplus > \$14M	-		-	-	-	
Amount for LTGO Bonds Defeasance	3,050,836	-				
Additional Amount for 2017 Defeasance	1,200,165	2,596,937				

Proposed Debt Structure and 2017 Refunding

Levy Year	Debt Service Levy	Estimated Tax Rate for Debt Service	2017 Levy Abate w/ Ed Fund Surplus FY16	Ed Fund Surplus FY17	Less: Dec 2016 Refunded Debt Service	Plus: Series 2016A Refunding Debt Service	Less: Dec 2017 Refunded Debt Service	Plus: Series 2017 Refunding Debt Service	New TOTAL Debt Service	Estimated Tax Rate for Debt Service	Tax Rate Increase/ (Reduction)	Annual (Savings) / Cost on \$315k Home
2015	22,013,633	1.71							15,966,323	1.24	(0.47)	(493)
2016	23,618,248	1.72	-		(3,686,268)	1,729,898			14,899,483	1.09	(0.64)	(667)
2017	24,302,850	1.73	(1,200,165)		(2,807,055)	1,465,325	(9,475,720)	2,614,578	14,899,813	1.06	(0.67)	(704)
2018	24,590,110	1.68			(5,419,255)	1,465,325	(7,835,720)	2,101,000	14,901,460	1.02	(0.66)	(695)
2019	24,928,505	1.63			(6,308,000)	1,465,325	(7,285,720)	2,101,000	14,901,110	0.97	(0.66)	(688)
2020	19,344,395	1.21			(1,533,250)	1,465,325	(6,476,720)	2,101,000	14,900,750	0.93	(0.28)	(292)
2021	19,346,975	1.16			(1,533,250)	1,465,325	(6,478,670)	2,101,000	14,901,380	0.90	(0.27)	(281)
2022	21,857,908	1.26			(1,533,250)	1,465,325	(8,989,683)	2,101,000	14,901,300	0.86	(0.40)	(422)
2023	19,204,313	1.07			(1,533,250)	1,465,325	(6,340,513)	2,101,000	14,896,875	0.83	(0.24)	(251)
2024	19,213,363	1.03			(16,493,250)	8,600,325	(2,720,113)	5,961,000	14,561,325	0.78	(0.25)	(261)
2025	19,209,750	0.99			(16,490,250)	8,593,575	(2,719,500)	5,968,000	14,561,575	0.75	(0.24)	(251)
2026						8,589,325		5,970,000	14,559,325	0.72	0.72	756
2027						4,245,125		10,316,750	14,561,875	0.69	0.69	727
2028						6,366,375		8,195,500	14,561,875	0.67	0.67	699
2029								14,558,250	14,558,250	0.64	0.64	672
2030								-	-	-	-	-
2031								-	-	-	-	-
Total	215,616,415		(1,200,165)	2,596,937	(57,337,078)	48,381,898	(58,322,358)	66,190,078	222,532,718			\$ (3,045)

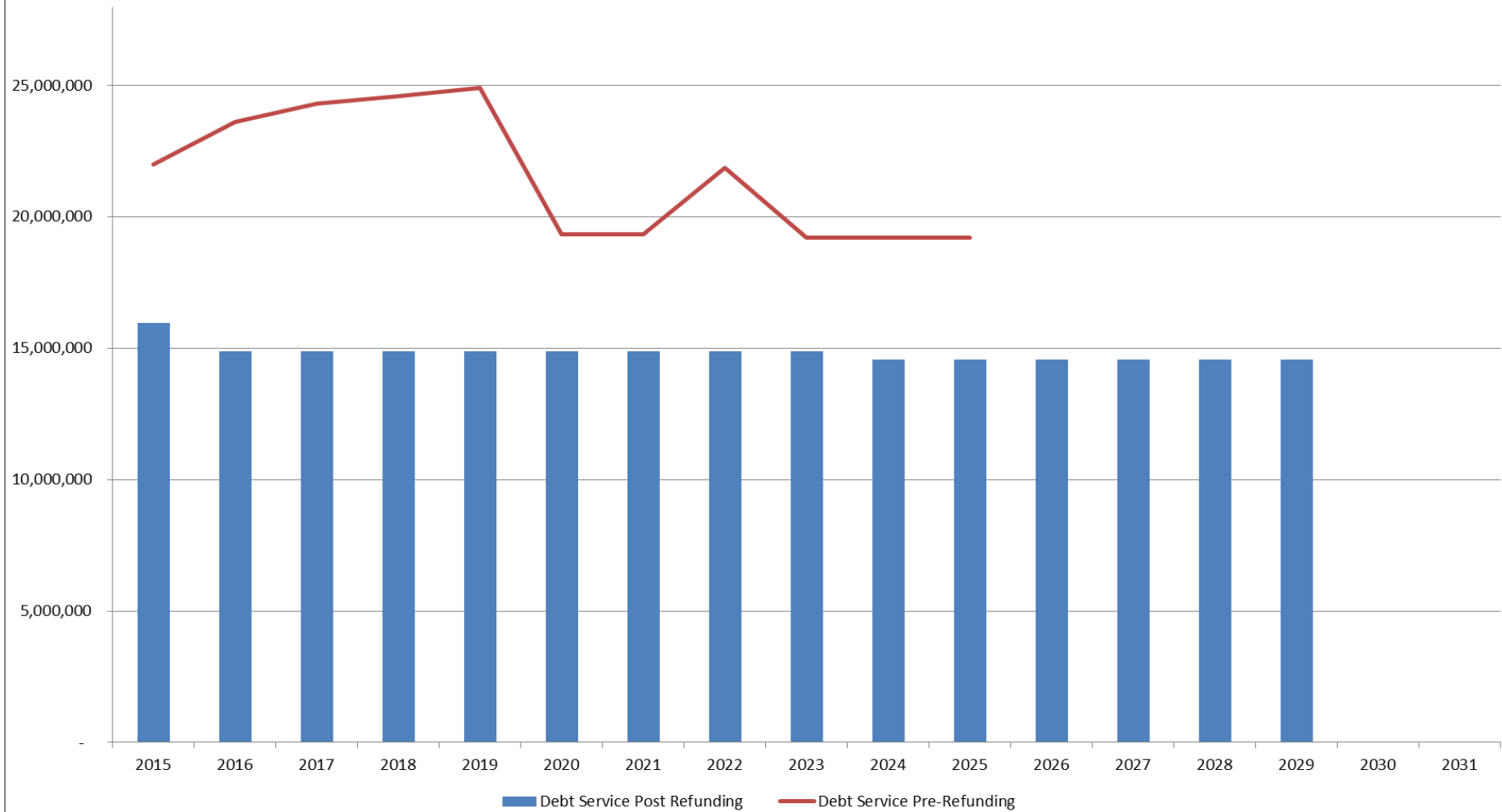
Funds for LTGO Bonds Defeasance
Additional Set Aside for Defeasance

3,050,836	2,596,937
Total Abatements	(24,757,091)

Net Cashflow Saving/(Costs)	1,403,418	
Net PV Saving/(Costs)	4,325,594	5.25%
2017 PV Savings	(2,101,666)	-4.75%
All-in-TIC as of June 21, 2017	3.292%	

Proposed Debt Structure and 2017 Refunding

Debt Service Pre and Post Refunding and Abatements



Financing Schedule

Financing Schedule

<u>Date</u>	<u>Activity</u>	<u>Responsibility</u>	<u>Status</u>
26-Jun-17 Board Meeting	Discuss Refunding Bond option update and schedule	WBC/District	
7-Aug-17	Draft Parameters bond resolution distributed	C&C	
14-Aug-17 Board Meeting	Board approves parameters bond resolution for refunding bonds	WBC/District	
15-Aug-17	Distribute Preliminary Official Statement to all Parties for Review	WBC/C&C	
22-Aug-17	Comments due on Preliminary Official Statement	All Parties	
31-Aug-17	Due diligence call with Standard and Poors and Disclosure Counsel	All Parties	
7-Sep-17	Receive Bond Rating and Mail POS to potential investors	WBC	
Week of September 11th or 18th	Price refunding Bonds with approval of Board Delegates-market dependent	All Parties	
Ongoing	Process documentation	All Parties	
27-Sep-17	Mail Final Official Statement & Closing Memo	WBC	
19-Oct-17	Close refunding bond issue	All parties	
Local Counsel, Whitt Law Bond Counsel, Disclosure Counsel, Chapman and Cutler William Blair & Company, Underwriter Geneva CUSD 304		WL C & C WBC District	

Notice and Disclaimer

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