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MCLEAN UNIT SCHOOL DISTRICT 5

Review of IL School Debt Finance and Alternate Revenue Bonds

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PARTIAL OVERVIEW OF ILLINOIS SCHOOL DISTRICT BONDING AUTHORITY



SCHOOL BORROWING OPTIONS

- Types of General Obligation (GO) School Bonds
 - Paid from a separate property levy
 - GO School Building Bonds
 - Authorized via referendum
 - Non-referendum GO Bonds
 - Working cash bonds, life safety bonds and funding bonds
- Other borrowing options mechanisms
 - Alternate revenue bonds **(see next slide)**
 - Debt or lease certificates
 - Capital leases
 - ***These three types of obligations are payable from operating dollars and/or School Sales Tax and not from a separate tax levy like a GO bond***



ALTERNATE REVENUE BONDS – PAYABLE FROM OPERATING FUNDS OR SALES TAX

Alternate Revenue Bonds

- A revenue source must be identified and pledged to repayment of bonds
 - Must demonstrate 1.25 times coverage which is revenue divided by debt service
- Alternate Bonds are “Double-barreled” because the Bond & Interest levy serves as a backup revenue source if the pledged revenue source does not materialize
- Typical pledged revenues include:
 - O&M Levy
 - General State Aid / EBF
 - CPPRT
 - **School Sales Tax**



\$1 MILLION RULE OF THUMB

- For every \$1 million pledged to repayment of debt service, the estimated amount that the District could borrow for building projects is as follows:
 - 15 Years: \$11.1 million
 - 20 Years: \$13.6 million
 - 25 Years: \$15.2 million
- Based on current market conditions on May 14, 2026



SAMPLE TIMELINE OF KEY EVENTS FOR ALTERNATE REVENUE BONDS

T	Board adopts Notice of Intent Resolution and President signs an order calling for BINA hearing
T+ 1-5 Days	Resolution and Order are published in paper
T+ 7-30 Days	BINA Hearing
T+ 30-35 Days	30 Day Petition Period Ends
T+ 35-50 Days	Board approves parameter resolution authorizing the sale; Administration delivers credit rating presentation
T+ 40-55 Days	District receives credit rating
T+ 50-65 Days	Bonds sold; delegates approve final results
T+ 70-85 Days	Bonds close
Start to End	Document drafting including Official Statements etc



SUMMARY OF OUTSTANDING DEBT SERVICE

General Obligation Debt Service

Lew Year	Fiscal Year	\$10 Million Life Safety Bonds, Series 2018	\$5,100,000 GO School Bonds, Series 2021	\$9,910,000 GO School Bonds, Series 2025	Total	EAV	Growth Rate	B&I Tax Rate	B&I Tax Rate After Abatement	
2025	2027	\$ 3,422,100	\$ 2,596,550	\$ 495,500	\$ 6,514,150	\$ 3,440,123,277	7.28%	0.19	\$(6,514,150)	0.00
2026	2028	-	-	2,795,500	2,795,500	3,440,123,277	0.00%	0.08	(2,795,500)	0.00
2027	2029	-	-	2,795,500	2,795,500	3,440,123,277	0.00%	0.08	(2,795,500)	0.00
2028	2030	-	-	2,794,750	2,794,750	3,440,123,277	0.00%	0.08	(2,794,750)	0.00
2029	2031	-	-	2,793,000	2,793,000	3,440,123,277	0.00%	0.08	(2,793,000)	0.00
2030	2032	-	-	-	-	3,440,123,277	0.00%	0.00		0.00
2031	2033	-	-	-	-	3,440,123,277	0.00%	0.00		0.00
Total DS From Current FY:		<u>\$ 3,422,100</u>	<u>\$ 2,596,550</u>	<u>\$ 11,674,250</u>	<u>\$ 17,692,900</u>					



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