

Finance Committee Meeting  
Tuesday, February 25, 2025 6:30 PM

District Administrative Offices Board Room  
2 Friendship Plaza  
Addison, Illinois 60101

## **Agenda**

1. Call To Order
2. Roll Call

3. **Petitions and Hearings**

It is the practice of this Board of Education to provide a place on the agenda for and welcome comments and suggestions from the public. Board Policy 2:230: The School Board will allocate a maximum of 60 minutes during each regular and special open meeting of the Board, any person may comment to or ask questions of the School Board (public participation), subject to the reasonable constraints established and recorded in this policy's guidelines. The time limit for public participation at a meeting may be extended upon the majority vote of the Board members at the regular or special meeting. The Board listens to comments or questions during public participation; responses to comments to or questions of the Board are most often managed through policy 3:30, Chain of Command. Any person appearing before the Board is expected to conduct themselves with respect and civility for others and otherwise abide by Board policy 8:30 Visitors to and Conduct on School Property.

4. PMA Debt Presentation



**PMA**<sup>®</sup>

**40**<sup>th</sup>  
ANNIVERSARY

CELEBRATING 40 YEARS OF SERVING OUR CLIENTS

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### District Debt Overview and New Money Options

**Robert Lewis**

Senior Vice President, Managing Director  
PMA Securities, LLC

**Jennifer Currier**

Vice President, Senior Quantitative Analyst  
PMA Securities, LLC

February 25, 2025

# Existing Debt Review

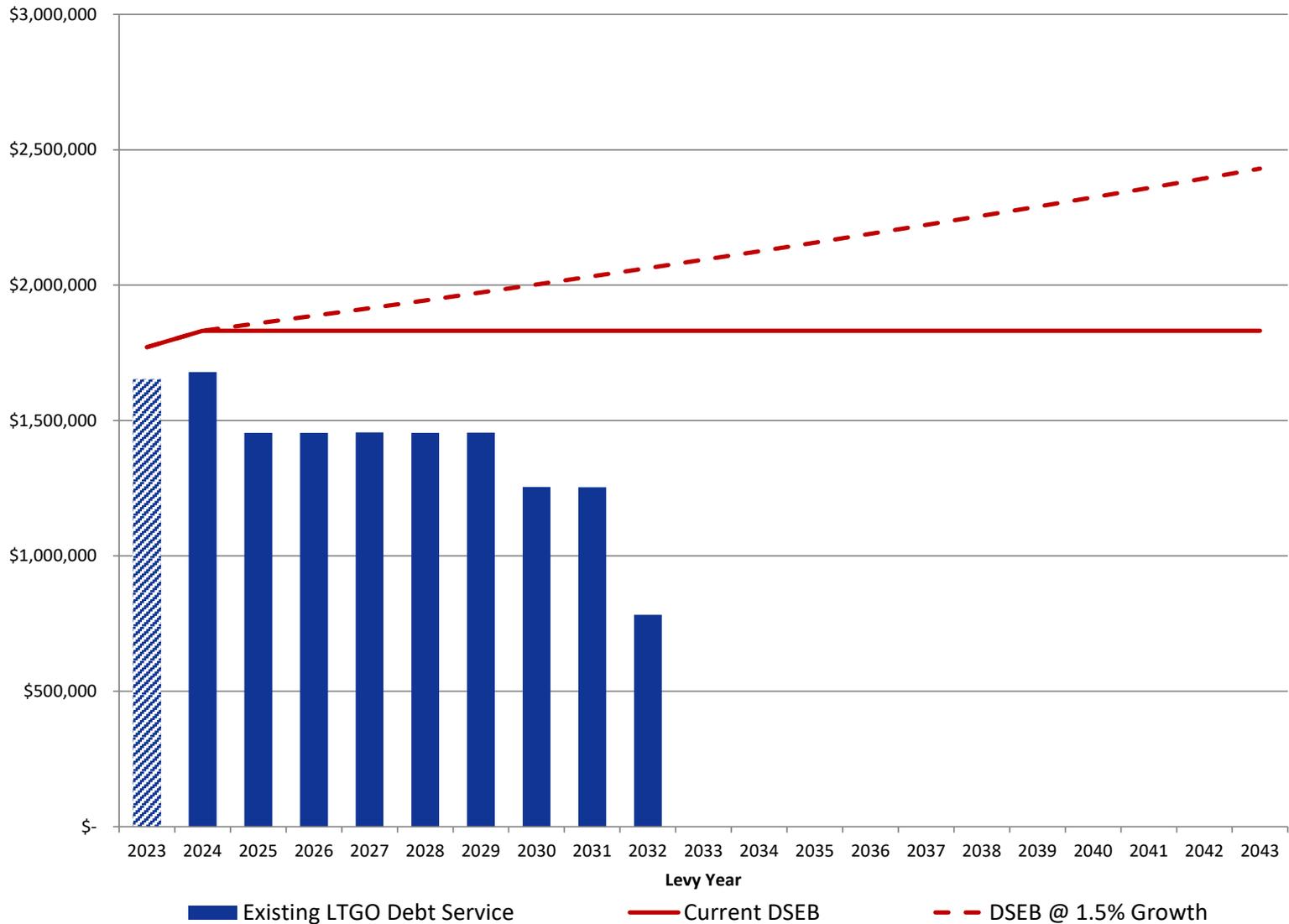


## DSEB – A Tax Cap Concept

- ▶ If a school district is subject to “the tax cap”, the annual debt service (principal and interest) payments on certain non-referendum General Obligation (GO) bonds are limited by its Debt Service Extension Base (DSEB)
- ▶ Original DSEB was determined in the levy year in which tax caps became law and was equal to the amount of non-referendum debt service levied for that year
  - ▶ The types of non-referendum bonds are described on subsequent slides
- ▶ Public Act 96-0501, enacted in 2009, increases a district’s DSEB annually by the Consumer Price Index (CPI)
  - ▶ Original DSEB: \$1,294,761
  - ▶ DSEB for levy year 2025: \$1,884,639

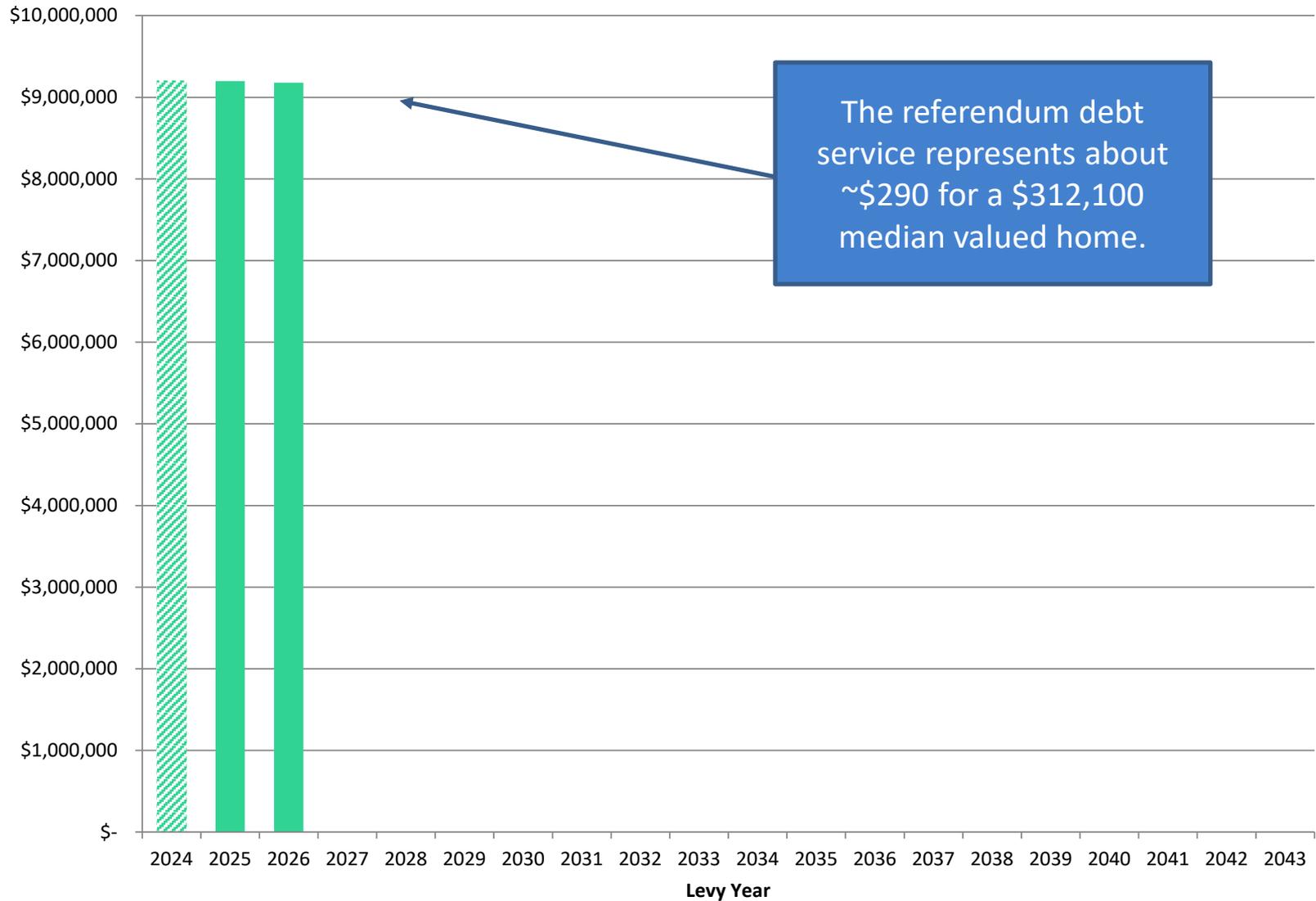


# DSEB and Applicable General Obligation (GO) Debt Service @Flat and 1.5% Annual DSEB Growth





# Summary of Referendum Approved GO Debt Service





# Legal Debt Margin

- ▶ 6.9% of EAV for K-8 and 9-12 districts, 13.8% of EAV for unit districts
- ▶ Less: outstanding principal

Lewy Year	2024	2025	2026	2027	2028
Collection Year	2025	2026	2027	2028	2029
Fiscal Year Ending 6/30	2026	2027	2028	2029	2030
Direct Debt, Beginning of Period (1)	\$ 35,875,000	\$ 26,510,000	\$ 16,925,000	\$ 6,910,000	\$ 5,685,000
Principal Paydown, Series 2015A (2)	-	-	-	-	-
Principal Paydown, Series 2015B (2)	(1,125,000)	(1,160,000)	(1,190,000)	-	-
Principal Paydown, Series 2016 (2)	(8,025,000)	(8,425,000)	(8,825,000)	-	-
Principal Paydown, Series 2018 (2)	-	-	-	(1,110,000)	(1,145,000)
Principal Paydown, Series 2021 (2)	(215,000)	-	-	(115,000)	(115,000)
Direct Debt, End of Period (1)	<u>\$ 26,510,000</u>	<u>\$ 16,925,000</u>	<u>\$ 6,910,000</u>	<u>\$ 5,685,000</u>	<u>\$ 4,425,000</u>
Equalized Assessed Valuation (3)	\$ 3,837,490,165	\$ 3,914,239,969	\$ 3,992,524,768	\$ 4,072,375,263	\$ 4,153,822,768
Assumed EAV Increase	2.00%	2.00%	2.00%	2.00%	2.00%
Statutory Debt Limit @ 6.90%	\$ 264,786,821	\$ 270,082,558	\$ 275,484,209	\$ 280,993,893	\$ 286,613,771
Direct Debt, End of Period as % of EAV	0.69%	0.43%	0.17%	0.14%	0.11%
Statutory Debt Margin at End of Period (1)	<u>\$ 238,276,821</u>	\$ 253,157,558	\$ 268,574,209	\$ 275,308,893	\$ 282,188,771

(1) Assumes that the principal due in the current year is paid or that the funds are set aside for payment.

Does not include leases.

(2) Principal paid on January 15 of the fiscal year.

(3) Uses total EAV including value located in TIF districts.

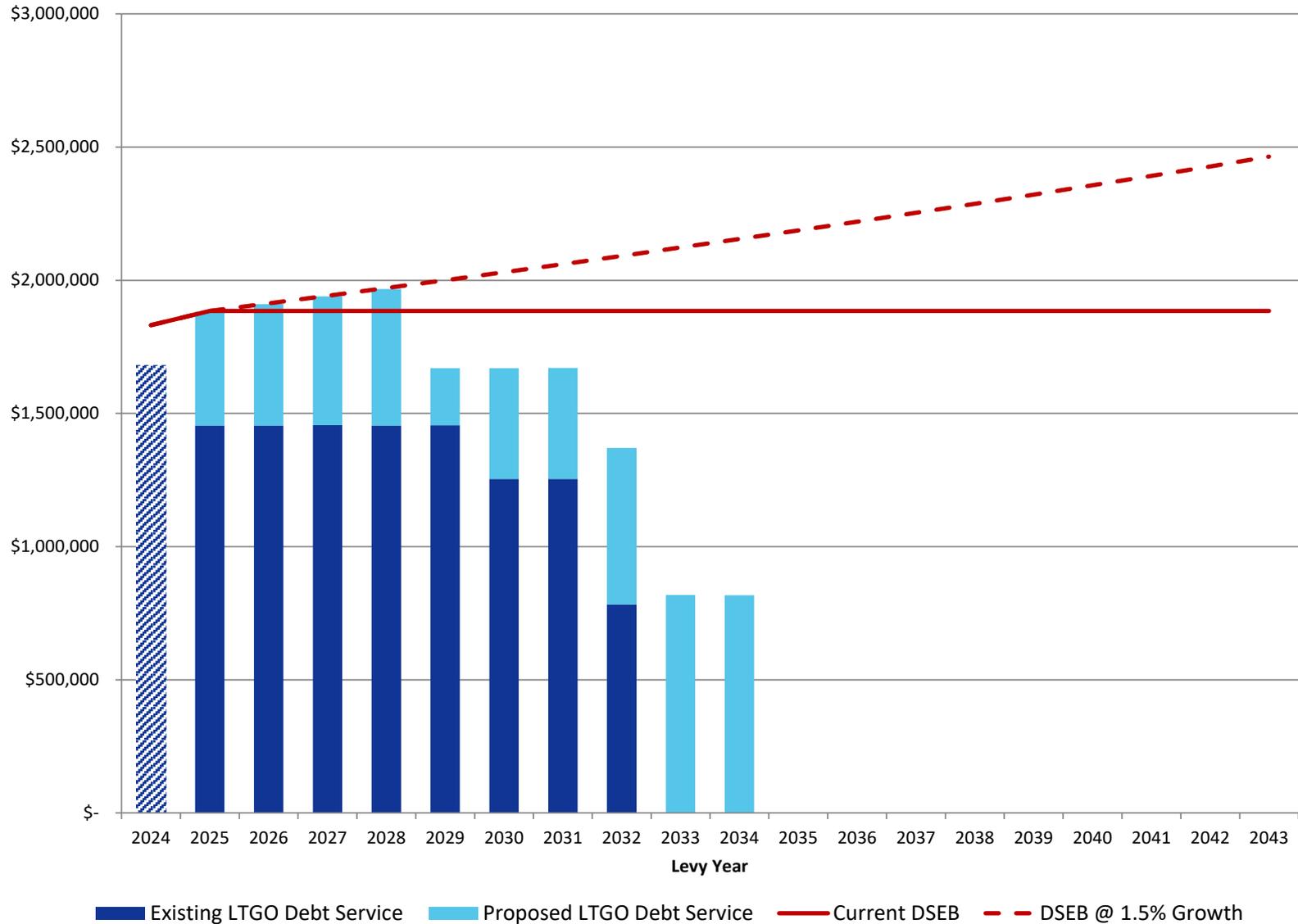
# 2025 DSEB Bonds

**Assumption(s):**

Issued in October 2025  
Current Market Plus 0.25%



# New Money Scenario - \$4 million of Bonds Issued in 2025





# Financing with Flexibility in Four Years Estimated Net Proceeds: \$4 million (Detail)

Limited Tax Bonds Debt Service										Unlimited Tax Bonds Debt Service									
Ley Year	Fiscal Year	GO Limited				PROPOSED GO Limited Tax School Bonds, Series 2025 (2)	Non Referendum Debt Service			Extension Base Created W/1994 Ley		Total General Obligation		1.0% County Loss/Cost Debt		Growth Rate	B&I Tax Rate		
		Tax Refunding School Bonds, Series 2015A	GO Limited School Bonds, Series 2015B	GO Limited School Bonds, Series 2018	GO Limited Tax School Bonds, Series 2021		Total	Remaining Margin	GO Refunding Bonds, Series 2016	Capitalized Interest	Total Service	Total Service	EAV						
2019	2021	\$ 1,158,885	\$ 405,434	\$ 285,800	\$ -	\$ 1,550,119	\$ 1,548,817	\$ (1,302)	\$ 9,195,850	\$ -	\$ 9,195,850	\$ 40,744,667	\$ 40,852,114	\$ 3,214,432,594	6.85%	0.3370			
2020	2022	1,158,685	405,434	436,450	-	1,400,569	1,584,440	183,871	9,194,950	-	9,194,950	40,595,519	40,701,474	3,354,945,092	4.47%	0.3190			
2021	2023	1,162,335	405,434	436,450	497,334	1,601,550	1,606,622	5,072	9,193,700	-	9,193,700	40,795,250	40,903,202	3,455,000,264	2.98%	0.3156			
2022	2024	1,159,935	405,434	436,450	224,050	1,625,869	1,686,953	61,084	9,196,300	-	9,196,300	40,822,169	40,930,390	3,602,274,025	4.26%	0.3034			
2023	2025	1,064,960	205,434	136,450	245,600	-	1,652,444	1,771,301	118,857	9,197,500	-	9,197,500	10,849,944	10,958,443	3,726,167,636	3.44%	0.2941		
2024	2026	-	1,226,434	136,450	316,400	-	1,679,284	1,831,525	152,241	9,200,500	-	9,200,500	10,879,784	10,988,582	3,800,690,989	2.00%	0.2891		
2025	2027	-	1,223,465	136,450	94,950	426,398	1,881,263	1,884,639	3,376	9,199,250	-	9,199,250	11,080,513	11,191,318	3,876,704,808	2.00%	0.2887		
2026	2028	-	1,222,725	136,450	94,950	456,300	1,910,425	1,912,909	2,484	9,178,000	-	9,178,000	11,088,425	11,199,309	3,954,238,905	2.00%	0.2832		
2027	2029	-	-	1,246,450	209,950	482,800	1,939,200	1,941,602	2,402	-	-	-	1,939,200	1,958,592	4,033,323,683	2.00%	0.0486		
2028	2030	-	-	1,248,150	206,500	512,300	1,966,950	1,970,726	3,776	-	-	-	1,966,950	1,986,620	4,113,990,156	2.00%	0.0483		
2029	2031	-	-	1,247,350	208,050	214,550	1,669,950	1,970,726	300,776	-	-	-	1,669,950	1,686,650	4,196,269,960	2.00%	0.0402		
2030	2032	-	-	309,750	944,450	415,800	1,670,000	1,970,726	300,726	-	-	-	1,670,000	1,686,700	4,280,195,359	2.00%	0.0394		
2031	2033	-	-	-	1,253,650	416,800	1,670,450	1,970,726	300,276	-	-	-	1,670,450	1,687,155	4,365,799,266	2.00%	0.0386		
2032	2034	-	-	-	782,800	587,050	1,369,850	1,970,726	600,876	-	-	-	1,369,850	1,383,549	4,453,115,251	2.00%	0.0311		
2033	2035	-	-	-	-	818,050	818,050	1,970,726	1,152,676	-	-	-	818,050	826,231	4,542,177,556	2.00%	0.0182		
2034	2036	-	-	-	-	817,625	817,625	1,970,726	1,153,101	-	-	-	817,625	825,801	4,633,021,107	2.00%	0.0178		
2035	2037	-	-	-	-	-	-	1,970,726	1,970,726	-	-	-	-	-	4,725,681,530	2.00%	0.0000		
2036	2038	-	-	-	-	-	-	1,970,726	1,970,726	-	-	-	-	-	4,820,195,160	2.00%	0.0000		
2037	2039	-	-	-	-	-	-	1,970,726	1,970,726	-	-	-	-	-	4,916,599,063	2.00%	0.0000		
2038	2040	-	-	-	-	-	-	1,970,726	1,970,726	-	-	-	-	-	5,014,931,045	2.00%	0.0000		
2039	2041	-	-	-	-	-	-	1,970,726	1,970,726	-	-	-	-	-	5,115,229,665	2.00%	0.0000		
2040	2042	-	-	-	-	-	-	1,970,726	1,970,726	-	-	-	-	-	5,217,534,259	2.00%	0.0000		
2041	2043	-	-	-	-	-	-	1,970,726	1,970,726	-	-	-	-	-	5,321,884,944	2.00%	0.0000		
2042	2044	-	-	-	-	-	-	1,970,726	1,970,726	-	-	-	-	-	5,428,322,643	2.00%	0.0000		
2043	2045	-	-	-	-	-	-	1,970,726	1,970,726	-	-	-	-	-	5,536,889,096	2.00%	0.0000		
<b>Total DS From Current FY:</b>		<b>\$ 1,064,960</b>	<b>\$ 3,878,058</b>	<b>\$ 4,597,500</b>	<b>\$ 4,357,300</b>	<b>\$ 5,147,673</b>	<b>\$ 19,045,490</b>			<b>\$ 36,775,250</b>	<b>\$ -</b>	<b>\$ 36,775,250</b>	<b>\$ 55,820,740</b>	<b>\$ 56,378,948</b>					
		<b>Net Proceeds: \$ 4,000,000</b>																	

(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 2009-2025, assumed to be 1.5% through 2028 and 0% per year thereafter.

If the District issues non-referendum bonds with debt service structured assuming a growing DSEB, it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.

If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.

(2) Rates based upon market conditions as of February 10, 2025 and recent bond sales which PMA believes to be accurate and reliable plus 0.50%. Estimated TIC = 3.84%.

**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 investment manager of the debt proceeds.**



# Tentative Timeline of Key Events for DSEB Bonds

<b>May 19</b>	Board adopts Notice of Intent Resolution and President signs Order calling for BINA hearing
<b>May 21</b>	Resolution and BINA Order are published in paper
<b>June 9</b>	BINA Hearing
<b>June 11</b>	30 Day Petition Period Ends
<b>June 23</b>	Board approves parameter resolution authorizing the sale
<b>Wk. of Sept. 15</b>	District receives credit rating
<b>September 29</b>	Bonds sold; delegates approve final results
<b>October 21</b>	Bonds close
<b>Start to End</b>	Document drafting including Official Statements etc.

# New Money Referendum Scenarios



## Summary of Referendum Scenarios

- ▶ Note, when the prior referendum bonds mature, the tax used to pay the bonds goes away (i.e. the funds are not freed up for other District purposes)
- ▶ Assumes successful referendum in spring 2026
- ▶ Bonds are issued in one tranche in 2026; however, its likely two or three sales would be used



## Summary of Referendum Scenarios (continued)

- ▶ Current Market Interest Rates plus 0.50%
- ▶ Note, if the goal of a referendum plan is to maintain the current debt service payment, it requires an assumption to be made about the interest rate
  - ▶ Voters are asked to approve a principal amount and not maintenance of a debt service payment.
  - ▶ If the assumed interest rate is too low, a district runs the risk of asking for too large of a bond issue and is then unable to borrow the full amount approved by voters when the actual interest rate exceeds the assumed interest rate.
  - ▶ If the assumed interest rate is too high, the District runs the risk of not having asked for a large enough bond issue if the actual interest rate is lower
  - ▶ Careful consideration needs to be given to choosing the amount



# Summary

	\$165 Million Proceeds		Maintain Payment		Maintain 95% Payment	
	25-year Level Debt Service	20-year Level Debt Service	25-year Level Debt Service	20-year Level Debt Service	25-year Level Debt Service	20-year Level Debt Service
Estimated Net Proceeds.....	\$165,000,000	\$165,000,000	\$119,990,000	\$107,320,000	\$113,980,000	\$101,950,000
Estimated True Interest Cost (TIC)(1).....	4.76%	4.51%	4.76%	4.51%	4.76%	4.51%
Estimated Net Debt Service Cost (1).....	\$303,554,825	\$268,690,950	\$220,746,475	\$174,763,025	\$209,690,425	\$166,016,225
Estimated B&I Rate Change in Levy Year 2027 (2)...	\$0.08	\$0.12	\$0.00	\$0.00	-\$0.02	-\$0.02
Estimated Median Home Impact (2)(3).....	\$78	\$114	-\$5	-\$5	-\$16	-\$16

(1) Rates based upon market conditions as of February 10, 2025 and recent bond sales which PMA believes to be accurate and reliable plus 0.50%.

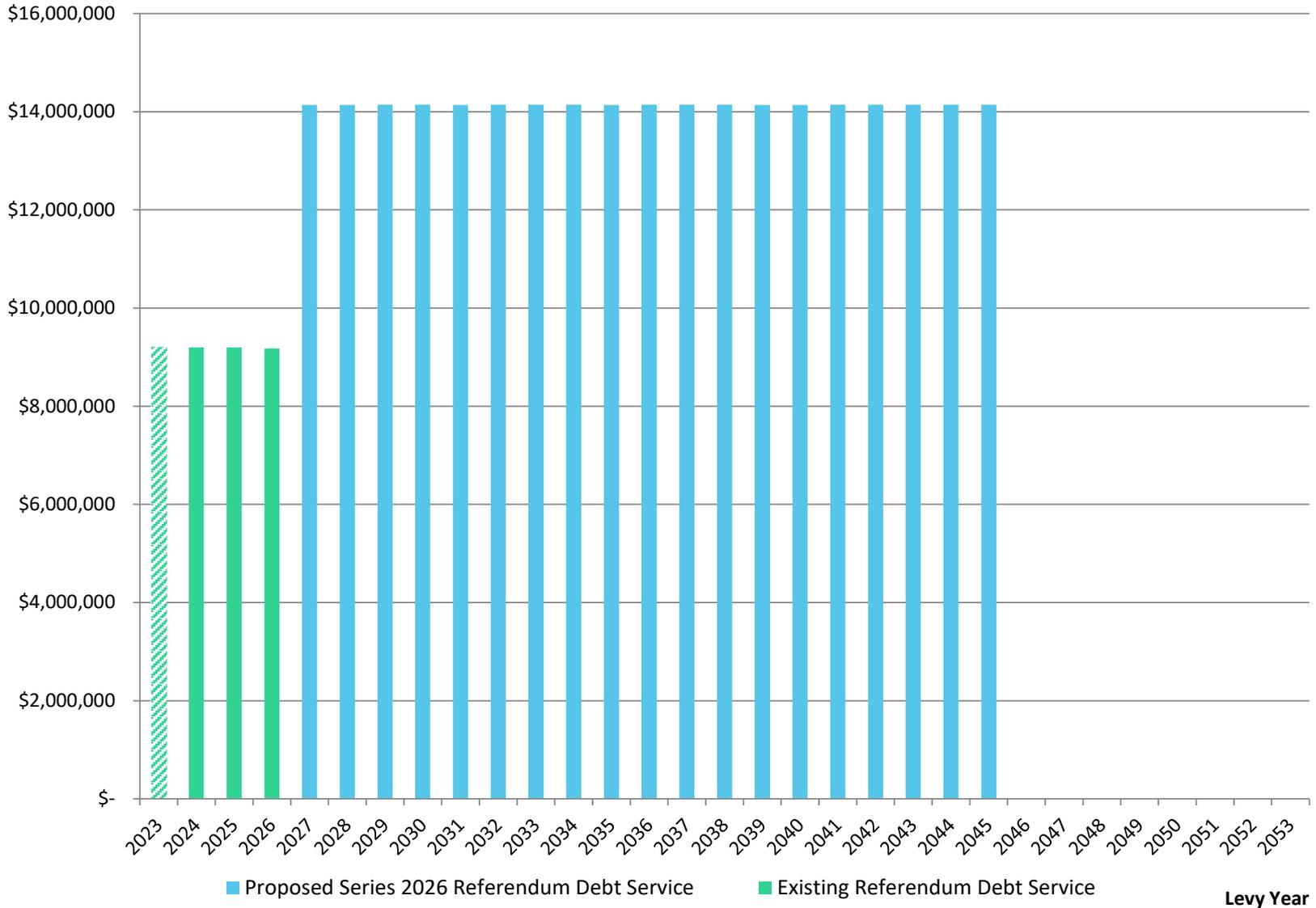
(2) Actual tax rates and payments may vary based on District-wide EAV growth, individual homeowner reassessment, State Law changes, property tax rate initiatives and other factors.

(3) Uses American Community Survey 2019-2023 Median Home Value Estimate of \$312,100.

**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 investment manager of the debt proceeds.**

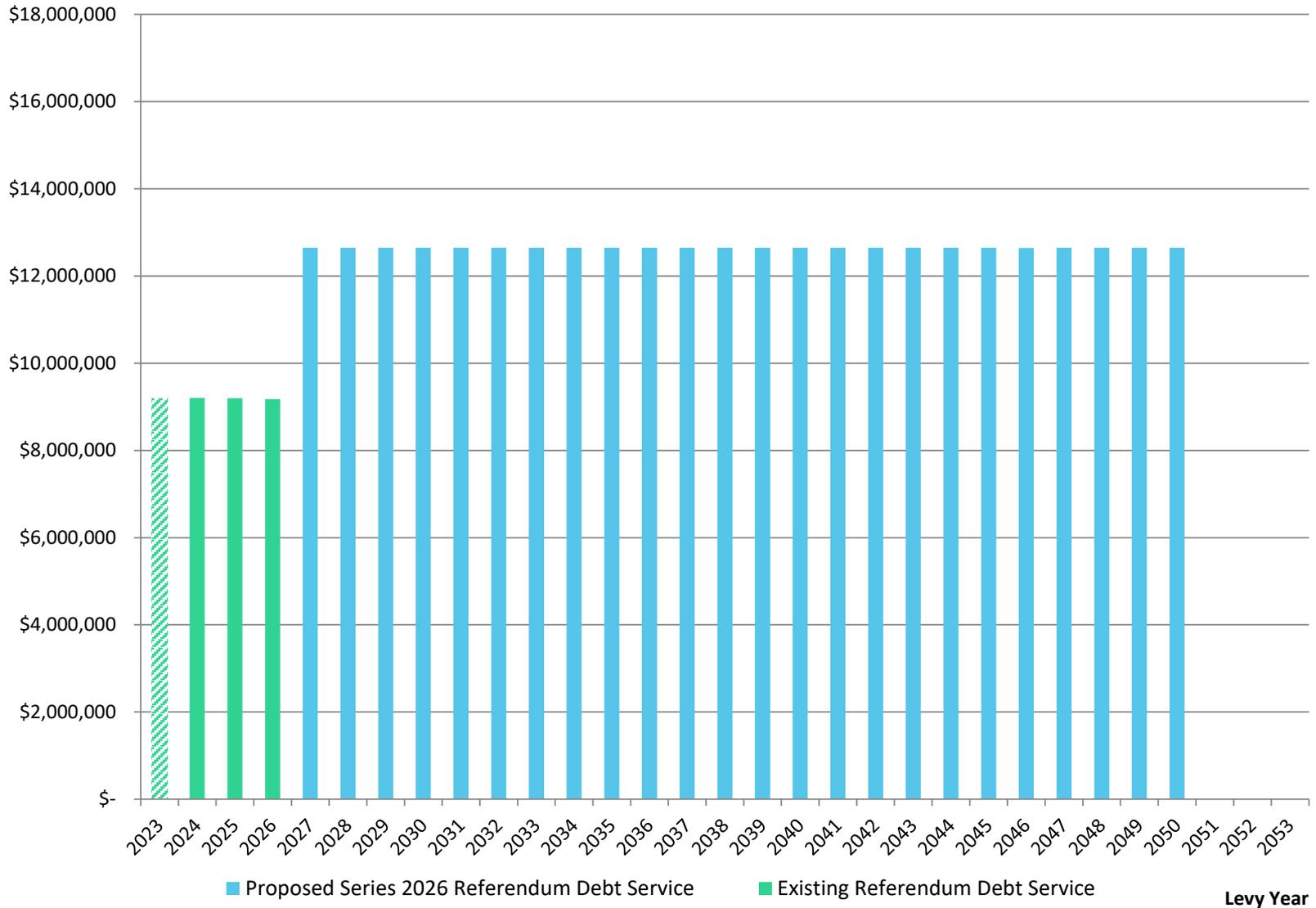


# \$165 Million Referendum: 20 Years



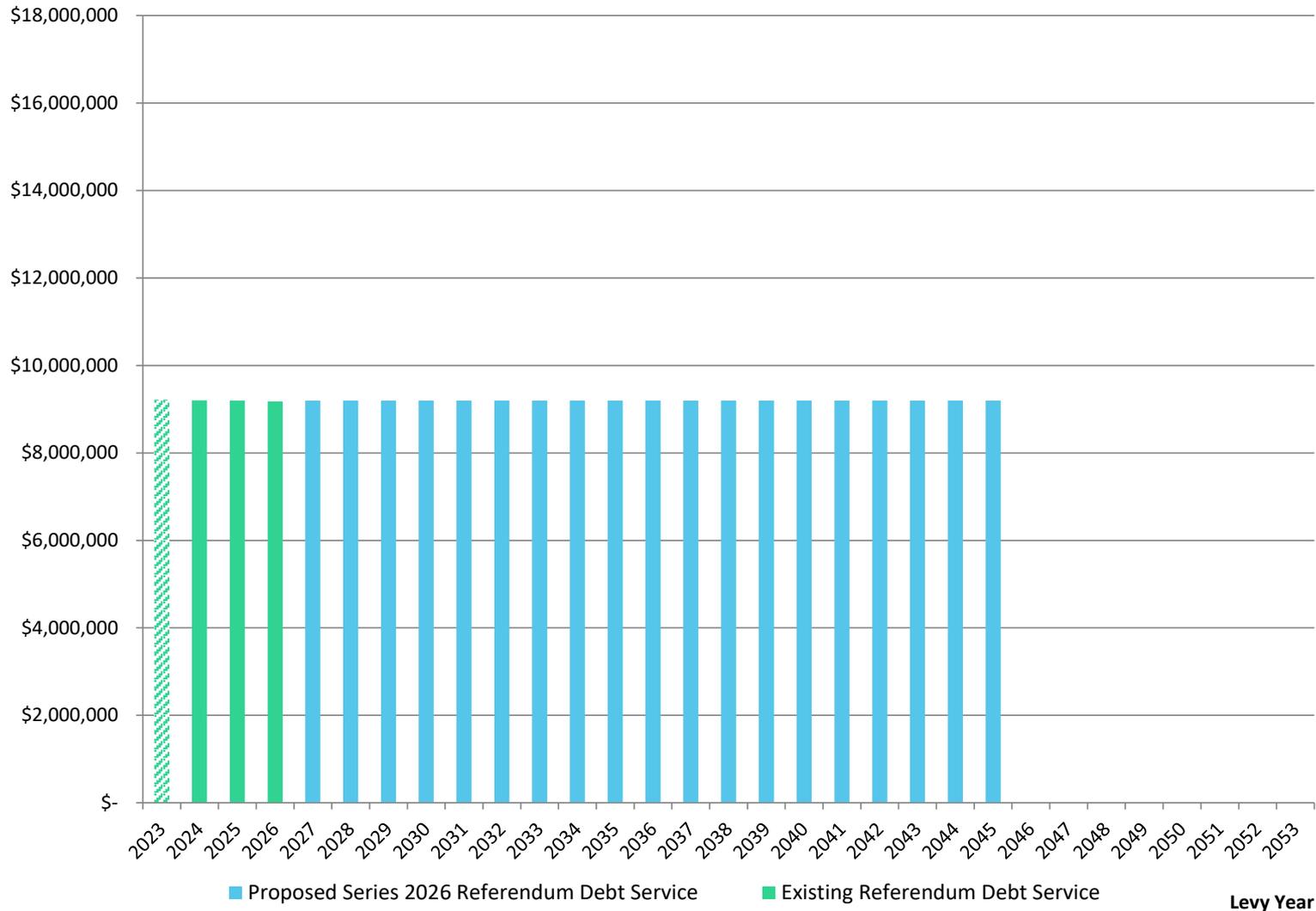


# \$165 Million Referendum: 25 Years



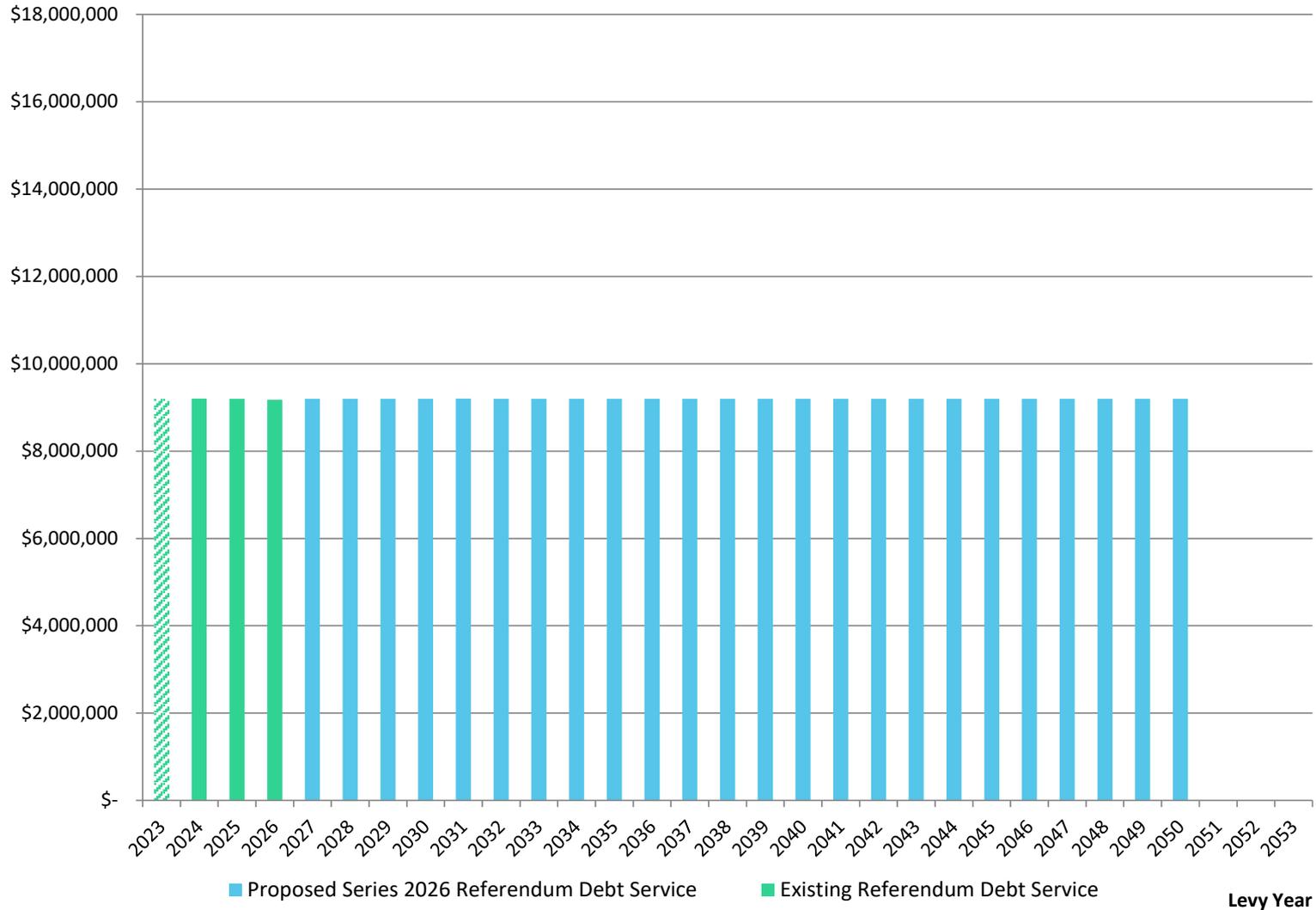


# Maintain the Current Referendum Payment 20 Years, Estimated Proceeds \$107.3 Million



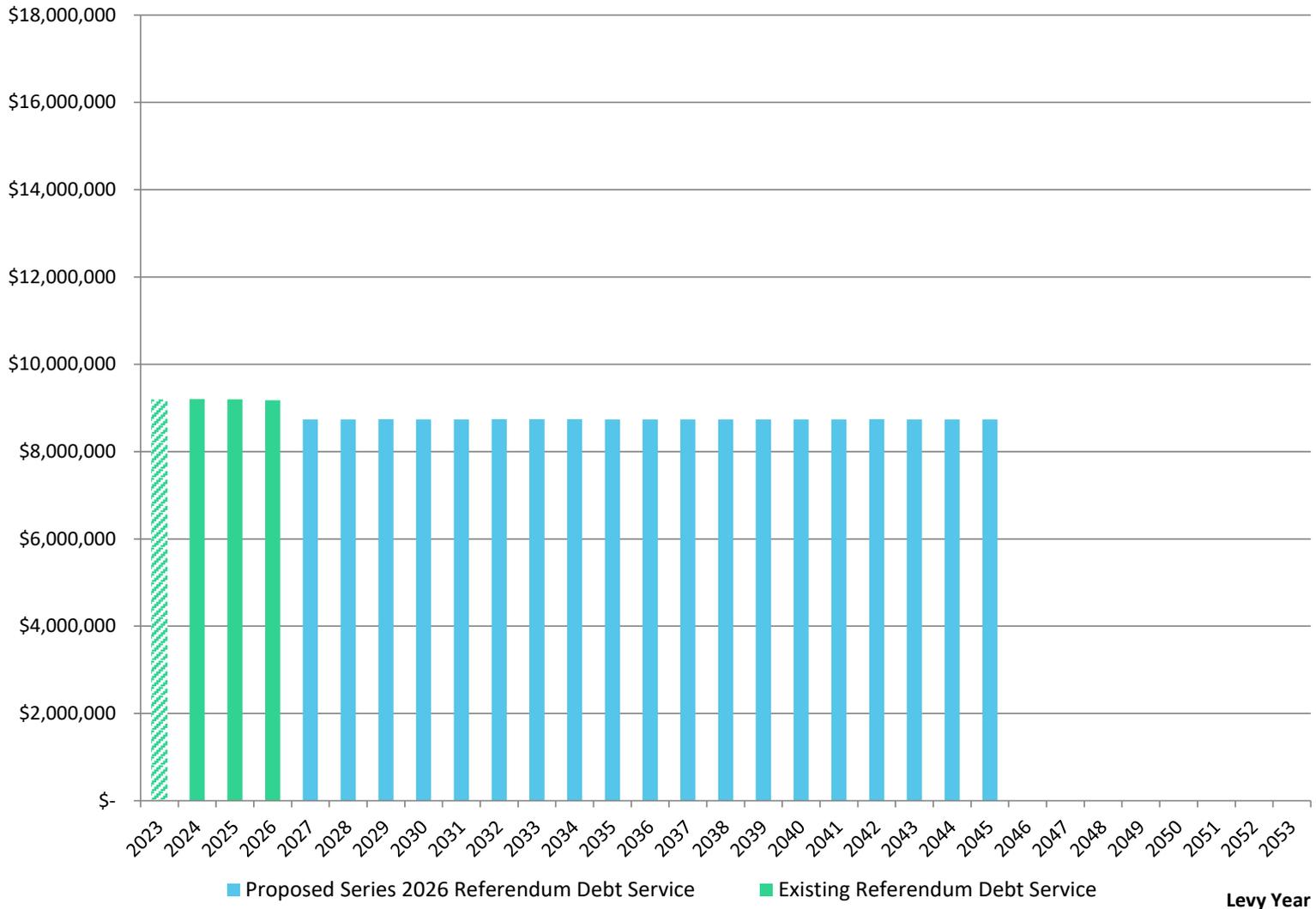


# Maintain the Current Referendum Payment 25 Years, Estimated Proceeds \$120 million



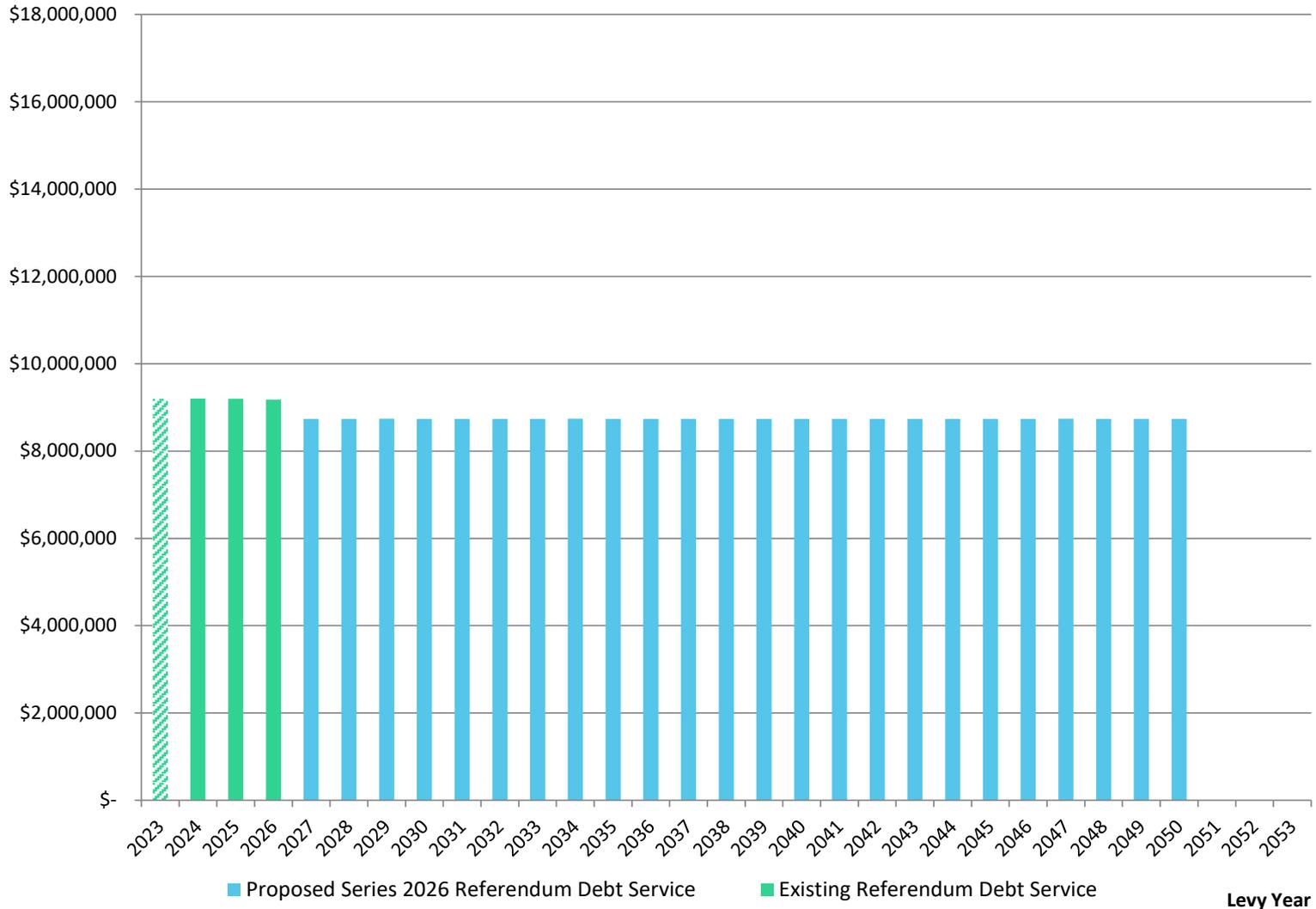


# 95% of the Current Referendum Payment 20 Years, Estimated Proceeds \$102 million





# 95% of the Current Referendum Payment 25 Years, Estimated Proceeds \$114 million





## Applicable Election Dates

- ▶ To impact levy year 2027, the year after the referendum debt matures, the District's options for going to referendum would be the following:
  - ▶ Spring 2026
  - ▶ November 2026
  - ▶ Spring 2027



# Disclosure

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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5. Working Cash Bond
6. Property Appraisal
7. Review of Board Policy 8:25

**8:25 Advertising and Distributing Materials in Schools Provided by Non-School Related Entities**

Dr. Barbanente will review Board Policy 8:25 Advertising and Distributing Materials in Schools Provided by Non-School Related Entities.

## COMMUNITY RELATIONS

### **8:25 Advertising and Distributing Materials in Schools Provided by Non-School Related Entities**

No material or literature shall be posted or distributed that would: (1) disrupt the educational process, (2) violate the rights or invade the privacy of others, (3) infringe on a trademark or copyright, or (4) be defamatory, obscene, vulgar, or indecent. No material, literature, or advertisement shall be posted or distributed without advance approval as described in this policy.

#### Community, Educational, Charitable, or Recreational Organizations

Community, educational, charitable, recreational, or similar groups may, under procedures established by the Superintendent, advertise events pertinent to students' interests or involvement. All advertisements must (1) be student-oriented, (2) prominently display the sponsoring organization's name, and (3) be approved in advance by the Superintendent or designee. The District reserves the right to decide where and when any advertisement or flyer is distributed, displayed, or posted.

#### Commercial Companies and Political Candidates or Parties

Commercial companies may purchase space for their advertisements in or on: (1) athletic field fences; (2) athletic, theater, or music programs; (3) student newspapers or yearbooks; (4) scoreboards; or (5) other appropriate locations. The advertisements must be consistent with this policy and its implementing procedures and be appropriate for display in a school context. Prior approval from the Board is needed for advertisements on athletic fields, scoreboards, or other building locations. Prior approval is needed from the Superintendent or designee for advertisements on athletic, theater, or music programs; student newspapers and yearbooks; and any commercial material related to graduation, class pictures, or class rings.

No individual or entity may advertise or promote its interests by using the names or pictures of the School District, any District school or facility, staff members, or students except as authorized by and consistent with administrative procedures and approved by the Board.

Material from candidates and political parties will not be accepted for posting or distribution, except when used as part of the curriculum.

#### LEGAL REF.:

[\*Lamb's Chapel v. Center Moriches Union Free Sch. Dist.\*](#), 508 U.S. 384 (1993).

*Berger v. Rensselaer Central Sch. Corp.*, 982 F.2d 1160 (7th Cir. 1993), cert. denied, 113 S.Ct. 2344 (1993).

[\*Sherman v. Community Consolidated Sch. Dist. 21\*](#), 8 F.3d 1160 (7th Cir. 1993), cert. denied, 8 F.3d 1160 (1994).

*Hedges v. Wauconda Community Unit Sch. Dist. No. 118*, 9 F.3d 1295 (7th Cir. 1993).

*Victory Through Jesus Sports Ministry v. Lee's Summit R-7 Sch. Dist.*, 640 F.3d 329 (8th Cir. 2011), cert. denied, 565 U.S. 1036 (2011).

*DiLoreto v. Downey Unified Sch. Dist.*, 196 F.3d 958 (9th Cir. 1999).

CROSS REF.: 7:325 (Student Fundraising Activities), 7:330 (Student Use of Buildings - Equal

Access)

Adopted: June 26, 2023

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8. PowerAd Update
9. Other Discussion Items
10. **Public Comments** It is the practice of this Board of Education to provide a place on the agenda for and welcome comments and suggestions from the public. Board Policy 2:230: The School Board will allocate a maximum of 60 minutes during each regular and special open meeting of the Board, any person may comment to or ask questions of the School Board (public participation), subject to the reasonable constraints established and recorded in this policy's guidelines. The time limit for public participation at a meeting may be extended upon the majority vote of the Board members at the regular or special meeting. The Board listens to comments or questions during public participation; responses to comments to or questions of the Board are most often managed through policy 3:30, Chain of Command. Any person appearing before the Board is expected to conduct themselves with respect and civility for others and otherwise abide by Board policy 8:30 Visitors to and Conduct on School Property.
11. Adjournment