



AGENDA
BOARD OF EDUCATION – MOKENA SCHOOL DISTRICT 159
FINANCE COMMITTEE MEETING
Mokena Elementary School
July 9, 2018
7:00 PM

- I. ROLL CALL**
- II. PLEDGE OF ALLEGIANCE**
- III. PUBLIC COMMUNICATION**
- IV. Approval of Previous Minutes** 2
- V. OLD BUSINESS** 4
 - A. Summer Projects
 - B. 1% Facility Sales Tax
 - C. Bond/Debt Options 17
- VI. NEW BUSINESS**
 - A. 2019 Budget
- VII. Items for August 13, 2018 meeting**
- VIII. ADJOURNMENT**

MINUTES
MOKENA SCHOOL DISTRICT 159 FINANCE COMMITTEE
MOKENA ELEMENTARY SCHOOL
June 11, 2018

BOARD OF EDUCATION

	PRESENT	ABSENT
Dr. Victoria Albon	✓	
Mrs. Debi Blank	✓	
Mr. Eric Bush	✓	
Mr. Alex Fenske	✓	
Ms. Laurel McGowan	✓	
Dr. Teri Shaw	✓	
Mrs. Bonnie Ushijima	✓	
Mrs. Carolyne Scanlan	✓	
Mrs. Rita Ulrich	✓	
Dr. Kathleen Wilkey	✓	
Mrs. Lisa Zielinski		✓

BOE Members present: Michael Everett

STAFF present: Kim Truffa, Janet Walker

VISITORS present: Dan Choi, Kevin Korn, Kevin Heid

PRESS: None

ROLL CALL /PLEDGE OF ALLEGIANCE

At 7:00pm Roll Call was taken; Chairman Bush led the committee and audience in the reciting of the Pledge of Allegiance.

III. COMMUNICATIONS

PUBLIC: None

IV. APPROVAL OF PREVIOUS MINUTES

A motion was made by Mr. Bush to approve the May 14, 2018 minutes as corrected; Mr. Fenske second the motion.

V. OLD BUSINESS

A. SUMMER PROJECTS

1. McKinstry Updates

- HVAC & Controls Upgrades – MIS
- Controls Upgrades – MES South Unit Vents
- Control Upgrades – MES North Unit Vents
- HVAC & Controls Upgrades – MES Admin. RTUs
- Domestic Hot Water Upgrades - MIS

VI. NEW BUSINESS

A. 1% Facility Sales Tax Presentation

- Kevin Heid from Stifel gave an informative slide presentation
- Need 51% or more of Will Country School Districts to pass to get on ballot
 - Mokena 159 percent of total is 1.2%
- Slide presentation included:
 - What is taxed and not taxed

- Uses of Sales Tax and Ineligible Uses
- How to use the Sales Taxes
- Benefit to Property Taxes

VII. ITEMS FOR JULY 9, 2018 MEETING

1. McKinstry to give a written updated report on summer projects
2. First-hand look at 2019 budget
3. Summarize PMA options and 1% Facility Sales Tax
 - One or the other

VIII. ADJOURMENT

At 8:16pm Chairman Bush adjourned the Finance Committee June 11, 2018 meeting. Committee adjourned all in favor.

Minutes Respectfully Submitted by
Janet Walker, Administrative Secretary



Mokena SD 159 – Finance Committee Update

July 9, 2018

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Agenda

Old Business

- A. Summer Projects
- B. 1% Facility Sales Tax
- C. Bond/Debt Options

New Business

- A. 2019 Budget



Summer Projects – MES

- Playground
 - Delivered
 - Anticipated Installation 1st week of August
- Playscape
 - Evaluation Complete
 - Preliminary Estimated costs \$125,000 to \$145,000
- Concrete Repair - Front Walkway
- Landscaping – Concrete Stamping to replace mulch along sidewalk
- Tuck-pointing – Repair a crack along front wall
- Bell tower – repairs being finished
- Piping
 - Still being investigated and solution formulated
 - Anticipated finish by August 14, 2018



Summer Projects – MIS

- Concrete Repair
- HVAC Repair and Maintenance
 - 3 RTU's are repaired and running (tomorrow)
 - A/C is operational
- Painting – Library
- Repairing windows and ceilings

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Summer Projects – MJS

- Storm Drainage Repair – Parking lot
 - Bids were received
 - Contract pending legal review
 - Anticipated completion for August 7, 2018
- Painting – Stairwells
- Carpeting – Classrooms, Hallways, and Office
 - Bid process in September
 - Winter Break completion
- Lighting in the Commons
 - Grants being researched
 - Energy grants / DECO grants

∞



Summer Projects – District Wide

- Signage
 - Currently Fire Department Lettering the Doorways
 - Utilizing Local Printers for Signage
- Private Keyways for all buildings
 - \$100 per door Approx. 60 – 65 doors
 - 20 key holders



Summer Projects – Technology

- Intercom Systems (ITR)
 - MIS
 - MES
 - MJS
 - Finished by end of month
- Door Fobs and Panels
 - Finished by end of month
- Security System
 - Finished by beginning of school



1% Facility Sales Tax

Participating Districts as of June 27, 2018

County	Vote	District	Est. Enrollment	
Will	Yes	Chaney-Monge SD 88	469	
Will	Yes	Lincoln Way CHSD 210	7,012	
Will	Yes	Lockport SD 91	626	
Will	Yes	Manhattan SD 114	1,500	
Will	Yes	New Lenox SD 122	5,256	
Will	Yes	Plainfield SD 202	27,161	
Will	Yes	Richland GSD 88A	916	
Will	Yes	Summit Hill SD 161	3,005	
Will	Yes	Wilmington CUSD 209U	1,360	
Will	Yes	Peotone CUSD 207U	1,483	
Will	Verbal Yes	Reed Custer CUSD 225U	1,488	July 18th Vote
DuPage	Verbal Yes	Indian Prairie CUSD 204U	11,712	July 23rd Vote
		Total	61,988	

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1% Facility Sales Tax

Will	Deciding	Elwood CCSD 203	371
Kendall	Deciding	Oswego CUSD 308U	3,116
	Deciding	Mokena SD 159	1,574
		Total	5,061
Will	No	Beecher CUSD 2001	1,032
Will	No	Channahon SD 17	1,252
Will	No	Crete Monee CUSD 201U	4,901
Will	No	Frankfort CCSD 157C	2,502
Will	No	Homer CCSD 33C	3,808
Will	No	Joliet PSD 86	11,475
Will	No	Joliet Twp HSD 204	6,749
Will	No	Lockport Twp HSD 205	3,772
Grundy	No	Minooka CCSD 201C	1,482
Grundy	No	Minooka CHSD 111	1,452
Will	No	Troy CCSD 30C	4,319
Will	No	Union SD 81	97
Will	No	Valley View CUSD 365U	16,867
Will	No	Will County SD 92	1,501
		Total	61,209



1% Facility Sales Tax

Cook		Bloom Ton HSD 206	265
Grundy		Coal City CUSD 1U	0
Will		Fairmont SD 89	291
Will		Laraway CCSD 70C	419
Kankakee		Manteno CUSD 5U	9
DuPage		Naperville CUSD 203U	1,472
Will		Rockdale SD 84	292
Cook		Steger SD 194	506
Will		Taft SD 90	330
			3,584
		Grand Total	131,842
		Need 50% +1	65,921 + 1
		Currently Committed	61,988
		Still Needed	3934
		Currently Committed with 3 Deciding	67,049
		None Needed-Overage	1127



1% Facility Sales Tax

- Currently very close to the 51% student count
- ROE needs the district commitment by August 20
- Mokena's board meeting is on August 15
- Two Step Process
 - Voted on by local boards to put on Facility Sales Tax Referendum
 - Voted on by citizens of Will County for final approval
- Advantages
 - Lower local property tax bill
 - Citizens of Will County Decide
 - Revenue for future Capital Improvements without incurring debt
- Disadvantages
 - Higher local sales tax rate



Bond/Debt Options

- Presentation from Meristem Advisors
- Various referendum options
- Timeline for November and April election dates
- Revenue cycle timeline
- Impact of drop of debt on a \$300,000 house
- Estimating the impact of changes in levy



2019 Budget

Tentative Budget Fiscal Year 2019	Beginning Fund Balance	Revenue	Expenses	Over/Under	Ending Fund Balance	Percentage of balance to annual expenditures
EDUCATION FUND	7,229,440	15,017,677	14,975,579	42,098	7,271,538	49%
OPERATIONS & MAINTENANCE	1,796,901	1,818,705	2,768,426	(949,721)	847,180	31%
BOND & INTEREST FUND	1,424,365	2,209,566	2,250,750	(41,184)	1,383,181	61%
TRANSPORTATION FUND	1,234,267	685,874	945,531	(259,657)	974,610	103%
IMRF/SOCIAL SECURITY FUND	159,540	325,566	396,159	(70,593)	88,947	22%
SITE AND CONSTRUCTION/CAPITAL	65,222	2,500	-	2,500	67,722	
New Concstruction	5,545				5,545	
WORKING CASH FUND	2,237,945	93,419	1	93,418	2,331,363	233136300%
TORT FUND	107,092	142,394	158,077	(15,683)	91,409	58%
LIFE SAFETY FUND	802	-	-	-	802	
Totals:	14,261,119	\$ 20,295,701	\$ 21,494,524	\$ (1,198,823)	13,062,296	61%

Remove the Working Cash Fund					10,730,933	50%
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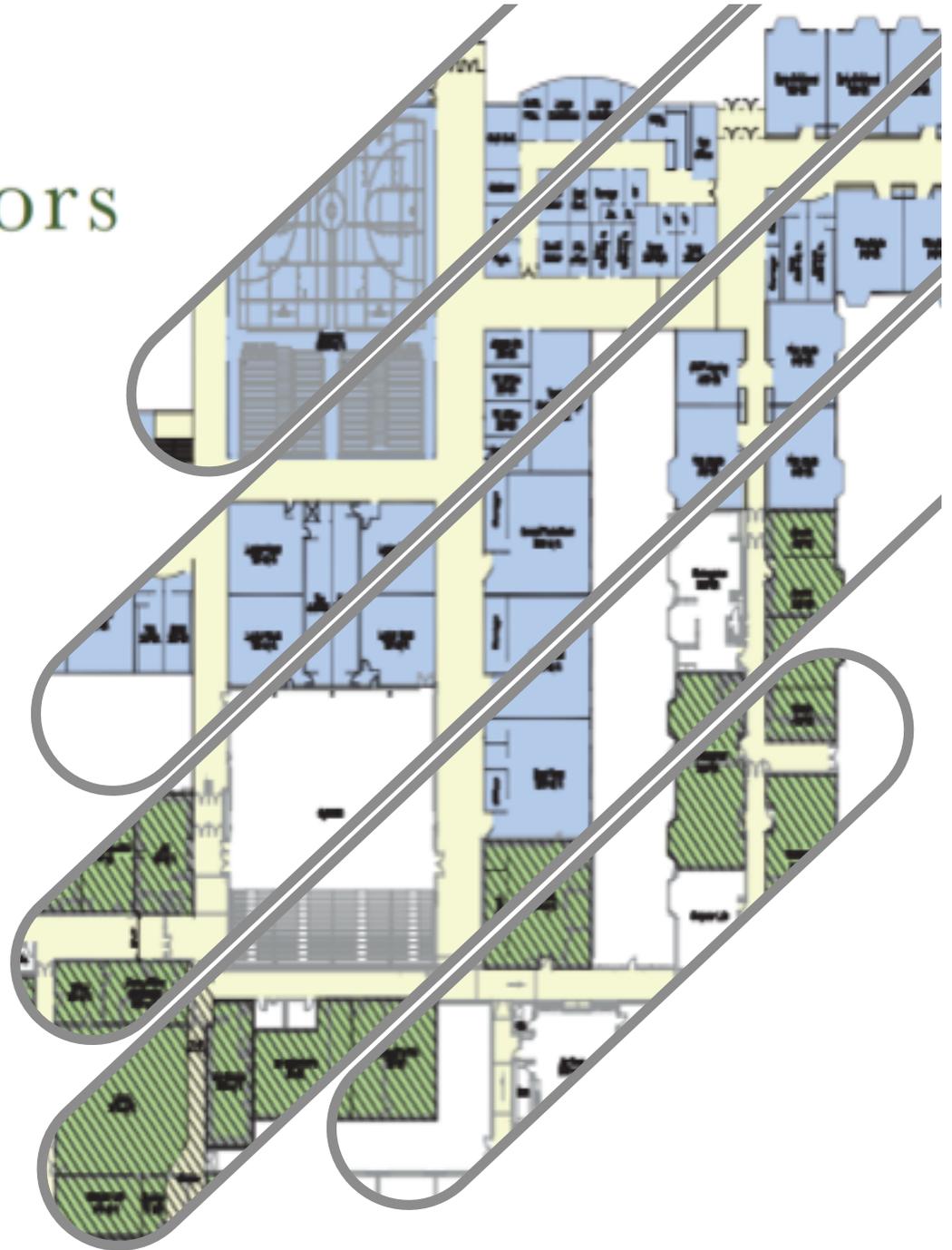
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Meristem Advisors

Presentation to:



Mokena SD 159



July 9, 2018

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Table of Contents

- I. About Meristem Advisors
- II. Planning for the Referendum
- III. Scope of Services and Discussion

Meristem Advisors

About Meristem Advisors LLC

- Meristem Advisors LLC was formed with the intention to serve school districts and other municipal clients on a broader range of needs than traditional municipal advisory firms
 - Debt issuance
 - Referendum Support
 - Continuing disclosure
 - Budgeting, levy and financial planning
 - Energy Efficiency, Sustainability and Resiliency planning
- Meristem was founded by Jamie Rachlin, with 25 years of experience working with Illinois school districts and municipalities for their borrowing needs
 - By providing a wider range of services, Meristem Advisors can create stronger long term relationships with its clients
 - Meristem Advisors knows the strengths and weaknesses of all the industry competitors, so that the District can make an informed choice when the tie comes to sell its bonds
 - As a financial advisor, Meristem Advisors can assist the District in making the right decisions regarding how to sell its bonds, whether through negotiated or competitive sale, based on market conditions and other factors at the time of sale
- Meristem Advisors brings extensive experience with Illinois school districts in particular, helping them plan and execute their referenda and explain their impact to the community
- James Rachlin worked as an investment banker for 25 years with regional investment banks and commercial banks prior to starting Meristem Advisors. He has an AB from Brown University, MBA from The Wharton School and an MSE from Princeton University.

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Planning for the Referendum

Overview

- Debt Service for Levy Year 2019 (filed December 2019) will be \$1.7 million lower than for Levy Year 2018 (filed December 2018)
- If the District does not pass a referendum to maintain its 2019 levy:
 - The reduction will result in a tax rate that is lower by approximately \$0.30/\$100 EAV
 - The reduction to the owner of a \$300,000 home will be approximately \$278
- If the District passes a limiting rate increase referendum for the 2019 levy, the increased revenue will be received in 2020, for the 2021 fiscal year.
- If the District passes a referendum for bonds, it must issue bonds to extend a tax. Otherwise the levy will drop.

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Mokena SD 159 Outstanding General Obligation Debt



Referendum Is Often Considered When Internal Resources Are Insufficient

- The voted solution can cover
 - Debt service on amounts borrowed – Depends on amount borrowed and repayment period; Costs include capital, architectural, moving, costs of issuance and capitalized interest
 - Increased operating costs – Resolved through discussions among District staff, architect and budgeting regarding plans
 - Annual capital renewal costs over time – Calculated based on capital plan provided by architect, as illustrated earlier
 - An additional amount to ensure adequate operating reserves over time – Ideally, ½ of inflation on the budget
- Key questions are how much to ask for, how much will it cost taxpayers and how to ask for it



How Do the Various Referendum Options Compare?

Option:	Increase Limiting Rate	Bond Referendum	Increase DSEB	Sales Tax Referendum
Customary Usage	Provides additional revenue for operations	Provides a set amount of borrowing capacity for a well defined project	Provides flexibility for borrowing now and in the future	To increase revenue for specific improvements
Permanence	Continues indefinitely as long as District does not reduce its levy for multiple years.	Authority must be used within five years	Continues indefinitely. Can increase with CPI.	Cannot be removed if bonds are outstanding
Flexibility to use for operations	Yes	Rarely; as a one-time supplement	If used to issue taxable bonds	Yes
Flexibility to use for debt	Yes	Sole use	Yes	Yes
Flexibility to use for new school building	With a lease structure	Yes	Generally no	With a lease structure
Statutory Debt Limit Concerns	Can be avoided	Yes	Can be avoided	Can be avoided
Passage	Requires support within the District only	Requires support within the District only	Requires support within the District only	Passes with County-wide support, even if not supported in the District

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Referendum Timeline

Action	Due Date for November 2018 Referendum	Due Date for April 2019 Referendum**
Board to Pass Ballot Resolution	August 20, 2018	January 15, 2019
Submit Ballot Question to County	August 30, 2018	January 25, 2019
County to Publish the Ballot	September 7 - October 9	January 31 - March 4
Election Day	November 6, 2018	4/2/19
File a 2019 Levy for New Bonds*	February 28, 2020	

*Additional procedures may be required depending on type of bond

**Approximate, not published

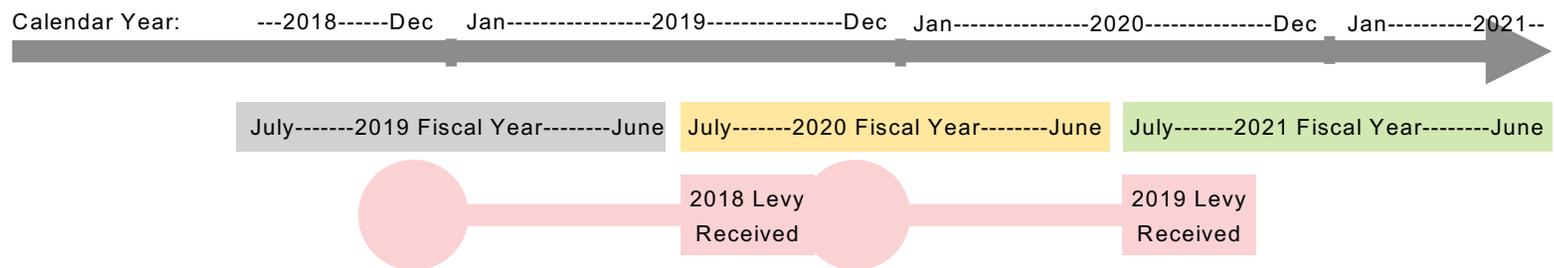
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There is no November 2019 referendum.



Revenue Timeline

- If the District passes a limiting rate increase referendum for the 2019 levy, the increased revenue will be received in 2020, for the 2021 fiscal year.
- If the District passes a referendum for bonds, it must issue bonds to extend a tax. Otherwise the levy will drop.
- Levies are filed in December of each year to be collected and distributed in the next calendar year (equal amounts in June and September).
 - Consequently, the levy for a given year produces revenue for the fiscal year AFTER the calendar year in which it's received (diagram below)
- A referendum passed in November 2018 or March 2019 for operations will first impact Fiscal Year 2021



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Additional Thoughts/Cheat Sheet

Levy Math Made Easy: A ten cent levy generates an amount equal to your Equalized Assessed Value (EAV) without the last three digits.

Example: A dime levy given the District's EAV of \$574,488,096 will generate approximately \$575,000.

To estimate tax rate impact on a home: divide its value by three and subtract \$6,000 to get its EAV. You know the rest.

Debt Service on \$10 million of borrowing repaid over 20 years costs approximately \$750,000-\$775,000, or about \$0.134/\$100EAV.

\$1.7 million of debt service over:

3	years supports approximately	\$ 4.8 million
5	years supports approximately	\$ 7.9 million
10	years supports approximately	\$14.3 million
20	years supports approximately	\$ 22.8 million

These amounts will change with interest rates and term, obviously.



Questions to Consider

- What is the relative importance of our building versus operating needs?
 - Do we have one need, multiple needs, needs for new construction?
 - Would two separate referendum questions make sense?
- Do we want a solution that is permanent or temporary?
 - Bond referenda are temporary increases
- What are the community's expectations?
 - Are they looking for tax relief?
 - Were any promises made after the last referendum?
- Do we have local support for a referendum?
 - Does the community support the school?
- Will the County support a sales tax increase?



Scope of Services and Discussion

Scope of Services

- Review the District's financial and other information relevant to the proposed plan in order to evaluate the adequacy of fund balances and operating performance
- Establish a projection of future financial performance in light of the intended building and operating plan
- Establish a tax rate, or range of tax rates, required to meet the District's objectives in order to establish a target referendum amount and strategy
- Serve as a liaison between the District and its counsel for the timely preparation, Board approval, submission to the Counties and documentation of the referendum question
- Attend Board meetings and community meetings to explain and clarify the costs of the referendum, impact on tax bills and other questions that community residents may have, as requested
- Work with the District's referendum consultant to coordinate prompt delivery of information necessary to the campaign
- As a registered municipal advisor firm assisting with the issuance of bonds:
 - Structure and execute the financing plan for the District's bonds
 - Coordinate the timing, delivery and presentation of all documents related to the issuance of the bonds
 - Manage the transaction team to ensure the bonds are issued according to schedule
 - Determine the method of sale and selection of the financing team for the bonds
 - Manage the process of obtaining ratings and insurance for the bonds, as applicable

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