

School District U-46

Elgin, Illinois

October 24, 2022

The Finance Committee of the Board of Education met at 5:00 p.m. via Zoom and made available to the public in Room 140 of the Educational Services Center, 355 East Chicago Street, Elgin, Illinois, for the purposes of presenting the proposed 2022 tax levy and proposed refinance schedule for existing district debt. In attendance were Board members Sue Kerr, Melissa Owens, Kate Thommes, John Devereux, Dawn Martin, Veronica Noland, and Eva Porter as well as Tony Sanders, Superintendent, Trisha Olson, Chief Legal Officer, Ann Williams, Deputy Superintendent of Operations, Suzanne Johnson, Deputy Superintendent of Instruction, Brian Lindholm, Chief of Staff, and Elizabeth Hennessy, Managing Director of Raymond James.

1. Open Meeting and Introduction

Ms. Owens opened the meeting and stated everyone present.

2. Presentation and Discussion of the Proposed 2022 Tax Levy

Dr. Sanders began the discussion by stating as in every other school district in Kane County and most districts across the state, our Board of Education is faced with a historic Consumer Price Index (CPI). The CPI is the rate of inflation that is used by Illinois in determining the cap of property taxes for some but not all school districts in the state. School District U-46 is subject to the property tax extension limitation law meaning the district cannot increase taxes above CPI or five percent whichever is less. The district has historically asked for a levy amount that is higher than what the district ultimately ends up having extended to taxpayers. Dr. Sanders stated the district does this to ensure that it captures any new property that is built within the district during the preceding year to ensure it comes onto the district tax rolls. Dr. Sanders stated the district is asking, due to the CPI being above five percent, for the increased amount in order to capture all the new property that has been built within the district.

Dr. Williams discussed the 2022 tax levy timeline and advised that the county clerks will determine the total Equalized Assessed Valuation (EAV) for taxing districts, calculate tax rates, extend taxes based on EAV, prepare the tax bills, and ultimately distribute the taxes collected in the spring of 2023.

Dr. Williams reported that the district's unaudited fund balance as of June 30, 2022 is \$449,106,083.00. Dr. Williams stated the district's future revenue challenges would be that property taxes are roughly 50 percent of the district's annual revenue and inflation is higher than five percent. Property taxes fund the majority of the district's salaries and benefits. Dr. Williams stated federal funds would decline as the ESSER funds are expended and state funds are projected to remain flat.

Dr. Williams stated tax levies are calculated using known factors as well as unknown factors. The known factors include the 2021 tax extension (excluding bonds), CPI which equals seven percent but is capped at five percent, and the maximum levy extension (existing property) for 2022. The unknown factors include new EAV, new limiting rate, new property, as well as expiring TIF's, annexation, and /or exemptions.

Dr. Williams stated the property tax extension limitation law limits the amount of taxes extended to the district by five percent or the CPI, whichever is lower. The CPI to be used for the 2022 levy is seven percent, so it will be capped at the rate of five percent. Dr. Williams stated new construction is not capped and bond and interest payments are based on existing debt schedules. Dr. Williams acknowledged the county treasurers would reduce the total amount requested so that the CPI does not exceed a five percent (excluding new property) increase as required by law.

3. Presentation and Discussion of Proposed Refinance Schedule for Existing Debt

Dr. Sanders began the discussion of proposed forward refinancing of the district's existing bonds and stated JP Morgan Chase offered a one-time forward refinance of past debt at a lower interest rate. Tonight's proposal brings forward a recommendation to restructure that debt before the district closes on the bonds in order to save taxpayers additional interest by paying down principal faster and stabilizing tax bills for residents as the district's continues its Unite U-46 work.

Ms. Hennessy began the presentation of the proposed refinance schedule for existing debt by discussing the tax rate comparison between School District U-46 and the surrounding Kane County districts. Ms. Hennessey stated the district is currently on the lower half of the tax rates, that includes both debt service and operating. Ms. Hennessy discussed the district's historical abatements regarding solely debt service and stated since 2015, the district has annually abated debt service on their 2003B Bonds to bring the tax rate for debt down.

Ms. Hennessy stated the Series 2023A and Series 2023B Bonds are scheduled to closed on November 30, 2023. The transaction capitalized on low interest rates in December of 2021 and on the Series 2023B alone, the district will save the taxpayers over \$18.4 million in interest payments. Ms. Hennessy stated there is a tax decrease in levy year 2022 of \$12.3 million in the debt service tax levy. The district will increase its total savings to over an estimated \$20.8 million by paying refunded bonds off earlier if it explores the option of stabilizing the 2022 debt service tax levy by renegotiating a portion of the Series 2023B forward refunding bonds and adding a taxable refinancing impacting the 2022 tax levy.

4. Public Participation

There were no public comments.

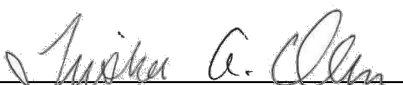
5. Adjournment

Ms. Owens adjourned the meeting.

Approved this 21st day of November 2022.



President



Secretary