NOVEMBER 6TH ELECTION INFORMATION FOR THE UNIT 7 SCHOOLS BALLOT QUESTION

This is information only; there is no intent to influence votes one way or another within this information.

Good News:

- The 2001 referendum bonds that were used to build the elementary buildings and jr. high will be completely paid off in 2021.
- The current school district tax rate for Unit 7 Schools is $4.26 per $100 dollars of taxable property value; this is the lowest in Champaign-Ford counties.
- The school district tax rate will continue to drop over the next 3 years from the $4.26 figure that is our current rate.

Preparing for the future of Unit 7:

There will be a question on the ballot that the superintendent/school board prepared for the ballot for the November 6th Election asking taxpayers to approve an increase to the Debt Service Extension Base. We are a tax-capped school district in a tax-capped county. This question will be asking to move the current dollar figure from $176,661 to $800,000 so that bonds can be paid off at a quicker rate, saving interest dollars for future bond sales.

Voting "Yes" does NOT raise your taxes. It only means that, in the future, if the school district needs to issue general obligation bonds, as an example, for building projects; those bonds can be paid back at a quicker rate, thus less interest over time affecting taxpayers in the Unit 7 School District.

Voting "No" would mean that if the question does not pass, the school district would only be able to ask for $176,661 total from all taxed bodies this year. This number goes up annually by the lesser of 5% or the percentage increase in the Consumer Price Index. If the board of education issued general obligation bonds, then taxpayers would pay a significantly larger amount of interest over a longer period of time to pay off those bonds.

An eight-page document gives a complete description of the financial status of Unit 7 Schools regarding district bonds is attached to this information. The Unit 7 Board of Education has and will continue to be fiscally responsible on behalf of all our communities.

Alternate revenue bonds are bonds that the school board pays off using sales tax revenue. These bonds do not affect your property taxes.

The last page is a sample of what the questions will look like on the ballot for the November 6th election.

How might Tax Caps affect Bond Issues?

Because the District is under tax caps, it can issue non-referendum Limited Tax Bonds only within the levy amounts established prior to the caps (the "Debt Service Extension Base" or "DSEB"). Pursuant to Public Act 96-501 and commencing with the 2009 levy year, a school district's DSEB will increase annually by the lesser of 5% or the percentage increase in the Consumer Price Index during the 12-month calendar year preceding the levy year. The Debt Service Extension Base for your District for levy year 2017 is $173,661. Referendum-authorized Bonds and Alternate Revenue Bonds are not subject to the DSEB.

How many Bonds can be Issued by the District?

The District is limited in the number of bonds it can issue in that at the time of issuance of the Bonds, the District's total indebtedness including the proposed bonds may not exceed the legal limit of 13.8% of the District's last certified Equalized Assessed Valuation (EAV).

The following are the District's EAV figures for the last three years.

2013	2014	2015	
$192,450,204	$198,236,469	$201,592,105	w/ TIF
$176,727,838	$182,288,413	$185,890,508	

Any increase or decrease in the District's EAV will also affect your debt limit. The following shows your District's current debt limit.

Debt Limit	
2015 EAV	$201,592,105
13.8% of EAV	$27,819,710
Less Bonds Outstanding	$5,205,000
POTENTIAL BONDING CAPACITY	**$22,614,710**

Note that for debt limit and bonding capacity calculations a District's total EAV figures are taken into consideration including any Tax Increment Financing (TIF) value or Enterprise Zone (EZ) value a District may have. However, for purposes of calculating the tax rate, any EAV directly attributed to the TIF or EZ district is not included.

What are Alternate Bonds?

Enactment of Public Act 85-1419 provides taxing bodies with another type of Bond issue which combines many of the advantages of Revenue Bonds and General Obligation Bonds. Alternate Bonds or "*double-barreled*" Bonds are General Obligation Bonds that are payable from enterprise system revenues or another revenue source, or both. In addition, the general obligation (property tax) acts as a back-up security for the Bonds if revenues are insufficient. These Bonds do not have to mature within 20 years as do General Obligation Bonds.

Unlike traditional Revenue Bonds, Alternate Bonds do not require the establishment and regular funding of restricted use reserve accounts.

The following conditions must be met before Alternate Bonds may be issued:

a) The Bonds must be issued for a lawful purpose.

b) Alternate Bonds are subject to a backdoor referendum. The District must adopt a resolution stating its intention to issue the Bonds and publish that resolution in the newspaper customarily used for publication purposes. If there is no petition signed by at least 7-1/2% of the registered voters of the District and filed with the Secretary within 30 days after publication, then the Bonds may be issued without referendum.

c) It must be determined that there will be sufficient revenues to pay the maximum annual debt service plus an additional 25% coverage factor at the time the Bonds are issued.

d) The District must pledge to use the indicated revenues for the payment of the Bonds. Alternate Bonds do not count against your General Obligation debt limit as long as they are retired from the pledged revenues and no property tax is extended to repay the Bonds.

What are Refunding Bonds?

<u>Current</u>

A school district may current refund presently outstanding bonds provided that the refunding bonds are issued not more than 90 days prior to the outstanding bonds' maturity dates or call date. The school district must notify the Bond Registrar of its intent to redeem the existing bonds prior to maturity, typically at least 45 days prior to the call date. The Bond Registrar in turn notifies the bondholders, typically within 30 days prior to the call date, that the outstanding bonds are being called for redemption prior to maturity. Proceeds from the new issue are then deposited with the Bond Registrar to pay the principal of the outstanding bonds on the call date.

Advanced

Current laws and regulations allow school districts to refund presently outstanding bond issues. The refunding process involves issuing new bonds. A sufficient amount of proceeds from the new issue are used to purchase direct U.S. government obligations. These government obligations are placed in an escrow account at an escrow bank and are structured to mature on a sufficient and timely basis semi-annually to repay or "defease" the currently outstanding bonds and interest. A computer program is required to determine the cost of purchasing these obligations as well as which obligations to purchase and when they must mature.

As the obligations mature, the escrow bank is responsible to forward these proceeds to the appropriate paying agent(s) who is responsible for repaying the bondholders. As part of the refunding process, these bondholders are guaranteed repayment by the full faith and credit of these U.S. government obligations. At the time of refunding a Certified Public Accountant must review the escrow calculations and write an opinion assuring the adequacy and timing of the escrow obligations to repay the outstanding bonds and interest. This study is reviewed by Bond Attorneys Chapman and Cutler who issue an opinion of the legality of the bond issue.

The escrow obligations may bear interest at a rate not in excess of an interest rate determined by a formula required by the Internal Revenue Service. This formula decides the maximum % yield in the escrow primarily dependent upon the interest rate of your new bonds and the size of the issue.

When structuring the new refunding issue, the Board has the authority to designate certain maturities of this issue to repay the various outstanding issues. For example, a District's Working Cash Fund Bonds could be retired first thereby allowing the District to issue Working Cash Fund Bonds sooner.

How will the Bond Issue Notification Act affect the proposed issue?

House Bill 2695 which passed the Legislature during the 1996 session and was updated by Senate Bill 932 during the 1999 session, requires that a public hearing be held for most non-referendum Bond issues prior to adopting the final Bond resolution. Some of the highlights of the Bond Issue Notification Act, as amended, include:

- The hearing required under the Act may be set by the Board or by the Board President.

- The notice of the hearing must be published at least 7 days but no more than 30 days ahead of the date of the hearing.

- The notice of the hearing must be posted at least 48 hours before the hearing at the principal office of the District.

- The hearing may be at a regular or special meeting of the Board.
- The final Bond resolution may not be acted on for at least 7 days following the conclusion of the hearing.

How will a Bond Issue Affect the Tax Rate?

In order to have a clear picture of what a Bond issue might do to your District's tax rate, it might be helpful to review the District's previous years' tax rates.

TAX RATE BY FUND	2015/16	2014/15	2013/14
Education	$2.7582	$2.6813	$2.6523
Bonds & Interest	0.8413	0.8419	0.9072
Operation & Maint.	0.4033	0.4062	0.4079
I.M.R.F.	0.0602	0.1093	0.1298
Transportation	0.1513	0.1471	0.1477
Working Cash	0.0059	0.0059	0.0059
Fire Prevention/Safety	0.0000	0.0000	0.0000
Special Education	0.0254	0.0256	0.0257
Liability Ins.	0.1193	0.1202	0.1206
Social Security	0.0788	0.1286	0.1492
Lease	0.0000	0.0000	0.0000
TOTAL	$4.4437	$4.4661	$4.5453

In determining the structure of your District's potential bond issue project it might be helpful to consider the answers to these questions as they reflect your District's needs.

1. Would the District prefer to retire the debt within a particular time frame? (Most Bonds must mature within 20 years.)
2. Would the District prefer to maintain, increase or decrease its current Bond and Interest tax rate?
3. How does the proposed Bond issue coordinate with the District's currently outstanding debt and any future debt and/or fund balances?
4. How soon do you need to recover bonding capacity in light of future potential financing?

TOLONO CUSD #7, Champaign County, Illinois

PRIOR BONDS OUTSTANDING

2015 EAV: $185,890,508

2017 DSEB $173,561

	2001 Building / Refunding Bonds (Bldg)		2011 Refunding Bonds (Bldg)		2014A Refunding Bonds (Bldg)		2016 Refunding Bonds (Bldg)		
Year	Principal 1-Feb	P&I Levy	Principal 1-Feb	P&I Levy	Principal 1-Feb	P&I Levy	Principal 1-Feb	P&I Levy	Total Levies
2016		$903,550		$79,095		$521,650		$107,000	$1,611,295
2017	$775,000		$25,000	458,033	$440,000	526,950	$30,000	636,400	1,621,383
2018	850,000		25,000	455,820	490,000	101,650	30,000	644,000	1,201,470
2019			405,000	483,600	510,000		560,000	790,400	1,274,000
2020			420,000		100,000		590,000		
2021			465,000				760,000		
	$850,000	$0	$1,315,000	$1,397,453	$1,100,000	$628,600	$1,940,000	$2,070,800	$4,096,853
	Non-Callable		Non-Callable		Non-Callable		Non-Callable		

2015/16 Bond & Interest Tax Rate = 84.13 ¢
Est. 2016/17 Bond & Interest Tax Rate = 86.68 ¢

Schedule R
March 15, 2017

TOLONO CUSD #7, Champaign County, Illinois

PRIOR ALTERNATE REVENUE BONDS OUTSTANDING

Due	2012 Alternate Revenue Bonds Principal 12/1	2012 Fiscal Total	2013 Alternate Revenue Bonds Principal 12/1	2013 Fiscal Total	2014B Alternate Revenue Bonds Principal 12/1	2014B Fiscal Total	2017 Alternate Revenue Bonds Principal 12/1	2017 Fiscal Total	Fiscal Total
2016	$655,000	$740,451	$0	$48,588	$0	$35,050	$0	$0	$824,089
2017	675,000	721,950	0	41,243	0	35,050	0	124,004	922,247
2018	695,000	722,032	0	41,243	0	35,050	0	125,750	924,075
2019	710,000	723,850	0	41,243	0	35,050	0	125,750	925,893
2020	300,000	303,375	425,000	460,612	0	35,050	0	125,750	924,787
2021			745,000	764,550	0	35,050	0	125,750	925,350
2022			320,000	324,560	450,000	477,288	0	125,750	927,598
2023					550,000	559,763	245,000	367,075	926,838
2024							820,000	926,100	926,100
2025							850,000	931,050	931,050
2026							880,000	934,000	934,000
2027							905,000	926,600	926,600
2028							100,000	101,750	101,750
	$2,380,000	$2,471,207	$1,490,000	$1,673,451	$1,000,000	$1,212,301	$3,800,000	$4,939,329	$10,296,288

	/c/ 12-1-2017		Non-Callable		Non-Callable		/c/ 12-1-2023		

Schedule R-ALT-REV
November 15, 2017

FIRST MIDSTATE INC.
INVESTMENT BANKERS

Rule G-17 of the Municipal Securities Rulemaking Board (*"Rule G-17"*) requires that we (the *"Underwriter"*) disclose certain information regarding the nature of our relationship with you (the *"Issuer"*) as follows: (A) Rule G-17 requires the Underwriter to deal fairly at all times with both municipal issuers and investors; (B) The Underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the Issuer, and the Underwriter has financial and other interests that differ from those of the Issuer; (C) Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and the Underwriter is, therefore, not required by federal law to act in the best interests of the Issuer without regard to the Underwriter's own financial or other interests; (D) The Underwriter has a duty to purchase securities from the Issuer at a fair and reasonable price, but must balance that duty with the Underwriter's duty to sell municipal securities to investors at prices that are fair and reasonable; and (E) The Underwriter will review the official statement for the Issuer's securities in accordance with, and as part of, the Underwriter's responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

SCHOOL DISTRICT K-12 TAX RATES
CHAMPAIGN-FORD COUNTIES

May 4, 2018

K-12 TAX RATES (2017) FOR THE 2018-2019 SCHOOL YEAR

Highest to Lowest

	SCHOOL DISTRICT(s)				TOTAL TAX RATE
1	Rantoul City Schools #137 (K-8)	4.9696	Rantoul Twp HSD #193 (9-12)	2.9505	7.9201
2	Ludlow #142 (K-8)	3.5726	Rantoul Twp HSD #193 (9-12)	2.9505	6.5231
3	Paxton-Buckley-Loda CUSD #10 (K-12)				6.2617
4	Prairieview-Ogden #197 (K-8)	3.0515	Rantoul Twp HSD #193 (9-12)	2.9505	6.0020
5	Urbana SD #116 (K-12)				5.9684
6	Thomasboro #130 (K-8)	3.0092	Rantoul Twp HSD #193 (9-12)	2.9505	5.9597
7	Gibson City-Melvin-Sibley #5 (K-12)				5.8746
8	Gifford #188 (K-8)	2.6487	Rantoul Twp HSD #193 (9-12)	2.9505	5.5992
9	Prairieview-Ogden #197 (K-8)	3.0515	St. Joseph-Ogden CHSD #305 (9-12)	2.0013	5.0528
10	Champaign Unit 4 (K-12)				5.0299
11	Heritage #8 (K-12)				5.0099
12	Fisher CUSD #1 (K-12)				4.9268
13	St. Joseph #169 (K-8)	2.6906	St. Joseph-Ogden CHSD #305 (9-12)	2.0013	4.6919
14	Mahomet-Seymour #3 (K-12)				4.5650
15	Tolono #7 (K-12)				4.2661

(Face of Ballot)

OFFICIAL BALLOT

PROPOSITION TO INCREASE DEBT SERVICE EXTENSION BASE

(INSTRUCTIONS TO VOTERS: Mark a cross (X) in the space opposite the word indicating the way you desire to vote.)

Shall the debt service extension base under the Property Tax Extension Law for __________ __________, __________ Counties, Illinois, for payment of principal and interest on limited bonds be increased from $__________ to $__________ for the 2018 levy year and all subsequent levy years[, such debt service extension base to be increased each year by the lesser of 5% or the percentage increase in the Consumer Price Index during the 12-month calendar year preceding the levy year]?	YES	
	NO	

(Back of Paper Ballot)

OFFICIAL BALLOT

Official ballot for voting on the proposition to increase the debt service extension base of __________ __________, __________ Counties, Illinois, at the general primary election held on March 20, 2018.

Precinct Number: __________

Polling Place: ______________________________

____

____

____

County Clerk, The County of __________, Illinois