



Hinsdale Middle School Referendum Bond Sale

Cost and Tax Impact

Last Updated: July 10, 2017 • www.d181.org > [Our District](#) > [HMS Construction](#)

In August 2016, the District 181 Board of Education approved a resolution to place a referendum question on the November 2016 General Election ballot, seeking authority to sell up to \$53,329,194 in bonds for the purpose of building a new school that would replace Hinsdale Middle School. The Board of Education, Board Finance Committee, and administration worked in collaboration with the District's financial advisor PMA Securities, Inc. to review the District's financing options should the referendum be successful. The Board selected a preferred bond sale scenario to accurately communicate to the community the anticipated impact to taxpayers.

The referendum was approved in November, however a lawsuit filed by five community members prevented the District from selling bonds until litigation matters were resolved. The litigation was resolved via a settlement agreement executed on May 31, 2017. The Board then approved a bond sale resolution and selected a final bond sale scenario on June 12, 2017. The estimated net debt service (total cost plus interest) is \$5 million less than what was anticipated prior to the referendum due to a change in the financing structure and the interest rate on the first bond sale being lower than the assumption used in the pre-referendum analysis. (Changes in the financing structure, such as those noted here, were within the Board's options regardless of the delay due to the litigation.) The following pages of this document show actual costs and the estimated tax impact of the bond sale, updated from pre-referendum communications.

Included in the HMS Project Budget

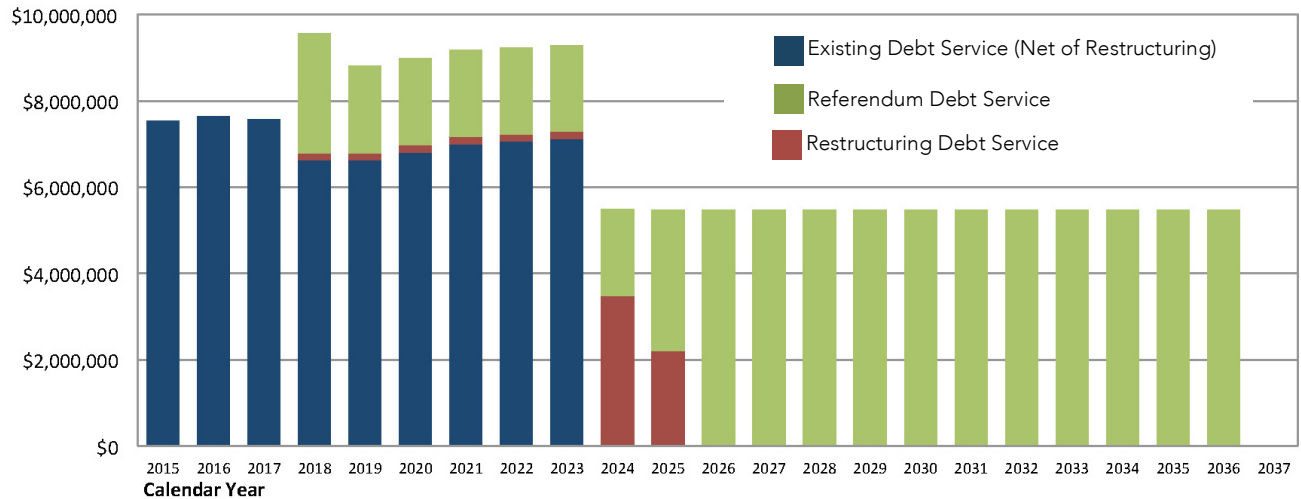
It is important to note that the total HMS project budget of \$53,329,194 includes not only the cost of actually building a school, but also components such as those below:

- A **design contingency**, a **construction contingency**, and an **owner's contingency**.
- An **escalation factor** to address potential cost increases in labor or materials that may occur over the duration of the project.
- Pre-referendum **design services** provided by Cordogan Clark & Associates architects.
- A fee for **Construction Management** and Construction Management staff
- The **relocation of two four-classroom trailers** (mobiles / portables)
- The **relocation of parking spaces** used by staff, residents, and businesses
- **Demolition** of the current building
- Additional, mandated **storm water retention**
- **Asbestos-related environmental needs** (i.e. on-site project management)
- **Soil borings, material testing, Flagg Creek Water Reclamation District fees**, and more

Information on the project budget can be found on our website: www.d181.org > [Our District](#) > [HMS Construction](#). Please continue to Pages 2-4 to learn more about the referendum bond sale's impact for taxpayers.



HMS Referendum Bond Sale: Cost and Tax Impact



Homeowners will see an increase in their tax payment in Calendar Year (CY) 2018. However, because the District's existing debt (shown above in blue) will be paid in full by CY 2023, homeowners will see a decrease in their overall bond and interest tax payment in CY 2024. The District's current debt is primarily due to seven different bond series issued from 2011-2016, which were issued to refinance original bonds for renovations and/or additions at five schools (Madison, Oak, Monroe, Elm, The Lane), and new construction of three schools (CHMS, Prospect, Walker).

The **numbers in red below** show the bond sale figures per the scenario approved by the Board in June 2017. The **numbers in black** show what was estimated in September 2016, prior to passage of the referendum. It is important to note that the first tax bills affected would have been 2017, but litigation caused a delay in the District's ability to sell bonds and therefore the deadline to impact tax bills in the summer of 2017 was missed.

Total Referendum Proceeds	\$53,329,194 \$53,329,194	Estimated Net Debt Service ¹ (Total Cost Plus Interest)	\$83,454,225 \$78,425,194
Estimated Combined TIC ^{1,2}	3.63% 3.17%	Calendar Year of Final Maturity	2035 2036
% Capital Appreciation Bonds ³	58% 0%	Est. Tax Rate Increase (CY 2017) (CY 2018)	0.040 0.086

The 2017 Bonds provided "net bond proceeds" (funds to be used for construction) totaling \$43,629,194. It is anticipated that the final sale of remaining bonds will occur in 2018. The net proceeds generated in the final sale will depend upon the construction needs to finish the HMS project; the Board can sell less than the total referendum amount if the project comes under budget. The bond sale scenario was modified from the pre-referendum scenario to eliminate the use of Capital Appreciation Bonds (CABs) through a modest restructuring of existing debt, which reduced the cost of the bond sale plan by an estimated \$1.5 million.

Data provided by PMA Securities, Inc. See the PMA Analysis posted on the District 181 website for further information. (1) Rates in black were based upon the "AAA" MMD index for December 31, 2015 and recent bond sales which PMA believes to be accurate and reliable. Assumes bonds are sold in multiple phases. CAB premium estimated at 0.50%. Rates in red were based upon the actual sale for the 2017 Bonds and, for the future bond sales, market conditions as of June 1, 2017. (2) True Interest Cost (TIC) is the semiannual discount rate which equates the principal and interest payments to the purchase price paid by the purchaser. (3) A CAB is a bond that does not have periodic interest payments. The investor receives one payment at maturity equal to the principal invested plus interest compounded annually at the original yield to maturity.



HMS Referendum Bond Sale: Cost and Tax Impact

Estimated Homeowner Tax Impact ^{1,2,3,4}

Prior to the referendum, it had been estimated that the tax impact on the median home (valued at \$765,400) would increase by \$100 in levy year 2016 for tax bills collected in 2017 (see *** below). However, the deadline to have the referendum impact those tax bills was March 1, 2017. In short, taxpayers "missed" the year one payment because of the delay in selling bonds resulting from litigation. Therefore, the first levy year impacted will be levy year 2017 collected in 2018, and the first payment cycle will cover 18 months versus approximately 12 months. The Board was given a choice in how to manage that issue: Option #1: Restructure more prior bonds to maintain a second-year impact of \$114 (now the first-year impact) for a median home value. Option #2: Make the first year impact \$214 (\$100 for 2017 + \$114 for 2018). Option #2 was estimated to reduce the debt service by approximately \$625,000 over the life of the referendum plan at issuance as compared to Option #1. The Board chose Option #2.

Pre-Referendum Estimate (September 2016)

For a \$500,000 Home

Current Annual Tax Bill (D181 Only):	\$4,394
Increase from CY 2017-18:	\$64
Decrease from CY 2023-24:	(\$210)
Aggregate for Referendum (Over 20 Years):	\$5,862

For a \$765,400 Home (Median)

Current Annual Tax Bill (D181 Only):	\$6,814
Increase from CY 2016-17:	\$100 (***)
Decrease from CY 2023-24:	(\$326)
Aggregate for Referendum (Over 20 Years):	\$9,089

For a \$1,000,000 Home

Current Annual Tax Bill (D181 Only):	\$8,953
Increase from CY 2016-17:	\$131
Decrease from CY 2023-24:	(\$428)
Aggregate for Referendum (Over 20 Years):	\$11,942

For a \$2,000,000 Home

Current Annual Tax Bill (D181 Only):	\$18,069
Increase from CY 2016-17:	\$264
Decrease from CY 2023-24:	(\$864)
Aggregate for Referendum (Over 20 Years):	\$24,103

Post-Referendum Estimate (June 2017)

For a \$500,000 Home

Current Annual Tax Bill (D181 Only):	\$4,394
Increase from CY 2018-19:	\$138
Decrease from CY 2023-24:	(\$270)
Aggregate for Referendum (Over 20 Years):	\$5,527

For a \$765,400 Home (Median)

Current Annual Tax Bill (D181 Only):	\$6,814
Increase from CY 2018-19:	\$214 (***)
Decrease from CY 2023-24:	(\$418)
Aggregate for Referendum (Over 20 Years):	\$8,571

For a \$1,000,000 Home

Current Annual Tax Bill (D181 Only):	\$8,953
Increase from CY 2018-19:	\$281
Decrease from CY 2023-24:	(\$549)
Aggregate for Referendum (Over 20 Years):	\$11,261

For a \$2,000,000 Home

Current Annual Tax Bill (D181 Only):	\$18,069
Increase from CY 2018-19:	\$567
Decrease from CY 2023-24:	(\$1,109)
Aggregate for Referendum (Over 20 Years):	\$22,729

Data provided by PMA Securities, Inc. See the PMA Analysis posted on the District 181 website for further information. (1) Actual tax rates and payments may vary based on EAV growth, State Law changes, property tax rate initiatives and other factors. Includes \$6,000 homeowner exemption. (2) The estimated tax payment increases do not include the impact from existing debt service. (3) The CY 2024 tax decrease reflects the levy decrease from its highest point (not from the existing levy prior to the referendum financing). (4) Reflects the sum of the estimated payments over the life of the proposed referendum for the respective home value assuming no change in District-wide EAV or the respective home value.



Hinsdale Community Consolidated School District #181

\$53,329,194 Million Referendum - Estimated Homeowner Impact^{1,2}

Actual and Proposed Debt Service Payments					Homeowner Impact \$765,500 Home Value (Median)				Homeowner Impact \$500,000 Home Value				Homeowner Impact \$1,000,000 Home Value				
Levy Year	Bill Payment Year	Current Principal & Interest Payments	Change in Debt Service due to Restructuring	Estimated Principal & Interest Payments for Proposed HMS Bonds	Estimated Total Principal & Interest Payments	Estimated Property Tax Payment for Current Bonds	Estimated Property Tax Change in Debt Service Due to Restructuring	Estimated Property Tax Payment for Proposed HMS Bonds	Estimated Total Property Tax Payment for Bonds	Estimated Property Tax Payment for Current Bonds	Estimated Property Tax Change in Debt Service Due to Restructuring	Estimated Property Tax Payment for Proposed HMS Bonds	Estimated Total Property Tax Payment for Bonds	Estimated Property Tax Payment for Current Bonds	Estimated Property Tax Change in Debt Service Due to Restructuring	Estimated Property Tax Payment for Proposed HMS Bonds	Estimated Total Property Tax Payment for Bonds
2015	2016	\$ 7,651,368	\$ -	\$ -	\$ 7,651,368	\$ 833.42	\$ -	\$ -	\$ 833.42	\$ 537.41	\$ -	\$ -	\$ 537.41	\$ 1,094.88	\$ -	\$ -	\$ 1,094.88
2016	2017	7,568,431	-	-	7,568,431	824.39	-	-	824.39	531.58	-	-	531.58	1,083.01	-	-	1,083.01
2017	2018	7,697,781	(915,417)	2,750,804	9,533,168	838.48	(99.71)	299.63	1,038.40	540.67	(64.30)	193.21	669.58	1,101.52	(130.99)	393.63	1,364.16
2018	2019	7,026,631	(234,358)	1,998,206	8,790,480	765.37	(25.53)	217.65	957.50	493.53	(16.46)	140.35	617.41	1,005.48	(33.54)	285.94	1,257.88
2019	2020	7,131,131	(155,208)	1,995,206	8,971,130	776.76	(16.91)	217.33	977.18	500.87	(10.90)	140.14	630.10	1,020.44	(22.21)	285.51	1,283.73
2020	2021	8,244,581	(1,078,158)	1,992,206	9,158,630	898.04	(117.44)	217.00	997.60	579.07	(75.73)	139.93	643.27	1,179.77	(154.28)	285.08	1,310.56
2021	2022	8,305,631	(1,078,208)	1,989,206	9,216,630	904.69	(117.44)	216.67	1,003.92	583.36	(75.73)	139.71	647.34	1,188.50	(154.29)	284.65	1,318.86
2022	2023	8,359,300	(1,074,208)	1,986,206	9,271,299	910.54	(117.01)	216.35	1,009.87	587.13	(75.45)	139.50	651.18	1,196.18	(153.71)	284.22	1,326.68
2023	2024	-	3,450,093	1,982,706	5,432,799	-	375.80	215.97	591.77	-	242.32	139.26	381.58	-	493.69	283.72	777.41
2024	2025	-	2,173,413	3,244,206	5,417,619	-	236.74	353.37	590.11	-	152.65	227.86	380.51	-	311.01	464.23	775.24
2025	2026	-	-	5,425,106	5,425,106	-	-	590.93	590.93	-	-	381.04	381.04	-	-	776.31	776.31
2026	2027	-	-	5,426,606	5,426,606	-	-	591.09	591.09	-	-	381.15	381.15	-	-	776.53	776.53
2027	2028	-	-	5,421,806	5,421,806	-	-	590.57	590.57	-	-	380.81	380.81	-	-	775.84	775.84
2028	2029	-	-	5,426,206	5,426,206	-	-	591.05	591.05	-	-	381.12	381.12	-	-	776.47	776.47
2029	2030	-	-	5,424,206	5,424,206	-	-	590.83	590.83	-	-	380.98	380.98	-	-	776.18	776.18
2030	2031	-	-	5,425,806	5,425,806	-	-	591.01	591.01	-	-	381.09	381.09	-	-	776.41	776.41
2031	2032	-	-	5,424,406	5,424,406	-	-	590.85	590.85	-	-	380.99	380.99	-	-	776.21	776.21
2032	2033	-	-	5,423,406	5,423,406	-	-	590.74	590.74	-	-	380.92	380.92	-	-	776.07	776.07
2033	2034	-	-	5,425,206	5,425,206	-	-	590.94	590.94	-	-	381.05	381.05	-	-	776.32	776.32
2034	2035	-	-	5,424,469	5,424,469	-	-	590.86	590.86	-	-	381.00	381.00	-	-	776.22	776.22
2035	2036	-	-	5,422,019	5,422,019	-	-	590.59	590.59	-	-	380.82	380.82	-	-	775.87	775.87

Homeowner Impact \$1,500,000 Home Value					Homeowner Impact \$2,000,000 Home Value				Homeowner Impact \$2,500,000 Home Value				Homeowner Impact \$3,000,000 Home Value				
Levy Year	Bill Payment Year	Estimated Property Tax Payment for Current Bonds	Estimated Property Tax Change in Debt Service Due to Restructuring	Estimated Property Tax Payment for Proposed HMS Bonds	Estimated Total Property Tax Payment for Bonds	Estimated Property Tax Payment for Current Bonds	Estimated Property Tax Change in Debt Service Due to Restructuring	Estimated Property Tax Payment for Proposed HMS Bonds	Estimated Total Property Tax Payment for Bonds	Estimated Property Tax Payment for Current Bonds	Estimated Property Tax Change in Debt Service Due to Restructuring	Estimated Property Tax Payment for Proposed HMS Bonds	Estimated Total Property Tax Payment for Bonds	Estimated Property Tax Payment for Current Bonds	Estimated Property Tax Change in Debt Service Due to Restructuring	Estimated Property Tax Payment for Proposed HMS Bonds	Estimated Total Property Tax Payment for Bonds
2015	2016	\$ 1,652.35	\$ -	\$ -	\$ 1,652.35	\$ 2,209.83	\$ -	\$ -	\$ 2,209.83	\$ 2,767.30	\$ -	\$ -	\$ 2,767.30	\$ 3,324.78	\$ -	\$ -	\$ 3,324.78
2016	2017	1,634.44	-	-	1,634.44	2,185.87	-	-	2,185.87	2,737.31	-	-	2,737.31	3,288.74	-	-	3,288.74
2017	2018	1,662.38	(197.69)	594.05	2,058.74	2,223.23	(264.39)	794.47	2,753.32	2,784.09	(331.08)	994.89	3,447.90	3,344.94	(397.78)	1,195.32	4,142.48
2018	2019	1,517.44	(50.61)	431.52	1,898.35	2,029.39	(67.69)	577.11	2,538.82	2,541.35	(84.76)	722.70	3,179.29	3,053.31	(101.84)	868.29	3,819.76
2019	2020	1,540.01	(33.52)	430.88	1,937.36	2,059.58	(44.83)	576.24	2,590.99	2,579.15	(56.13)	721.61	3,244.63	3,098.72	(67.44)	866.98	3,898.26
2020	2021	1,780.46	(232.83)	430.23	1,977.85	2,381.16	(311.39)	575.38	2,645.15	2,981.85	(389.94)	720.53	3,312.44	3,582.55	(468.50)	865.68	3,979.73
2021	2022	1,793.65	(232.84)	429.58	1,990.38	2,398.79	(311.40)	574.51	2,661.90	3,003.93	(389.96)	719.44	3,333.42	3,609.08	(468.52)	864.38	4,004.94
2022	2023	1,805.24	(231.98)	428.93	2,002.19	2,414.29	(310.25)	573.65	2,677.69	3,023.34	(388.51)	718.36	3,353.19	3,632.40	(466.78)	863.07	4,028.69
2023	2024	-	745.07	428.18	1,173.24	-	996.44	572.63	1,569.07	-	1,247.81	717.09	1,964.90	-	1,499.18	861.55	2,360.73
2024	2025	-	469.36	700.60	1,169.96	-	627.71	936.97	1,564.69	-	786.07	1,173.35	1,959.41	-	944.42	1,409.72	2,354.14
2025	2026	-	-	1,171.58	1,171.58	-	-	1,566.85	1,566.85	-	-	1,962.12	1,962.12	-	-	2,357.39	2,357.39
2026	2027	-	-	1,171.90	1,171.90	-	-	1,567.28	1,567.28	-	-	1,962.66	1,962.66	-	-	2,358.04	2,358.04
2027	2028	-	-	1,170.87	1,170.87	-	-	1,565.90	1,565.90	-	-	1,960.93	1,960.93	-	-	2,355.96	2,355.96
2028	2029	-	-	1,171.82	1,171.82	-	-	1,567.17	1,567.17	-	-	1,962.52	1,962.52	-	-	2,357.87	2,357.87
2029	2030	-	-	1,171.39	1,171.39	-	-	1,566.59	1,566.59	-	-	1,961.80	1,961.80	-	-	2,357.00	2,357.00
2030	2031	-	-	1,171.73	1,171.73	-	-	1,567.05	1,567.05	-	-	1,962.37	1,962.37	-	-	2,357.69	2,357.69
2031	2032	-	-	1,171.43	1,171.43	-	-	1,566.65	1,566.65	-	-	1,961.87	1,961.87	-	-	2,357.09	2,357.09
2032	2033	-	-	1,171.21	1,171.21	-	-	1,566.36	1,566.36	-	-	1,961.51	1,961.51	-	-	2,356.65	2,356.65
2033	2034	-	-	1,171.60	1,171.60	-	-	1,566.88	1,566.88	-	-	1,962.16	1,962.16	-	-	2,357.43	2,357.43
2034	2035	-	-	1,171.44	1,171.44	-	-	1,566.67	1,566.67	-	-	1,961.89	1,961.89	-	-	2,357.11	2,357.11
2035	2036	-	-	1,170.91	1,170.91	-	-	1,565.96	1,565.96	-	-	1,961.00	1,961.00	-	-	2,356.05	2,356.05

Notes:
 (1) Actual tax rates and payments may vary based on EAV growth, State Law changes, property tax rate initiatives and other factors. Includes \$6,000 homeowner exemption.
 (2) Analysis assumes District EAV and value of homes remain constant throughout life of proposed bonds

