

ED-RED'S DECEMBER MEMBER MEETING

December 6th, 2024

Welcome
Northwest
Suburban School
Business Officials!



EDUCATION.RESEARCH.DEVELOPMENT

Advocating for quality public education on behalf of the suburban school districts we serve

TODAY'S AGENDA

Consent Agenda

Guest Speakers

Executive Director's Report

Upcoming ED-RED Events

CONSENT AGENDA

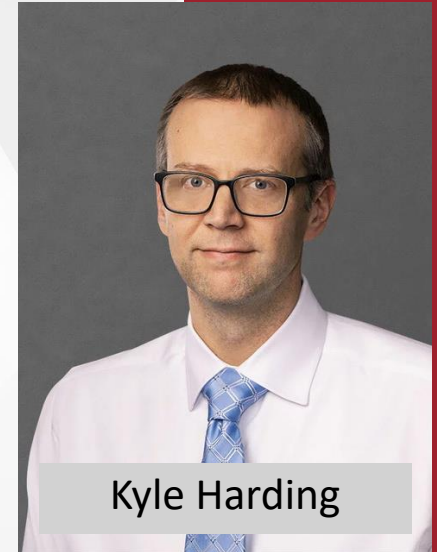
NOVEMBER MEMBER MEETING MINUTES

GUEST SPEAKERS

CHAPMAN PARTNERS



Anjali Vij



Kyle Harding



Joint ED-RED & NWSSBO Member Meeting
December 6, 2024

Legislative Update Re Public Act 103-591

Presented by:

Anjali Vij
Kyle Harding
Chapman and Cutler LLP

Chapman and Cutler LLP

Bond Counsel Practice

- ▶ We serve as bond counsel to hundreds of school districts in Illinois in connection with the issuance of debt
 - ▶ Advise as to state law authorization
 - ▶ Advise as to tax-exempt status
 - ▶ Prepare major bond documents (bond resolution, tax agreement) and other proceedings
 - ▶ Render unqualified validity opinion
- ▶ Our Firm has had a bond counsel practice since its founding in 1913
- ▶ Currently, we have 13 attorneys dedicated solely to public finance matters in Illinois

Legislative Practice

- ▶ We monitor and review all legislation impacting school finance
- ▶ We also assist and advise Ed-Red and other school alliance groups regarding such legislation

Recent Legislative Efforts Re Borrowing Powers (Pre- PA 103-591)

- ▶ School districts have several non-referendum borrowing alternatives, including:
 - ▷ Working Cash Fund Bonds
 - ▷ Funding Bonds
 - ▷ Life Safety Bonds
 - ▷ Debt Certificates
 - ▷ Alternate Revenue Bonds
- ▶ Numerous bills have been introduced that would limit these powers, including:
 - ▷ Various “Stacked Debt” bills
 - ▷ Various “Tax Freeze” bills
 - ▷ Various “Footprint-only Refunding” bills

Recent Legislative Efforts Re Borrowing Powers (Pre- PA 103-591) (continued)

- ▶ Bills designed to facilitate borrowings have also been introduced, approved by the General Assembly and signed by the Governor, including:
 - ▷ Debt Service Extension Base CPI Escalator (PA 96-501, eff. 8/14/2009)
 - ▷ Increasing Working Cash Fund Capacity (PA 101-416, eff. 8/16/2019)
 - ▷ Numerous District-specific Debt Limit Exceptions

Public Act 103-591 (HB 4582)

- ▶ Makes several changes to the statutory framework governing school borrowings
- ▶ Effective Date: July 1, 2024
- ▶ Bill sponsors: Senator Don Harmon (D-Oak Park); Representative Robert “Bob” Rita (D-Blue Island)
- ▶ Senate vote to pass the bill back to the House as amended by Senate Floor Amendment No. 1 (3/5 vote required): 40-18-0
- ▶ House motion to concur in Senate Floor Amendment 1 (which became the bill) (3/5 vote required): 72-38-0

Public Act 103-0591 – List of Changes

- ▶ **Excepts taxes levied to pay school fire prevention and safety (SFPS) bonds from PTELL**
 - ▷ SFPS Bonds are issued to bring existing school buildings up to code.
 - ▷ SFPS Bonds must be approved by the Regional Superintendent (or, in Cook County, the Executive Director of the Intermediate Service Center) and the State Superintendent.
 - ▷ Prior to PA 103-0591, extensions made to pay SFPS Bonds were only excepted from PTELL to the extent such extensions were within the applicable debt service extension base (DSEB).
 - ▷ DSEB availability varies greatly among school districts.

Public Act 103-0591 – List of Changes (continued)

- ▶ **Excepts all voter-approved bonds, beginning with the November 2024 general election, from debt limit**
 - ▷ Section 19-1 of the School Code includes numerous exceptions to applicable debt limits, including approximately 45 district-specific debt limit exceptions for voter-approved bonds.
 - ▷ Pursuant to Section 19-1(a-5) of the School Code and Section 21 of the Bond Issue Notification Act (BINA), any school district, prior to issuing voter-approved bonds, must hold a public hearing, if the school district is relying on a Section 19-1 debt limit exception.
 - ▷ The Act does not amend this public hearing requirement. As such, all school districts, prior to issuing voter-approved bonds, must hold a Section 19-1(a-5) public hearing to avail of this debt limit exception.

Public Act 103-0591 – List of Changes (continued)

- ▶ **Eliminates referendum requirement for new school building construction that results in an increase in pre-kindergarten and/or kindergarten classroom space**
 - ▷ Generally speaking, direct referendum approval is required to build or purchase a building for classroom or instructional purposes, including a building purchased or constructed for pre-k and kindergarten programming.
 - ▷ The general rule applies even when the school district has sufficient funds on hand.
 - ▷ There are several, narrow exceptions to the general rule, including financing the new building with bonds secured by County School Facility Sales Tax revenues.
 - ▷ Due to debt limit constraints and, for tax-capped districts, DSEB constraints, school districts will continue to need direct referendum approval of bonds for the vast majority of new school building projects.

Public Act 103-0591 – List of Changes (continued)

- ▶ **Increases maximum term of school district bonds to 30 years**
 - ▷ Prior to PA 103-0591, the maximum term of school bonds was limited to 20 years by law.
 - ▷ School districts often borrow to finance capital assets with useful lives significantly longer than 20 years, such as new gymnasiums, science labs and classroom additions.
 - ▷ The increased term under the Act is limited to school bonds which are issued for the purpose of purchasing, constructing or improving real property.

Public Act 103-0591 – List of Changes (continued)

- ▶ **Amends various provisions of the School Code to reduce the need for “premium” bond structures**
 - ▷ School districts often sell bonds at a premium price in order to generate funds to pay costs of issuance and/or capitalize interest.
 - ▷ This change allows the par amount of certain school bonds be increased by an amount not to exceed 3% of the authorized amount to cover costs of issuance and/or capitalized interest.
 - ▷ The increased par amount of such bonds (i) is subject to all applicable debt limits, (ii) must be included in the public hearing notice under the Bond Issue Notification Act and (iii) must be included in the notice of intent for any backdoor referendum proceedings.

This document has been prepared by Chapman and Cutler LLP attorneys for informational purposes only. It is general in nature and based on authorities that are subject to change. It is not intended as legal advice. Accordingly, readers should consult with, and seek the advice of, their own counsel with respect to any individual situation that involves the material contained in this document, the application of such material to their specific circumstances, or any questions relating to their own affairs that may be raised by such material.

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EXECUTIVE DIRECTOR'S REPORT

- Annual Initiatives Update
- Veto Session Recap
- Lame Duck/Spring Session Overview



ED-RED'S 2024-25

ANNUAL INITIATIVES



Upholding State Paid
Leave Law



Updating the Dual
Credit Quality Act



Deprioritizing Schools
as Polling Places

VETO SESSION RECAP

- Pension Bills Filed
- Non-Education Legislative Action



2025 SESSION OVERVIEW

- **Lame Duck Session: 1/2-1/7**
- **Inauguration: 1/8**
- **104th General Assembly**
 - **20 Additional Days**
 - **4 Open Weeks**
- **Adjournment: 5/31**



UPCOMING ED-RED EVENTS

2025 LEGISLATIVE DINNER

- Evening of Monday, January 27th
- Stevenson High School
- Keynote Announcement
- Registration Open!



2025 LEGISLATIVE DINNER KEYNOTE
SPEAKER



NOELLE ELLERSON NG
*ASSOCIATE EXECUTIVE DIRECTOR, ADVOCACY
& GOVERNANCE*

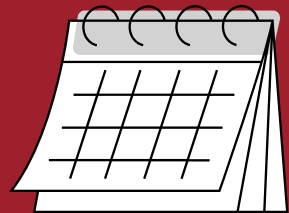


FEBRUARY

MEMBER MEETING

Friday, February 7th at 1:30pm
Zoom Only

Guest Speaker: TBD



Adjournment

