

# Working Cash Bonds for Capital Projects

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*October 15, 2025*



WAUBONSEE  
COMMUNITY COLLEGE

# Working Cash Fund (WCF) Bonds

- Authorized by Section 3-33.2 of the Public Community College Act
- Proceeds of WCF Bonds are deposited to WCF
- Subject to limitation as to WCF Bonds outstanding
  - Maximum WCF Bonds approximately \$95 million
- Subject to limitation as to WCF size
- Not subject to 30-day petition period
- The Board must hold a Bond Issue Notification Act (BINA) Hearing
- May be issued to finance capital projects
  - Intend to fund deferred maintenance projects



# Non-Referendum General Obligation Bonds

- Since the College is subject to tax caps, the annual debt service (principal and interest) payments on non-referendum General Obligation Working Cash Bonds are limited by the College's Debt Service Extension Base (DSEB)
- Original DSEB was determined in tax year 1994 and was equal to the amount of non-referendum debt service levied for that year
  - Maximum length of maturity is 20 years
- Public Act 96-0501, enacted in 2009, increases a college's DSEB annually by the Consumer Price Index (CPI)
  - Original DSEB: \$451,463
  - DSEB for levy year 2025: \$657,144



# Existing Debt Service on Levied Bonds

<u>Limited Tax Debt Service</u>						<u>Unlimited Tax Debt Service</u>					
		\$1,955,000		Non Referendum		\$32,645,000		Total General			
		Taxable GO		Debt Service		Taxable GO		Obligation			
		Limited		Extension		Refunding		Bonds Debt			
		Refunding		Base Created		Bonds, Series		Service			
Levy	Fiscal	Bonds, Series		W/1994 Levy	Remaining	2021B	Total		Rate Setting EAV	Growth	B&I Tax
Year	Year	2021A	Total	(1)	Margin (1)					Rate	Rate
2021	2023	\$ 526,538	\$ 526,538	\$ 560,204	\$ 33,667	\$ 3,816,169	\$ 3,816,169	\$ 4,342,706	\$ 11,120,331,738	4.34%	0.0394
2022	2024	540,498	540,498	588,214	47,717	3,816,319	3,816,319	4,356,816	11,917,638,946	7.17%	0.0366
2023	2025	543,893	543,893	617,625	73,732	3,816,119	3,816,119	4,360,011	12,982,022,703	8.93%	0.0336
2024	2026	316,733	316,733	638,624	321,892	3,815,569	3,815,569	4,132,301	14,620,519,870	12.62%	0.0283
2025	2027	-	-	657,144	657,144	3,814,669	3,814,669	3,814,669	14,620,519,870	0.00%	0.0261
2026	2028	-	-	667,001	667,001	3,813,419	3,813,419	3,813,419	14,620,519,870	0.00%	0.0261
2027	2029	-	-	677,006	677,006	3,816,819	3,816,819	3,816,819	14,620,519,870	0.00%	0.0261
2028	2030	-	-	687,162	687,162	3,814,819	3,814,819	3,814,819	14,620,519,870	0.00%	0.0261
2029	2031	-	-	697,469	697,469	3,817,469	3,817,469	3,817,469	14,620,519,870	0.00%	0.0261
2030	2032	-	-	707,931	707,931	-	-	-	14,620,519,870	0.00%	0.0000
2031	2033	-	-	718,550	718,550	-	-	-	14,620,519,870	0.00%	0.0000
2032	2034	-	-	729,328	729,328	-	-	-	14,620,519,870	0.00%	0.0000
2033	2035	-	-	740,268	740,268	-	-	-	14,620,519,870	0.00%	0.0000
2034	2036	-	-	751,372	751,372	-	-	-	14,620,519,870	0.00%	0.0000
2035	2037	-	-	762,643	762,643	-	-	-	14,620,519,870	0.00%	0.0000
2036	2038	-	-	774,082	774,082	-	-	-	14,620,519,870	0.00%	0.0000
2037	2039	-	-	785,694	785,694	-	-	-	14,620,519,870	0.00%	0.0000
2038	2040	-	-	797,479	797,479	-	-	-	14,620,519,870	0.00%	0.0000
2039	2041	-	-	809,441	809,441	-	-	-	14,620,519,870	0.00%	0.0000
2040	2042	-	-	821,583	821,583	-	-	-	14,620,519,870	0.00%	0.0000
2041	2043	-	-	833,907	833,907	-	-	-	14,620,519,870	0.00%	0.0000
2042	2044	-	-	846,415	846,415	-	-	-	14,620,519,870	0.00%	0.0000
2043	2045	-	-	859,111	859,111	-	-	-	14,620,519,870	0.00%	0.0000
2044	2046	-	-	871,998	871,998	-	-	-	14,620,519,870	0.00%	0.0000
<b>Total DS From</b>											
<b>Current FY:</b>		<u>\$ 316,733</u>	<u>\$ 316,733</u>			<u>\$ 22,892,763</u>	<u>\$ 22,892,763</u>	<u>\$ 23,209,495</u>			

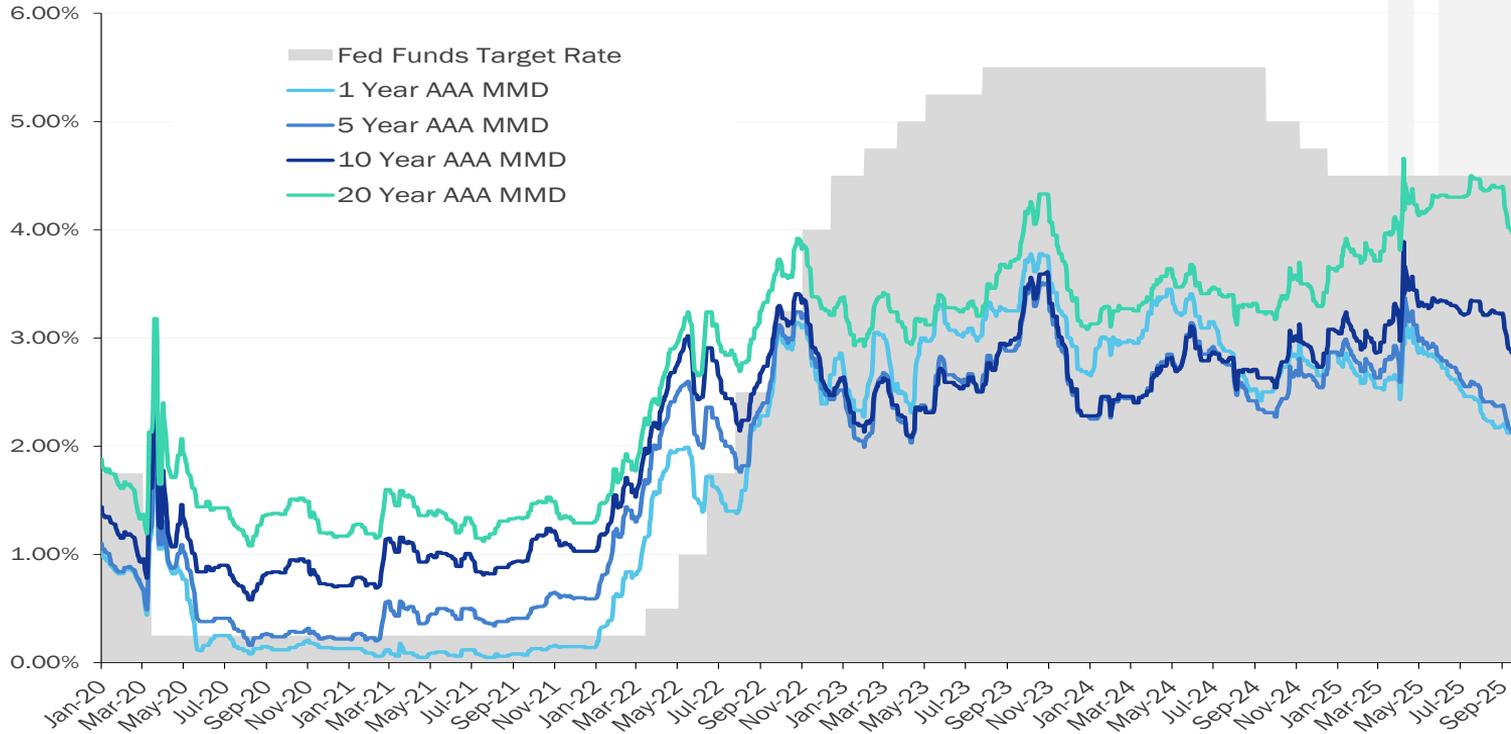
(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009. The applicable CPI increase has been applied to levy years 2009-2025, and assumed to be 1.5% per year thereafter.

# Bond Market Tone

- The tax-exempt bond market has been volatile over the last several months given ongoing tariff discussions and news
  - Initial tariff talks elevated concerns about a global trade war and a slowdown in economic growth
  - The weaker than expected jobs report last month pushed market expectations for a Fed rate cut in September to 100%, as well as additional cuts before year-end
    - The bond market rally in early September was driven largely by several weeks of soft economic data, reinforcing the narrative of a slowing economy
  - A revised expectation for only one remaining Fed rate cut in 2025 caused rates on the short end of the Municipal Market Data (MMD) Index to increase in mid-to-late September
    - MMD rates reflect market expectations of one more Fed rate cut in 2025



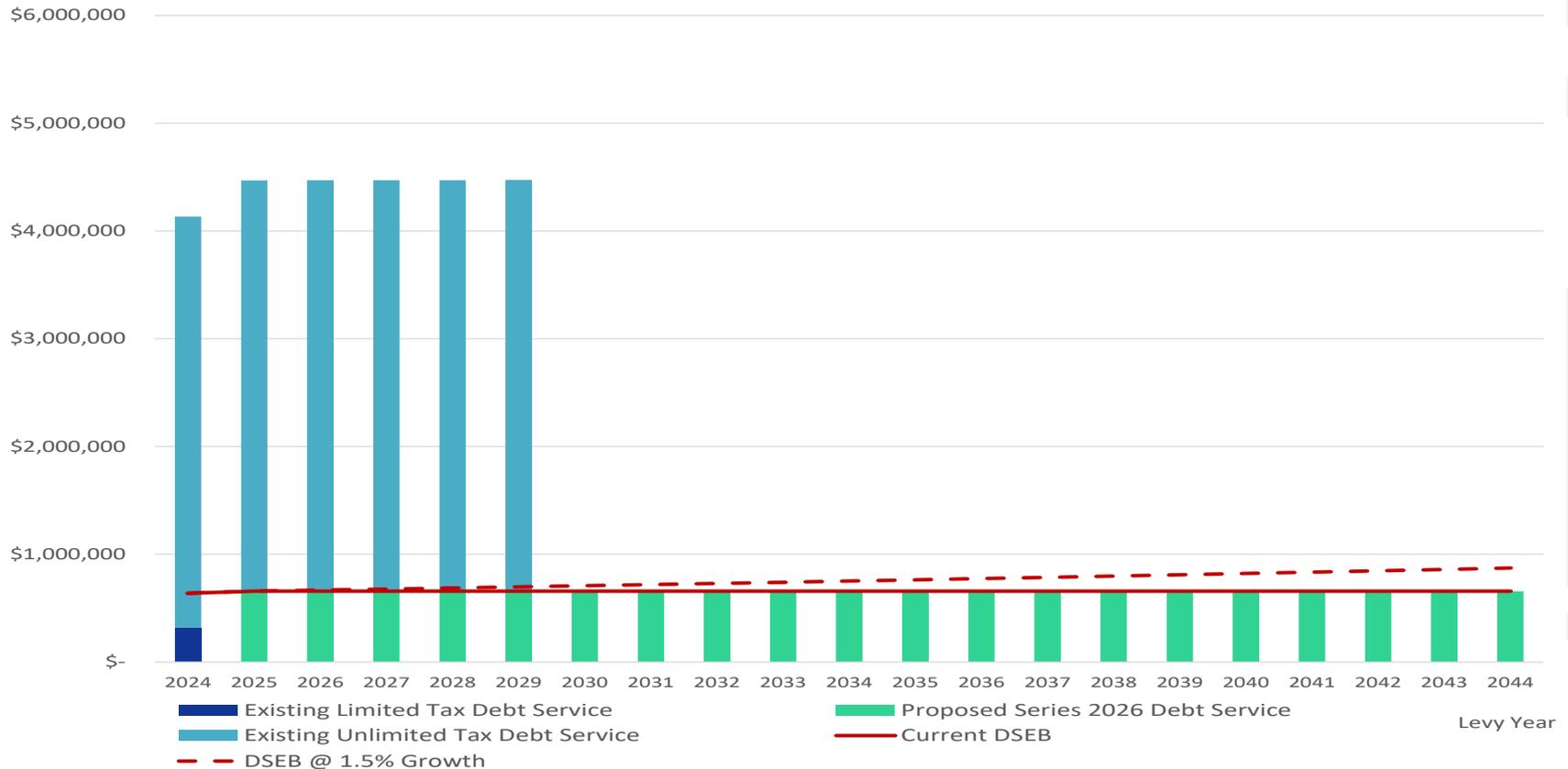
# Tax Exempt Rates since January 1, 2020



\*The Municipal Market Data "MMD" is a AAA municipal bond market index produced by TM3. As September 26, 2025.

Upcoming Fed meetings: October 28/29, December 9/10

# Series 2026 Working Cash Bond Capacity Over 20 Years at Current Market Rates Proceeds = \$8.55 Million



# Suggested Timeline for Series 2026 Working Cash Bonds

<b>October 15, 2025</b>	Present financing plan and timeline to Board of Trustees
<b>November 19, 2025</b>	Board adopts Resolution calling Bond Issue Notification Act (BINA) hearing at regular meeting
<b>~November 21, 2025</b>	Legal notice published in the newspaper
<b>December 17, 2025</b>	Board holds BINA hearing at regular meeting
<b>January 21, 2026</b>	Board approves parameters resolution authorizing the sale of Working Cash Bonds at regular meeting
<b>January 26, 2026</b>	Working Cash Bonds sold via competitive sale; delegates approve final results
<b>February 17, 2026</b>	Bonds close; College receives Working Cash Bond proceeds



# Spend Down Requirements

- When issuing **tax exempt bonds**, the District should consider the following IRS requirements:
  - The District must reasonably expect to spend or contractually obligate 5% of a bond issue within six months of issuance
  - The District must reasonably expect to spend 85% of the bond proceeds in three years
  - The District must diligently spend the bond proceeds
- During the aforementioned 3-Year “Temporary Period,” bond proceeds may be invested at materially higher yields than the bond yield
  - This could create an arbitrage rebate liability

