

## FCW Newsletter

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**From:** Susan Quinn [susan.quinn@comcast.net]  
**Sent:** Thursday, March 11, 2010 10:37 AM  
**To:** 'Susan Quinn'  
**Subject:** District 15 Votes to Issue Bonds to Finance Deficit Spending

Dear Friends,

Last night, the **District 15 Board voted 4:3 (Quinn, Millar, Bloom dissenting)** to move forward with issuing \$26M in **20 year bonds to finance deficit spending over the next several years**, deficit spending due to recently signed union contracts that we cannot afford. An article in today's Daily Herald (below) does a good job of describing the issue.

District 15 has many, much-needed capital projects (roofing, electrical, plumbing) that require funding in the decade to come. The proper way to fund capital projects is through issuing bonds (this is like taking out a 20 year loan to fix your roof or remodel your house). Last night, I proposed that we restrict our bond issue to capital projects. My proposal was rejected on a 3:4 vote by the majority block on the board, including Dr. Chapman and Dr. Ekeberg.

Instead, this majority of the board insisted that we issue working cash bonds for "reserves." In the next **two years**, this same board is planning to bleed down those "reserves" by **deficit spending \$7M**. This is like refinancing your house, taking out the equity, and spending it on day to day expenses. Not only is this a bad financial deal, but it reduces the ability of the district to use our bonding capacity for essential building repairs.

**The taxpayers of District 15 should be outraged at this poor fiscal management of the scarce resources for educating our kids.**

There are two things you can do to help:

- 1) Remember this fiscal mismanagement when you go to the polls in 2011 and **vote Dr. Chapman and Dr. Ekeberg out of office.**
- 2) **Sign a petition to put this bond sale on the ballot in November** – normally, bond issues like this do not require voter approval. However, if the public objects to the bond sale, they can sign a petition to put it on the ballot, so that the voters may decide if this is how they want their district run and their taxes spent. Mary Vanek ([mary.vanek@comcast.net](mailto:mary.vanek@comcast.net)) is organizing a petition drive.

I am doing what I can on the Board of Education to make sure our kids are getting a world class education, while wisely stewarding the taxpayer's dollars. But I can't do it alone – the community needs to exercise their power to hold their elected officials responsible for their actions.

Also: please feel free to forward this email. I would be happy to add/remove anyone from the list that requests it.

Thank you all for your ongoing support.

Regards,  
Sue Quinn  
District 15 Board of Education  
Susan.quinn@comcast.net

**Dist. 15 prepares for \$27 million bond sale, cuts**

By Kimberly Pohl | Daily Herald Staff

Published: 3/11/2010 12:00 AM

Palatine Township Elementary District 15 officials could call for layoffs or request the unions to reopen their contracts. Programs and staff development opportunities may be eliminated. While none of these specific cost-cutting measures have been announced, it was evident at Wednesday's school board meeting that drastic reductions are on the horizon.

The board unanimously agreed that the district should aim to keep its fund balance at 30 percent of the operating budget. Now, reserves are projected to hemorrhage from 35.7 percent this school year to just 1.2 percent in 2014-15. And by a 4-3 vote, the board passed a resolution stating the district's intention to issue up to \$27 million in working cash fund bonds in order to bolster cash balances and fund capital projects.

Now, it's up to the administration to come up with recommendations on how to trim more than \$15 million in expenditures over the next five years. "If we do nothing ... next year we start deficit spending and it goes downhill very rapidly," said Merilee McCracken, interim assistant superintendent for business and auxiliary services.

She recommended the bond sale, citing the need to raise cash balances in light of reduced state funding and late property tax distributions from Cook County. She also discussed the opportunity to lock in low borrowing costs and a favorable construction bidding climate.

The interest rate on the bonds would average about 4.3 percent, a figure that would be higher if not for the Build America Bonds initiative, in which the federal government finances 35 percent of the interest cost on bonds used for capital improvements.

The decision to issue bonds was unpopular with about a dozen residents, including municipal bond investment banker and District 15 parent Eric Anderson. He estimated the district would pay nearly \$21 million in interest over the 20-year life of the bonds and called the move a backdoor referendum.

Palatine resident Jane Van Wolvelear was also critical, largely blaming the financial crisis on the board for approving teachers and bus drivers union contracts she said the district can't support.

"Most often when a school district or municipality issues bonds it is to finance a new building or permanently improve the structures that they have," she said. "It is not to pay day-to-day operating expenses."

School board members Sue Quinn, Tim Millar and Mark Bloom voted for an alternative that would restrict the bond sale proceeds to funding capital projects, but the motion failed.

A public hearing will take place at the April 14 board meeting. If the bond sale is completed in May, the district would start to see the money in June.