

ATTORNEY-CLIENT PRIVILEGED

MEMORANDUM

TO: Jason Smith, Chief School Business Official
Coal City Community Unit School District Number 1,
Grundy and Will Counties, Illinois (the “*District*”)

FROM: Anjali Vij, Chapman and Cutler LLP
Melissa O’Connor, Chapman and Cutler LLP

DATE: March 26, 2025

RE: Working Cash Fund Calculation – General Obligation School Bonds,
Series 2023A (the “*Series 2023A Bonds*”)

The purpose of this Memorandum is to summarize the amount of working cash fund bonds outstanding for the purpose of calculating the maximum amount of working cash fund bonds that may be issued at a given time.

1. Background

Section 20-2 of the School Code of the State of Illinois, as amended, sets forth the formula for calculating the amount of working cash fund bonds that a school district may issue. This formula is based on a school district’s equalized assessed valuation, maximum educational fund rate, amount of evidence-based funding received, and amount of personal property replacement taxes estimated or received. The amount based on such factors is further reduced by the greater of (i) the working cash fund balance or (ii) the outstanding par amount of working cash fund bonds previously issued.

2. Amount of Working Cash Fund Bonds Outstanding

At the time of issuance of the Series 2023A Bonds, the District had a working cash fund balance that was less than the amount of working cash fund bonds outstanding. To determine the par amount of working cash fund bonds outstanding, the purposes of the outstanding bonds were

reviewed and any bonds not issued for working cash fund purposes excluded. Prior to issuing the Series 2023A Bonds, the District had the following outstanding bonds:

- General Obligation School Bonds, Series 2010
- General Obligation School Bonds, Series 2016 (the “*Series 2016 Bonds*”)
- General Obligation Refunding School Bonds, Series 2017
- General Obligation Refunding School Bonds, Series 2018

Of the issues above, only the Series 2016 Bonds included a working cash fund bond component. The Series 2016 Bonds were originally issued in the total aggregate amount of \$7,105,000, and of such amount \$6,000,000 were issued as working cash fund bonds and \$1,105,000 were issued as refunding bonds. The working cash fund bonds may be allocated to the earlier maturities, and as a result only \$4,995,000 of the outstanding Series 2016 Bonds were considered outstanding for purposes of the statutory formula.

Given the \$4,995,000 amount of outstanding working cash fund bonds, the District had lawful authority to issue its Series 2023A Bonds on November 16, 2023. As of closing on November 16, 2023, and including the Series 2023A Bonds, the District had \$19,995,000 of working cash fund bonds that count against the statutory limit going forward.