

Community Unit School District Number 203

DuPage and Will Counties, Illinois
(Naperville)

\$10,000,000 General Obligation School
Building Bonds, Series 2008

Bids Accepted on: April 9, 2008



Prepared by:
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Community Unit School District Number 203
DuPage and Will Counties, Illinois
(Naperville)
\$10,000,000 General Obligation School Building Bonds, Series 2008

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April 9, 2008



EHLERS
& ASSOCIATES INC

Superintendent and Board of Education
Community Unit School District Number 203
Du Page and Will Counties, Ill

RE: Bids for \$10,000,000 General Obligation School Building Bonds, Series 2008

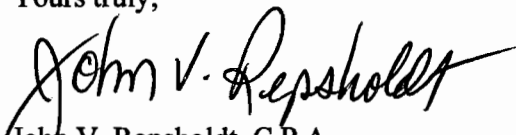
We received 10 bids this morning from qualified underwriting syndicates. There were a total of 16 underwriters located in 12 States that participated in the bidding. Prior to the bidding we received competitive quotes from 2 nationally recognized bond insurance groups. Bond insurance did not improve the initial public offering value for the issue so it was not purchased. The reason that insurance had no value for this offering is due to the AAA S&P rating on the bonds without insurance and in a small part the upgrade to Aa1 by Moody's.

The big story is the attractiveness of this issue to domestic banks and the bank qualified designation. Two weeks ago, the City of Naperville sold non bank qualified bonds competitively. Even though there has been no appreciable change in the market from March 27th when the City of Naperville sold and today, the reoffering rates for the City's bonds are about 1% higher than the District's reoffering rates for similar maturities. A 1% increase in rates on the District's issue would have resulted in a gross interest cost of about \$9.1 million instead of the \$7.3 million that was bid. **A savings of \$1.8 million.**

The bank qualified designation carries with it the commitment to limit new issues of tax-exempt obligations to not more than \$10 million per year in total. For this year, the commitment was not onerous since there are no significant construction demands relative to the District's available balances. However, it is expected that construction cash flow demands will increase as we get into 2009. If interest rate differentials persist though 2008, the amount and timing of the subsequent bond offering(s), bank qualified designation and construction demands will become more critical. The District is in the very enviable position, because of its prudent financial practices, to consider the potential of issuing other bank qualified bonds for delivery in 2009 or 2010. We have much to consider in the weeks and months ahead.

We express our thanks and appreciation to the District's staff and Finance Committee for their assistance and guidance. The importance of Dave Zager's input to the success of this bond offering was substantial.

Yours truly,


John V. Repsholdt, C.P.A.,
Financial Advisor
Ehlers and Associates, Inc.

PRACTICAL FINANCIAL SOLUTIONS FOR BETTER COMMUNITIES

Equal Opportunity Employer

Charter Member of the National Association
of Independent Public Finance Advisors

Subject to compliance by the District with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. The interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion.

The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

New Issue

**Rating Applications Made: Moody's Investors Service
Standard & Poor's Credit Market Services**

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 28, 2008

COMMUNITY UNIT SCHOOL DISTRICT NUMBER 203

**DuPAGE AND WILL COUNTIES, ILLINOIS
(Naperville)**

\$10,000,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2008

BID OPENING: April 9, 2008, 11:00 A.M., C.T.

CONSIDERATION: April 9, 2008, 3:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$10,000,000* General Obligation School Building Bonds, Series 2008 (the "Bonds" or "Obligations") are being issued by Community Unit School District Number 203, DuPage and Will Counties, Illinois (the "District") pursuant to Article 19 of the School Code of the State of Illinois, as amended, the Local Government Debt Reform Act of the State of Illinois, as amended, and a successful \$43,000,000 referendum held on February 5, 2008. Proceeds of the Bonds will provide funds to finance the cost to build and equip additions to and alter, repair and equip the Naperville Central High and Mill Street Elementary School Buildings; alter, repair and equip other school buildings of the District, including the Naperville North High School Building; build and equip an early childhood school building; and improve the sites thereof. The Bonds are valid and binding general obligations of the District, and all the taxable property in the District is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois.

DATE OF BONDS:

May 1, 2008

MATURITY:

February 1 as follows:

<u>Year</u>	<u>Amount**</u>	<u>Year</u>	<u>Amount**</u>
2025	\$1,630,000	2027	\$2,790,000
2026	2,680,000	2028	2,900,000

MATURITY ADJUSTMENTS:

** The District reserves the right to increase or decrease the amount of any individual maturity of the Bonds in increments of \$5,000 on the day of sale. If individual maturities are increased or decreased, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS:

See "Term Bond Option" herein.

INTEREST:

February 1, 2009 and semiannually thereafter.

OPTIONAL REDEMPTION:

The Bonds are subject to call for prior redemption on February 1, 2018 and any date thereafter, at par.

MINIMUM BID:

\$10,000,000.

MAXIMUM BID:

\$10,200,000.

GOOD FAITH DEPOSIT:

\$200,000.

PAYING AGENT:

Bond Trust Services Corporation, Roseville, Minnesota.

BOOK-ENTRY-ONLY:

See "Book-Entry-Only System" herein.

* Preliminary, subject to change.

This Preliminary Official Statement will be further supplemented by an addendum specifying the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date, and Syndicate Manager and Syndicate Members, together with any other information required by law, and, as supplemented, shall constitute a "Final Official Statement" of the District with respect to the Bonds, as defined in S.E.C. Rule 15c2-12.



EHLERS
& ASSOCIATES INC

**Summary Information for the
\$10,000,000 General Obligation Library Building Bonds, Series 2008
Community Unit School District Number 203
DuPage and Will Counties, Illinois
(Naperville)**

Date of Sale: April 9, 2008

Interest Rates and Markets:

High Bid:	4.0093%	
Low Bid:	<u>3.9170%</u>	
Difference:	0.0923%	Interest cost savings between low and high bid: \$153,979.92

Bidding Information: Number of bids: 10 Bids

Harris N.A. (Chicago, IL)	3.9170%
Vining Sparks IBG, L.P. (Chicago, IL)	3.9256%
Morgan Keegan & Co., Inc. (Memphis, TN)	3.9492%
Southwest Securities, Inc. (Hillsdale, NY)	3.9649%
Piper Jaffray & Co. (Leawood, MO)	3.9680%
Fifth Third Bank (Grand Rapids, MI)	3.9708%
Griffin, Kubik, Stephens & Thompson, Inc. (Chicago, IL)	3.9868%
Commerce Capital Markets, Inc. (Philadelphia, PA)	3.9937%
RBC Capital Markets (St. Petersburg, FL)	4.0074%
Robert W. Baird & Co. (Milwaukee, WI)	4.0093%

Bond Rating Information: Underlying: Moody's "Aa1", Standard & Poor's "AAA"

Insurance: The winning bidder did not purchase Bond Insurance. The quotes were MBIA at \$40,300 and FSA at \$70,000.

Bond Buyer Index at Time of Sale: 4.90%

Bank Qualified: Issue was bank qualified.

Average Bond Years: 18.470 years

Low Bid Underwriter Spread: .50% or \$50,000

Comments on Bids:

We had an excellent sale today. Interest rates came in lower than estimated.

Prepared by:

John V. Repsholdt, Financial Advisor
Ehlers & Associates
April 9, 2008

BID TABULATION

\$10,000,000* General Obligation School Building Bonds, Series 2008

DuPAGE & WILL COUNTIES COMMUNITY UNIT SCHOOL DISTRICT NUMBER 203 (NAPERVILLE), ILLINOIS

SALE: April 9, 2008

AWARD: HARRIS N.A.

RATING: Moody's Investors Service, Inc. "Aa1"
Standard & Poor's Credit Markets "AAA"

BBI: 4.90%

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
HARRIS N.A.	2025	3.875%	3.750%	\$10,039,327.70	\$7,245,481.68	3.9170%
Chicago, Illinois	2026	3.875%	3.800%			
WELLS FARGO BROKERAGE SERVICES, LLC	2027	4.000%	3.850%			
Minneapolis, Minnesota	2028	4.000%	3.900%			
FTN FINANCIAL CAPITAL MARKETS						
Memphis, Tennessee						
ISAAK BOND INVESTMENTS INC.						
Denver, Colorado						
VINING SPARKS IBG, L.P.	2025	3.800%		\$10,004,726.80	\$7,247,713.20	3.9256%
Chicago, Illinois	2026	3.850%				
	2027	4.000%				
	2028	4.000%				
MORGAN KEEGAN & CO., INC.	2025	3.750%		\$10,014,964.10	\$7,295,179.65	3.9492%
Memphis, Tennessee	2026	4.000%				
	2027	4.000%				
	2028	4.000%				
SOUTHWEST SECURITIES, INC.	2025	4.000%		\$10,044,078.20	\$7,334,321.80	3.9649%
Hillsdale, New York	2026	4.000%				
	2027	4.000%				
	2028	4.000%				
PIPER JAFFRAY & CO.	2025	4.000%		\$10,040,027.50	\$7,338,372.50	3.9680%
Leawood, Missouri	2026	4.000%				
	2027	4.000%				
	2028	4.000%				

*Subsequent to bid opening the 2025 maturity decreased \$120,000 to \$1,510,000, the 2026 maturity increased \$40,000 to \$2,720,000, the 2027 maturity increased \$40,000 to \$2,830,000, and the 2028 maturity increased \$40,000 to \$2,940,000 in maturity value.

Adjusted Price - \$10,039,160.10

Adjusted Net Interest Cost - \$7,256,874.28

Adjusted TIC - 3.9181%

**\$10,000,000 General Obligation School Building Bonds, Series 2008
Naperville Community Unit School District Number 203, Illinois**

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
FIFTH THIRD BANK Grand Rapids, Michigan	2025	4.000%		\$10,036,335.70	\$7,342,064.30	3.9708%
	2026	4.000%				
	2027	4.000%				
	2028	4.000%				
GRIFFIN, KUBIK, STEPHENS & THOMPSON, INC. Chicago, Illinois	2025	4.000%		\$10,015,579.00	\$7,362,821.00	3.9868%
	2026	4.000%				
	2027	4.000%				
	2028	4.000%				
COMMERCE CAPITAL MARKETS, INC. Philadelphia, Pennsylvania	2025	4.000%		\$10,006,595.00	\$7,371,805.00	3.9937%
	2026	4.000%				
	2027	4.000%				
	2028	4.000%				
RBC CAPITAL MARKETS St. Petersburg, Florida	2025	4.125%		\$10,013,533.50	\$7,398,994.62	4.0074%
	2026	4.000%				
	2027	4.000%				
	2028	4.000%				
SUNTRUST ROBINSON HUMPHREY Atlanta, Georgia	2025	4.000%				
	2026	4.000%				
	2027	4.000%				
	2028	4.000%				
STEPHENS INC. Little Rock, Arkansas	2025	4.000%				
	2026	4.000%				
	2027	4.000%				
	2028	4.000%				
FIRST TRUST PORTFOLIOS L.P. Lisle, Illinois	2025	4.000%				
	2026	4.000%				
	2027	4.000%				
	2028	4.000%				
ROBERT W. BAIRD & CO. Milwaukee, Wisconsin	2025	4.100%		\$10,006,240.90	\$7,399,461.60	4.0093%
	2026	4.000%				
	2027	4.000%				
	2028	4.000%				

Naperville Community Unit School District Number 203

FINAL - \$10,000,000 General Obligation School Building Bonds, Series 2008

Dated: May 1, 2008

Sources & Uses

Dated 05/01/2008 | Delivered 05/01/2008

Sources Of Funds

Par Amount of Bonds	\$10,000,000.00
Reoffering Premium	89,160.10

Total Sources **\$10,089,160.10**

Uses Of Funds

Total Underwriter's Discount (0.500%)	50,000.00
Costs of Issuance	53,088.00
Deposit to Construction Fund	9,986,072.10

Total Uses **\$10,089,160.10**

Naperville Community Unit School District Number 203

FINAL - \$10,000,000 General Obligation School Building Bonds, Series 2008

Dated: May 1, 2008

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
02/01/2009	-	-	296,034.38	296,034.38
02/01/2010	-	-	394,712.50	394,712.50
02/01/2011	-	-	394,712.50	394,712.50
02/01/2012	-	-	394,712.50	394,712.50
02/01/2013	-	-	394,712.50	394,712.50
02/01/2014	-	-	394,712.50	394,712.50
02/01/2015	-	-	394,712.50	394,712.50
02/01/2016	-	-	394,712.50	394,712.50
02/01/2017	-	-	394,712.50	394,712.50
02/01/2018	-	-	394,712.50	394,712.50
02/01/2019	-	-	394,712.50	394,712.50
02/01/2020	-	-	394,712.50	394,712.50
02/01/2021	-	-	394,712.50	394,712.50
02/01/2022	-	-	394,712.50	394,712.50
02/01/2023	-	-	394,712.50	394,712.50
02/01/2024	-	-	394,712.50	394,712.50
02/01/2025	1,510,000.00	3.875%	394,712.50	1,904,712.50
02/01/2026	2,720,000.00	3.875%	336,200.00	3,056,200.00
02/01/2027	2,830,000.00	4.000%	230,800.00	3,060,800.00
02/01/2028	2,940,000.00	4.000%	117,600.00	3,057,600.00
Total	\$10,000,000.00	-	\$7,296,034.38	\$17,296,034.38

Yield Statistics

Bond Year Dollars	\$184,700.00
Average Life	18.470 Years
Average Coupon	3.9502081%
Net Interest Cost (NIC)	3.9290061%
True Interest Cost (TIC)	3.9181592%
Bond Yield for Arbitrage Purposes	3.8800741%
All Inclusive Cost (AIC)	3.9588596%

IRS Form 8038

Net Interest Cost	3.8674183%
Weighted Average Maturity	18.470 Years

Naperville Community Unit School District Number 203

FINAL - \$10,000,000 General Obligation School Building Bonds, Series 2008

Dated: May 1, 2008

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price		Dollar Price
02/01/2025	Serial Coupon	3.875%	3.750%	1,510,000.00	101.008%	c	1,525,220.80
02/01/2026	Serial Coupon	3.875%	3.800%	2,720,000.00	100.601%	c	2,736,347.20
02/01/2027	Serial Coupon	4.000%	3.850%	2,830,000.00	101.205%	c	2,864,101.50
02/01/2028	Serial Coupon	4.000%	3.900%	2,940,000.00	100.799%	c	2,963,490.60
Total	-	-	-	\$10,000,000.00	-	-	\$10,089,160.10

Bid Information

Par Amount of Bonds	\$10,000,000.00
Reoffering Premium or (Discount)	89,160.10
Gross Production	\$10,089,160.10
Total Underwriter's Discount (0.500%)	\$(50,000.00)
Bid (100.392%)	10,039,160.10
Total Purchase Price	\$10,039,160.10
Bond Year Dollars	\$184,700.00
Average Life	18.470 Years
Average Coupon	3.9502081%
Net Interest Cost (NIC)	3.9290061%
True Interest Cost (TIC)	3.9181592%

DuPage & Will Counties Community Unit School District No. 203 (Naperville), Illinois

Primary Credit Analysts:

John Kenward
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Secondary Credit Analysts:

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Credit Profile

US\$10, mil GO sch bldg bnds ser 2008 dtd 05/01/2008 due 02/01/2028

Long Term Rating	AAA/Stable	New
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Rationale

The 'AAA' rating on DuPage and Will Counties Community Unit School District No. 203 (Naperville), Ill.'s series 2008 general obligation (GO) school building bonds reflects the district's:

- Participation in the deep and diverse Chicago metropolitan area economy;
- High wealth and income levels;
- Strong financial management, which has lead to strong financial operations and very strong reserves; and
- Low debt burden, even after anticipated future additional debt is considered.

The bonds are part of \$43 million approved by voters in February 2008 to finance various capital improvements to the district's school buildings. The district expects that it will issue the remaining \$33 million of authorized bonds in early 2009. The district will use proceeds from the series 2008 bonds, along with the remaining \$33.0 million of authorized voted debt, \$35.9 million of cash, and \$36.0 million of future alternate revenue bonds to finance its \$114.9 million capital improvement project.

The district provides K-12 education to a little more than half of the city of Naperville (GO bonds rated 'AAA'), part of the village of Lisle in DuPage County, and several subdivisions in Will County. The total population served by the district is about 95,400. Following a prolonged period of rapid population and enrollment growth, the district's population is leveling off at about 95,400. Enrollment grew to a peak of 17,642 for the 2004/2005 school

**RatingsDirect
Publication Date**

April 7, 2008

DuPage & Will Counties Community Unit School District No. 203 (Naperville), Illinois

year and has since decreased 2.2% for 2007/2008. The district projects that enrollment will slowly decline over the next few years due to the building out of most of the district.

The district's tax base grew at an average annual rate of 7.7% from 2002-2006, which increased estimated market value to \$12.9 billion, an extremely strong \$136,000 per capita. Although nearing buildout, the district still experiences a fair amount of new construction each year due to housing teardowns and replacements. The tax base is very diverse, with the 10 largest taxpayers accounting for only 5% of equalized assessed valuation. Residents have access to a wide variety of well-paying jobs along the Interstate 88 high-tech corridor and throughout DuPage County and can commute to downtown Chicago via Metra commuter train. As a result, the district's median household effective buying income is very strong at 165% of the state and 177% of the national levels.

Property taxes, which make up nearly 80% of revenues for the combined educational and operations and maintenance funds, are subject to a levy cap equal to the lesser of 5% or the rate of inflation, except with regard to new construction. In spite of this restriction, the district has strong financial operations with strong reserves due to tax base growth attributable to new construction, a successful 2002 tax rate referendum, and strong financial management. Following three years of surpluses reported for the combined educational and operations and maintenance funds, the district's combined fund balance grew to \$77.6 million at the end of fiscal 2007 (June 30), which is a very strong 41% of expenditures. Of that amount, \$75.2 million (40%) is unreserved. Liquidity is also very strong, with cash and investments held by the educational and operations and maintenance funds amounting to \$92.8 million, or 181 days' cash on hand. Additional liquidity is provided by cash held in the working cash fund, which amounted to \$4 million at the end of fiscal 2007. For 2008, the district projects that it will exceed the budgeted \$5.4 million surplus for the combined educational and operations and maintenance funds.

The district's financial management practices are considered "strong" under Standard & Poor's Financial Management Assessment (FMA). An FMA of strong indicates that practices are strong, well embedded, and likely sustainable. The district plans its budgets with the help of its own three-year enrollment projection model, 10-year financial projections, and a detailed five-year capital projects plan that covers all of its buildings. Management reviews revenues and expenditures on a monthly basis throughout the year and provides the board with monthly and quarterly budget reports. The district invests its cash according to its own investment policy and issues debt according to a board-approved debt management policy. The district's formal reserve policy requires that cash reserves, including working cash but excluding June tax receipts, amount to at least 10% of expenditures for its five operating funds.

The series 2008 bonds are the first GO bonds to be issued by the district in a number of years. The district's overall debt burden, including overlapping debt, the remaining \$33 million of voter authorized bonds that the district plans to issue in early 2009, and \$36 million of anticipated alternate revenue GO bonds that the district plans to issue within the next few years, is moderate at \$2,040 per capita and 1.5% of market value.

Outlook

The stable outlook reflects Standard & Poor's Ratings Services' expectation that, with the help of its strong financial management, the district will maintain strong financial operations and strong reserves. The district's participation in the diverse Chicago metropolitan area economy supports the outlook.



New Issue: Du Page & Will Cos. C.U.S.D. 203, IL

MOODY'S UPGRADES NAPERVILLE CUSD 203'S (IL) UNDERLYING GENERAL OBLIGATION RATING FROM Aa2 TO Aa1

Aa1 RATING ASSIGNED TO DISTRICT'S \$10 MILLION GO SCHOOL BUILDING BONDS, SERIES 2008

Primary & Secondary Education
IL

Moody's Rating

ISSUE	RATING
General Obligation School Building Bonds, Series 2008	Aa1
Sale Amount	\$10,000,000
Expected Sale Date	04/10/08
Rating Description	General Obligation Unlimited Tax

Opinion

NEW YORK, Apr 9, 2008 – Moody's Investors Service has upgraded DuPage and Will Counties Community Unit School District 203's - Naperville (IL) underlying general obligation rating from Aa2 to Aa1, on both its outstanding GO Debt Certificates (Limited Tax), and the current offering- its \$10 million General Obligation School Building Bonds, Series 2008. Secured by the district's general obligation unlimited tax pledge, the bonds represent the first of several issuances expected over the next several years which will partially finance a substantial series of capital projects, the most significant of which entails major renovations and additions to the district's central high school, but also covers additional improvements at some elementary schools, the north high school, and a new early childhood center. Assignment of the Aa1 rating reflects the district's large, diverse and affluent tax base, well managed and steadily improved finances, and a favorable debt profile despite the magnitude of the projects being undertaken. In the case of the debt certificates, the Aa1 rating additionally reflects the lack of appropriation risk, the district's significant liquidity and operating reserves, combined with the relatively short maturity.

LARGE AND AFFLUENT TAX BASE EXPECTED TO CONTINUE TO REMAIN STRONG

Located roughly 30 miles west of Chicago (GO rated Aa3), the district encompasses a sizeable 32 square miles, mostly in DuPage County (GO rated Aa3), with a small portion in neighboring Will County (GO rated Aa2). A substantial portion of its large \$12.9 billion tax base lies in some of the more mature areas of Naperville (GO rated Aaa), with remaining portions in Lisle (GO rated Aa2), Bolingbrook (GO rated A2) and Woodridge (GO rated Aa3). DuPage County in general has benefited from its proximity to Chicago, but over time has developed a significant and distinct economy of its own. The economic strength of the area is reflected in unemployment rates consistently below the state and nation, with major employers and taxpayers well diversified - telecommunications and electronics, health care, research, retail and food service all well represented. Spurred by larges amounts of land available for development and the presence of a number of major transportation arteries, strong residential, commercial and industrial development patterns emerged over the past two decades- contributing to the population of the district to grow 57.4% during the 1980's, but as space filled in, only increasing 11.9% during the 1990's. With a more mature tax base, the district projects that over the next decade, its total enrollment will decline to 16,800 from roughly 18,000 now. The inherent strength of the region is the diversity of its tax base: middle class through estate level residential, a large amount of office space, particularly along the I-88 corridor, and notable amount of complementary retail. Several large governmental research facilities (Argonne National Laboratory and the Fermi Lab) are nearby, creating a hub affect to attract a highly educated workforce to the area. Lucent Technologies (sr unsec Ba3) remains the district's largest employer, though employment levels are considerably reduced from the peak of 12,000 only a few years ago. Additional layoffs occurred in previous years at Tellabs as well, though the company's global headquarters remains in Naperville. Though this vulnerability to changes in the telecommunications industry poses downside risk, the local economy's broad based and diverse nature should allow it to continue to perform well overall. District wealth levels notably exceed state indices, while DuPage County's December 2007 unemployment rate of 3.7% was below both the state and national averages of 5.3% and 4.8% respectively.

WELL MANAGED FINANCIAL OPERATIONS PROJECTED TO YIELD FAVORABLE RESERVE LEVELS

OVER THE MEDIUM RUN

Over the past several years, the district's General Fund (combined ED and O&M Funds) enjoyed considerable increases from \$52.2 million in 2005 to its ending 2007 balance of \$77.6 million (38.4% of revenues). Roughly \$1.6 million of this balance represents the district's reserve for its self funded health and workers compensation programs, a figure the district would like to incrementally increase over time. A voter approved operating referendum in 2002, combined with the district's tight budget management (typically expenditures have come in near 98% of budget) has contributed to the favorable past performance. It is the intent of the district to maintain a minimum operating reserve equal to 10% of the current year's budget (ending cash balance less June property taxes). This includes The ED, O&M, Transportation, IMFR and Working Cash Funds. Such a minimum reserve level provides sufficient cash flow cushion, and on a GAAP basis equates to slightly more than 40%. District management has carefully mapped out its finances through 2017, and factoring in different assumptions on utility, health and personnel costs, against varying CPI assumptions, which is a key driver for allowable operating levy growth (property taxes accounted for 79.3% of the General Fund's 2007 revenues). Under the most optimistic circumstance, the district will never go below its 10% floor. The most likely scenario envisions this occurring by 2015, with the most conservative set of assumptions foreseeing 2013. All of these assumptions already incorporate the use of some surplus dollars for the current group of projects (see below). Officials report that 2008 is projected to end \$4.5 million higher than the budgeted \$9 million surplus, driven by health insurance savings, better than expected investment and state aid income. It is anticipated that as a result of these projects, roughly \$15-20 million will be freed up over the next six to seven years in the operating budget. Moody's believes that despite the magnitude of the capital improvements being assumed, the district's financial position will remain consistent with the high Aa rating, given management's commitment to protect fund balances in accordance with stated policies, forward looking financial modeling incorporating reasonable assumptions, and teacher contracts good through 2010 which provides a degree of predictability in budgeting one of the district's largest expenditure line items.

FAVORABLE DEBT PROFILE EXPECTED TO CONTINUE DESPITE ADDITIONAL BORROWING

The current borrowing is part of a larger bundle of capital projects the district intends to undertake over the next several years, totaling \$115 million. Voters recently approved \$43 million of bonding authority towards project costs, which the district expects to issue the remaining \$33 million next year. The remaining portion of project costs will come from a \$36 million GO Alternate Revenue Bonds issued around 2010, when the Cantera TIF rolls off with a projected \$100 million in new value, yielding \$3.7 million in new property taxes, which will constitute the alternate revenue for the bonds. The final project financing will come from built in operating surpluses, land sales/donations, and interest income. Including next year's borrowing, the district's debt burden is a very low 0.3% (1.2% overall), yielding a similarly modest \$451 direct debt per capita (\$1,654 overall). The district's low existing debt levels reflect its historical practice of cash financing the bulk of its capital needs. Moody's notes the district's debt management policies which call for at least a level structure for all its debt, the avoidance of CABS and cash flow borrowing, and the stipulation that the net proceeds of approved debt cannot exceed what is authorized by voters. Outside the stated policy, the district will likely not explore variable rate debt. No significant borrowing is foreseen over the medium run once the current batch of projects is complete. Moody's notes that while principal amortization is somewhat slow (38.3% retired in ten years when next year's borrowing is factored in), the district's debt profile will remain favorable given modest debt levels, the use of current dollars to augment project costs, and adherence to stated debt policies.

KEY STATISTICS

2008 Population (Estimate): 95,400

2006 Full Value: \$12.95 billion

2008 Full Value per Capita (Estimate): \$135,718

2000 Per Capita Income as a % of State: 158.2% (169.3% of US)

2000 Median Family Income as a % of State: 181.3% (201.2% of US)

Direct Debt: 0.3%

Overall Debt: 1.2%

Payout (10 years): 38.3%

Fiscal 2007 General Fund Balance: \$77.6 million (38.4% of revenues)

Naperville Community Unit School District Number 203
 \$43,000,000 School Bond Referendum Option

Mat Year	\$10,000,000 BQ Series 2008 FINAL					\$33,000,000 NBQ Series 2009					Total d.s.	E.A.Vs.	Tax Rate	Taxable Home Value	Tax Amt.
	Par Amounts	Rates	Interest	Debt Service	Levy Year	Par Amounts	Rates	Interest	Debt Service	Levy Year					
2009						1,290,000	2.230	1,260,715	2,550,715	2008	3,208,569	4,961,752,168	0.0647%	119,702	\$ 77.41
2010	2,300	657,854	657,854	657,854	2008	1,580,000	2.510	1,231,948	2,811,948	2009	3,206,661	5,264,648,537	0.0609%	126,286	\$ 76.92
2011	2,750	394,713	394,713	394,713	2009	1,620,000	2.740	1,192,290	2,812,290	2010	3,207,003	5,792,366,185	0.0554%	133,231	\$ 73.76
2012	2,950	394,713	394,713	394,713	2010	1,670,000	2.970	1,147,902	2,817,902	2011	3,212,615	6,034,079,713	0.0532%	140,559	\$ 74.84
2013	3,100	394,713	394,713	394,713	2011	1,710,000	3.140	1,098,303	2,808,303	2012	3,203,016	6,395,954,098	0.0501%	148,290	\$ 74.26
2014	3,250	394,713	394,713	394,713	2012	1,770,000	3.300	1,044,609	2,814,609	2013	3,209,322	6,777,731,573	0.0474%	156,446	\$ 74.08
2015	3,450	394,713	394,713	394,713	2013	1,830,000	3.460	986,199	2,816,199	2014	3,210,912	7,136,618,152	0.0450%	164,268	\$ 73.91
2016	3,550	394,713	394,713	394,713	2014	1,890,000	3.620	922,881	2,812,881	2015	3,207,594	7,513,449,059	0.0427%	172,482	\$ 73.63
2017	3,650	394,713	394,713	394,713	2015	1,960,000	3.780	854,463	2,814,463	2016	3,209,176	7,909,121,512	0.0406%	181,106	\$ 73.48
2018	3,750	394,713	394,713	394,713	2016	2,030,000	3.940	780,375	2,810,375	2017	3,205,088	8,240,486,373	0.0389%	188,350	\$ 73.26
2019	3,800	394,713	394,713	394,713	2017	2,110,000	4.090	700,393	2,810,393	2018	3,205,106	8,585,105,828	0.0373%	195,884	\$ 73.13
2020	3,850	394,713	394,713	394,713	2018	2,200,000	4.230	614,094	2,814,094	2019	3,208,807	8,943,510,061	0.0359%	203,719	\$ 73.09
2021	3,900	394,713	394,713	394,713	2019	2,290,000	4.350	521,034	2,811,034	2020	3,205,747	9,316,250,463	0.0344%	211,868	\$ 72.90
2022	3,950	394,713	394,713	394,713	2020	2,390,000	4.470	421,419	2,811,419	2021	3,206,132	9,703,900,482	0.0330%	220,343	\$ 72.80
2023	4,000	394,713	394,713	394,713	2021	2,500,000	4.580	314,586	2,814,586	2022	3,209,299	10,107,056,501	0.0318%	229,156	\$ 72.76
2024	4,050	394,713	394,713	394,713	2022	1,100,000	4.670	200,086	1,300,086	2023	3,204,799	10,526,338,761	0.0304%	238,323	\$ 72.56
2025	1,510,000	3,875	394,713	1,904,713	2023	0	4.740	148,716	148,716	2024	3,204,916	10,962,392,311	0.0292%	247,856	\$ 72.46
2026	2,720,000	3,875	336,200	3,056,200	2024	0	4.780	148,716	148,716	2025	3,209,516	11,415,888,004	0.0281%	257,770	\$ 72.47
2027	2,830,000	4,000	230,800	3,060,800	2025	0	4.820	148,716	148,716	2026	3,206,316	11,887,523,524	0.0270%	268,081	\$ 72.31
2028	2,940,000	4,000	117,600	3,057,600	2026	3,060,000	4.860	148,716	3,208,716	2027	3,208,716	12,378,024,465	0.0259%	278,804	\$ 72.27
2029	10,000,000	7,263,142	17,263,142			33,000,000		13,886,161	46,886,161		64,149,303				

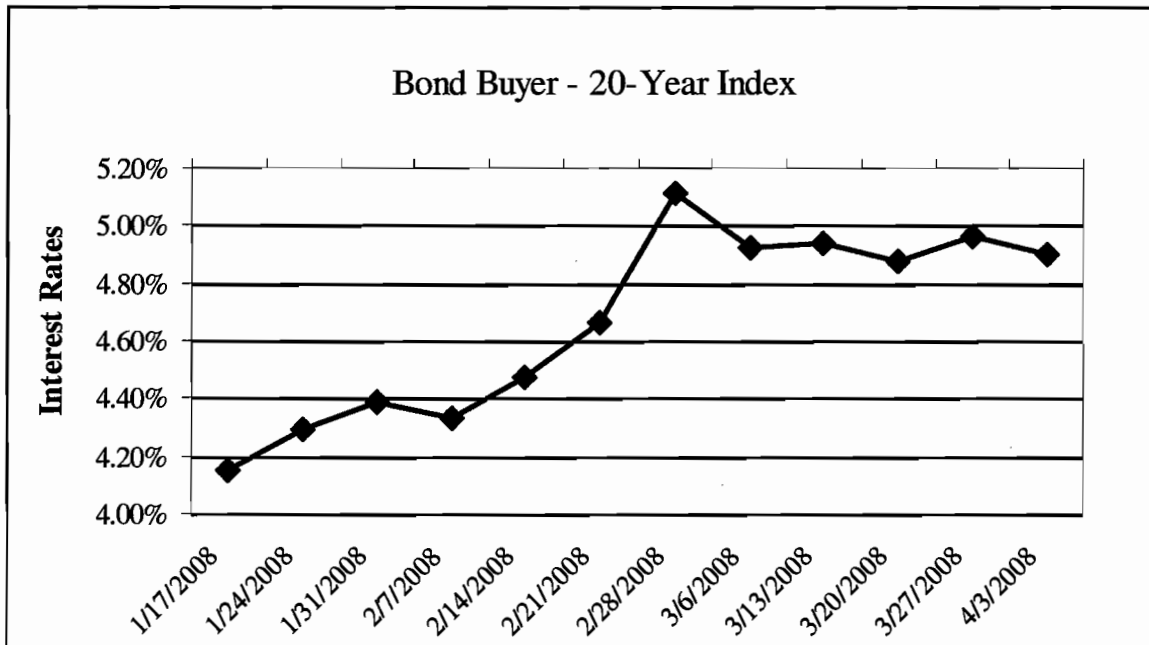
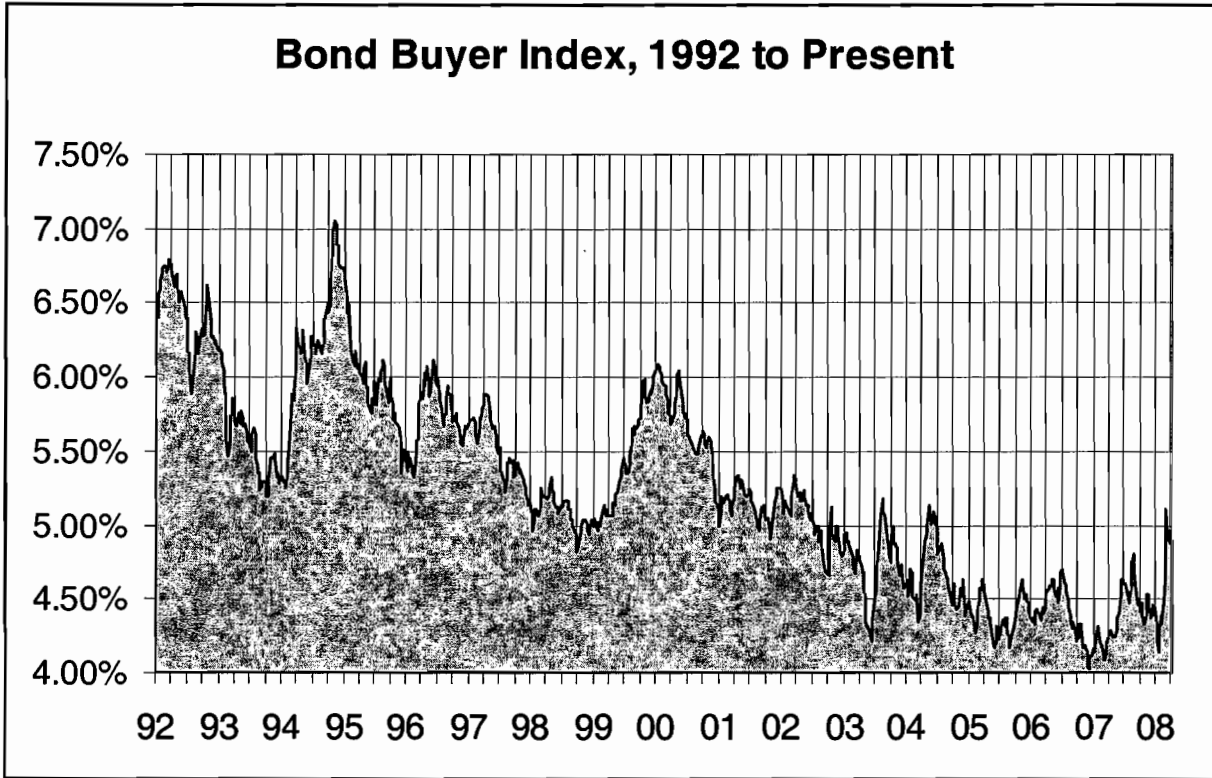
Interest Starts May 1, 2008

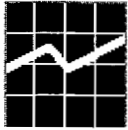
Interest Starts February 1, 2009

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4/9/2008

Interest Rates



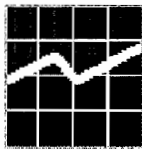


[Municipal Yield Curves as of 04/08/2008]

		General Obligations					["AAA" Coupon Range]		
	"AAA"	PRE	RE	INSURED	"AA"	"A"	"BAA"	"LOW"	"HIGH"
1 2009	1.55	1.55		1.67	1.63	2.00	2.62	5.00	5.00
2 2010	2.22	2.23		2.37	2.31	2.73	3.33	5.00	5.00
3 2011	2.49	2.51		2.67	2.58	3.03	3.58	5.00	5.00
4 2012	2.79	2.81		2.98	2.88	3.34	3.85	5.00	5.00
5 2013	2.95	2.97		3.15	3.05	3.51	3.99	5.00	5.00
6 2014	3.12	3.14		3.32	3.22	3.69	4.15	5.00	5.00
7 2015	3.28	3.30		3.49	3.38	3.85	4.31	5.00	5.00
8 2016	3.43	3.45		3.64	3.53	4.00	4.47	5.00	5.00
9 2017	3.57			3.78	3.67	4.14	4.62	5.00	5.00
10 2018	3.70			3.91	3.80	4.27	4.75	5.00	5.00
11 2019	3.83			4.03	3.93	4.39	4.88	5.00	5.00
12 2020	3.93			4.13	4.03	4.48	4.96	5.00	5.00
13 2021	4.03			4.22	4.12	4.56	5.03	5.00	5.00
14 2022	4.12			4.31	4.21	4.67	5.12	5.00	5.00
15 2023	4.20			4.38	4.29	4.74	5.20	5.00	5.00

[Municipal Yield Curves as of 04/08/2008] page 14903

		General Obligations					["AAA" Coupon Range]		
	"AAA"	PRE	RE	INSURED	"AA"	"A"	"BAA"	"LOW"	"HIGH"
16 2024	4.28			4.45	4.37	4.80	5.28	5.00	5.00
17 2025	4.35			4.51	4.44	4.86	5.34	5.00	5.00
18 2026	4.42			4.58	4.51	4.91	5.40	5.00	5.00
19 2027	4.47			4.63	4.56	4.94	5.42	5.00	5.00
20 2028	4.52			4.68	4.60	4.96	5.44	5.00	5.00
21 2029	4.56			4.72	4.64	4.98	5.46	5.00	5.00
22 2030	4.60			4.76	4.68	5.00	5.48	5.00	5.00
23 2031	4.64			4.80	4.72	5.03	5.52	5.00	5.00
24 2032	4.66			4.81	4.73	5.04	5.54	5.00	5.00
25 2033	4.67			4.82	4.74	5.05	5.55	5.00	5.00
26 2034	4.68			4.83	4.75	5.06	5.56	5.00	5.00
27 2035	4.69			4.84	4.76	5.07	5.57	5.00	5.00
28 2036	4.69			4.84	4.76	5.07	5.57	5.00	5.00
29 2037	4.70			4.85	4.77	5.08	5.58	5.00	5.00
30 2038	4.70			4.85	4.77	5.08	5.58	5.00	5.00



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Board of Education
Community Unit School District Number 203
DuPage and Will Counties, Illinois
(Naperville)

April 9, 2008

RE: \$10,000,000* General Obligation School Building Bonds, Series 2008

DATED: May 1, 2008

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System as stated in this Preliminary Official Statement, we will pay you \$ 10,039,327.70 (not less than \$10,000,000 nor more than \$10,200,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

<u>3,875</u>	% due	2025	<u>4.00</u>	% due	2027
<u>3,875</u>	% due	2026	<u>4.00</u>	% due	2028

* The District reserves the right to increase or decrease the amount of any individual maturity of the Bonds in increments of \$5,000 on the day of sale. If individual maturities are increased or decreased, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

We enclose our good faith deposit in the amount of \$200,000, to be held by you pending delivery and payment. Alternatively, we have provided a financial surety bond or have wired our good faith deposit to Bank of America, N.A., New York, New York, ABA No. 029-009-593 for further credit to Ehlers & Associates, Inc. Bond Issue Escrow Account No. 850-788-1. If our bid is not accepted, said deposit shall be promptly returned to us. If the good faith deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & Associates, Inc., as escrow holder of the good faith deposit, pursuant to this Preliminary Official Statement dated March 28, 2008. This bid is for prompt acceptance and is conditional upon deposit of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about May 1, 2008.

This bid is subject to the District's covenant and agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for this Issue.

We have received and reviewed the Preliminary Official Statement and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the District with the reoffering price of the Bonds within 24 hours of the bid acceptance.

Account Manager: GARRIS N.A.

By: 
Christopher Hall

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from May 1, 2008 of the above bid is \$ 7,245,481.68 and the true interest cost (TIC) is 3.9170 %.

The foregoing offer is hereby accepted by and on behalf of the Board of Education of the Community Unit School District Number 203, DuPage and Will Counties, Illinois, on April 9, 2008.

By: _____ By: _____

Title: _____ Title: _____

*Subsequent to bid opening the 2025 maturity decreased \$120,000 to \$1,510,000, the 2026 maturity increased \$40,000 to \$2,720,000, the 2027 maturity increased \$40,000 to \$2,830,000, and the 2028 maturity increased \$40,000 to \$2,940,000 in maturity value.

Adjusted Price - \$10,039,160.10
Adjusted Net Interest Cost - \$7,256,874.28
Adjusted TIC - 3.9181%