



TO: Bob Ciserella

FROM: Tammie Beckwith Schallmo

DATE: October 28, 2015

RE: Underwriter Selection for Working Cash Bonds

On October 9th PMA sent a request for proposal (“RFP”) for the sale of the District’s Working Cash Bonds to six underwriting firms. Six proposals were submitted by the October 23rd deadline, which were thoroughly reviewed by our team. The following criteria were evaluated in each proposal:

1. Ability to market and sell bank qualified (BQ) and non-bank qualified (NBQ) bonds to investors
2. Experience marketing and selling bonds with structures similar to the District’s transaction
3. Experience and performance underwriting recent Illinois K-12 bond issues
4. Fees (underwriting spread)
5. Proposed interest rate scale as of October 22, 2015
6. BQ versus NBQ analysis

Provided below is a summary of the fees for each underwriter:

<u>Underwriter</u>	<u>BQ Fee (per \$1,000)</u>	<u>Total BQ Fee</u>	<u>NBQ Fee (per \$1,000)</u>	<u>Total NBQ Fee</u>
Baird	\$3.90	\$52,260	\$3.90	\$52,260
Raymond James	4.16	55,744	4.16	55,744
Bernardi	4.30	57,620	5.40	72,360
Mesirow	4.60	61,640	4.60	61,640
Stifel	4.65	62,310	4.25	56,950
Fifth Third	5.00	67,000	5.00	67,000

While it is important to understand each firm’s fee proposal, the more significant variable is the underwriter’s ability to secure the lowest possible interest rates in the market. PMA therefore recommends that the District select Mesirow Financial, Inc. (“Mesirow”) of Chicago as underwriter for its upcoming Working Cash Bonds. Mesirow is a global investment banking firm with a strong commitment to public finance in Illinois. Its public finance department has extensive experience underwriting Illinois



school district bonds and has already secured a firm pre-qualified investor commitment to purchase at least \$5 million of the District's bonds at aggressive market levels.

Based upon market conditions as of October 22nd, Mesirow's proposed interest rates and yields ("scale") fare very favorably against the other proposals and when combined with its fees, position the District to receive the lowest possible debt service cost. Please note that Mesirow's scale will not be final until the bonds price. As provided in the chart above, their fees will be \$4.60 per \$1,000 of bonds sold. Based on a par amount of \$13,400,000 that equals \$61,640.

All of the underwriters who submitted proposals concurred with PMA's recommendation that the District sell the Working Cash Bonds in two series (two BQ transactions). The estimated interested savings is between \$300,000 and \$500,000.

Given its experience underwriting school district bonds in Illinois, combined with its competitive fee structure and proposed scale as of October 22nd, PMA recommends that the District select Mesirow to serve as underwriter for its two upcoming BQ Working Cash bond issues.

Thank you.