

ACTION ITEM

January 15, 2025

TO: Board of Education
FROM: Rick Cunningham
SUBJECT: Consideration of/to Approve Underwriter Recommendation for the District’s Series 2025 Bonds

PROPOSED MOTION BY THE BOARD OF EDUCATION:

I move that the Board of Education approve JP Morgan as the underwriter for the upcoming bond sale as recommended by PMA.

MOVED BY: _____ Seconded: _____

YEA:		NAY:		YEA:		NAY:
_____	MR. BEARD	_____	_____	MRS. LEONARD	_____	_____
_____	MRS. TRACE	_____	_____	MRS. WILSON	_____	_____
_____	MR. LONERGAN	_____	_____	MRS. STEWART	_____	_____
_____	MR. POOL	_____				

Background Information:



TO: Rick Cunningham
Steve Ptacek

FROM: Tammie Beckwith Schallmo

DATE: January 7, 2025

RE: Underwriter Recommendation for the District's Series 2025 Bonds

On December 3, 2024 PMA sent a request for proposals ("RFP") for underwriting services for the sale of the District's Series 2025 Alternate Revenue Bonds to four firms. All four firms submitted proposals by the December 16th deadline, which were thoroughly reviewed by our team. The following criteria were evaluated in each proposal:

1. Recent experience underwriting similar transactions for Illinois K-12 issuers
2. Marketing and sales strategy for the Bonds
3. Fees
4. Understanding of the dynamics currently impacting the bond market
5. Proposed interest rate scales as of December 12, 2024

Provided below is a summary of the fees for each firm, which are presented per \$1,000 of bonds sold.

Underwriter	Underwriting Fee (per \$1,000)	Total Underwriting Fee*
Raymond James	\$5.25	\$147,158
Stifel	\$3.15	\$88,295
FHN	\$4.00	\$112,120
JP Morgan	\$2.80	\$78,484

*Based on a par amount of \$28,030,000.



PMATM

SECURITIES

JP Morgan's fees are the lowest at \$78,474 (\$2.80 per bond). While it is important to understand each firm's fee proposal, the more significant variable is an underwriter's ability to secure the lowest possible overall all in interest cost (AIC) for the District in the market. JP Morgan provided the most aggressive AIC on the bonds based on market conditions as of December 12th.

The estimated AICs from each firm are as follows:

Underwriter	Estimated AIC (%)
Raymond James	4.237%
Stifel	4.165%
FHN	4.033%
JP Morgan	4.136%

While FHN's proposed TIC is the lowest of all firms, we are concerned it is too aggressive given December 12th market conditions. In addition, its fees are the second highest of the four firms.

Since January 1, 2020, JP Morgan has been a leading underwriter for school district bonds and has managed nearly \$8.3 billion of such financings in the country. During the same timeframe it has also served as the #1 underwriter for negotiated bond sales in Illinois, totaling \$8.2 billion. PMA recommends that the District select JP Morgan as underwriter for its Series 2025 Bonds at an underwriting spread (fee) of \$2.80 per bond.

Thank you.