

RAYMOND JAMES®

TO: Dr. Kent Mutcher, Superintendent
 Mr. Dean Romano, Assistant Superintendent for Business Services

FROM: Elizabeth Hennessy, Raymond James

DATE: October 9, 2019

RE: Refunding Results

The District authorized the refunding of the Series 2010 Bonds for savings in August of 2019. The Series 2010 bonds originally refunded the Series 2004 referendum approved bonds for savings. We pursued a private placement refunding due to the short repayment schedule and small par amount of the proposed refunding bonds resulting in significantly lower costs of issuance. Because the proposed refunding bonds are less than \$10M they can be issued on a bank qualified basis, availing the District of the lower interest rates from bank purchasers who receive an additional tax reduction from the federal government. A term sheet describing the proposed bonds was distributed to five local banks and two responded with bids, the lowest of which was from JP Morgan/Chase. The total debt service and net present value savings resulting from this bid were also compared with a comparable public bond sale in the market within the same time frame. A comparison of the bank bids and hypothetical public sale results are shown below:

Geneva CUSD 304, Kane County, IL Results of Private Placement of General Obligation Refunding School Bonds, Series 2019							
	09/25/19 Estimated Public Sale	Spread to MMD	09/25/19 Bid BMO	Spread to MMD	09/25/19 Bid Chase	Spread to MMD	
Yield per Maturity:							
	1/1/2021	1.57%	+0.35				
	1/1/2022	1.59%	+0.36				
	1/1/2023	1.60%	+0.37				
	1/1/2024	1.60%	+0.36	1.85%	+0.61	1.60%	+0.36
Estimated Bond Rating:	AA+ (Stable)		Non-rated		Non-rated		
Costs of Issuance*:	\$52,150		\$24,832		\$26,650		
UW Discount/Placement Agent*:	\$16,765		\$15,000		\$15,000		
Total Costs of Issuance	\$68,915		\$39,832		\$41,650		
Total Debt Service	\$2,809,574		\$2,794,678		\$2,772,791		
All-In True Interest Cost	2.28%		2.23%		1.99%		
NPV Savings	\$255,786		\$258,790		\$283,214		
NPV Savings % of Bonds Refunded	10.01%		10.13%		11.08%		
<small>*Public sale costs of issuance include additional Disclosure Counsel fee, Underwriter's Discount, Rating Agency fees and Official Statement production fees that are not included in the private placement scenario. Note: Estimated Public Sale is based on actual pricing yields of Itasca SD 10, DuPage Co, IL with a "Aa1" rating equivalent to the District's underlying rating, with spreads to AAA-MMD as of Sept. 24,</small>							

The total savings to the taxpayers is **\$291,100** over the life of the bonds. The issue will close on October 17, 2019.