

CASE STUDY

FINANCING FOR K-12 SCHOOLS

SEPTEMBER 10, 2024



\$605,000 | TAXABLE GENERAL OBLIGATION LIMITED TAX REFUNDING SCHOOL BONDS | SERIES 2024A

\$5,365,000 | GENERAL OBLIGATION SCHOOL BONDS | SERIES 2024B

\$7,580,000 | GENERAL OBLIGATION SCHOOL BONDS (ALTERNATE REVENUE SOURCE) | SERIES 2024C

Community Unit School District Number 140 (Sparta) | Sparta, Illinois

Sparta CUSD 140

Client

Sparta CUSD 140 is located in southwestern Illinois within Randolph County, which is about 50 miles from St. Louis, Missouri, and about 50 miles from Carbondale, Illinois. The District encompasses 185 square miles and serves all of the City of Sparta, the Villages of Evansville and Tilden, and the unincorporated communities of Eden, Schuline, and Walsh. Despite the District's rural setting, it is home to the World Shooting and Recreational Complex and several historic sites.

The Financing

Although the Property Tax Extension Limitation Law (PTELL) constrained the District's borrowing ability, Sparta still had a number of avenues to achieve their financing needs. First, Stifel and the District were able to restructure existing bonds issued under Debt Service Extension Base (DSEB) to make room for interest payments on later maturities, taking advantage of

recent changes in legislation. Although the refunded Series 2021 Bonds were not pre-payable until December 1, 2024, the Series 2024A Bonds could still be advanced refunded and issued on a taxable basis to pre-pay the bonds. This financial flexibility opened the door for much-needed fire prevention and life safety improvements. Most notably, the Series 2024B Bonds enable Sparta to fund a roofing improvement project District-wide, which is expected to be completed by September of 2025. Moreover, the District wanted to fund an additional solar panel installation project without raising their bond and interest property tax levy. As such, Stifel and the District opted to issue the 2024C Bonds, secured through the County School Facility Occupation Sales Tax (CSFT).

The Stifel Difference

Sparta has been a client for over a decade. Prior to this transaction, Stifel successfully led five other transactions for the District, yet this proved to be the most rewarding;

during the March of 2014 election, Stifel partnered with the District and the County to pass the CSFT law, providing the District with yet another avenue for borrowing. But, more importantly, this revenue stream enables the district to fund many much-needed projects.

On August 19, Stifel brought these three issues into the market, which was received with tremendous investor response. Despite heavy market volatility, the entire issue was sold, with orders from a variety of account types, including bond funds, insurance agencies, bank portfolios, SMAs, and even high-net-worth individuals. In fact, the entire transaction received over \$27 million in orders, allowing yields on select maturities to be reduced by between two and five basis points. Overall, the Series 2024As achieved an all-in true interest cost (TIC) of 5.28%, the Series 2024Bs attained an all-in TIC of 4.14%, and the Series 2024Cs garnered an all-in TIC of just 3.80%.

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