

CASE STUDY

FINANCING FOR K-12 SCHOOLS

MAY 31, 2023



\$89,330,000 | Local Government Program Revenue Bonds | Series 2023A

Community Unit School District Number 7 (Edwardsville) | Edwardsville, Illinois

\$44,050,000 | Taxable Local Government Program Revenue Bonds | Series 2023B

Community Unit School District Number 7 (Edwardsville) | Edwardsville, Illinois

COMMUNITY UNIT SCHOOL DISTRICT NUMBER 7 (EDWARDSVILLE)

Client Profile

The District initially opened its doors in 1864 serving just a handful of students, but over the last 160 years Edwardsville CUSD 7 has grown to 14 school buildings across 185 square miles. The District is located in southwestern Illinois, about 18 miles northeast of the City of St. Louis, Missouri, and is situated within a residential and commercial growth area of Madison County, Illinois. Edwardsville 7 covers all of Edwardsville, the Village of Glen Carbon, the Villages of Hamel and Worden, as well as most the unincorporated townships around the City. Edwardsville 7 has been a Stifel client for over 20 years, resulting in the successful completion of 12 transactions, but none were as important as this.

The Project

Stifel worked with the District to successfully pass this bond issuance initiative. And, in April, the District and its constituents overwhelmingly voted to undertake sweeping improvements to the learning environments for students. These upgrades included double-entry doors on several school buildings, an on-site rebuild of Lincoln Middle School, asbestos remediation, new classrooms, school repairs, and common space expansion.

The Stifel Difference

To finance these important projects, the Bonds were issued under a conduit issuer, Southwestern Illinois Development Authority (SWIDA). As such, while the

underlying security was a property tax-backed general obligation pledge, payments on the bonds were actually made from the proceeds of the underlying bonds that SWIDA purchased. This conduit structure allowed the Local Government Program Revenue Bonds to achieve a state tax exemption, further increasing investor demand for the Bonds. In fact, when the Bonds priced on May 17, Stifel received over \$440 million in orders, representing an overall 3.3 times oversubscription, allowing yields to be lowered by 1-2 basis points over select maturities. Despite the 2041 final maturity, the tax-exempt portion of the financing achieved a true interest cost (TIC) of 4.30% and the taxable Series achieved a TIC of 5.31%.

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