



RIVER
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PUBLIC
SCHOOLS

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MEMO

Date: May 8, 2026
To: Joe Cortese
From: Anthony Cozzi *AC*
RE: Bond discussion

Recently, Jamie Rachlin, from Meristem Advisors and I had the opportunity to have a further discussion with Paul Bellisario, the Proviso Township School Treasurer about the possibility of a direct sale of the District's 2026 bonds to the Township.

During that discussion, Mr. Bellisario informed us that Township had previously purchased Tax Anticipation Warrants (TAW's) directly from an Illinois school district and most recently, purchased General Obligation Bonds directly from Forrestville Valley CUSD 221 in downstate Forreton, Illinois.

Mr. Rachlin described our potential issue in the range of \$3-5 million dollars. Mr. Bellisario indicated that range was within the Township's available cash for investment purchases for July/August of 2026. After a series of calculations, Mr. Rachlin and I concentrated on a total of \$4,500,000 as the recommended bond issuance amount. We determined the following (which is purely an estimation at this point):

The principal amount of \$4,500,000 in bonds repaid from 12/1/27 – 12/1/29 with interest payable semiannually starting on 12/1/26, the total interest expended would be estimated at approximately \$570,000, using a benchmark 3-year treasury of 4.10%. The District currently has approximately \$500,000 in available excess (Non-Operating Fund) Debt Service Fund reserves, to abate property taxes and pay towards the principal and interest of this issue. These available reserves are restricted for this purpose only and cannot be spent otherwise. If used, the net interest to be levied to pay for future debt service would only be \$70,000 (\$570,000 - \$500,000).

In addition, if sold directly to the Township, an investment of \$4,500,000 will be added to the Treasurer's investment pool and earn that same \$570,000 in interest income over the next four fiscal years. District 90 represents approximately 6% of the Treasurer's investment pool and thus, would receive an allocation of approximately \$34,000 in interest income, which would reduce the net interest cost of the bonds to \$36,000 (\$70,000 - \$34,000). Lastly, if sold directly to the Township, bond issuance costs (bond and disclosure counsel, advisor fees, rating agency fees, official offering statement fees, paying agent fees) are expected to be much lower than a routine bond sale. Issuance costs for a routine bond sale sold on the open market are estimated to be approximately \$90,000. Under this scenario, disclosure counsel, rating agency fees, official offering statement fees and paying agent fees would all be unnecessary and eliminated. Therefore, issuance costs are estimated to be approximately \$44,000, and the bonds rating will remain at our current level, AAA.

The total estimated cost in this scenario would be approximately \$80,000 (\$36,000 net interest costs + \$44,000 issuance costs). \$80,000 total costs on a \$4,500,000 bond issuance with a final maturity of 12/1/29 equates to an estimated annual interest rate of 0.6%.

These bonds would be fully retired during fiscal year 2030. The current Operating Fund Financial Projections through fiscal year 2029 (not counting this bond issue) show deficit spending totaling \$5,160,000. If any of the potential staffing reductions plus the potential non-staffing efficiencies occur, that deficit could be reduced to \$4,500,000 and still result in the District having significant operating fund balances at the end of fiscal year 2029. It also allows the District to consider selling additional bonds in fiscal year 2030 at the same time as the scheduled Life Safety bond issue as all other bonded debt will be retired.

In my opinion, a \$4,500,000 bond sale does not solve the structural deficit issue, nor does it mask it. It does, however allow the District the time to properly prepare a long-range strategic financial plan and reserve policy to address its financial issues. Finally, if the Board decides to sell the bonds on the open market and not directly to the Township, I would still recommend the \$4,500,000 as the total interest plus issuance costs are manageable.

I look forward to discussing this with you at the May Regular Board Meeting.