

## D233 switch to bank purchasing debt saving more than \$2 million

BY MARILYN THOMAS  
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The District 233 school board agreed to try a different approach on its \$20 million borrowing plan that could save the district more than \$2 million in costs.

The board is planning to borrow the funds to cover the costs for constructing a new science wing onto the South Building at Homewood-Flossmoor High School and other building updates. Financial advisor Bob Lewis of PMA Securities LLC said the district would likely get a lower interest rate for the general obligation bonds by selling its debt on the public market directly to a bank. The bank classifies the debt as a loan, Lewis said.

Lewis told the school board at its May 17 meeting that he'd asked the placement agent to check on the rates from banks. On Friday, May 13, one bank was offering a rate of 3.42% and another was at 2.8%. That is quite a difference from the estimated interest rate of 3.9% through a traditional GO bond sale.

"The outcome was rather startling, really," Lewis told the board. "I'm recommending if we choose to proceed that we switch gears and go to the direct placement process."

"In the market periods you need to remain flexible. The flexibility is saving you \$2.5 million over a public offering" because the board won't be incurring expenses for a bond underwriter and other paperwork, Lewis said. He described it as "a win, win situation for the district."

The board voted 6-0 to go to a direct sale. Board member Pam Jackson was absent.

Lewis said the district's debt service rate will remain the same, and the bank purchase will have a 12-year timeline with the bonds paid off by December 2034.

The district is able to borrow for the proposed science project because it has been paying down its debt for the fieldhouse. District 233 recently refinanced \$14.5 million in debt saving \$700,000 in interest.

But Lawrence Cook, chief school business official, said between February when the board agreed to refinance the fieldhouse debt and March, when

the debt was sold, it cost the district money. He had anticipated reducing the district's debt by \$1.2 million in interest payments, but it came in at about \$700,000.

"That's how fast things changed, as far as rates were concerned," Cook told board members.

Construction of the Performing Arts Center wing on the South Building, opened in January 2021, was paid for through the district's financial reserves. But because the board delayed approving the construction by more than a year, costs rose by about \$4 million.

Board member Debbie Berman urged fellow board members to not delay the funding for the science project.

"I think it's totally prudent that we do this today because rates are going up like crazy," she said. "The cost of doing anything will grow astronomically and recent history shows if we don't act decisively and appropriately it'll be costing us a lot more money."

Several board members argued they haven't reviewed the plans for the science project and wondered how the action for finances would meet their board obligations to have fully vetted the project.

Board President Gerald Pauling said information on the academic benefits is already available and he planned to present the full plan to the board at its June 21 board meeting.

Pauling said accepting Lewis's advice and going into the market "is giving us the flexibility to proceed with the project. Once we go through outlining the project and other steps that are called for by our board procedures, we get to the point on whether we want to direct money for those projects."

The board has six months from the date of the bond sale in early June to move forward. It would have three years to allocate 85% of the \$20 million. Superintendent-elect Scott Wakeley said in addition to the science wing, he hopes to remodel spaces vacated when the science classes relocate.

Work is also planned for additional spaces in the culinary area, but that money is mostly available already, Wakeley said.

## Superior rating for Hart band

BY CHRONICLE STAFF

The James Hart School Symphonic Band earned a superior rating at the Illinois Grade School Music Association State Festival in April. It was the highest

rating possible. This was the second time the band has earned the superior rating. The first was awarded in 2017.

Band Director Matthew Johnson said the students "gave an inspired performance."



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