



Bond Issuance and Structuring Considerations in Today's Market



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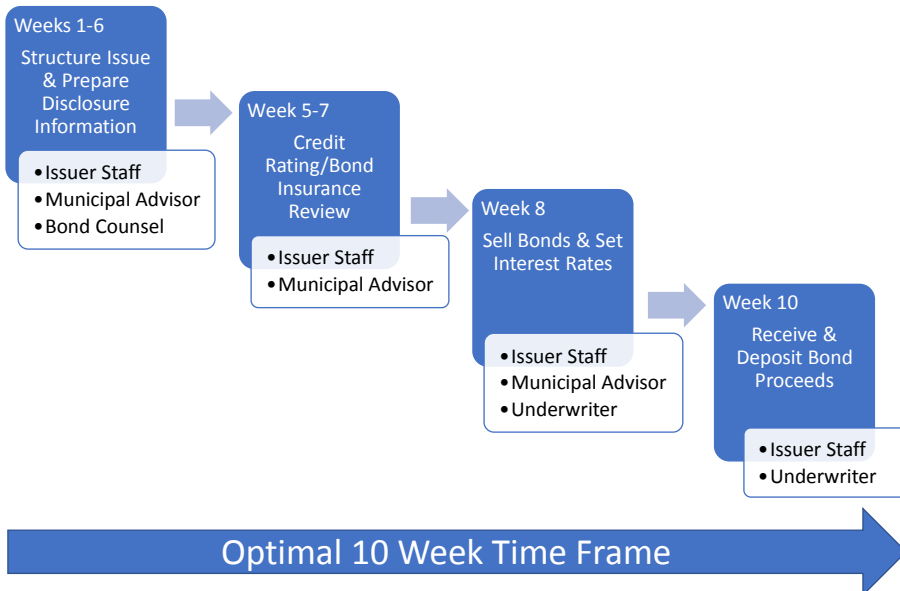
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Financing Process Activities and Time Frame



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Advisor Responsibility vs Underwriter's



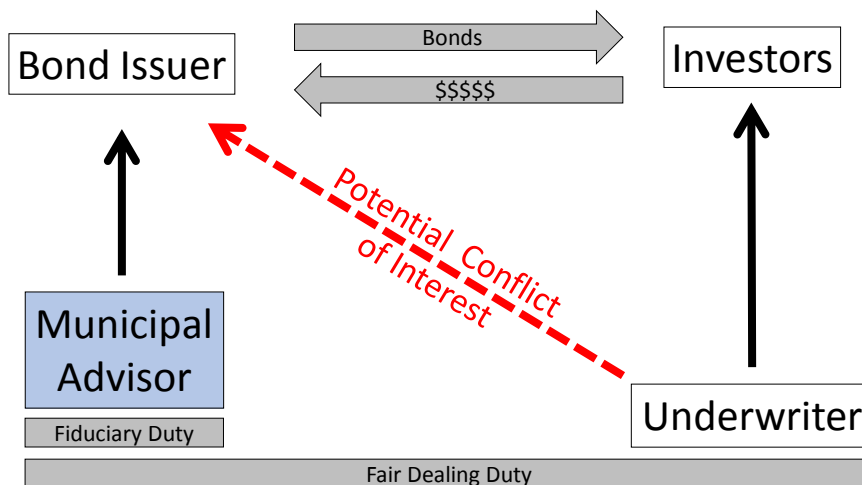
Activity	Responsibility			Comments
	Municipal Advisor	Underwriter	Shared	
Pre-election				
• Ballot issue planning (type of tax, preliminary structuring)	X			• Should first be discussed in the absence of an underwriter to ensure issuers' best interests are driving decisions
• Millage planning/establishment	X			
• Preliminary plan of issuance	X			
• Method of sale planning	X			• An underwriter will always suggest a negotiated sale which is not always in the issuers' best interests
• Underwriting team selection planning	X			• Clearly the underwriter would not participate; injects competition into the selection decision
Post-election				
• Finalize plan of issuance	X			• Should first be discussed in the absence of an underwriter to ensure issuers' best interests are driving decisions
• Finalize method of sale	X			
• Preliminary structuring	X			
• Underwriting team selection	X			• Clearly the underwriter would not participate
• POS review			X	• All financing team participants should actively participate
• Rating planning and preparation			X	
• Finalize structure			X	
• Conduct rating presentation			X	
• Distribute POS		X		• Underwriter responsibility since interface is with prospective investors
• Pre-pricing discussions			X	• Underwriter's trader leads discussion; MA input is critical
• Conduct pricing		X		• Underwriter responsibility since interface is with prospective investors
• Pricing oversight	X			• Only the MA can do this with expertise and objectivity
• Finalize Official Statement			X	• All financing team participants should actively participate
• Conduct closing activities			X	

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Fiduciary Duties of Transaction Participants



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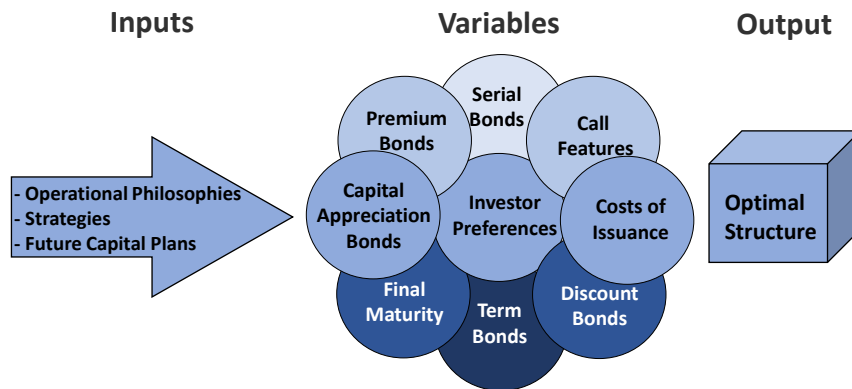
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Effective Structuring Impacts Interest Costs and Future Capital Plans



- Structuring variables should be balanced between investor preferences and the Issuers best interests
- Bond underwriters have a primary obligation to serve investors best interests

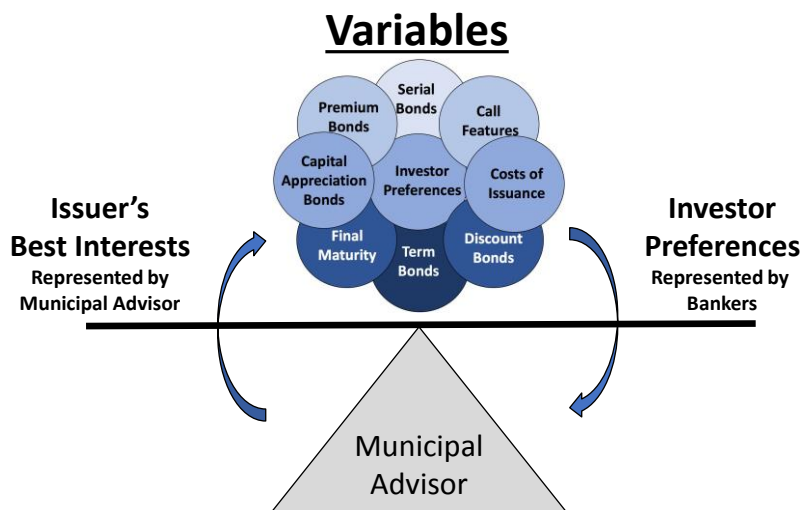


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Effective Structuring Must Balance Investor and District's Best Interests

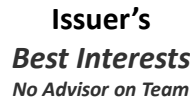


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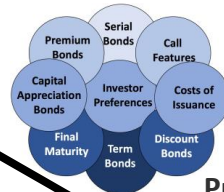
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Without an Advisor Weights the Structure to Favor Bankers and Investors



Variables



**Investor
Preferences
Represented by
Bankers**

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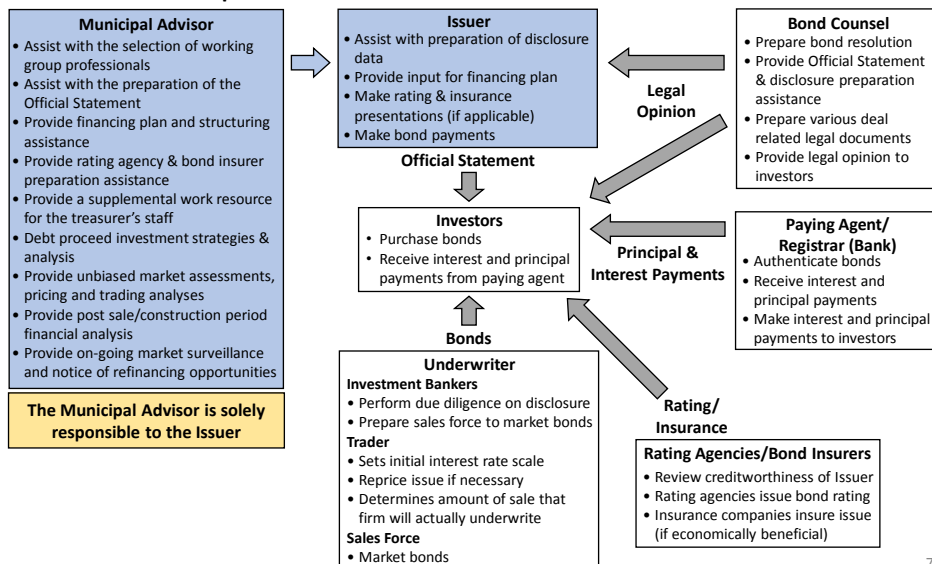
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Roles and Responsibilities of Participants



The Municipal Advisor is solely responsible to the issuer unlike other service providers that also serve the interests of investors



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Disclosure Preparation



Issuer Staff & Municipal Advisor

- Organizational overview
- Facilities data
- Operational information
- Financial outlook
- Financial statements
- Local economy description
- Structuring information
- Debt service schedules
- Review continuing disclosure agreement
- Interface with County Auditor

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2013

NEW ISSUE: BOOK-ENTRY ONLY

Rating: Moody's: _____
See Rating

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is entitled to a special rate of interest for federal income tax purposes and is not in line of our preference for the purpose of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on, and any profit made on the sale, exchange or other disposition of the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the duties as imposed on the sale, the net worth tax on the basis of the total equity capital of financial institutions, and the net worth tax of the corporate franchise tax. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax as a portion of that interest. For a more complete discussion of the tax aspects, see the Notes to the Bonds.

\$30,577,800
NORTH OLDEST CITY SCHOOL DISTRICT, OHIO
GENERAL OBLIGATION (Unlimited Tax)
SCHOOL IMPROVEMENT BONDS, SERIES 2013

Dated: Date of Issuance

The Bonds. The Bonds are voted general obligations of the School District, issued to finance certain permanent improvements, as described under **Authorization and Purpose**. Principal and interest, unless paid from other sources, are to be paid from the proceeds of the School District's levy of ad valorem property taxes, which taxes are without limitation as to amount or rate.

Book-Entry Only. The Bonds will be initially issued only as fully registered bonds, one for each maturity, issuable under a book-entry system, registered initially in the name of The Depository Trust Company or its nominee (DTC). There will be no distribution of Bonds to the ultimate purchasers. The Bonds are certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement. See **Appendix E**.

Payment. See **Maturity Schedule on inside cover**. Principal and interest on the Current Interest Bonds will be payable to the registered owner (DTC), principal upon presentation and surrender at the designated corporate trust office of The Wilmington National Bank (the Bond Registrar) and interest transmitted by the Bond Registrar on each interest payment date (June 1 and December 1 of each year, beginning June 1, 2013) to the registered owner (DTC) as of the 15th day next preceding that interest payment date.

Prior Redemption. The Current Interest Bonds maturing on or after December 1, 2014 may be subject to optional redemption by the School District prior to maturity, beginning December 1, 2014, as described in this Official Statement. Term Bonds may be optional subject to mandatory prior redemption if so requested by the successful bidder, as described in this Official Statement. See **Prior Redemption**.

The Bonds are offered when, as and if issued, subject to the opinion on certain legal matters relating to their issuance of Squire Sanders (US) LLP, Bond Counsel to the School District. Municipal advisory services are provided to the County by Sudsina & Associates, LLC, Vermilion, Ohio. The Bonds are expected to be available for delivery to DTC or its agent on _____, 2013.

This Official Statement has been prepared by the District in connection with its original offering for sale of the Bonds. The Cover includes certain information for quick reference only. It is not a summary of the Bond issue. Investors should read the entire Official Statement to obtain information as a basis for making informed investment judgments.

The date of this Official Statement is _____, 2013, and the information herein speaks only as of that date.

Bond Counsel

- Description of taxes and other sources of revenue
- Census and other demographic data
- Debt limitation tables
- Debt tables
- Interface with County Auditor
- Actual production of document
- Bond counsel opinion

County Auditor & Others

- Assessed valuation data
- Building permits info
- Tax tables
- Largest taxpayer list

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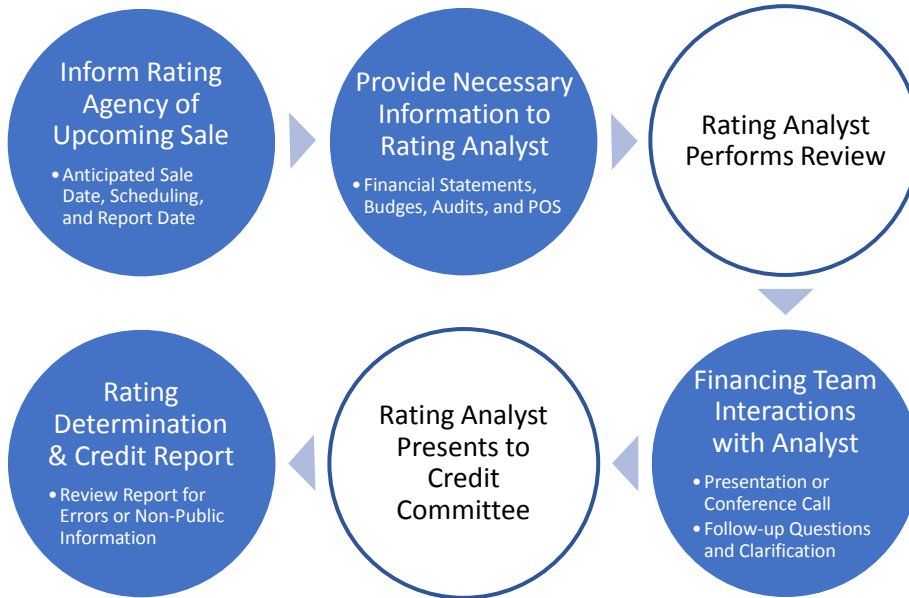


Disclosure Preparation





Credit Review Process



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Credit Ratings



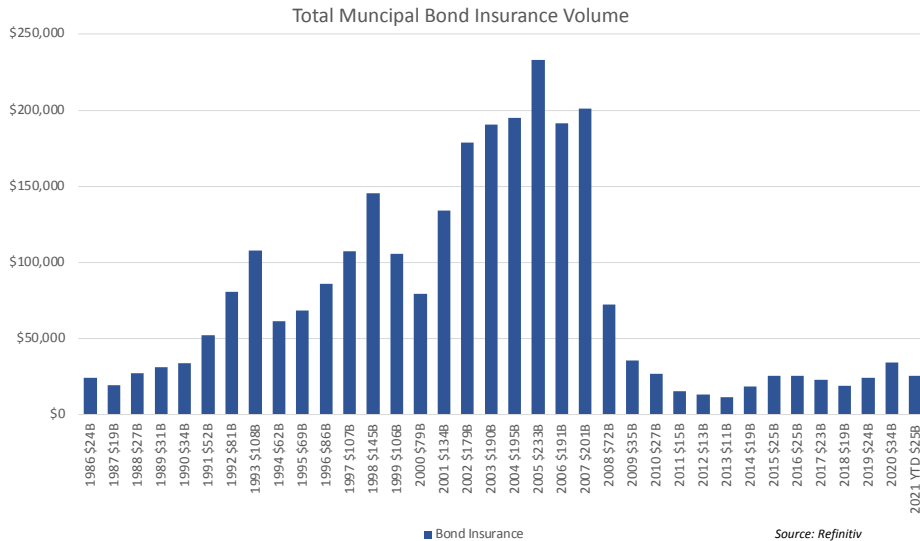
	MOODY's	S&P Global	FitchRatings
Better (Lower) Interest Rates ↑	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
	Ba1		
Ba			

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Total Municipal Bond Insurance Volume (1986 – Current)



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Accessing Capital Markets



Private Placement

Sell directly to one investor

Pros: Quickly issue debt – Lower cost of issuance

Cons: Higher interest rate costs – Maturity length restrictions

Competitive Sale

Auction a pre-defined bond to the lowest bidder in the market

Pros: Competition lowers interest rate

Cons: Requires simplified structure

Negotiated Sale

Work directly with an investment bank to sell bonds to investors

Pros: Most flexible structuring

Cons: Interest rates determined by bank

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Accessing Capital Markets: Private Placement



The private placement method of sale is appropriate for the following conditions:

1. Bonds that have a short final maturity, generally 15 years or less
2. More sensible for smaller par values due
3. Lower cost of issuance in comparison to a full public offering
4. Higher interest rates due to selling to a single investor
5. Quicker access to markets
6. Reduced workload on the issuers team as a result of the abridged disclosure documentation
7. Placement agreements occasionally contain difficult clauses that need to be addressed
8. The municipal advisor retains oversight of the transaction

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Competitive Sale: GFOA Recommended Practice



The GFOA recommends that the competitive method of sale be chosen when conditions favoring this method of sale are present. Such conditions include the following:

1. The market is familiar with the issuer, and the issuer is a stable and regular borrower in the public market.
2. There is an active secondary market with a broad investor base for the issuer's bonds.
3. The issue has an unenhanced credit rating of "A" or above or can obtain a credit enhancement prior to the competitive sale.
4. The debt structure is backed by the issuer's full faith and credit or a strong, known or historically performing revenue stream.
5. The issue is neither too large to be easily absorbed by the market nor too small to attract investors without a concerted sales effort.
6. The issue is not viewed by the market as carrying complex or innovative features or requiring explanation as to the bonds' soundness.
7. Interest rates are stable, market demand is strong, and the market is able to absorb a reasonable amount of buying or selling at reasonable price changes.


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Competitive Sale Results Screen



Highland Heights Final Bid Results 2021 Bonds		
		
Pricing Date:	May 25, 2021	
Dated:	June 8, 2021	
Call:	December 1, 2026	
Final Maturity:	December 1, 2036	
Par:	\$8,095,000	
Bank Qualified:	Yes	
Rating:	Aa2	
Bidder	TIC	
Robert W. Baird & Co., Inc.	1.452554%	Winner
Piper Sandler & Co	1.453444%	
Raymond James & Associates, Inc.	1.504455%	
Stifel, Nicolaus & Co., Inc.	1.589549%	
FHN Financial Capital Markets	1.591441%	
KeyBanc Capital Markets	1.621040%	

- First to second bid would cost an additional \$9,294, an increase of 0.7% over interest costs
- The highest cost bid would cost an additional \$127,889, an increase of 9.2% over interest costs

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Competitive Sale vs Negotiated Sale



Yield Spread Comparison

Count of Positive Yield Spread									
Issuer	HIGHLAND HEIGHTS OHIO				COMPARABLE NEGOTIATED BOND				
Count	9				3				
Transaction Details									
Sale Date	5/26/21				5/25/21				
Call Feature	12/1/26				12/1/30				
Credit Rating	Aa2				Aa2				
Bank Qualified	Yes				Yes				
Security Details	LT G.O. TAX-EXEMPT				LT G.O. TAX-EXEMPT				
Par Amount	\$7,910,000				\$5,165,000				
Maturity	Coupon	Yield	Pricing Date	Spread to	Coupon	Yield	Pricing Date	Spread to	MMD Spread
2021					3.00%	0.13%	0.09%	0.04%	
2022	5.00%	0.20%	0.09%	0.11%	3.00%	0.17%	0.09%	0.08%	-0.03%
2023	5.00%	0.25%	0.11%	0.14%	3.00%	0.29%	0.13%	0.16%	0.02%
2024	5.00%	0.37%	0.22%	0.15%	3.00%	0.45%	0.24%	0.21%	0.06%
2025	5.00%	0.50%	0.36%	0.14%	3.00%	0.61%	0.38%	0.23%	0.09%
2026	5.00%	0.62%	0.49%	0.13%	4.00%	0.74%	0.50%	0.24%	0.11%
2027	1.00%	0.85%	0.62%	0.23%	3.00%	0.92%	0.62%	0.30%	0.07%
2028	1.00%	1.00%	0.74%	0.26%	4.00%	1.06%	0.74%	0.32%	0.06%
2029	1.15%	1.15%	0.85%	0.30%	3.00%	1.18%	0.85%	0.33%	0.03%
2030	1.25%	1.25%	0.95%	0.30%	4.00%	1.28%	0.95%	0.33%	0.03%
2031	1.35%	1.35%	1.00%	0.35%	3.00%	1.34%	1.01%	0.33%	-0.02%
2032	1.50%	1.50%	1.04%	0.46%					
2033	2.00%	1.30%	1.07%	0.23%	3.00%	1.40%	1.09%	0.31%	0.08%
2034	2.00%	1.40%	1.10%	0.30%					
2035	2.00%	1.50%	1.13%	0.37%	3.00%	1.45%	1.15%	0.30%	-0.07%
2036	2.00%	1.60%	1.16%	0.44%					
2037					3.00%	1.54%	1.21%	0.33%	
2038									
2039									
2040									
2041					3.00%	1.74%	1.36%	0.38%	

- The Loveland scale as a bid would result in a 1.96 TIC which would cost an additional \$364,428 over the winning bid, an increase of 26.1% over interest costs

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Negotiated Sale: GFOA Recommended Practice



If conditions do not allow for a competitively bid bond sale, GFOA recommends the following practices:

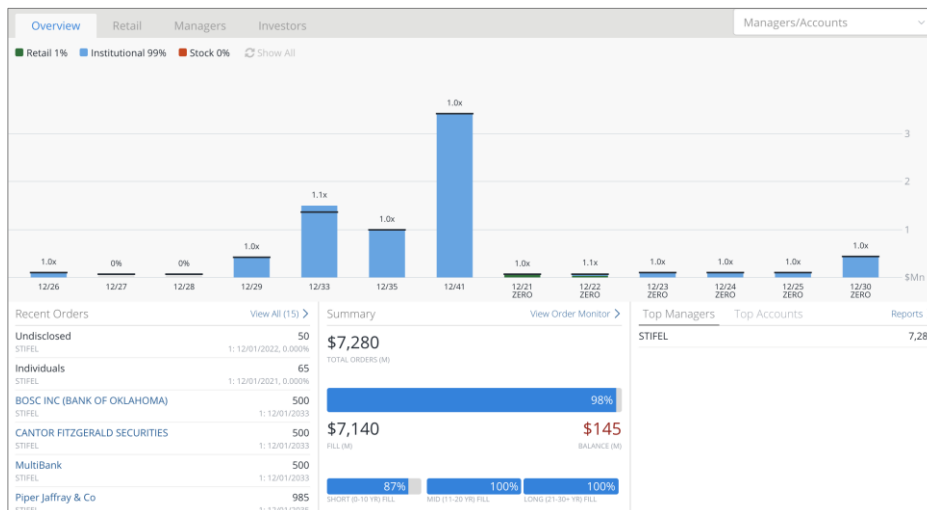
1. Promote fairness in a negotiated sale by using a competitive underwriter-selection process that ensures that multiple proposals are considered.
2. Remain actively involved in each step of the negotiation and sale processes to uphold the public trust.
3. Ensure that either an employee of the issuer or an outside professional other than the issue underwriter, who is familiar with and abreast of the condition of the municipal market, is available to assist in structuring the issue, pricing, and monitoring sales activities.
4. Avoid using a firm to serve as both the municipal advisor and underwriter of an issue because conflicts of interest may arise.
5. Require that financial professionals disclose the name(s) of any person or firm compensated to promote the selection of the underwriter; any existing or planned arrangements between outside professionals to share tasks, responsibilities and fees; the name(s) of any person or firm with whom the sharing is proposed; and the method used to calculate the fees to be earned.
6. Review the "Agreement Among Underwriters" and ensure that it governs all transactions during the underwriting period.

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Bond Pricing Mechanics – Post-Sale

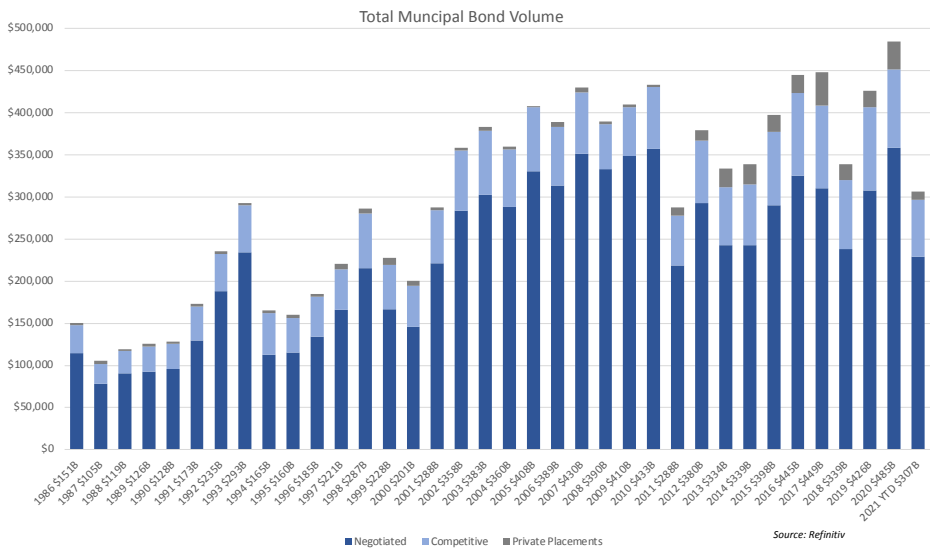


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Total Municipal Bond Volume (1986 – Current)

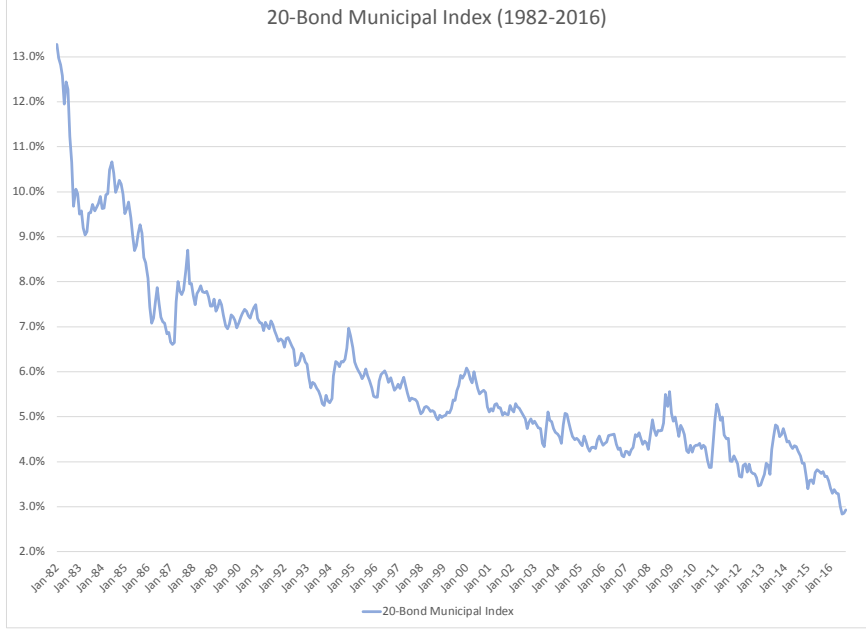


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Historic Municipal Bond Rates

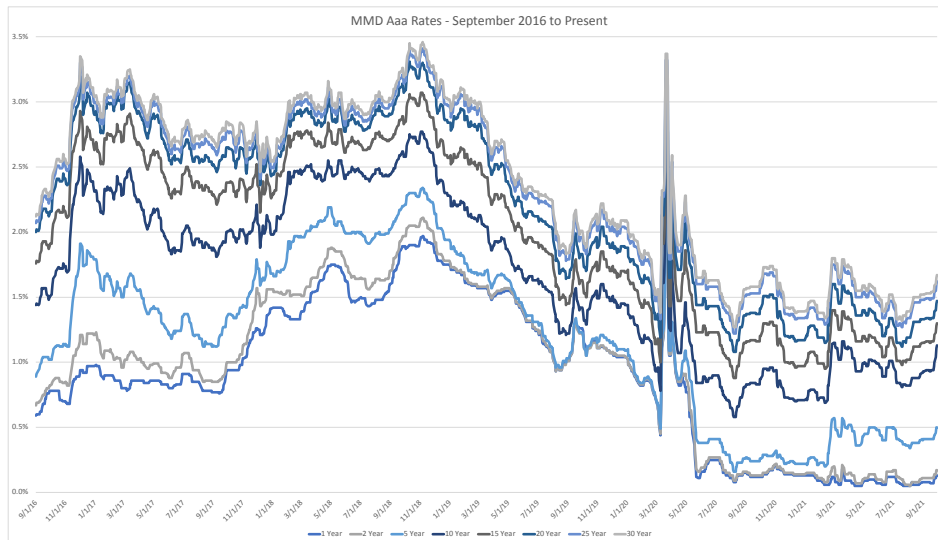


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Historic Municipal Bond Rates



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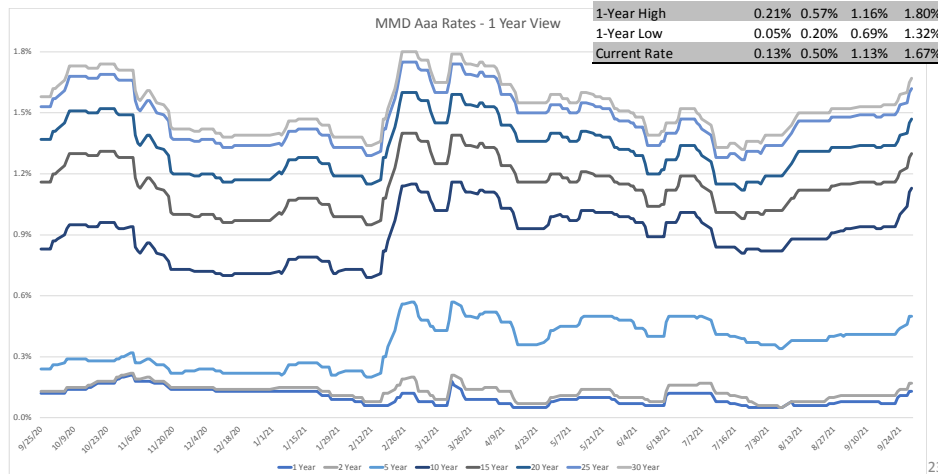


Current Municipal Bond Rates



MMD - Aaa Rates

	1 Year	5 Year	10 Year	30 Year
Average Since Nov-2016	0.91%	1.21%	1.68%	2.37%
Highest Since Nov-2016	2.51%	2.56%	2.79%	3.46%
Lowest Since Nov-2016	0.05%	0.16%	0.58%	1.27%
30 Day Average	0.08%	0.41%	0.94%	1.54%
90 Day Average	0.08%	0.42%	0.92%	1.47%
1-Year High	0.21%	0.57%	1.16%	1.80%
1-Year Low	0.05%	0.20%	0.69%	1.32%
Current Rate	0.13%	0.50%	1.13%	1.67%

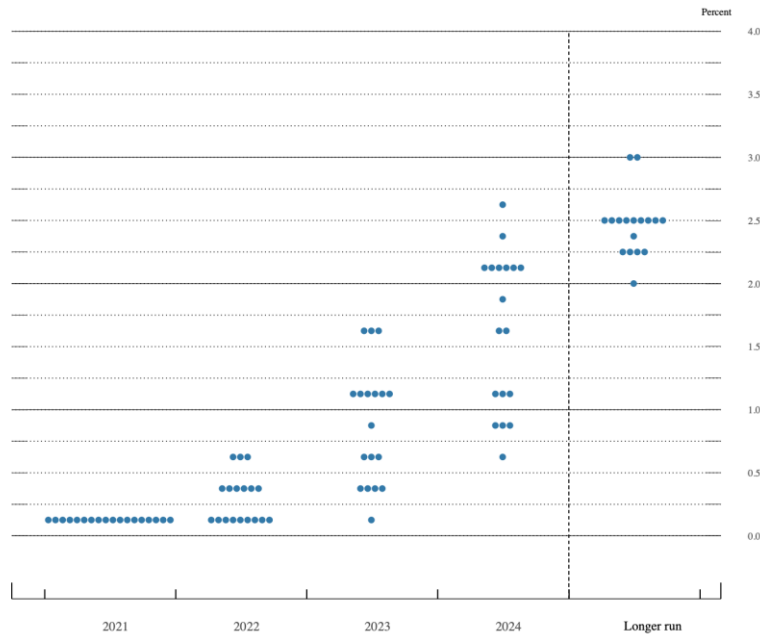


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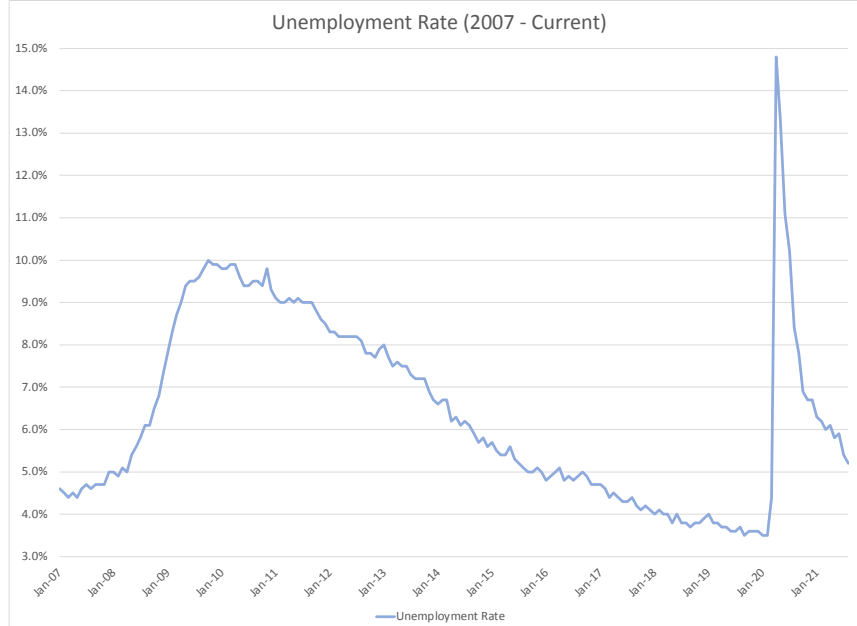
Federal Reserve Dot Plot



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Unemployment Rate



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