

9:30 AM – 10:30 PM Thursday, October 5, 2023

Capital Financing Update 2023

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Capital Financing Update 2023



Presentation Overview

Part 1

- ✓ Discussion of municipal bond market rates, trends and expectations

Part 2

- ✓ Difficulties Presented by current market conditions

Part 3

- ✓ Debt sale method review and recent sale results

Part 4

- ✓ SEC Regulation Update – Note Market



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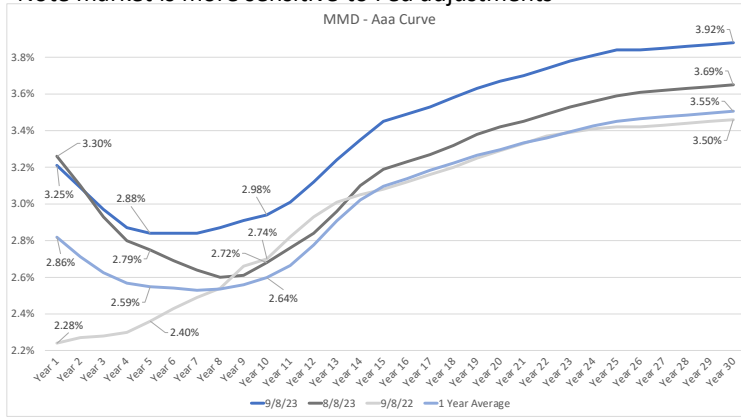
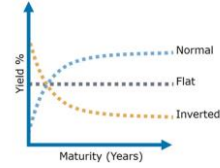
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Debt Market Outlook

Federal Reserve Outlook:

- Fed will continue raising rates until inflation slows
- FOMC Schedule: Nov 1, Dec 13, Jan 31
- CPI Inflation: Oct 12, Nov 14, Dec 12
- The average time from last rate hike to first rate cut is 5.8 months
- Note market is more sensitive to Fed adjustments



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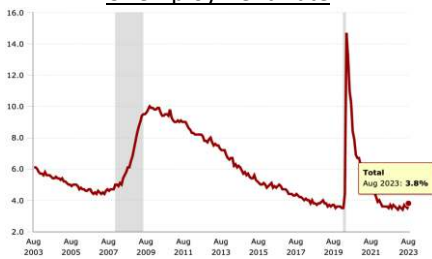
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Debt Market Outlook – Fed Goals

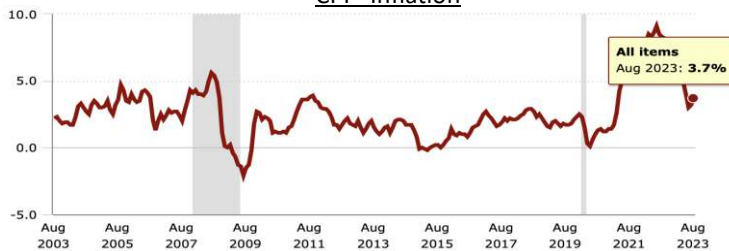
Unemployment Rate



Job Openings



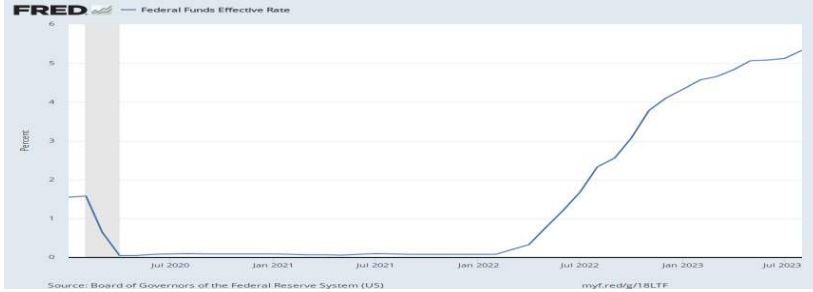
CPI - Inflation



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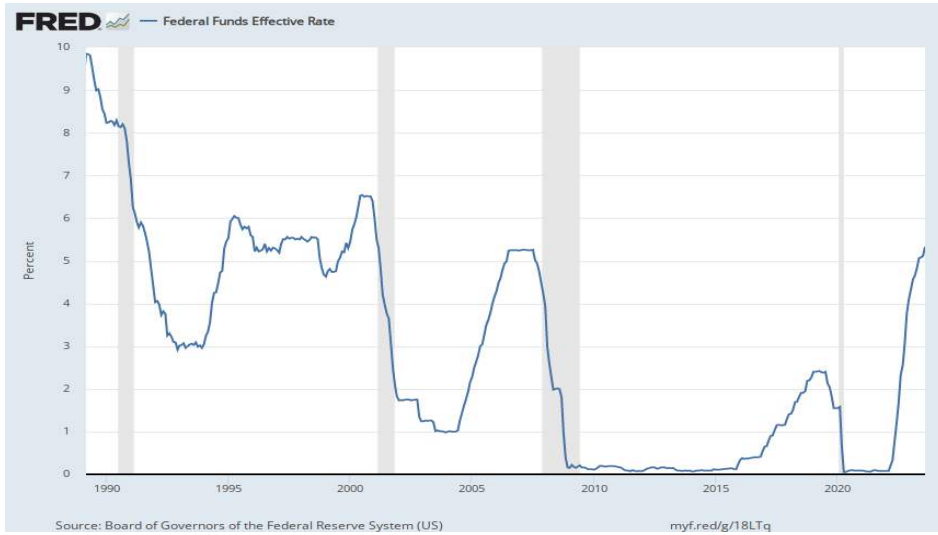
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Debt Market Outlook



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Debt Market Outlook



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Debt Market



Duration between last Fed rate hike and first rate cut (months)



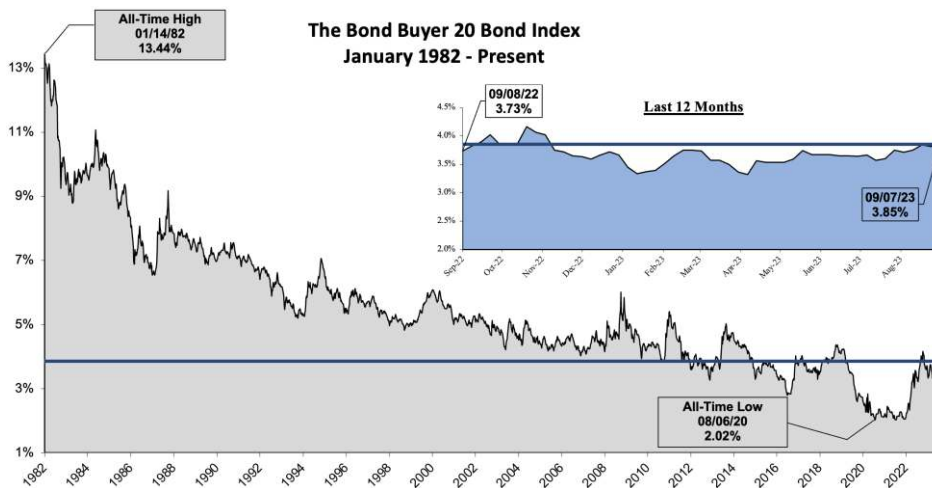
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Debt Market Outlook



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Debt Issuance: Difficulties Presented by Current Market Conditions

- Refundings are currently unlikely
- Volatility makes planning quite challenging
- Structuring - Likely need to capitalize interest

Volatility requires that good communication among financing team members is paramount throughout process to ensure a successful outcome



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Refundings

- Lack of ability to do advance refundings
 - Congress eliminated the ability to do advance refundings in 2018
 - As a result, only current refundings can be done for tax-exempt debt, or the refunding bonds have to be issued as taxable with higher rates
- High rates make refundings at sufficient savings levels unlikely
 - Industry standards recommend refundings be done only when present value saving total 3% of par or better
- Original issues done with shorter calls are more likely to be beneficial
- Higher investment rates do help escrow earn more, but escrows cannot be longer than 90 days, so not much time for earnings to accumulate



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Volatility Makes Planning Difficult

- For voted issues:
 - Ballot millage calculations may require extra conservatism,
 - Maintaining ballot millage over life of bonds requires careful consideration of AV growth

- Debt service calculations likely to change from beginning of planning process to actual pricing of bonds



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Structuring - Likely need to capitalize interest

- What is CAP-I
- How to use to benefit the transaction
- Limitations



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Capitalized interest - Pricing

Par Bond Example

Pricing Summary

Maturity	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2024	3.250%	3.290%	365,000.00	99.960%	364,854.00
12/01/2025	3.250%	3.190%	375,000.00	100.115%	375,431.25
12/01/2026	3.250%	3.100%	390,000.00	100.426%	391,661.40
12/01/2027	3.250%	3.070%	400,000.00	100.672%	402,688.00
12/01/2028	3.250%	3.090%	415,000.00	100.736%	418,054.40
12/01/2029	3.250%	3.130%	430,000.00	100.651%	432,799.30
12/01/2030	3.250%	3.150%	445,000.00	100.623%	447,772.35
12/01/2031	3.250%	3.190%	455,000.00	100.420%	456,911.00
12/01/2032	3.250%	3.250%	470,000.00	100.000%	470,000.00
12/01/2033	3.250%	3.290%	485,000.00	99.661%	483,355.85
12/01/2034	3.500%	3.380%	505,000.00	101.011%	510,105.55
12/01/2035	3.500%	3.520%	520,000.00	99.805%	518,986.00
12/01/2036	3.500%	3.630%	540,000.00	98.662%	532,774.80
12/01/2037	3.750%	3.720%	555,000.00	100.248%	556,376.40
12/01/2038	3.750%	3.820%	580,000.00	99.206%	575,394.80
12/01/2039	4.000%	3.890%	600,000.00	100.904%	605,424.00
12/01/2040	4.000%	3.940%	625,000.00	100.491%	628,068.75
12/01/2041	4.000%	3.990%	650,000.00	100.081%	650,526.50
12/01/2042	4.000%	4.040%	675,000.00	99.472%	671,436.00
12/01/2043	4.000%	4.080%	700,000.00	98.913%	692,391.00
Total	-	-	\$10,180,000.00	-	\$10,185,011.35

Bond Year Dollars	\$118,410.00
Average Life	11.632 Years
Average Coupon	3.73138888%

Net Interest Cost (NIC)	3.7787401%
True Interest Cost (TIC)	3.7699594%



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Premium Bonds Example

Pricing Summary

Coupon	Yield	Maturity Value	Price	Dollar Price
5.000%	3.290%	300,000.00	101.668%	305,004.00
5.000%	3.190%	315,000.00	103.480%	325,962.00
5.000%	3.100%	335,000.00	105.403%	353,100.05
5.000%	3.070%	350,000.00	107.212%	375,242.00
5.000%	3.090%	365,000.00	108.786%	397,068.90
5.000%	3.130%	385,000.00	110.157%	424,104.45
5.000%	3.150%	405,000.00	111.540%	451,737.00
5.000%	3.190%	425,000.00	112.691%	478,936.75
5.000%	3.250%	445,000.00	113.561%	505,346.45
5.000%	3.290%	470,000.00	114.471%	538,013.70
5.000%	3.380%	495,000.00	113.649%	562,562.55
5.000%	3.520%	515,000.00	112.385%	578,782.75
5.000%	3.630%	545,000.00	111.403%	607,146.35
5.000%	3.720%	570,000.00	110.607%	630,459.90
5.000%	3.820%	600,000.00	109.731%	658,386.00
5.000%	3.890%	630,000.00	109.123%	687,474.90
5.000%	3.940%	660,000.00	108.691%	717,360.60
5.000%	3.990%	695,000.00	108.261%	752,413.95
5.000%	4.040%	730,000.00	107.833%	787,180.90
5.000%	4.080%	765,000.00	107.492%	822,313.80
Total	-	\$10,000,000.00	-	\$10,958,597.00

Bond Year Dollars	\$121,080.00
Average Life	12.108 Years
Average Coupon	5.00000000%

Net Interest Cost (NIC)	4.2578485%
True Interest Cost (TIC)	4.0143920%

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Capitalized interest – Sources & Uses

Par Bond Example

Sources & Uses

Sources Of Funds	
Par Amount of Bonds	\$10,180,000.00
Reoffering Premium	5,011.35
Total Sources	\$10,185,011.35
Uses Of Funds	
Deposit to Project Construction Fund	10,000,000.00
Costs of Issuance	123,000.00
Total Underwriter's Discount (0.600%)	61,080.00
Rounding Amount	931.35
Total Uses	\$10,185,011.35

Premium Bonds Example

Sources & Uses

Sources Of Funds	
Par Amount of Bonds	\$10,000,000.00
Reoffering Premium	958,597.00
Total Sources	\$10,958,597.00
Uses Of Funds	
Deposit to Project Construction Fund	10,000,000.00
Rounding Amount	775,597.00
Costs of Issuance	123,000.00
Total Underwriter's Discount (0.600%)	60,000.00
Total Uses	\$10,958,597.00



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Capitalized interest – Debt Service

Par Bond Example

Date	Principal	Coupon	Interest	Total P+I
12/01/2023	-	-	-	-
12/01/2024	365,000.00	3.250%	364,812.50	729,812.50
12/01/2025	375,000.00	3.250%	352,950.00	727,950.00
12/01/2026	390,000.00	3.250%	340,762.50	730,762.50
12/01/2027	400,000.00	3.250%	328,087.50	728,087.50
12/01/2028	415,000.00	3.250%	315,087.50	730,087.50
12/01/2029	430,000.00	3.250%	301,600.00	731,600.00
12/01/2030	445,000.00	3.250%	287,625.00	732,625.00
12/01/2031	455,000.00	3.250%	273,162.50	728,162.50
12/01/2032	470,000.00	3.250%	258,375.00	728,375.00
12/01/2033	485,000.00	3.250%	243,100.00	728,100.00
12/01/2034	505,000.00	3.500%	227,337.50	732,337.50
12/01/2035	520,000.00	3.500%	209,662.50	729,662.50
12/01/2036	540,000.00	3.500%	191,462.50	731,462.50
12/01/2037	555,000.00	3.750%	172,562.50	727,562.50
12/01/2038	580,000.00	3.750%	151,750.00	731,750.00
12/01/2039	600,000.00	4.000%	130,000.00	730,000.00
12/01/2040	625,000.00	4.000%	106,000.00	731,000.00
12/01/2041	650,000.00	4.000%	81,000.00	731,000.00
12/01/2042	675,000.00	4.000%	55,000.00	730,000.00
12/01/2043	700,000.00	4.000%	28,000.00	728,000.00
Total	\$10,180,000.00	-	\$4,418,337.50	\$14,598,337.50

Total Debt Service \$14,598,337.50

Premium Bonds Example

Principal	Coupon	Interest	Total P+I	CIF	Net New D/S
-	-	-	-	-	-
300,000.00	5.000%	500,000.00	800,000.00	(500,000.00)	300,000.00
315,000.00	5.000%	485,000.00	800,000.00	(242,500.00)	557,500.00
335,000.00	5.000%	469,250.00	804,250.00	-	804,250.00
350,000.00	5.000%	452,500.00	802,500.00	-	802,500.00
365,000.00	5.000%	435,000.00	800,000.00	-	800,000.00
385,000.00	5.000%	416,750.00	801,750.00	-	801,750.00
405,000.00	5.000%	397,500.00	802,500.00	-	802,500.00
425,000.00	5.000%	377,250.00	802,250.00	-	802,250.00
445,000.00	5.000%	356,000.00	801,000.00	-	801,000.00
470,000.00	5.000%	333,750.00	803,750.00	-	803,750.00
495,000.00	5.000%	310,250.00	805,250.00	-	805,250.00
515,000.00	5.000%	285,500.00	800,500.00	-	800,500.00
545,000.00	5.000%	259,750.00	804,750.00	-	804,750.00
570,000.00	5.000%	232,500.00	802,500.00	-	802,500.00
600,000.00	5.000%	204,000.00	804,000.00	-	804,000.00
630,000.00	5.000%	174,000.00	804,000.00	-	804,000.00
660,000.00	5.000%	142,500.00	802,500.00	-	802,500.00
695,000.00	5.000%	109,500.00	804,500.00	-	804,500.00
730,000.00	5.000%	74,750.00	804,750.00	-	804,750.00
765,000.00	5.000%	38,250.00	803,250.00	-	803,250.00
Total	\$10,000,000.00	\$6,054,000.00	\$16,054,000.00	(742,500.00)	\$15,311,500.00

Total Debt Service \$15,311,500.00



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Capitalize interest – Limitations

Premium Bonds Example

Principal	Coupon	Interest	Total P+I	CIF	Net New D/S
-	-	-	-	-	-
300,000.00	5.000%	500,000.00	800,000.00	(500,000.00)	300,000.00
315,000.00	5.000%	485,000.00	800,000.00	(242,500.00)	557,500.00
335,000.00	5.000%	469,250.00	804,250.00	-	804,250.00
350,000.00	5.000%	452,500.00	802,500.00	-	802,500.00
365,000.00	5.000%	435,000.00	800,000.00	-	800,000.00
385,000.00	5.000%	416,750.00	801,750.00	-	801,750.00
405,000.00	5.000%	397,500.00	802,500.00	-	802,500.00
425,000.00	5.000%	377,250.00	802,250.00	-	802,250.00
445,000.00	5.000%	356,000.00	801,000.00	-	801,000.00
470,000.00	5.000%	333,750.00	803,750.00	-	803,750.00
495,000.00	5.000%	310,250.00	805,250.00	-	805,250.00
515,000.00	5.000%	285,500.00	800,500.00	-	800,500.00
545,000.00	5.000%	259,750.00	804,750.00	-	804,750.00
570,000.00	5.000%	232,500.00	802,500.00	-	802,500.00
600,000.00	5.000%	204,000.00	804,000.00	-	804,000.00
630,000.00	5.000%	174,000.00	804,000.00	-	804,000.00
660,000.00	5.000%	142,500.00	802,500.00	-	802,500.00
695,000.00	5.000%	109,500.00	804,500.00	-	804,500.00
730,000.00	5.000%	74,750.00	804,750.00	-	804,750.00
765,000.00	5.000%	38,250.00	803,250.00	-	803,250.00
Total	\$10,000,000.00	\$6,054,000.00	\$16,054,000.00	(742,500.00)	\$15,311,500.00

Capitalized interest cannot exceed 3 years of interest



Recommended Debt Issuance Policies

The Policy should provide guidance regarding the issuance process, which may differ for each type of debt. These practices include:

- **Selection and use of professional service providers**, including an independent municipal advisor, to assist with determining the method of sale and the selection of other financing team members,
- **Criteria for determining the sale method** (competitive, negotiated, private placement) and investment of proceeds,
- **Use of comparative bond pricing services** or market indices as a benchmark in negotiated transactions, as well as to evaluate final bond pricing results,
- **Criteria for issuance of refunding bonds**, and
- **Use of credit ratings & credit enhancement**, minimum bond ratings, determination of the number of ratings, and selection of rating services.



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How a Municipal Advisor assists with policy compliance

The industry standard for best practices recommend that governments hire a municipal advisor (MA) for their transactions, unless they have sufficient in-house expertise to understand all facets of the bond transaction because:

- The MA has a federal fiduciary duty to put the best interest of the Issuer before the MA's own, unlike the bond underwriter who has a duty first to investors, then to the issuer.
- Most fiscal officers do not have the daily experience with public finance markets to adequately assess whether the debt issue's structure and interest rate pricing is the best available in the market while a good MA can provide that expertise with the best interests of the Issuer in mind.

Services the Municipal Advisor typically provides:

1. Assistance with the selection of other professionals required to execute the debt issuance
2. Temporary staffing assistance to the finance office during the preparation of the Official Statement
3. Objective advice regarding financing plan options and structuring ideas
4. Rating campaign strategy assistance and preparation for rating presentations
5. Unbiased market assessments and bond pricing analyses
6. Development of an investment strategy for bond proceeds and the selection of investment advisors
7. On-going market surveillance and notice of refinancing opportunities



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Methods of Sale

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

Direct Placement

- Sell directly to one investor
- Pros: Quickly issue debt – Lower cost of issuance
- Cons: Higher interest rate costs – Maturity length restrictions

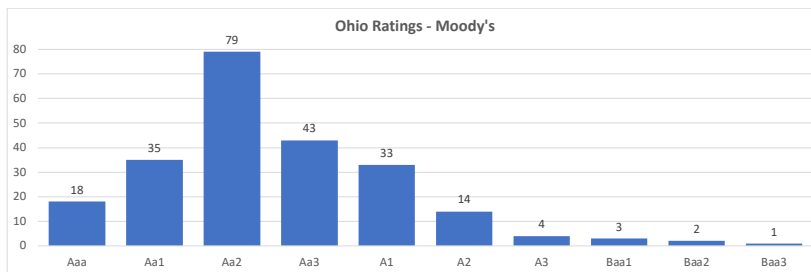


Competitive Sale

GFOA recommended sales method when:

- High rating (A or better)
- Issuer is known in marketplace
- Nothing unusual about structure
- Market conditions are relatively stable
- Receives best deal entire market can provide
- Due to competition generally results in lower interest rates

	MOODY'S	S&P Global	FitchRatings
	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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Competitive Note Sale

City of Wooster
Final Bid Results - 2023 Notes



Pricing Date: Tuesday, May 23, 2023
 Dated: Thursday, June 8, 2023
 Due: Friday, June 7, 2024
 Settle: Thursday, June 8, 2023
 Par: \$4,750,000
 Bank Qualified: No
 Rating: SP-1+
 Underlying Rating: AA

Bidder	Coupon	Premium	NIC	Winner
KeyBanc Capital Markets	4.500%	\$30,732.50	3.851%	Winner
BNYMellon Capital Markets	4.750%	\$40,496.12	3.895%	
Piper Sandler	6.000%	\$98,562.50	3.919%	
Oppenheimer	5.000%	\$47,405.00	3.999%	
Fidelity Capital Markets	4.250%	\$5,937.50	4.125%	
Jefferies LLC	5.000%	\$33,630.00	4.290%	

- The difference in first to second bid would cost \$2,078 of added borrowing cost. This represents an increase of 1.1% in total interest paid.
- The difference in first to last bid would cost \$20,786 of added borrowing cost. This represents an increase of 11.3% in total interest paid.



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Competitive Bond Sale

Copley Township
Final Bid Results
2023 Bonds



Pricing Date: April 12, 2023
 Dated: April 26, 2023
 Call: June 1, 2028
 Final Maturity: December 1, 2048
 Par: \$20,500,000
 Bank Qualified: No
 Rating: Aa3

Bidder	TIC	Winner
UBS Financial Services Inc.	3.785%	Winner
Robert W. Baird & Co., Inc.	3.814%	
KeyBanc Capital Markets	3.952%	

- Going from the first to second bid would cost \$52,620 of added debt service. This represents an increase of 0.4% over total interest paid.
- Going from the first to last bid would cost \$620,794 of added debt service. This represents an increase of 4.9% over total interest paid.



Capital Financing Update 2023



Competitive Bond Sale

Willoughby
Final Bid Results
2023 Bonds



Pricing Date: July 27, 2023
Dated: August 9, 2023
Call: December 1, 2028
Final Maturity: December 1, 2048
Par: \$16,855,000
Security: General Obligation
Bank Qualified: No
Rating: Aa2

Bidder	TIC	
Robert W. Baird & Co., Inc.	3.919%	Winner
BNYMellon Capital Markets	3.959%	
Loop Capital Markets, LLC	3.964%	
Fidelity Capital Markets	3.996%	
Fifth Third Securities, Inc.	4.022%	
StoneX Financial Inc.	4.030%	
KeyBanc Capital Markets	4.079%	
TD Securities	4.085%	

- The difference in first to second bid would cost \$132,918 of added borrowing cost. This represents an increase of 1.3% in total interest paid.
- The difference in first to last bid would cost \$446,650 of added borrowing cost. This represents an increase of 4.3% in total interest paid.



Capital Financing Update 2023



Competitive Bond Sale

Underwriter Cost Comparison

- Greene County \$20.20
- Comparison \$4.50

Negotiated Scale Comparison			
Sale Type Details			
Issuer	Greene County	Comparison Sale	
Sale Type	Competitive	Negotiated	
Sale Date	4/28/22	4/29/22	(Adjusted to 4/28/2022)
Credit Rating	Aa1	AAA	
Call Feature	12/1/27	12/1/31	
Bank Qualified	No	No	
Security Details	Rev Tax-Exempt	Rev Tax-Exempt	
	Bid Comparison		Difference
TIC	3.97%	4.31%	0.34%
PAR	\$30,195,000	\$30,000,000	
Bond Retirement Fund	\$2,758	\$2,146,183	
Total Debt Service	\$52,345,013	\$57,604,556	
Net Borrowing Cost	\$22,147,256	\$25,458,373	\$3,311,117
	Annual Debt Service Comparison		Difference
Average Debt Service	\$1,688,549	\$1,858,211	\$169,663



Yield Spread Comparison

Count of Positive Yield Spread												
Issuer Count	GREENE CNTY OHIO SALES TAX RCP				Comparison Negotiated Sale							
	0				22							
Transaction Details												
Sale Date	4/28/22				4/29/22							
Call Feature	12/1/27				12/1/31							
Underwriter	ROBERT W BAIRD & CO, INC				KEYBANC CAPITAL MARKETS							
Credit Rating	Aa1				AAA							
Bank Qualified	No				No							
Security Details	REV TAX-EXEMPT				REV TAX-EXEMPT							
Par Amount	\$30,195,000				\$85,000,000							
Maturity	Coupon	Yield	Pricing Date MMD	Spread to MMD	Coupon	Yield	Pricing Date MMD	Spread to MMD	MMD Spread	Difference		
2022					5.00%	1.90%	1.53%	0.27%				
2023	8.00%	2.25%	1.94%	0.31%	5.00%	2.18%	1.94%	0.24%	-0.07%			
2024	8.00%	2.45%	2.20%	0.25%	5.00%	2.35%	2.22%	0.13%	-0.12%			
2025	8.00%	2.55%	2.34%	0.21%	5.00%	2.45%	2.36%	0.09%	-0.12%			
2026	8.00%	2.65%	2.37%	0.28%	5.00%	2.50%	2.39%	0.11%	-0.17%			
2027	8.00%	2.75%	2.43%	0.32%	5.00%	2.57%	2.45%	0.12%	-0.20%			
2028	4.00%	2.80%	2.48%	0.32%	5.00%	2.66%	2.50%	0.16%	-0.16%			
2029	3.00%	3.00%	2.55%	0.40%	5.00%	2.77%	2.57%	0.20%	-0.25%			
2030	3.00%	3.10%	2.60%	0.50%	5.00%	2.85%	2.62%	0.23%	-0.27%			
2031	3.13%	3.15%	2.65%	0.50%	5.00%	2.93%	2.67%	0.26%	-0.24%			
2032	3.13%	3.20%	2.70%	0.50%	5.00%	2.97%	2.72%	0.25%	-0.25%			
2033	3.25%	3.35%	2.74%	0.61%	5.00%	3.05%	2.76%	0.29%	-0.32%			
2034	3.38%	3.45%	2.77%	0.68%	5.00%	3.09%	2.78%	0.31%	-0.37%			
2035	3.50%	3.55%	2.80%	0.75%	5.00%	3.15%	2.80%	0.35%	-0.40%			
2036	3.50%	3.60%	2.82%	0.78%	5.00%	3.15%	2.82%	0.33%	-0.45%			
2037	3.63%	3.65%	2.84%	0.81%	5.00%	3.17%	2.84%	0.33%	-0.48%			
2038	3.63%	3.70%	2.86%	0.84%	5.00%	3.21%	2.86%	0.35%	-0.49%			
2039	3.75%	3.75%	2.88%	0.87%	5.00%	3.26%	2.88%	0.38%	-0.49%			
2040	3.75%	3.80%	2.89%	0.91%	5.00%	3.30%	2.89%	0.41%	-0.50%			
2041					5.00%	3.31%	2.90%	0.41%				
2042	4.00%	3.80%	2.92%	0.88%	5.00%	3.33%	2.92%	0.41%	-0.47%			
2043												
2044	4.00%	3.90%	2.96%	0.94%	5.00%	3.37%	2.96%	0.41%	-0.53%			
2045												
2046												
2047	4.00%	4.00%	3.00%	1.00%	5.00%	3.43%	3.00%	0.43%	-0.57%			
2048												
2049												
2050												
2051												
2052	4.00%	4.05%	3.05%	1.00%	5.00%	3.51%	3.05%	0.46%	-0.54%			
2053												
2054												
2055												
2056												
2057												
2058					5.00%	3.63%	3.05%	0.58%				

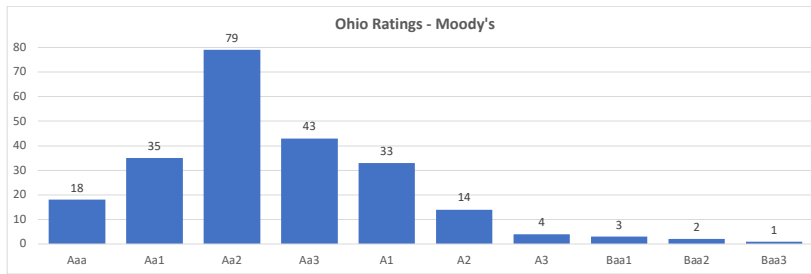
Capital Financing Update 2023



Negotiated Sale

- GFOA recommended sales method when:
- Low credit rating (Baa/BBB or worse)
 - Issuer is not known in marketplace
 - Unusual structure (PCABs)
 - Unstable market conditions
 - Results in best pricing selected underwriter can provide, particularly if an RFP process is used to solicit underwriters

	Moody's	S&P Global	FitchRatings
	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		



Capital Financing Update 2023



Negotiated Note Sale

Pricing Date: 6/6/2023	CUSIP No.: 2906416N4
Dated Date: 6/27/2023	Bond Counsel: Squire Patton Boggs
Maturity Date: 6/27/2024	Bank Qualified: Yes
Settlement Date: 6/27/2024	OS: No
Days Outstanding: 360	NPA: Yes
2022 Note Maturity: 6/28/2023	

Par Amount: \$ 5,830,000.00	Coupon: 4.500%
Interest Payment: \$ 262,350.00	Yield: 3.850%
Total Payment: \$ 6,092,350.00	Price: 100.6259
Excess Premium: \$ 4,300.00	Truncate: 100.625
Back to Issuer	Average Life: 1.0000
	NIC: 4.4262%
	Yield: 3.8509%

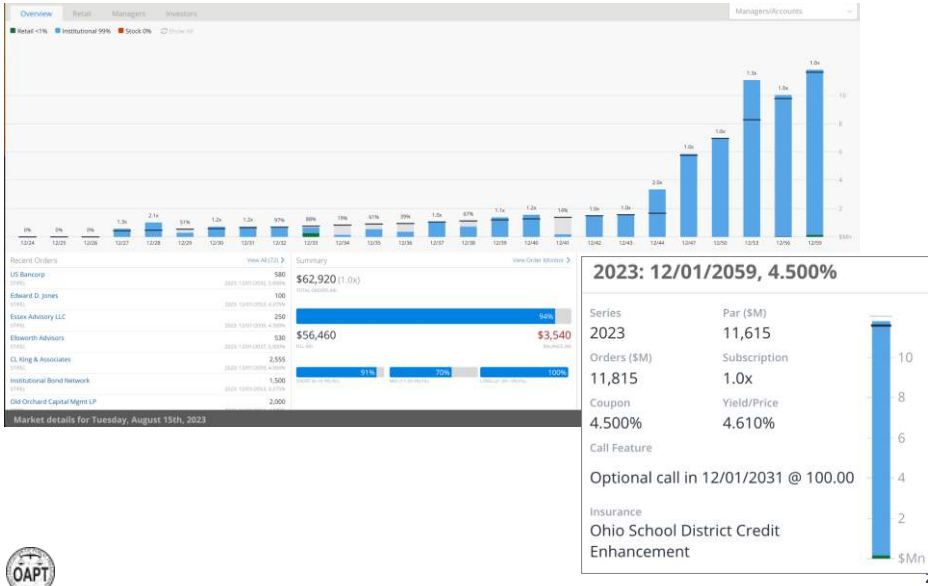
2023 Investors:	2023 Orders:	2023 Allotments:
Johnson Investment Council	\$3,000,000.00	\$1,500,000.00
Tolleson Wealth Management	\$500,000.00	\$500,000.00
Allspring Global Investments	\$5,830,000.00	\$3,080,000.00
Cypress Wealth Advisers	\$750,000.00	\$750,000.00
TOTAL:	\$10,080,000.00	\$5,830,000.00



Capital Financing Update 2023



Negotiated Bond Sale



Capital Financing Update 2023



Direct Placement

- Term sheet used to receive bank loan rates
- Often utilized for lower par value projects
- Interest rates are typically higher than public sales
- Cost of issuance as generally lower than full public sales
- Generally limited to 20 years or less
- No official statement or rating required
- Can allow for a shorter issuance timeline



Capital Financing Update 2023



Direct Placement

South Euclid-Lyndhurst CSD
Final Bid Results - 2023 TAN and/or ELP



Pricing Date: Wednesday, June 21, 2023
 Dated: Tuesday, July 11, 2023
 Par: \$9,625,000
 Bank Qualified: Yes
 Rating: None
 Underlying Rating: None

Bidder	Security	Par	Maturity	TIC (Fee Adjusted)	Annual Debt Service	
Capital One Public Funding	Equipment Lease-Purchase	\$9,625,000	20 Years	4.600%	\$759,127	Winner
Flagstar Public Funding	Equipment Lease-Purchase	\$9,625,000	15 Years	4.731%	\$923,493	
First National Bank	Equipment Lease-Purchase	\$9,625,000	10 Years	4.990%	\$1,265,609	
Capital One Public Funding	Tax Anticipation Note	\$4,000,000	10 Years	4.370%	\$509,304	
Flagstar Public Funding	Tax Anticipation Note	\$4,000,000	10 Years	4.500%	\$512,754	
Key Bank	Tax Anticipation Note	\$4,000,000	10 Years	6.150%	\$559,676	

- The difference in first to second bid would cost \$164,366 annually. This represents an increase of 22% in annual debt service.
- The difference in first to second bid would cost \$506,482 annually. This represents an increase of 67% in annual debt service.
- In an effort to minimize borrowing costs the District also took bids on Tax Anticipation Notes to offer bidders the most options possible. The winning bid utilized 100% Equipment Lease-Purchase which preserves the Districts ability to issue a future Tax Anticipation Note.



Capital Financing Update 2023



SEC Regulation Update – Note Market
SEC charges four underwriters in first of its kind disclosure case

By [Connor Hussey](#) September 13, 2022, 12:28 p.m. EDT 4 Min Read

The charges represent a first of its kind for the Commission in addressing limited offering exemptions, or underwriters who fail to meet the legal requirements that would exempt them from obtaining disclosures for investors in certain municipal securities offerings.

SEC charges seventh firm for violating limited offering exemption

By [Connor Hussey](#) July 20, 2023, 1:17 p.m. EDT 2 Min Read

SEC Rule 15c2-12 includes an exemption for underwriters engaged in limited offerings, where they do not have to provide continuing disclosures for the sale of securities that remain in denominations of at least \$100,000 and sold to no more than 35 persons who are capable of evaluating the merits and risks of the prospective investment.



SEC Regulation Overview – Note Market

What this new SEC focus means for the short-term market

- Option 1: Sell 9-month BAN
 - No Official Statement/Disclosure documentation
- Option 2: Sell 12-month BAN
 - Official Statement/Disclosure documentation
 - or
 - Underwriting firm receives sign off from investors
- Option 3: Sell Direct Placement
 - No Official Statement/Disclosure documentation

