

Bond Basics

Think of a bond as an "IOU" we sell to investors.

- **Term:** Typically 10–30 years.
 - Technically, a series of IOU's that mature annually, with varying interest rates.
- The investor receives regular interest payments and their principal on the maturity date.
- **Interest rate:** Based on our creditworthiness and market conditions.

Cascade Charter Township

Proposed 2022 Bonds

Preliminary Sizing - Rates as of 07/28/22+25bps

\$6,500,000

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
11/01/2023	Serial Coupon	1.750%	1.750%	225,000.00	100.000%	225,000.00
11/01/2024	Serial Coupon	1.950%	1.950%	255,000.00	100.000%	255,000.00
11/01/2025	Serial Coupon	2.060%	2.060%	260,000.00	100.000%	260,000.00
11/01/2026	Serial Coupon	2.200%	2.200%	265,000.00	100.000%	265,000.00
11/01/2027	Serial Coupon	2.250%	2.250%	275,000.00	100.000%	275,000.00
11/01/2028	Serial Coupon	2.400%	2.400%	280,000.00	100.000%	280,000.00
11/01/2029	Serial Coupon	2.550%	2.550%	285,000.00	100.000%	285,000.00
11/01/2030	Serial Coupon	2.600%	2.600%	295,000.00	100.000%	295,000.00
11/01/2031	Serial Coupon	2.750%	2.750%	300,000.00	100.000%	300,000.00
11/01/2032	Serial Coupon	2.850%	2.850%	310,000.00	100.000%	310,000.00
11/01/2033	Serial Coupon	3.300%	3.300%	320,000.00	100.000%	320,000.00
11/01/2034	Serial Coupon	3.410%	3.410%	330,000.00	100.000%	330,000.00
11/01/2035	Serial Coupon	3.520%	3.520%	340,000.00	100.000%	340,000.00
11/01/2036	Serial Coupon	3.610%	3.610%	350,000.00	100.000%	350,000.00
11/01/2037	Serial Coupon	3.690%	3.690%	365,000.00	100.000%	365,000.00
11/01/2038	Serial Coupon	3.780%	3.780%	380,000.00	100.000%	380,000.00
11/01/2039	Serial Coupon	3.870%	3.870%	390,000.00	100.000%	390,000.00
11/01/2040	Serial Coupon	3.960%	3.960%	410,000.00	100.000%	410,000.00
11/01/2041	Serial Coupon	4.080%	4.080%	425,000.00	100.000%	425,000.00
11/01/2042	Serial Coupon	4.150%	4.150%	440,000.00	100.000%	440,000.00
Total	-	-	-	\$6,500,000.00	-	\$6,500,000.00

Bid Information

Par Amount of Bonds	\$6,500,000.00
Gross Production	\$6,500,000.00
Total Underwriter's Discount (1.500%)	\$(97,500.00)
Bid (98.500%)	6,402,500.00
Total Purchase Price	\$6,402,500.00
Bond Year Dollars	\$75,873.61
Average Life	11.673 Years
Average Coupon	3.5391646%
Net Interest Cost (NIC)	3.6676678%
True Interest Cost (TIC)	3.6579639%



**Cascade Charter Township
Proposed DDA Bonds (LTGO)
Estimated Debt Service
August 6, 2024**

Assumptions:
 Dated: January 1, 2025
 First Interest: June 1, 2025
 First Principal: December 1, 2025
 Assumes AAA rating and current market rates

Fiscal Year Ending Dec. 31,	20-Year Amortization Today's Est. Rate Estimated TIC*: 3.563%			20-Year Amortization Today's Est. Rate + 20bps Estimated TIC*: 3.764%			20-Year Amortization Today's Est. Rate with 1.50% Growth Estimated TIC*: 3.587%		
	Principal	Interest	Est. Total Debt Service	Principal	Interest	Est. Total Debt Service	Principal	Interest	Est. Total Debt Service
2025	\$ 660,000	\$ 535,294	\$ 1,195,294	\$ 640,000	\$ 557,010	\$ 1,197,010	\$ 585,000	\$ 613,083	\$ 1,198,083
2026	635,000	564,355	1,199,355	610,000	587,360	1,197,360	565,000	651,444	1,216,444
2027	655,000	544,207	1,199,207	630,000	566,784	1,196,784	600,000	633,516	1,233,516
2028	675,000	524,033	1,199,033	650,000	546,120	1,196,120	635,000	615,036	1,250,036
2029	695,000	503,310	1,198,310	675,000	524,865	1,199,865	675,000	595,542	1,270,542
2030	715,000	481,835	1,196,835	695,000	502,658	1,197,658	715,000	574,684	1,289,684
2031	740,000	459,219	1,199,219	720,000	479,285	1,199,285	760,000	552,069	1,312,069
2032	760,000	435,591	1,195,591	745,000	454,855	1,199,855	800,000	527,802	1,327,802
2033	785,000	411,081	1,196,081	770,000	429,339	1,199,339	845,000	502,002	1,347,002
2034	810,000	385,372	1,195,372	795,000	402,582	1,197,582	895,000	474,328	1,369,328
2035	840,000	358,521	1,198,521	825,000	374,637	1,199,637	945,000	444,659	1,389,659
2036	865,000	330,255	1,195,255	850,000	345,226	1,195,226	1,000,000	412,860	1,412,860
2037	895,000	300,905	1,195,905	885,000	314,686	1,199,686	1,055,000	378,930	1,433,930
2038	925,000	270,225	1,195,225	915,000	282,578	1,197,578	1,110,000	342,764	1,452,764
2039	960,000	238,127	1,198,127	950,000	248,997	1,198,997	1,170,000	304,247	1,474,247
2040	995,000	204,191	1,199,191	985,000	213,515	1,198,515	1,235,000	262,888	1,497,888
2041	1,030,000	167,844	1,197,844	1,020,000	175,563	1,195,563	1,300,000	217,773	1,517,773
2042	1,070,000	129,219	1,199,219	1,060,000	135,273	1,195,273	1,375,000	169,023	1,544,023
2043	1,110,000	88,377	1,198,377	1,105,000	92,693	1,197,693	1,450,000	116,540	1,566,540
2044	1,150,000	45,276	1,195,276	1,150,000	47,576	1,197,576	1,530,000	60,236	1,590,236
	\$ 16,970,000	\$ 6,977,233	\$ 23,947,233	\$ 16,675,000	\$ 7,281,603	\$ 23,956,603	\$ 19,245,000	\$ 8,449,428	\$ 27,694,428

*Does not include estimated costs of issuance or underwriter's discount

The Bond Issuance Process

It's a team effort that includes multiple steps and professionals and BOARDS

Step-by-Step:

1. **Capital Planning:** Identify and define the project
2. **Board Approval:** You approve the intent and then the terms
 - **The Township Board approves the terms, too.**
3. **Hire Experts:**
 - **Bond Counsel:** Ensures legal compliance – they look out for the law
 - **Two Opinions:**
 - The transaction legally commits the DDA/Township to pay
 - The interest earned on the bond is or is not tax-exempt
 - **How to select:**
 - RFP/RFQ/RFI: Transparent, open solicitation
 - Miller Canfield, Dickinson Wright, Foster Swift, Mika Meyers, Dykema, Varnum, etc.
 - Paid through bond proceeds
 - **Financial or Municipal Advisor:** Fiduciary relationship – they look out for us
 - SEC and MSRB Registration
 - Professional Competency
 - Duty of Loyalty – act in our best interests
 - **How to select:**
 - RFP/RFQ/RFI: Transparent, open solicitation
 - Bendzinski, MFCI, PFM, etc
 - Paid through bond proceeds, plus small annual fee
 - **Ratings Agency:** Measures our ability to repay – they look out for investors
 - Provides an independent opinion of our creditworthiness
 - We're currently AAA
 - **How to select:**
 - RFP/RFQ/RFI: Transparent, open solicitation
 - Standard & Poor, Fitch, Moody's, Kroll

- **Underwriter:** Purchases our bonds for resale – they look out for themselves
 - Duty to deal fairly with issuer and investors
 - How our bonds get into the portfolios of investors
 - Unsold bonds are the underwriter’s responsibility

4. Structure the Bonds: Decide on:

- Dollar amount needed
- Term and annual max payment
- Type of bond – open market versus private placement (bank)
- Competitive vs Negotiated sale
- Callable vs Non-Callable

5. Sell the Bonds:

- Preliminary and Final Official Statements
- Competitive Sale: We set the dates and principal amounts
 - Bidders offer their best sealed bid
 - Maximum transparency
 - Good for straightforward deals and high-credit issuers
- Negotiated Sale: Pre-selected underwriter solicits market interest live
 - RFP/RFQ/RFI to select the underwriter
 - Baird, Raymond James, Stifel, BofA Securities, etc
 - The underwriter gauges market interest
 - The underwriter and DDA/Township agree on interest rates

6. Spend & Build: Funds are restricted to the project only

- IRS 3 Year Rule for use of proceeds
- Arbitrage – Form 8038
- Robert Citron – Orange County CA – mid 90’s
 - Hundreds of millions of dollars
 - Psychic and mail order astrologer
- SLGS – State & Local Government Series
 - Treasury customizes investments for us
 - Treasury tool for debt ceiling/limit management

— When has Treasury suspended the sale of SLGS in the past?

Since 1995, the SLGS window has been closed sixteen times:

- October 18, 1995 – March 28, 1996
- May 15, 2002 – July 7, 2002
- February 19, 2003 – May 26, 2003
- October 14, 2004 – November 21, 2004
- February 16, 2006 – March 16, 2006
- September 27, 2007 – September 28, 2007
- May 6, 2011 – August 1, 2011
- December 28, 2012 – February 4, 2013
- May 17, 2013 – October 16, 2013
- February 7, 2014 – February 14, 2014
- March 13, 2015 – November 02, 2015
- March 15, 2017 – September 11, 2017
- December 8, 2017 – February 12, 2018
- March 1, 2019 – August 5, 2019
- July 30, 2021 – December 16, 2021
- May 2, 2023 – June 5, 2023

7. **Repay Over Time:** Use pledged revenues (e.g., tax capture) for debt service

8. **After Bonds Are Issued:** Report Report Report

- **Post-issuance compliance is critical**
 - **Track spending:** Ensure funds are spent legally and on schedule
 - **File disclosures:** SEC and MSRB rules require transparency
 - **Monitor covenants:** Follow all conditions of the bond agreement

Your Role as a Board Member

You don't need to be a finance expert—but you do need to ask the right questions.

- Are we borrowing for the right reasons?
- Do we have a plan to repay?
- Are we using the right type of bond?
- How will this affect our future budgets?
- What is our debt capacity?

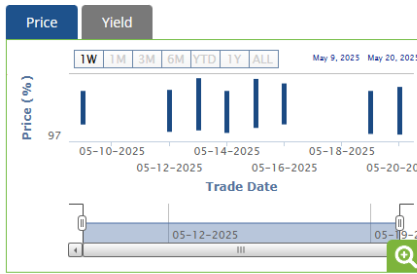
Example Question: “If TIF revenue declines, how do we still make payments?”

Security Details



CUSIP: 64461XMG7* new issue
NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY REVENUE BONDS, DARTMOUTH HEALTH OBLIGATED GROUP ISSUE, SERIES 2025 (NH)
 NEW HAMPSHIRE HEALTH & ED FACS AUTH REV BDS DARTMOUTH HEALTH 2025 (NH)*

Coupon:	5 %
Maturity Date:	08/01/2055
Dated Date:	05/28/2025
Initial Offering Price/Yield:	98% / 5.131%
Principal Amount at Issuance:	\$57,000,000
Time of Formal Award:	05/08/2025 07:18 PM
Time of First Execution:	05/09/2025 11:00 AM
Closing Date:	05/28/2025
Fiscal Year End Date:	-



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Security Details



CUSIP: 13068XNY1*
STATE PUBLIC WORKS BOARD OF THE STATE OF CALIFORNIA LEASE REVENUE BONDS (JUDICIAL COUNCIL OF CALIFORNIA) 2025 SERIES B (SACRAMENTO COUNTY COURTHOUSE) (FEDERALLY TAXABLE BONDS) (CA)
 CALIFORNIA ST PUB WKS BRD LEASE REV TAXABLE BDS 2025 B (CA)*

Coupon:	5.297 %
Maturity Date:	04/01/2033
Dated Date:	04/17/2025
Initial Offering Price/Yield:	100% / 5.297%
Principal Amount at Issuance:	\$13,545,000
Time of Formal Award:	04/08/2025 08:42 PM
Time of First Execution:	04/09/2025 11:00 AM
Closing Date:	04/17/2025
Fiscal Year End Date:	-



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