



# LBA of South Weber City Presentation



# PARAMETERS RESOLUTION

## ❖ Purpose of the Parameters Resolution

- Establishes parameters of the bonds:
  - Maximum Par Amount
  - Maximum Term
  - Maximum Interest Rate or Coupon
  - Maximum Discount at which Bonds Can be Sold
- Authorizes posting of a notice of intent to issue bonds
- Schedules a public hearing
- Delegates authority to City Manager to approve the final terms and conditions of the bonds
- Delegates authority to the City Manager to determine sale methodology



# SALE METHODOLOGY

## Competitive Sales

### Advantages

- ❖ Lower interest rates and underwriter spreads from competition
- ❖ No lengthy RFP process for underwriter procurement
- ❖ You match the underwriter to the sale at the right time (underwriter appetites change)
- ❖ Electronic bidding process is efficient

### Disadvantages

- ❖ Less flexible timing
- ❖ Harder to dictate bidding parameters
- ❖ Pre-sale efforts are less vigorous

## Negotiated Sales

### Advantages

- ❖ More flexible sale timing
- ❖ Can dictate structures more efficiently
- ❖ Can handle larger issues (\$250M+) more easily due to pre-sale and capital allocation considerations for underwriters

### Disadvantages

- ❖ Must choose underwriter in advance of bond sale and assume their pricing and appetite will match initial bid
- ❖ Higher underwriter spreads (more investment bankers involved for the underwriter)
- ❖ Hassle and politics of procuring the underwriter

## Direct Purchase

### Advantages

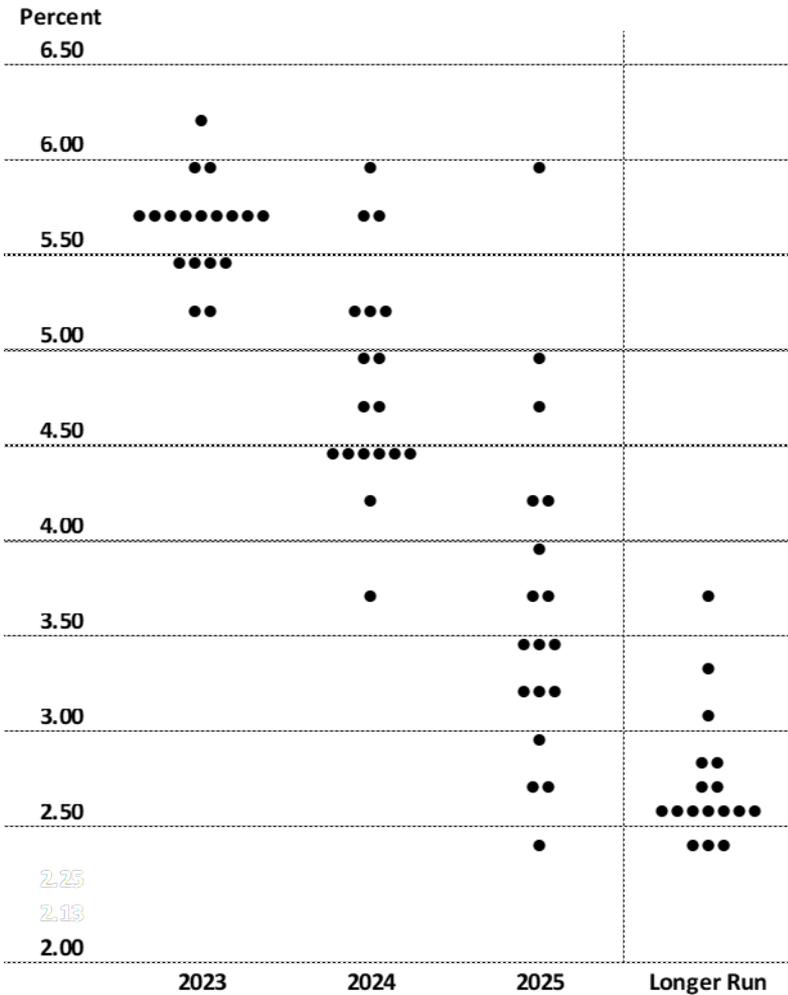
- ❖ Quicker pricing and closing which can lock in rates in volatile markets
- ❖ Does not require bond ratings, lengthy time-consuming offering document preparation, or underwriter fees. All of which reduce costs of issuance.
- ❖ Likely to have more flexible call provisions than a market sale.

### Disadvantages

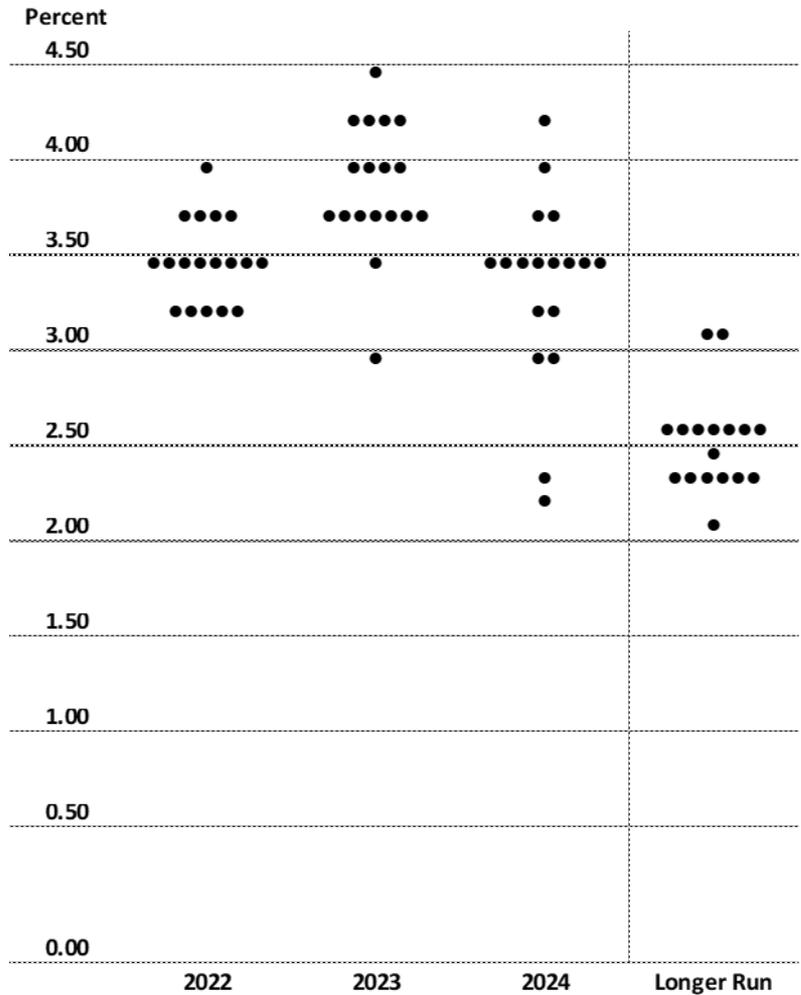
- ❖ Higher rates
- ❖ Limited appetite for maturities beyond 20 years and some buyers will not extend beyond 15 years.

- ❖ Are you trying to provide flexibility in your debt portfolio long-term?
- ❖ Are you trying to match debt service to a constrained cash flow?
- ❖ Do you want to take best deal available today regardless of future plans?

## FOMC Fed Funds Rate Expectations (June 2023)



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Example Sale Type and Future Refunding Results					
	Original Issuance		Refund at 10-Yr Med Rates		
	Direct Placement	Market Sale	Direct Placement	Market Sale	Direct Placement (2nd Refunding)
6/1/2024	2,555,905	2,478,350			
6/1/2025	2,553,780	2,478,850			
6/1/2026	2,554,590	2,476,850			
6/1/2027	2,553,140	2,477,350	2,409,228		
6/1/2028	2,554,360	2,475,100	2,410,250		
6/1/2029	2,553,035	2,475,100	2,410,000		
6/1/2030	2,554,085	2,477,100	2,407,000		
6/1/2031	2,557,275	2,475,850	2,411,250		
6/1/2032	2,552,355	2,476,350	2,407,250		
6/1/2033	2,554,390	2,478,350	2,405,250		
6/1/2034	2,552,950	2,476,600	2,405,000	2,249,592	
6/1/2035	2,552,925	2,476,100	2,411,250	2,242,750	
6/1/2036	2,554,025	2,476,600	2,408,500	2,245,500	
6/1/2037	2,555,945	2,477,850	2,407,000	2,244,500	2,143,776
6/1/2038	2,557,410	2,479,600	2,406,500	2,244,750	2,139,250
6/1/2039	2,554,003	2,476,200	2,406,750	2,246,000	2,144,500
6/1/2040	2,555,573	2,479,800	2,412,500	2,243,000	2,145,500
6/1/2041	2,555,483	2,480,000	2,413,250	2,245,750	2,147,250
6/1/2042	2,557,143	2,476,800	2,409,000	2,243,750	2,144,500
6/1/2043	2,555,900	2,475,200	2,409,750	2,247,000	2,147,250
<b>Total P&amp;I*</b>	<b>51,094,270</b>	<b>49,544,000</b>	<b>48,614,003</b>	<b>47,221,842</b>	<b>46,761,279</b>
True Interest Cost	3.91%	3.52%			

\* Includes initial bond principal and interest payments



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