



# Florida Government Finance Officers Association Gulf Coast Chapter

---

## The Debt Issuance Process

*Presented by:*

Natalie Sidor, Senior Managing Director  
Public Resources Advisory Group

Matthew Sansbury, Managing Director  
Public Resources Advisory Group



*March 13, 2025*

---

# When Would a Municipal Entity Issue Debt?

- Fund larger capital projects that:
  - Cannot be paid for up-front or on a PAYGO basis;
  - Lend themselves to long-term financing given longer useful life:
    - Water and sewer system projects,
    - Roads / roadway improvements,
    - Government buildings/ facilities,
    - Parks and recreation; and
  - Have associated revenues which can be used to support debt service payments
- Municipal Debt is NOT Used to:
  - Fund ongoing operating expenses
  - Fund operating reserves (except for debt required reserve funds)

	Project Type	Revenues Used	Advantages	Disadvantages
PAYGO	<ul style="list-style-type: none"><li>• Smaller projects</li><li>• Shorter term assets replaced more often (i.e., vehicles; IT equipment)</li></ul>	<ul style="list-style-type: none"><li>• Current revenues (Local discretionary sales surtax revenues; state sharing revenues, gas taxes, etc.)</li></ul>	<ul style="list-style-type: none"><li>• Interest free</li></ul>	<ul style="list-style-type: none"><li>• High upfront cost</li><li>• Cost borne by current taxpayers; benefit may go to current and future taxpayers</li></ul>
Debt Financed	<ul style="list-style-type: none"><li>• Larger projects</li><li>• Assets with a long useful life (i.e., water and sewer system assets)</li></ul>	<ul style="list-style-type: none"><li>• Debt proceeds, with specific revenues pledged to make periodic debt payments</li></ul>	<ul style="list-style-type: none"><li>• Lower Upfront Cost</li><li>• Preserves reserves</li><li>• Cost borne by current and future taxpayers</li></ul>	<ul style="list-style-type: none"><li>• Financing Costs</li><li>• Reduces Future Financial Flexibility</li></ul>

# Process is Dependent on the Type & Structure of Debt Issued

## Bonds vs. Bank Loans:

- **Bonds:** Bonds offered through an underwriting acting on behalf of the issuer are referred to as "publicly offered." Publicly offered bonds involve the preparation and distribution of a marketing document to prospective purchasers of the bonds.
- **Bank Loans:** Unlike a public offering, a bank loan involves one bank or financial institution lending funds to the borrower for a specific project(s).

## Long-Term vs. Short-Term (aka Interim Financing):

- **Long-Term:** Long-term debt can be issued in either bonds or a bank loan. The public markets will generally always allow for 30-year (and longer for some credits) financing while bank loans are generally shorter (10-15 years, sometimes 20 years).
- **Short-Term:** Likewise, short-term debt can be issued as either a bank loan or a public offering. Interim financings are typically later "taken out" with long-term debt.

## Fixed Rate vs. Variable Rate:

- Any of the structures above may be issued as fixed or variable rate.

## Tax-Exempt vs. Taxable:

- Any of the structures above may be issued as tax-exempt or taxable.

Today we will focus on the debt issuance process and decision points for tax-exempt, long-term, fixed rate debt issued as either bonds or a bank loan

## Summary of the Debt Issuance Process

### Planning/ Initial Steps

Issuer / borrower develops its CIP and determines the need for capital financing

Engage municipal advisor

Evaluate CIP/ project needs, cash flow capacity, budget impacts, sources and uses of funds, debt funding options

Engage other financing team and assign responsibilities

Develop preliminary plan of finance and timetable

### Debt Structuring & Sale

Finalize plan of finance, including type of debt, structure, estimated debt service, associated tax/ rate increases

Develop legal documents

Receive credit ratings  
*(if applicable)*

Receive governing body approvals

Pre-market  
*(if applicable)*

Marketing and pricing

### Closing & Post-Issuance

Preparation of closing documents

Execute closing documents (pre-closing)

Receive funds (closing)

Invest / spend bond proceeds

Continuing disclosure

Arbitrage rebate

The entire debt issuance process typically takes 2-6 months depending on an issuer's needs, structure, complexity and other matters; can also be much longer!

# Members of the Working Group – Financing and Legal Team

## Working Group Members (Any Debt Issuance)

- Issuer
  - ✓ Governing Body
  - ✓ City Manager, County Administrator, County Clerk
  - ✓ CFO, Director of Finance, Budget Director
  - ✓ Issuer's Counsel
  - ✓ Other (i.e., Director of Utilities)
- Municipal Advisor
- Bond Counsel



## + Other Working Group Members (Bond Issues)

- Disclosure Counsel
- Underwriters
- Underwriter's Counsel
- Registrar / Paying Agent / Trustee
- POS / OS Electronic Publisher
- Disclosure Dissemination Agent (i.e. DAC)
- Bond Insurer (if needed)



## + Other Working Group Members (Bank Loans)

- Lender
- Lenders Counsel

## + Other Participants (For Select Debt Issuances)

- Refundings – Escrow Agent, Verification Agent
- Utility Debt – Engineer; Rate Consultant
- Project Based Debt – Feasibility Consultant
- Complex / Special Use Debt – Special Tax Counsel

## Role of a Municipal Advisor

- Once a government has identified necessary capital projects and created a CIP, a municipal advisor assists in evaluating appropriate funding options for the project
  - Pay-Go/ Cash
  - Debt
  - Outside Funding (i.e., Grants)
- If debt financing will be a source of funding for the project and/or CIP, the municipal advisor helps to determine the appropriate financing and repayment structure
  - Source of Security
  - Type of Debt / Sales Method
  - Term / Maturity
  - Prepayment Options
  - Timing
  - Referendum / Legal Requirements
  - New and/or Increases in Taxes or User Rates Required to Support the Debt
- The municipal advisor acts as the quarterback of the debt transaction, coordinating other working group members and managing the debt issuance process and timing

These financings can be time consuming and issuer staff still has regular, ongoing work responsibilities; the municipal advisor guides the financing process in an effort to alleviate the burden on issuer staff

# Debt Issuance Process - Bonds

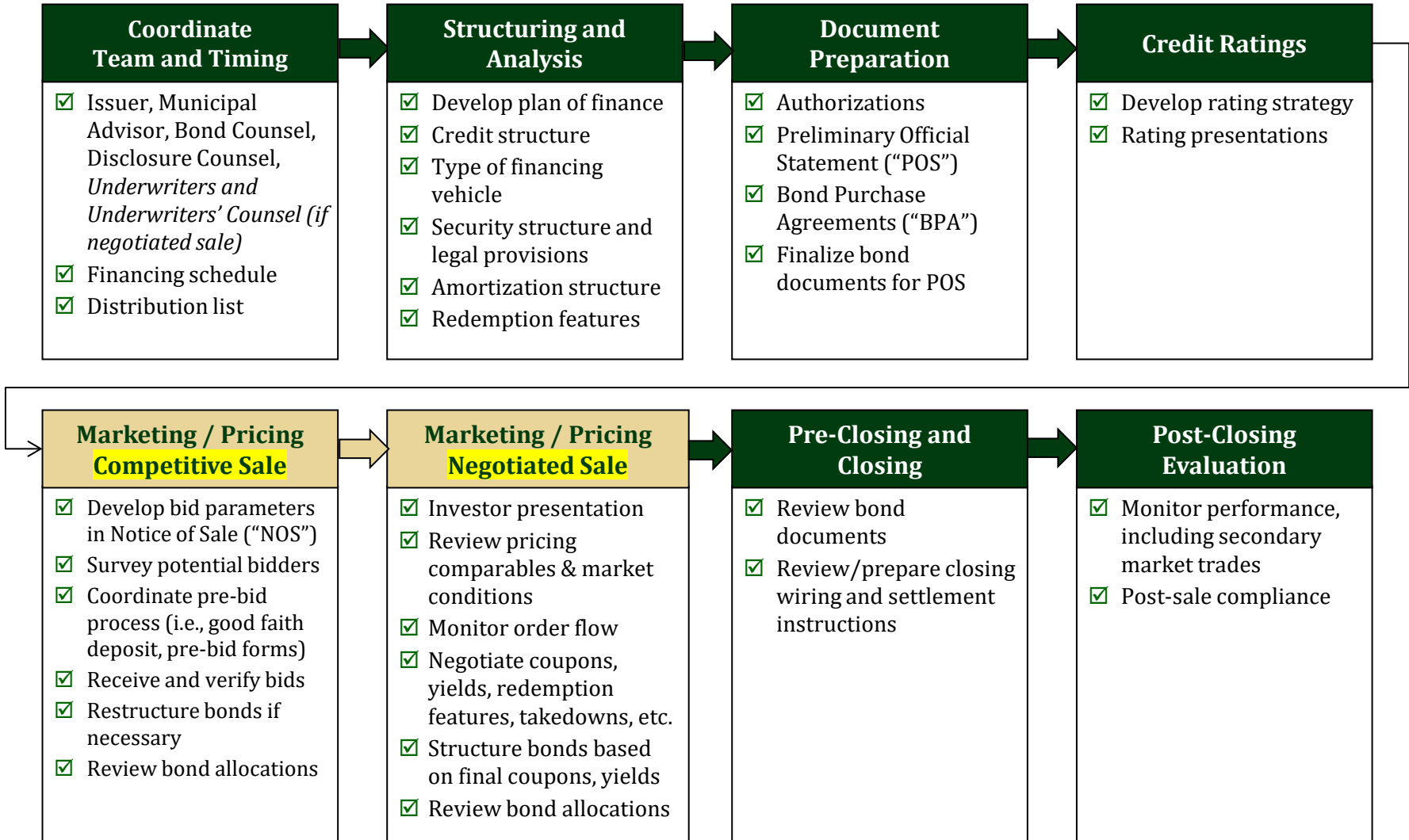
# When Would a Municipal Issuer Issue Publicly Offered Bonds?

- Long-term bonds generally work for:
  - **Large Projects:**
    - Capital markets can accommodate very large financings; banks' lending limits are typically lower than what is available through the capital markets.
  - **Long Maturity Date:**
    - Capital markets can accommodate issues with a 30-year (or longer) maturity date; while many banks are comfortable lending within 5-10 years, fewer banks go 15-20 years; beyond a 20-year final maturity there is a limited number of banks who will lend.
      - Maturity may be based on the useful life of the asset being financed or availability of revenues to support the debt service required to finance the project.
      - Most often, final maturity is based on a combination of the useful life and the available revenues.
  - **Complex Credits:**
    - Capital markets investors are accustomed to reviewing "story credits," and doing credit analysis required for complex credits. Generally, banks prefer traditional, straightforward credits.



# Bond Issuance Process: Detail (Public Offering)

Various elements to the process (some simultaneous); municipal advisor guides the process



## Bond Issues – Other Working Group Team Members & Responsibilities

### Bond Counsel

- Works for the issuer; represents interests of bondholders
- Analyzes the legality of the project and security structure
- Facilitates preparation of bond documents (resolutions/indentures)
- Issues two legal opinions (legal and tax)
- Facilitates preparation of closing documents

### Disclosure Counsel

- Works for the issuer; represents bondholders interest
- Assists with preparation of the POS, OS and CDA
- Assists with due diligence process
- Assists with continuing disclosure compliance and development of disclosure policies and procedures

### Underwriter

- Purchases bonds from issuer for resale to investors
- Helps develop financing structure
- Reviews and comments on documents
- Performs marketing activities to investors
- Typically commits capital to buy unsold bonds

### Underwriter's Counsel

- Works for the underwriter
- Assists the underwriter in meeting its legal responsibilities
- Reviews and comments on bond and disclosure documents
- Typically prepares the Bond Purchase Agreement (BPA) and manages the underwriter's due diligence process

## Bond Issues – Structuring Considerations

- Term: What is the final maturity of the issue? Typically, up to 30 years; can be longer depending on the useful life of the asset being financed
- Prepayment Provisions: At what point, prior to maturity can the bonds be prepaid or refinanced? 10-year optional call (can be shorter) is typical; some bonds are issued non-callable.
- Ratings / Insurance: What are the credit ratings on the bonds? Do the bonds benefit from bond insurance? Most bonds are rated; fewer are insured
- Source of Security: What revenues are pledged to pay annual debt service?
- Pricing: Pricing is guided by general market conditions, and further informed by the bond maturity structure, prepayment provision, source of security, and ratings of the issue

## Bond Issues – Rating Considerations

- Number of Ratings: How many ratings should I obtain for a specific bond issue? What factors should I take into account to determine the appropriate number of ratings?
- Rating Agencies: Which rating agencies should I use on a specific bond issue? What criteria should I use in selecting rating agencies?
- Rating Strategy: What is my strategy for obtaining the highest possible credit ratings?
- Rating Communications/ Presentation: What is the overall key messaging and our unique story to the rating agencies? Who should relay this message and be involved in the rating presentations?

## Bond Issues – Documentation

- Bond Documents
  - Resolutions / Ordinances / Indentures
  - Loan / Credit / Financing Agreements
  - Escrow Agreements / Redemption Notices
- Disclosure Documents
  - **Preliminary Official Statement – Marketing**
  - Final Official Statement – Update to POS to Include Pricing Results
  - Continuing Disclosure Agreement – Ongoing Issuer Obligations
- Underwriting Documents
  - Bond Purchase Agreement
- Closing Documents
- Opinions (Bond Counsel, Issuer’s Counsel, Disclosure Counsel, Underwriter’s Counsel, Trustee’s Counsel)

## Competitive vs Negotiated Bonds - Sales Methods

- **Competitive**

- i. Issuer (with municipal advisor and/or bond counsel) prepares Notice of Sale (NOS) describing parameters under which bids must be submitted
- ii. On established date/time, underwriters submit bids; the firm offering the bid with the lowest true interest cost is awarded the bonds
- iii. Winning bidder sells bonds to investors at prices reflected in the bid

- **Negotiated**

- i. Issuer selects an underwriter or underwriting syndicate through an RFP process
- ii. Book running senior manager assists the issuer in structuring and marketing the bonds
- iii. Underwriting team, lead by senior manager, sells the bonds, with the issuer and municipal advisor negotiating the pricing of the bonds

Competitive Sale Characteristics	Negotiated Sale Characteristics
Highly rated credits	Lower rated/non-rated credits/conduit bonds
Stable market conditions	“Story” credits
Standard security pledge	Volatile market conditions
Customary bond structure	Innovative security structure
Established entities	Unusual bond structure
Frequent issuers	New entities
Political considerations	Infrequent issuers
Legal considerations	Political considerations

# Competitive Bonds - Pricing Process

## Prior to Sale

- After the NOS and POS have been released, the following information is reviewed:
  - Comparable issues in market (coupons, yields, spreads, takedowns, call)
  - Forward economic and issuance calendars
  - Historical MMD and U.S. Treasuries and ratios
  - Municipal bond fund inflows /outflow trends
- Municipal advisor reviews bidder list and speaks with underwriting desks to confirm underwriters' intentions to place bids on pricing date

## On the Day of Sale

- Bids are due at a time certain
- Bids are instantly compiled and ranked by the bidding platform; the winner is identified
- Municipal advisor confirms that the bid results are accurate and conform to bid parameters
- Issuer and municipal advisor call the winning bidder to award the bonds

## After Bond Sale

- Post-award process (on day of pricing): municipal advisor and winning bidder finalize cash flows
- Closing process (after day of pricing): finalize documentation; fund/close

# Sample Competitive Bond Issue Pricing

- Bidding is electronic/ internet based
- Bidders (broker-dealer underwriters) indicate ahead of time that they plan to submit a bid
- Bids are due at a time certain on a set pricing date
- Bids are instantly compiled and ranked by the bidding platform, and the winner is identified
- Municipal advisor confirms that the bid results are accurate and conform to the bid parameters
- Municipal advisor and the Issuer call the winning bidder to award the deal
- Post-award process (pricing day)
  - Finalize numbers
  - Good faith deposit wired by underwriter
- Closing process: finalize documentation; fund/close

The following bids were submitted using **PARITY**<sup>®</sup> and displayed ranked by lowest TIC.  
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input checked="" type="checkbox"/> Reoffering	<a href="#">J.P. Morgan Securities LLC</a>	4.171473
<input type="checkbox"/>	<a href="#">BofA Securities</a>	4.176292
<input type="checkbox"/>	<a href="#">Raymond James &amp; Associates, Inc.</a>	4.180634
<input type="checkbox"/>	<a href="#">Jefferies LLC</a>	4.182487
<input type="checkbox"/>	<a href="#">KeyBanc Capital Markets</a>	4.185255
<input type="checkbox"/>	<a href="#">Mesirow Financial, Inc.</a>	4.189109
<input type="checkbox"/>	<a href="#">Wells Fargo Bank, National Association</a>	4.190007
<input type="checkbox"/>	<a href="#">RBC Capital Markets</a>	4.201174
<input type="checkbox"/>	<a href="#">HilltopSecurities</a>	4.205073
<input type="checkbox"/>	<a href="#">TD Securities</a>	4.299612
<input type="checkbox"/>	<a href="#">Robert W. Baird &amp; Co., Inc.</a>	4.314807
<input type="checkbox"/>	<a href="#">Citigroup Global Markets Inc.</a>	4.358338



# Negotiated Bonds - Pricing Process

## Prior to Sale

- Before the bond sale, the following information is reviewed:
    - Comparable bond issues in market
    - Forward economic and issuance calendars
    - Historical Municipal Market Data (MMD) and U.S. Treasuries and ratios
    - Municipal bond fund inflows/outflow trends
    - Issuer's historical pricings
    - Secondary market trades of the issuer's bonds
  - Senior manager requests price views from the underwriting team
  - Municipal advisor speaks with underwriting desks to obtain market intelligence
- 

## On the Day of Sale

- Develop an initial offering scale
  - Negotiate preliminary pricing scale
  - Monitor the market to determine progress during the order period
    - Issuer and municipal advisor view and monitor real-time orders through Ipreo
  - Adjust coupons, yields, call features and principal amortization, as necessary, based on order flow and market conditions
  - Issuer agrees to the final pricing and terms by giving the verbal award
- 

## After Bond Sale

- Bonds allotted to the underwriting syndicate based on the priority of orders
- After the account is closed, the senior manager will announce that the bonds are "free to trade" in the secondary market
- Pricing is evaluated based on secondary market trades, investor breakdown, spread to MMD vs. historical transactions and comparables

# Sample Negotiated Bond Issue Pricing

Preliminary Pricing					
Maturity	Principal	Coupon	MMD	Spread	Yield
10/1/2026	\$2,930,000	5.00%	2.52%	0.15	2.67%
10/1/2027	\$2,375,000	5.00%	2.53%	0.20	2.73%
10/1/2028	\$2,290,000	5.00%	2.57%	0.22	2.79%
10/1/2029	\$2,385,000	5.00%	2.62%	0.24	2.86%
10/1/2030	\$2,510,000	5.00%	2.69%	0.28	2.97%
10/1/2031	\$5,850,000	5.00%	2.73%	0.33	3.06%
10/1/2032	\$8,110,000	5.00%	2.76%	0.37	3.13%
10/1/2033	\$8,520,000	5.00%	2.81%	0.41	3.22%
10/1/2034	\$5,300,000	5.00%	2.89%	0.45	3.34%

- In a negotiated pricing, the underwriter provides a proposed initial marketing scale based on the daily “MMD” scale to the issuer and municipal advisor
- The underwriter will answer questions of the issuer and municipal advisor and make adjustments to the scale, if needed
- The underwriter releases the scale to the market, opening the order period for the bonds

Muni Benchmark Rates  
MMD (as of March 10, 2025)

Tenor	Year	MMD
1	2026	2.52%
2	2027	2.53%
3	2028	2.57%
4	2029	2.62%
5	2030	2.69%
6	2031	2.73%
7	2032	2.76%
8	2033	2.81%
9	2034	2.89%
10	2035	2.96%
11	2036	2.99%
12	2037	3.05%
13	2038	3.10%
14	2039	3.18%
15	2040	3.29%
16	2041	3.40%
17	2042	3.52%
18	2043	3.63%
19	2044	3.75%
20	2045	3.80%
21	2046	3.88%
22	2047	3.92%
23	2048	3.94%
24	2049	3.96%
25	2050	3.98%
26	2051	4.00%
27	2052	4.02%
28	2053	4.03%
29	2054	4.04%
30	2055	4.05%

## Sample Negotiated Bond Issue Pricing (cont.)

Preliminary Pricing						Order Details	
Maturity	Principal	Coupon	MMD	Spread	Yield	Investor Orders	Subscription
10/1/2026	\$2,930,000	5.00%	2.52%	0.15	2.67%	\$0	0.0x
10/1/2027	\$2,375,000	5.00%	2.53%	0.20	2.73%	\$7,875,000	3.3x
10/1/2028	\$2,290,000	5.00%	2.57%	0.22	2.79%	\$6,870,000	3.0x
10/1/2029	\$2,385,000	5.00%	2.62%	0.24	2.86%	\$7,255,000	3.0x
10/1/2030	\$2,510,000	5.00%	2.69%	0.28	2.97%	\$10,315,000	4.1x
10/1/2031	\$5,850,000	5.00%	2.73%	0.33	3.06%	\$14,800,000	2.5x
10/1/2032	\$8,110,000	5.00%	2.76%	0.37	3.13%	\$30,245,000	3.7x
10/1/2033	\$8,520,000	5.00%	2.81%	0.41	3.22%	\$35,785,000	4.2x
10/1/2034	\$5,300,000	5.00%	2.89%	0.45	3.34%	\$27,475,000	5.2x
<b>Total</b>	<b><u>\$40,270,000</u></b>					<b><u>\$140,620,000</u></b>	<b><u>3.5x</u></b>

- A negotiated order period typically lasts 2 to 3 hours
- During the order period, the underwriter(s) collects orders from interested investors. The investors specify the maturity and par amount of bonds they are interested in purchasing
- At the end of the order period, the underwriter compiles a listing of all orders received by maturity, which is presented to the issuer and municipal advisor for review

## Sample Negotiated Bond Issue Pricing (cont.)

Preliminary Pricing						Order Details		Final Pricing		
Maturity	Principal	Coupon	MMD	Spread	Yield	Investor Orders	Subscription	Spread	Yield	Spread Adj
10/1/2026	\$2,930,000	5.00%	2.52%	0.15	2.67%	\$0	0.0x	0.15	2.67%	0.00
10/1/2027	\$2,375,000	5.00%	2.53%	0.20	2.73%	\$7,875,000	3.3x	0.17	2.70%	(0.03)
10/1/2028	\$2,290,000	5.00%	2.57%	0.22	2.79%	\$6,870,000	3.0x	0.19	2.76%	(0.03)
10/1/2029	\$2,385,000	5.00%	2.62%	0.24	2.86%	\$7,255,000	3.0x	0.21	2.83%	(0.03)
10/1/2030	\$2,510,000	5.00%	2.69%	0.28	2.97%	\$10,315,000	4.1x	0.25	2.94%	(0.03)
10/1/2031	\$5,850,000	5.00%	2.73%	0.33	3.06%	\$14,800,000	2.5x	0.31	3.04%	(0.02)
10/1/2032	\$8,110,000	5.00%	2.76%	0.37	3.13%	\$30,245,000	3.7x	0.34	3.10%	(0.03)
10/1/2033	\$8,520,000	5.00%	2.81%	0.41	3.22%	\$35,785,000	4.2x	0.38	3.19%	(0.03)
10/1/2034	\$5,300,000	5.00%	2.89%	0.45	3.34%	\$27,475,000	5.2x	0.41	3.30%	(0.04)
<b>Total</b>	<b>\$40,270,000</b>					<b>\$140,620,000</b>	<b>3.5x</b>			

- Based on the number and type of orders by maturity, the underwriter proposes no change, a reduction, or an increase in pricing spreads by maturity
- If the order book cannot be completed by investors, the underwriter may underwrite the remaining bonds (i.e., purchase them with firm capital for their own internal accounts) and sell them off over time

## Bond Issues - Closing / Funding

### After Pricing / Before Closing:

- Bond counsel ensures that all conditions precedent to closing are met; bond counsel drafts and coordinates various closing documents, certificates, and opinions.
- The Final Official Statement (“OS”) is published after the sale of the bonds. The OS substantially identical to the POS but reflects the final pricing terms of the Bonds.

### At the Pre-Closing Meeting:

- The financing team reviews the various documentation and confirms that the conditions precedent to closing have been met and that the parties are ready to close.

### On the Closing Date:

- The Senior Underwriter wires the sale proceeds to the issuer or a representative of the issuer to be held in escrow subject to confirmation of close.
- Bond counsel confirms that all parties in interest and counsel are ready to close and release their opinions.
- After confirmation that all are ready to close, the senior underwriter typically connects the Depository Trust Company (“DTC”) by conference call to close the transaction.

# Post Bond Sale Responsibilities

- **Maintain compliance with IRS regulations:**
  - Spending bond proceeds
  - Investing bond proceeds
  - Monitoring use of assets (taxable & non-taxable uses)
  - Arbitrage rebate
- **Manage bond funds, escrows and make debt service payments**
- **Continuing disclosure compliance over the life of bonds**
  - Establish policies and procedures to ensure timely filing and compliance with Continuing Disclosure Agreement
  - Consider third-party dissemination agent to assist with disclosures

# Debt Issuance Process – Bank Loans

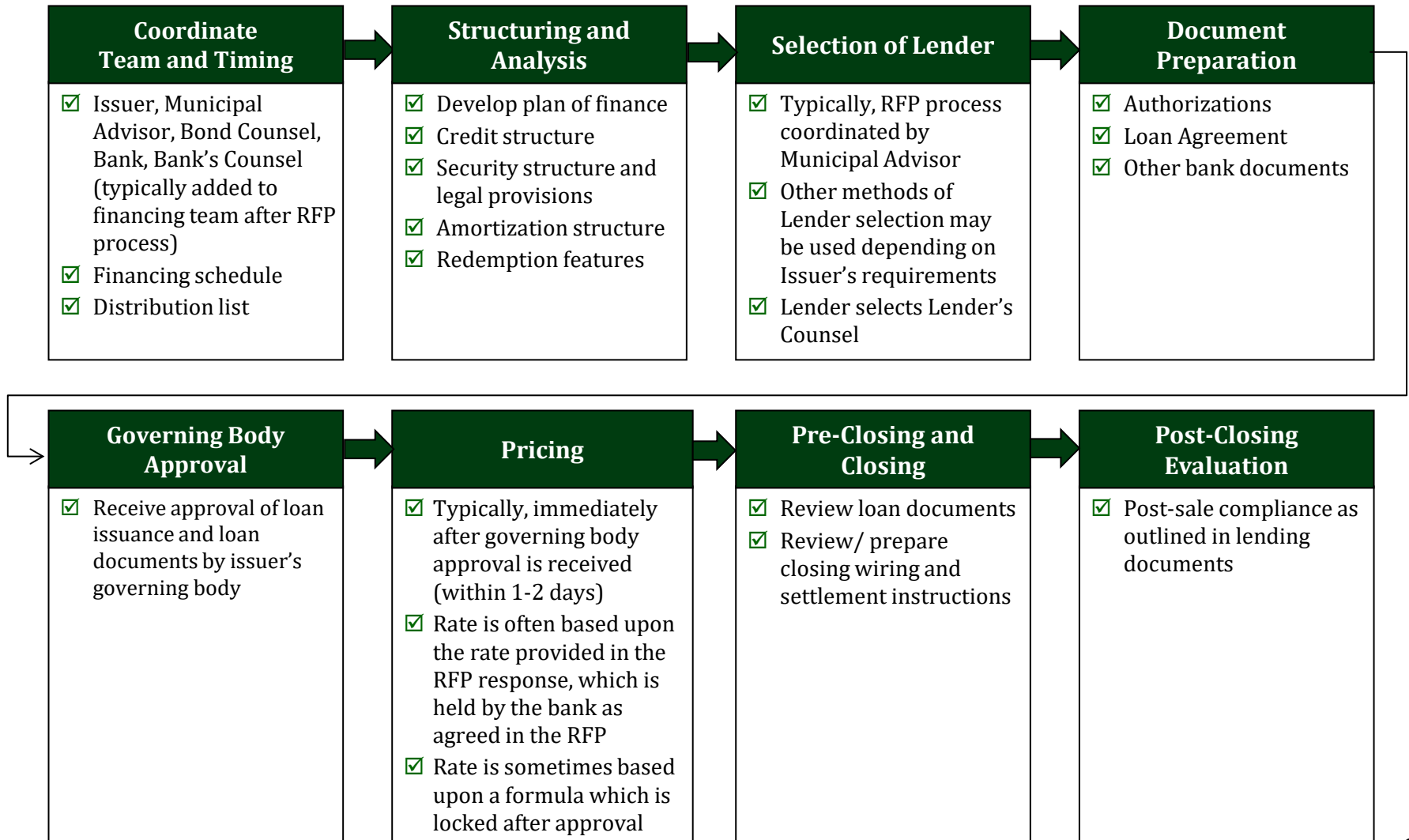
# When Would a Municipal Issuer Issue a Bank Loan?

- Bank loans generally work for:
  - **Projects that Require Funding Quickly**
    - The process to obtain a bank loan is faster and easier than a bond issue
  - **Smaller to Medium Sized Projects:**
    - From ~\$1 million to \$50 million financing size is a good bank loan candidate  
*Due to the financing costs associated with a tax-exempt issuance, below a certain minimum threshold amount there could be inefficiencies associated with issuing tax-exempt debt versus issuing a taxable loan or paying with funds on hand.*
  - **Short- to Medium-Term Maturity Date:**
    - Many banks are comfortable lending within 5-10 years, fewer banks go 15-20 years; beyond a 20-year final maturity there is a limited number of banks who will lend. With a more limited lender base, the issuer may end up paying a higher interest rate.
    - Projects with an expected life appropriate to the loan maturity
      - Equipment / Firetrucks / Other Vehicles
      - Refunding of Prior Long-Term Debt
  - **Straightforward Credits**



## Bank Loan Issuance Process: Detail

Various elements to the process (some simultaneous); municipal advisor guides the process  
Key differences vs. bonds - No ratings, no disclosure document, RFP process for “pricing”



## Bank Loans – Other Working Group Team Members & Responsibilities

### Loan Counsel

- Works for the issuer; represents interests of bondholders
- Analyzes the legality of the project and security structure
- Facilitates preparation of loan documents (resolutions/indentures)
- Issues two legal opinions (legal and tax)
- Facilitates preparation of closing documents

### Lender

- Uses bank's balance sheet to make a loan to the borrower
- Helps develop financing structure and terms
- Reviews and comments on documents

### Lender's Counsel

- Works for the lender
- Assists the lender in meeting its legal responsibilities
- Reviews and comments on loan documents

**Bond Counsel**



**Loan Counsel**

## Bank Loan – Structuring Considerations

- Term: What is the final maturity of the issue? Typically up to 15 years; 10-years most common
  - A handful of banks are willing to offer 20 or 25-year fixed rates for loans with certain characteristics
- Prepayment Provisions: At what point prior to maturity can the loan be prepaid or refinanced? Ranges from a make-whole call with a prepayment penalty to a par call anytime without penalty.
  - More flexible prepayment provisions are more costly.
- No Ratings/Insurance: Bank loans do not require ratings or insurance. Often prohibited by Lender so that Lender can treat the transaction as a loan versus a security.
- Source of Security: What revenues are pledged to pay annual debt service?
- Pricing: Reflects a lender's cost of funds plus a spread. Pricing less transparent than public bond issuance. Pricing is dictated by market conditions, term, prepayment provisions, and source of security.

## Bank Loans – Documentation

- Loan Documents
  - Resolutions / Ordinances / Indentures
  - Loan / Credit / Financing Agreements
  - Escrow agreements / redemption notices
- No Disclosure Documents Required
- Closing Documents
- Opinions (Bond Counsel, Issuer's Counsel, Disclosure Counsel, Underwriter's Counsel, Trustee's Counsel)

## Bank Loan - Closing / Funding

- In many ways similar to closing and funding of a publicly offered bond, but simpler:
  - There are typically fewer parties to coordinate with;
  - The loan rate is set (the “Pricing”) as agreed upon in the documents – may be fixed or variable rate
  - Once documents are signed, the bank is in position to fund the loan / wires funds to the issuer on the agreed upon closing date.
  - There is no need to include DTC in the process

## Bank Loan - Ongoing Issuer Obligations

- Same as discussed previously with respect to publicly offered bonds, but with one major exception, because bank loans are not federal securities, there are no ongoing continuing disclosure obligations as it relates to the bank loan.
- However, it must be noted that issuers who have publicly offered bonds likely have continuing disclosure obligations with respect to the previously issued public offered bonds, which require disclosure of the bank loan and certain covenants therein.
- In addition, the bank may require their own continuing disclosure obligations as a requirement of the loan
- The same arbitrage rules apply to all types of tax-exempt debt.

# Conclusions

The debt issuance process is involved and includes many different parties...some suggestions:

## Don't

- Become overwhelmed
- Delay

## Do

- Develop clear objectives
- Communicate with elected officials
- Engage a team of professionals early and use your hired professionals for guidance.....ask questions!!
  - Municipal advisor
  - Bond counsel
  - Disclosure counsel
  - Rate consultants / Engineer (if needed, project dependent)
- Finalize financing plan and execute