

Bonds 101

Finance Team Roles, Responsibilities: Who's Involved?

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Who's On Your Team?

- Once Issuer determines to debt finance capital project, team of competent professionals is assembled to successfully access capital markets in an efficient and cost effective manner
- Professional services include:

Who's On Your Team?

- **FINANCIAL ADVISOR** - financial consultant retained by the issuer to provide expert advice to structure, manage and execute a debt financing plan
- **BOND COUNSEL** - law firm that provides legal advice regarding financing plan, and renders critical unqualified opinion that bonds are valid and binding obligations, and that interest on bonds is exempt from federal and state taxes

Who's On Your Team? (cont.)

- **DISCLOSURE COUNSEL** - law firm that assists issuer with the preparation of disclosure document, and assists issuer with the conduct of due diligence. Renders “10b-5” opinion to issuer to provide negative comfort on disclosure document
- **TRUSTEE** - a commercial bank or trust company that performs administrative trust duties relative to the bond issue, holds funds and accounts on behalf of bond holders, exercises remedies, if necessary, on behalf of bondholders

Other Professionals

- In addition to professional services the issuer retains, other professionals who will participate in accessing capital markets, including:
 - **UNDERWRITER** - investment bank or banks that purchases bonds from issuer and resells bonds to investors. For negotiated sales, issuer will select underwriter who will assist issuer structure, market and sell bonds. For competitive sales, underwriter bids on bonds at time specified by issuer. Underwriter may be represented by counsel

Other Professionals (cont.)

- **RATING AGENCIES** - credit rating agencies provide an independent analysis of the credit quality and likelihood of timely repayment of a bond issue. Investors use rating analysis, among other things, in determining whether to purchase
- **CREDIT ENHANCEMENT PROVIDERS** - banking facilities that provide, in various forms, assurance that funds will be available to pay bonds upon certain circumstances. Examples are bond insurance, letter of credits, or lines of credit