

CDIAC

Handout to correspond to the *Fundamentals of Municipal Debt Issuance* webinar mini-series on September 9, 2020 and September 16, 2020.

This is offered as an example of a possible issue, and is not a comprehensive list or illustrative of how every bond will be issued.

1. Planning

Debt Management Policy

Decision to Issue Debt

Capital Improvement Plan, Plan of Finance, Debt Size, Debt Affordability Ratios

Internal Financing Team

2. Pre-Issuance

Selection of Financing Team

Common Participants: Municipal Advisor, Bond Counsel, Disclosure Counsel, Underwriter, Rating Agency, Trustee

Debt Structure

Authorizations (as required), Debt Size, Debt Service, Length of Repayment, Source of Repayment, Interest Type

Legal Documents & Initial Disclosure

Preliminary Official Statement, Continuing Disclosure Undertaking, Trust Agreement/Bond Resolution, Report of Proposed Debt Issuance

Underwriter Due Diligence

Credit Rating

Credit Enhancement

Marketing Strategy

Create 'Issuer's Story' for Documents, Investor Relations, Bond Features or Labels (ex. Green Bond)

Pre-Sale Pricing Meeting, *negotiated sale*

3. Issuance

Sale & Pricing

Public Sale (Competitive, Negotiated) or Private Placement

Closing Documents

Official Statement

Bond Purchase Agreement

Tax Certificate/Tax and Non-Arbitrage Certificate

Loan Agreement/Lease Agreement/Project or Facilities

Lease/Installment Sale Agreement

Closing Certificates, Documents & Opinions

Report of Final Sale

Municipal Debt Issuance Process

Life of Debt – Up to 30 Years

5. End of the Issue

Refunding or Repayment

Most commonly, the outstanding debt is refunded, the current issue is redeemed and a new issue starts in the planning phase. Alternately, the bond could be paid off to complete the issue.

Record Retention

Records should be kept for the life of issue plus three years.

4. Ongoing Administration

Cyclical Tasks

Debt Service, Annual Report, and Annual Debt Transparency Report

Continuous Tasks

15c2-12 Event-Based Disclosures, Voluntary Disclosures, Internal Controls, Investor Relations, Monitor for Refunding or Restructuring Opportunities, Follow and Maintain Debt and Disclosure Policies, Investment of Bond Proceeds, Maintain Tax Exempt Status (Arbitrage and Use of Proceeds)