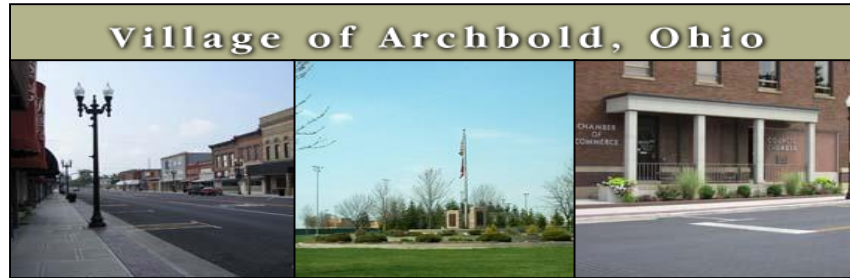


## *Village of Archbold Case Study*



### **\$4,200,000 Bond Anticipation Notes & Debt Policy Development, 2009**

As part of our daily monitoring of the Ohio Tax-Exempt debt markets in Ohio, in early April 2009 the Sudsina & Associates staff noticed that the Village of Archbold was planning a fairly large note issue (\$4,200,000) and that it was already scheduled for sale on the Ohio Municipal Advisory Council (OMAC) forward calendar. We also noted that it was slated to be sold without a credit rating. Prior to October 2008 this would not have been a problem, however, as a result of the economic downturn that had occurred, we determined that credit ratings had become more important than ever; especially for non-frequent issuers. Therefore, we contacted the Village, introduced ourselves and our services and the Village agreed to engage us to assist with the competitive sale of the notes.

As we began our work with the Village we discovered that Archbold only produced audited financial statements on a bi-annual basis with the most recent available audit covering 2006 and 2007 fiscal years. The fragile state of the economy suggested that investors had begun to require that financial statements be provided that were audited on an annual basis in order to achieve the very best interest rates. We made Village officials aware of this condition, and, as a result, The Village also decided to hire an auditing firm to make sure its audits are prepared on an annual basis.

As the financing schedule moved toward the pricing date, we assisted Village officials to develop a rating agency strategy, then we prepared the officials for a rating presentation to Standard & Poor's. The result of the rating effort was that the Village received an SP 1+ for its short term note issue and an "A" underlying long-term credit rating with a stable outlook.

The result of the note sale was that the Village received three bids ranging from the winning bid at an effective rate of 1.495% to a high bid of 4.23% while the Bond Buyer One Year Note Index was at 0.72% for the highest rated credits. The Village was pleased with the result considering its underlying "A" rating and lack of current audited financials.

Subsequent to the note sale, we worked with the Village to prepare a set of financial and debt-related policies. The policy documents are now formally adopted and will be useful in future rating presentations as rating agencies are now adamant about issuers having formal financial policies.