

## *City of Oberlin Case Study*

### **\$4,200,000 General Obligation Bonds Competitive Sale**

# *City of Oberlin*

In April, 2006 the City of Oberlin issued limited tax, general obligation bond anticipation notes for the construction and equipping of a municipal service center complex. The project was completed in 2007 so the City decided to issue long term bonds to retire the short term notes.



Sudsina & Associates was engaged to assist with the structuring of the bond issue, the Preliminary Official Statement preparation, the credit rating process and to manage the competitive sale of the bonds. The City began the issuance process with a no underlying general obligation rating. The rating team, consisting of the Finance Director, President of City Council and the Interim City Manager, and the Financial Advisor worked together to prepare an in-depth rating presentation which was made at Moody's Investor's Services Chicago office.

Oberlin is a residential community and a college town, as it is the home of the renowned Oberlin College. Its local economy is also heavily influenced by the Federal Aviation Administration's Oberlin Cleveland Center that is responsible for air traffic control from Cleveland to New York. Together, the College and the FAA employ over 1,600 which provides a stable income tax base for the City. Moody's determined that although the local tax base was modest, it benefited significantly from the stability provided by the College and FAA.

In addition, the credit report stated "Moody's expects the city's financial operations to remain healthy due to the presence of ample reserves, prudent fiscal management and the flexibility to generate significant additional operating revenues in the result of unforeseen budgetary pressures". The rating process concluded with Moody's assigning a Aa3 rating to the City which put it in the top 20% of Moody's rated credits in Ohio.

At the conclusion of the rating process, Sudsina & Associates further assisted the City by overseeing the mechanics of the competitive sale. The Preliminary Official Statement was distributed through the i-Deal internet distribution system and the pricing was conducted utilizing the Parity electronic bidding system. The Notice of Sale provided for bond insurance to be at the bidders' option, allowing prospective bidders to determine the benefit of insurance in this case and requiring that they incorporate the cost of insurance in their bid.

The winning bidder was Griffin, Kubik, Stephens & Thompson, Inc. at an overall TIC of 4.42% for 20 years. Griffin chose to have XL Capital Assurance insure the issue. Squire Sanders & Dempsey's Cleveland office served as bond counsel.

