

City of Rossford Case Study

\$2,305,000 Bond Anticipation Notes, Series 2008

\$1,770,000 Bond Anticipation Notes, Series 2009



Sudsina & Associates assisted the City of Rossford with the competitive sale of two note issues recently; one in June of 2008 and the other in April of 2009. The first issue was done right before the 2008 economic meltdown. The 2008 Notes were marketed without a rating nor an Official Statement and received yield of 2.10% when the Bond Buyer One Year Note Index was 1.79%.

For the 2009 Notes, we recommended that the City prepare an Official Statement since, in the wake of the 2008 economic turmoil, the market favored issues with disclosure. We decided to sell the note in 2009 several months earlier because non-rated note credits were not receiving sufficient bids at the end of 2008. We wanted to provide sufficient time should something unusual happened, for example, receive no bids as had happened with a few credits in late 2008 and early 2009. Many note issues in Ohio are historically sold without a rating, and Rossford wanted to continue this practice. As luck would have it, we did not receive any bids; so we quickly regrouped, rated the issue with Standard & Poor's, received an SP-1+ rating on the notes and an underlying long-term rating of A+ with a stable outlook.

Three bids were received for the 2009 notes with effective yields ranging from the winning bid of 1.72% to 2.85%.

In the final analysis it appeared that the markets had not yet recovered in early 2009. As a result, at this point in time, we now suggest that all notes be rated to receive the maximum number of bids. We have observed that many of the previous bidders for Ohio notes are currently on the sidelines and for the time being, no longer bidding on Ohio notes.

To ensure the maximum number of bids, we constantly monitor the market and talk with the buyers to ensure that they have all the necessary information to make an informed bid. We have found that note buyers are very different than fixed rate bond buyers and, therefore, need to be courted to ensure that they actively participate in our competitive sales.