

Sylvania Township Case Study

\$7,900,000 Bond Anticipation Notes & Debt Policy Development



In early 2009 we were successful in selling a \$7,900,000 Various Purpose General Obligation Bond Anticipation Note for Sylvania Township. We were retained in 2008 in advance of this issuance. Early in our engagement we discussed rating agency strategy, the 2008 melt-down in the financial markets and suggested the Township develop a set of financial management and debt policies. We explained to Township officials that a major component of a rating presentations is a “financial management assessment” and that the most favorable outcome of such an assessment results when municipalities have well-conceived, formally adopted policies. We thought this would enhance the Township’s chances of receiving a premier rating and they did. The Township received a AA+ rating making it the highest rated credit in Lucas County and one of the highest rated credits in the State of Ohio.

We worked with the Township to develop the financial & debt polices and best practices. In most situations we find that the majority of our clients are already running their business models very well. They just need to formally prepare and adopt written policies that accurately reflect their practices. The policies generally incorporate existing practices and then we add a few new items to a policy to appeal to the rating agencies.

We helped prepare the rating agency presentation, participated in the conference call and implemented a very successful competitive note sale. The policies this township developed and adopted clearly helped them attain the AA+ rating. Additionally, the rating helped the Township receive one of the lowest one year note bids in Ohio right after the economic disaster. The Township received four bids ranging from the winning bid with an effective yield of 0.697% all the way to the high bid of 1.81%.

Like with the neighboring City of Sylvania, while assisting the Township with its credit rating, we leveraged our experience gained from working with other local credits, including Sylvania, Sylvania Area Joint Recreation District, Rossford and Lucas County to develop a thorough understanding of the local economy, including all its strengths and vulnerabilities.

We are currently engaged in preparing this issue for a competitive bond issue sale.