



Bond Issuance Series 2022

City Council Meeting

June 13, 2022

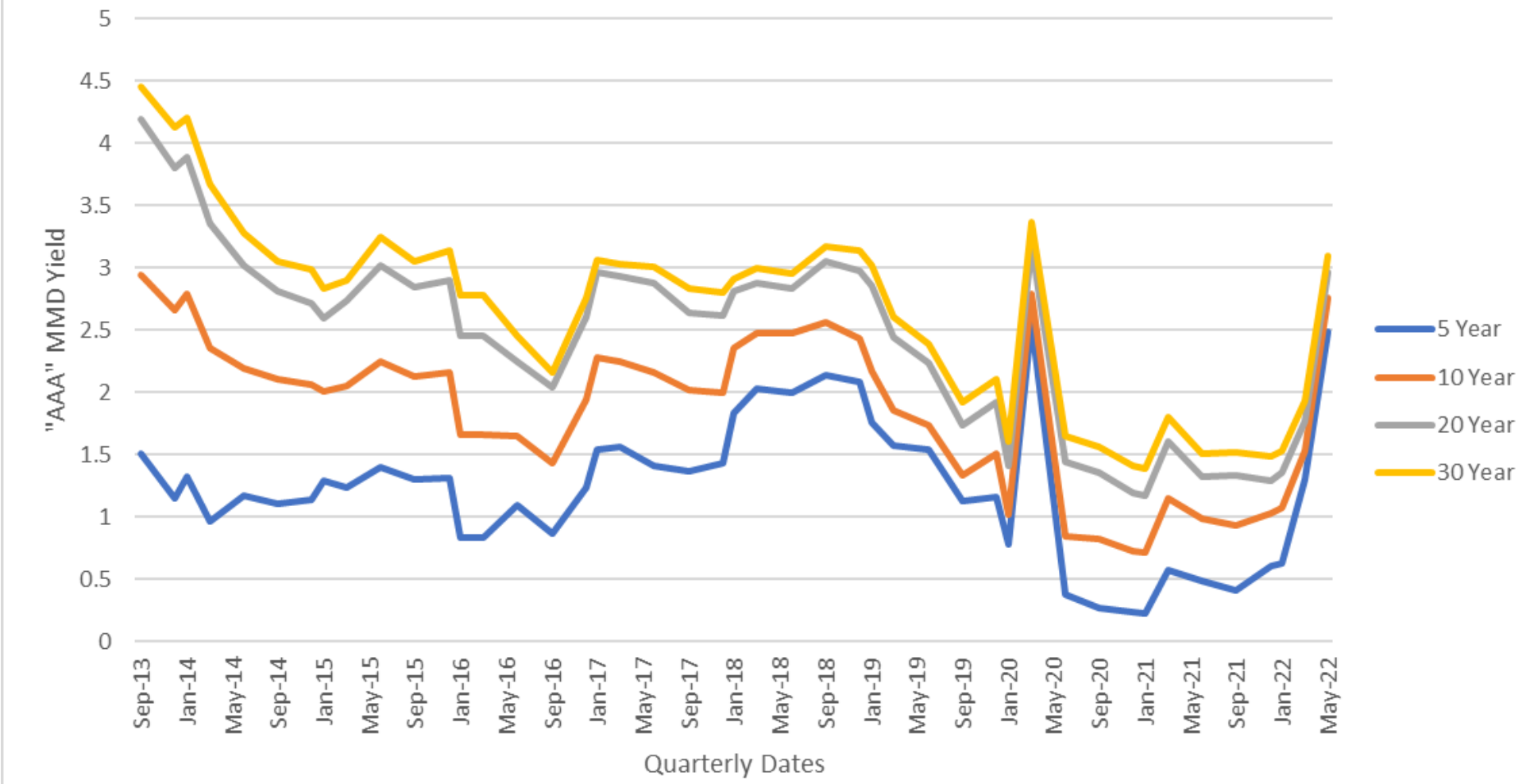


Market Update

- Fixed income and equity markets have been more volatile especially the last 6 months as inflationary and geo-political pressures have weighed on the markets.
- The municipal market has seen rates bounce up and down since January 1 with the major trend being up.
 - The short to medium term rates have risen +/- 200 bps during this time and the longer term rates rising slightly less.
 - On occasions we have seen portions of the yield curve be slightly inverted with the 5 and/or 10 maturities yielding higher rates than the 30 year maturities.
 - All things considered the long term fixed tax exempt rates are still at historically low levels.



Quarterly MMD Yields Since September of 2013



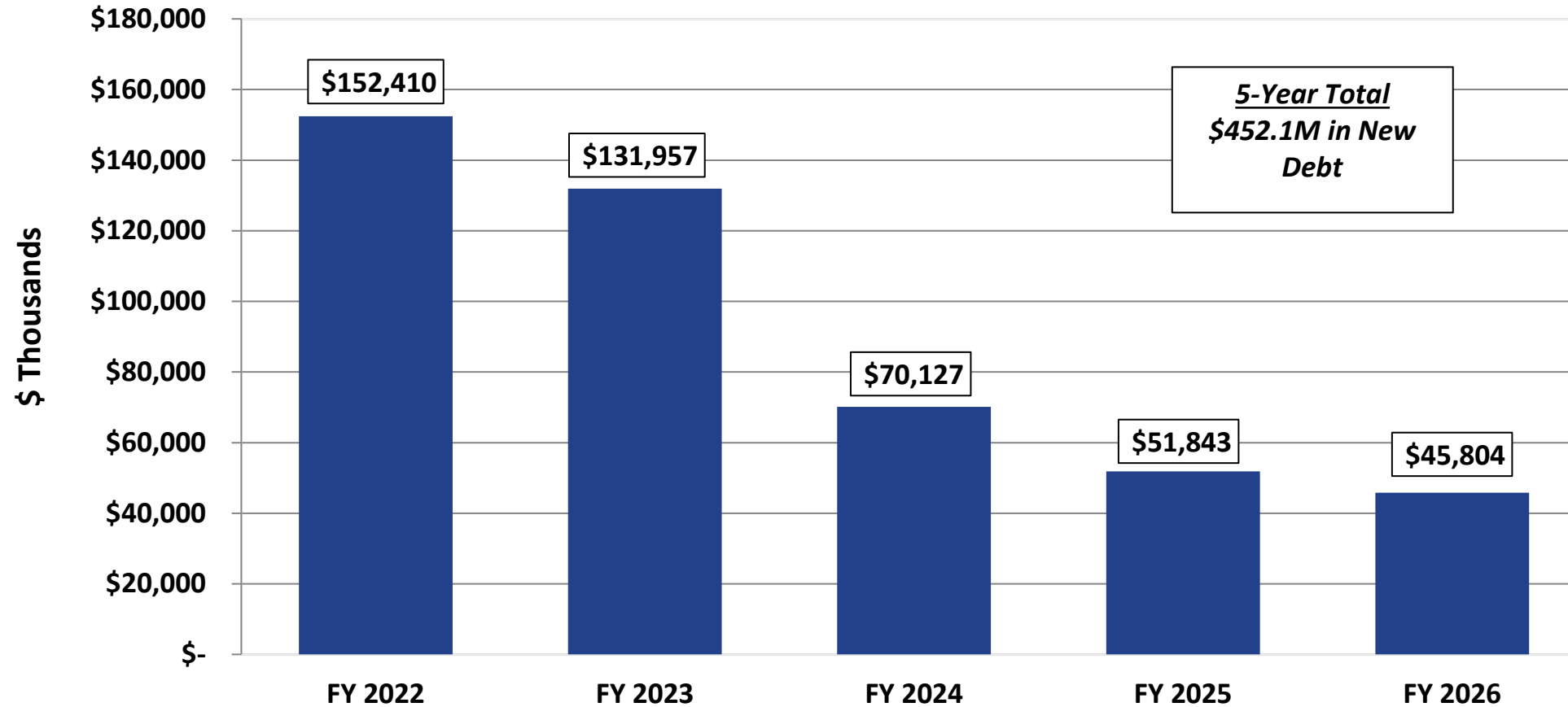


25 Year MMD on Bond Buyer Index



Debt Funding Requirement

Long-Term Financing



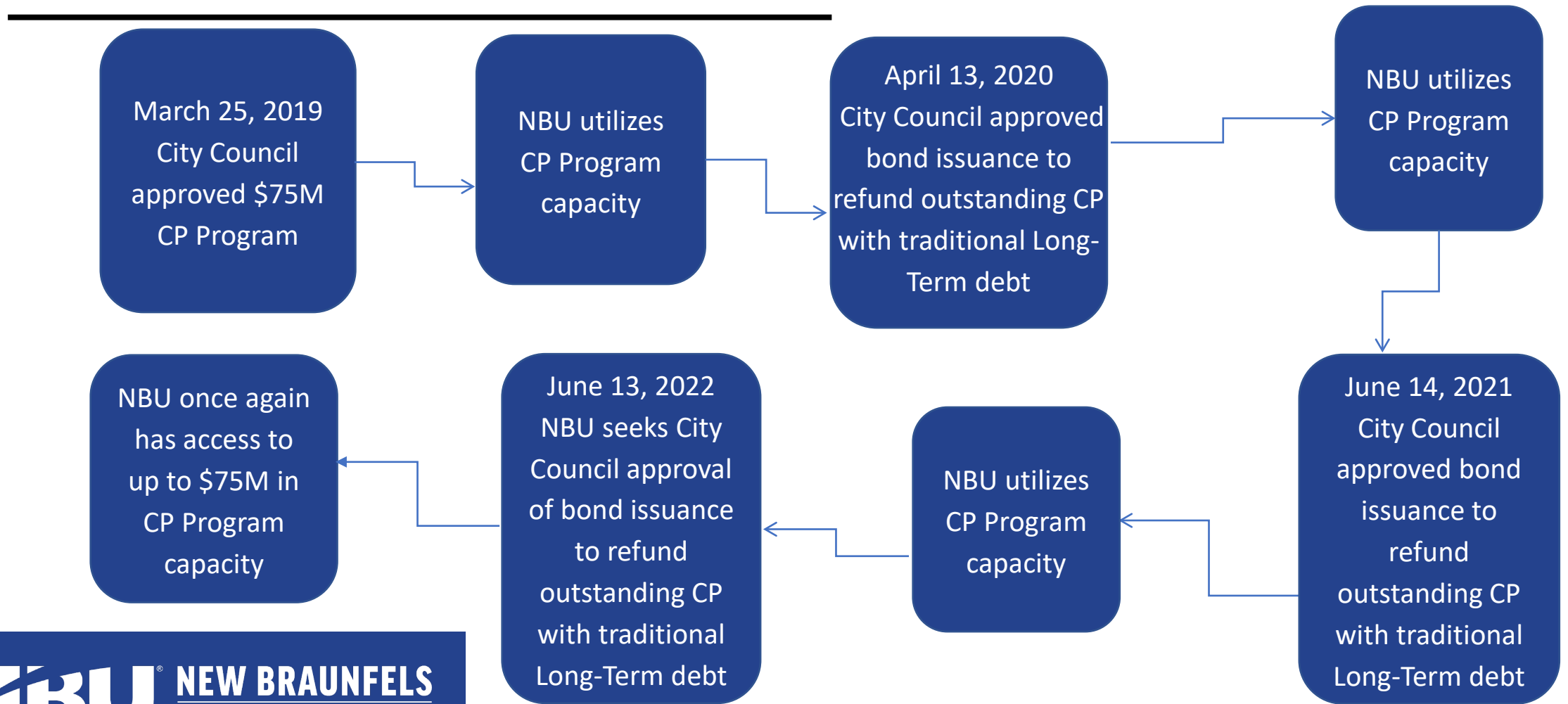


Issuing Debt to Refill Commercial Paper Benefits to NBU

- **Interest Rate Savings**
Generally carries lower interest repayment rates than bonds due to the short term maturities of CP
- **Provides Additional Flexibility**
Can match construction funding availability with construction expenditure needs
Can issue CP with maturities tailored to match cash flow needs
- **Unused Capacity Noted by Ratings Agencies**
Included in Days Liquidity on Hand calculation
- **Potential Long-Term Alternative**
Can choose to continuously include CP in debt portfolio as additional financing option



Commercial Paper Flow Chart





Resolution Relating to Bond Issuance

- Recommending a Parameter Order approval which has been successfully utilized in prior NBU bond offerings
- Parameters:
 - Par amount not to exceed \$74,750,000
 - Maximum Interest Rate not to exceed 6.00%
 - Maximum maturity – July 1, 2053
- The Parameter Order provides flexibility in pricing in times when markets are volatile



Bond Issuance Timeline

Date	Item
June 13, 2022	NBU seeks City Council approval of bond issuance (parameter authorization)
June 16, 2022	Price bond issuance in the market
July 14, 2022	Delivery and settlement of the bond issuance