



Money Talks

WASBO Webinar Series

December 15, 2023

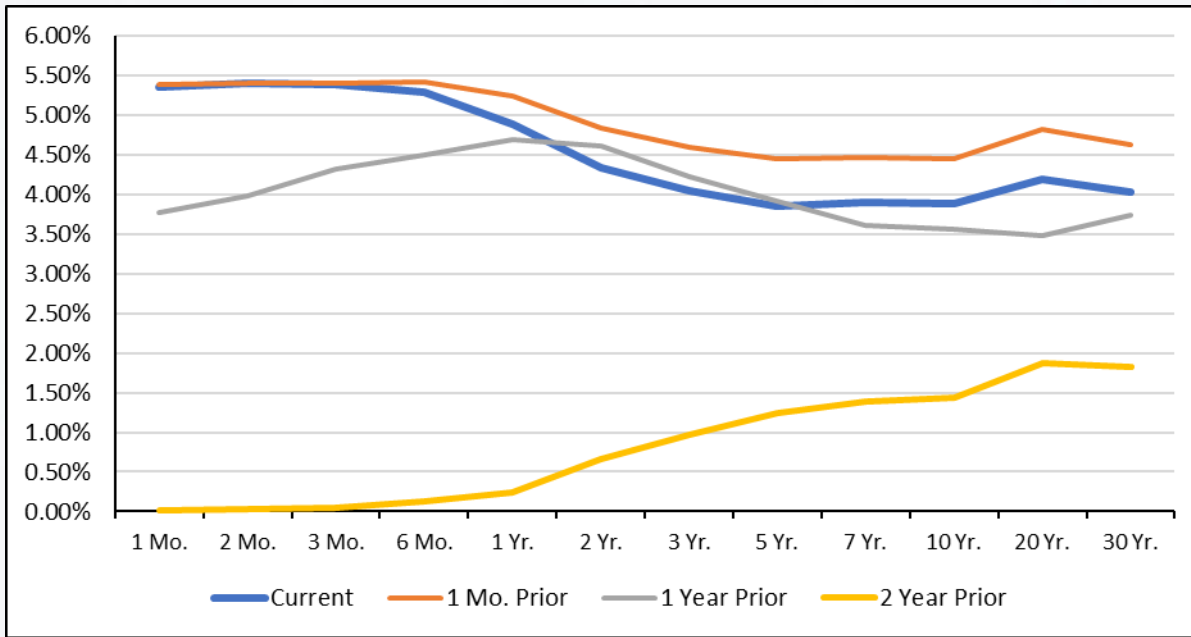
Tami Olszewski
Senior Investment Advisor
Ehlers



Economic Update



U.S. Treasury Rates

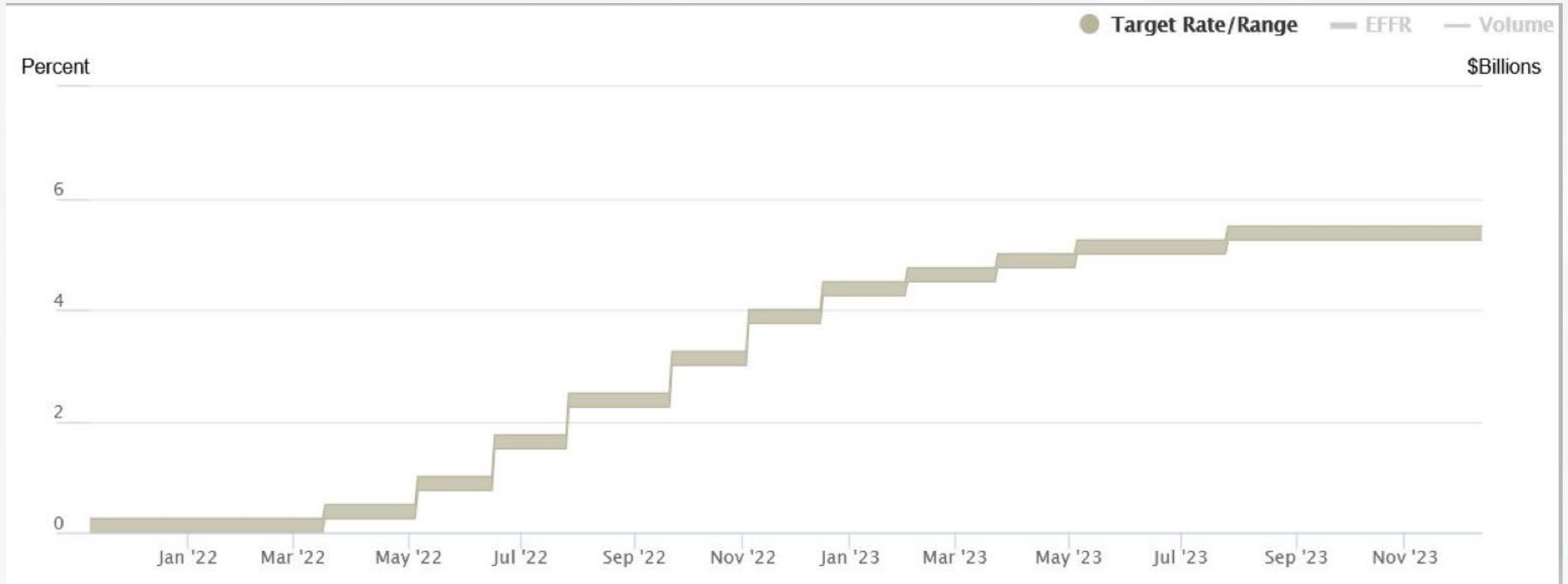


Treasury Rates							
	Current	1 Mo. Prior	MoM Δ	1 Year Prior	YoY Δ	2 Year Prior	2 Yr. Δ
1 Mo.	5.35%	5.39%	-0.04%	3.77%	1.57%	0.01%	5.34%
2 Mo.	5.40%	5.40%	0.00%	3.98%	1.42%	0.04%	5.36%
3 Mo.	5.38%	5.40%	-0.02%	4.32%	1.06%	0.05%	5.33%
6 Mo.	5.29%	5.42%	-0.12%	4.50%	0.80%	0.12%	5.17%
1 Yr.	4.88%	5.23%	-0.35%	4.69%	0.20%	0.25%	4.64%
2 Yr.	4.34%	4.84%	-0.50%	4.60%	-0.27%	0.66%	3.68%
3 Yr.	4.04%	4.60%	-0.55%	4.21%	-0.17%	0.98%	3.07%
5 Yr.	3.85%	4.44%	-0.59%	3.92%	-0.06%	1.24%	2.62%
7 Yr.	3.89%	4.47%	-0.58%	3.61%	0.28%	1.39%	2.50%
10 Yr.	3.89%	4.45%	-0.56%	3.56%	0.32%	1.44%	2.44%
20 Yr.	4.19%	4.82%	-0.63%	3.48%	0.71%	1.87%	2.32%
30 Yr.	4.03%	4.62%	-0.59%	3.73%	0.30%	1.83%	2.20%



Source: U.S. Department of the Treasury

Federal Funds Effective Rate: 2 Year



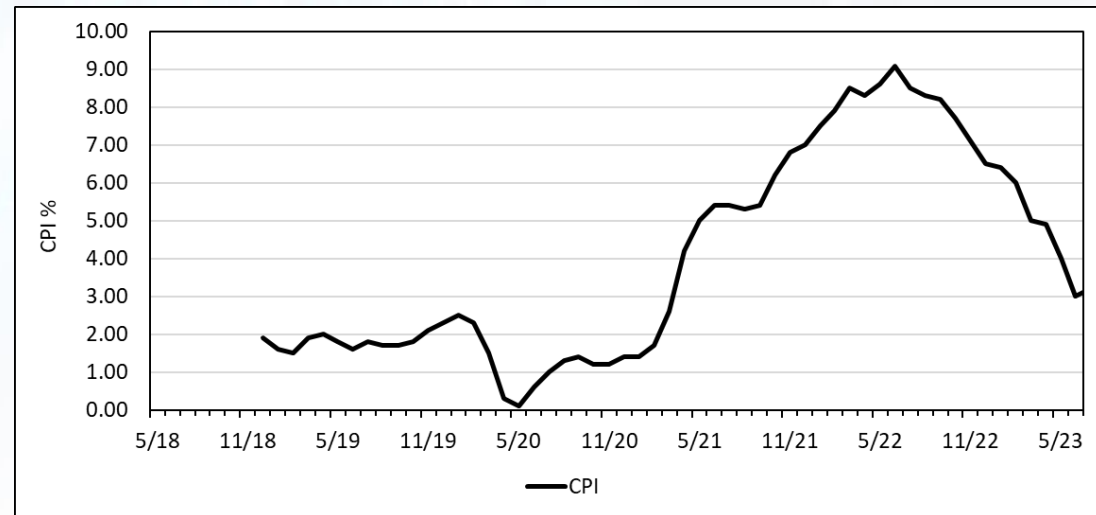
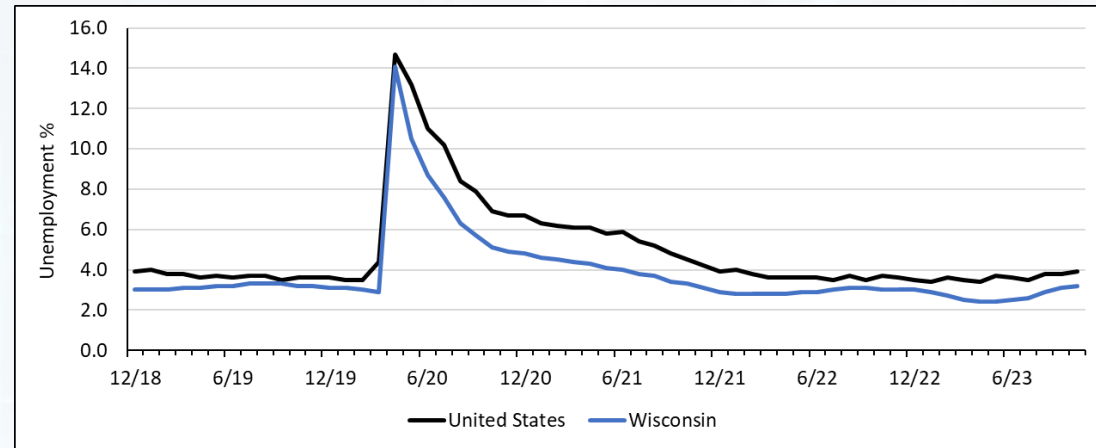
Source: Federal Reserve Bank of New York



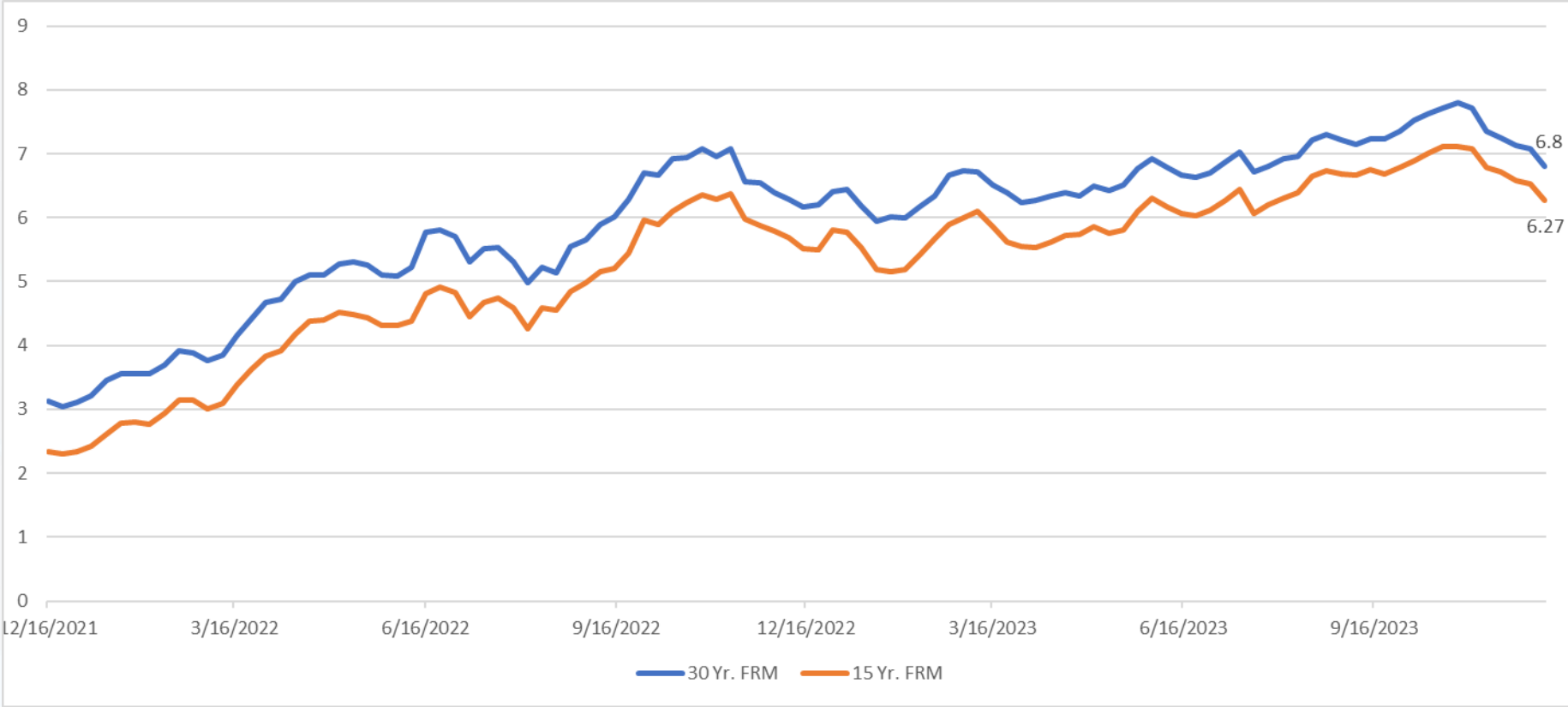
Unemployment & Inflation

	Unemployment		CPI
	State of Wisconsin	United States	United States
2023 October	3.2	3.9	3.2
2023 September	3.1	3.8	3.7
2023 August	2.9	3.8	3.7
2023 July	2.6	3.5	3.2
2023 June	2.4	3.6	3.0
2023 May	2.4	3.7	4.0
2023 April	2.4	3.4	4.9
2023 March	2.5	3.5	5
2023 February	2.7	3.6	6
2023 January	2.9	3.4	6.4
2022 December	3	3.5	6.5
2022 November	3	3.6	7.1
2022 October	3	3.7	7.7
2022 September	3.1	3.5	8.2
2022 August	3.1	3.7	8.3
2022 July	3	3.5	8.5
2022 June	2.9	3.6	9.1

Unemployment Data Source: Wisconsin Department of Workforce Development.
 CPI Data Source: U.S. Bureau of Labor Statistics. All Data is seasonally adjusted.



Mortgage Rates



Source: Bloomberg



Investment Rates

Fixed Rates

	Treasury Rates			CDs		
	12/14/2023	11/14/2023	MoM Δ	12/14/2023	11/14/2023	MoM Δ
1 Mo.	5.34%	5.39%	-0.04%	5.33%	5.38%	-0.05%
2 Mo.	5.39%	5.40%	0.00%	5.35%	5.40%	-0.05%
3 Mo.	5.37%	5.40%	-0.03%	5.35%	5.40%	-0.05%
6 Mo.	5.28%	5.42%	-0.13%	5.25%	5.47%	-0.22%
1 Yr.	4.88%	5.23%	-0.35%	4.80%	5.37%	-0.57%
2 Yr.	4.37%	4.84%	-0.47%	4.33%	5.06%	-0.73%
3 Yr.	4.08%	4.60%	-0.51%	4.07%	4.83%	-0.76%

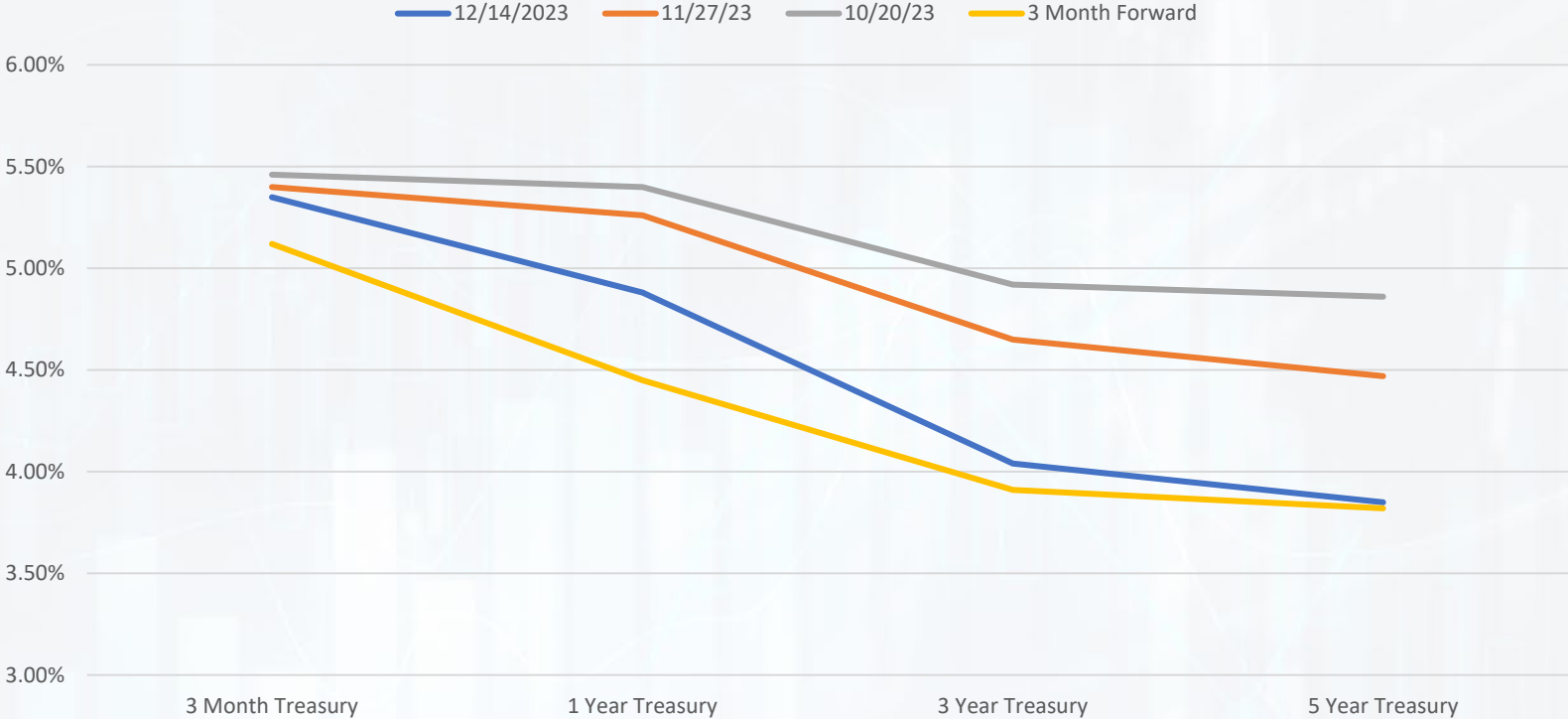
Liquid Rates

	November	October	MoM Δ
LGIP Pool	5.39%	5.37%	0.02%
WISC IS	5.33%	5.34%	-0.01%
AMMA	5.30%	5.30%	0.00%

Source: Bloomberg, ICE Data Systems
As of 12/14/2023



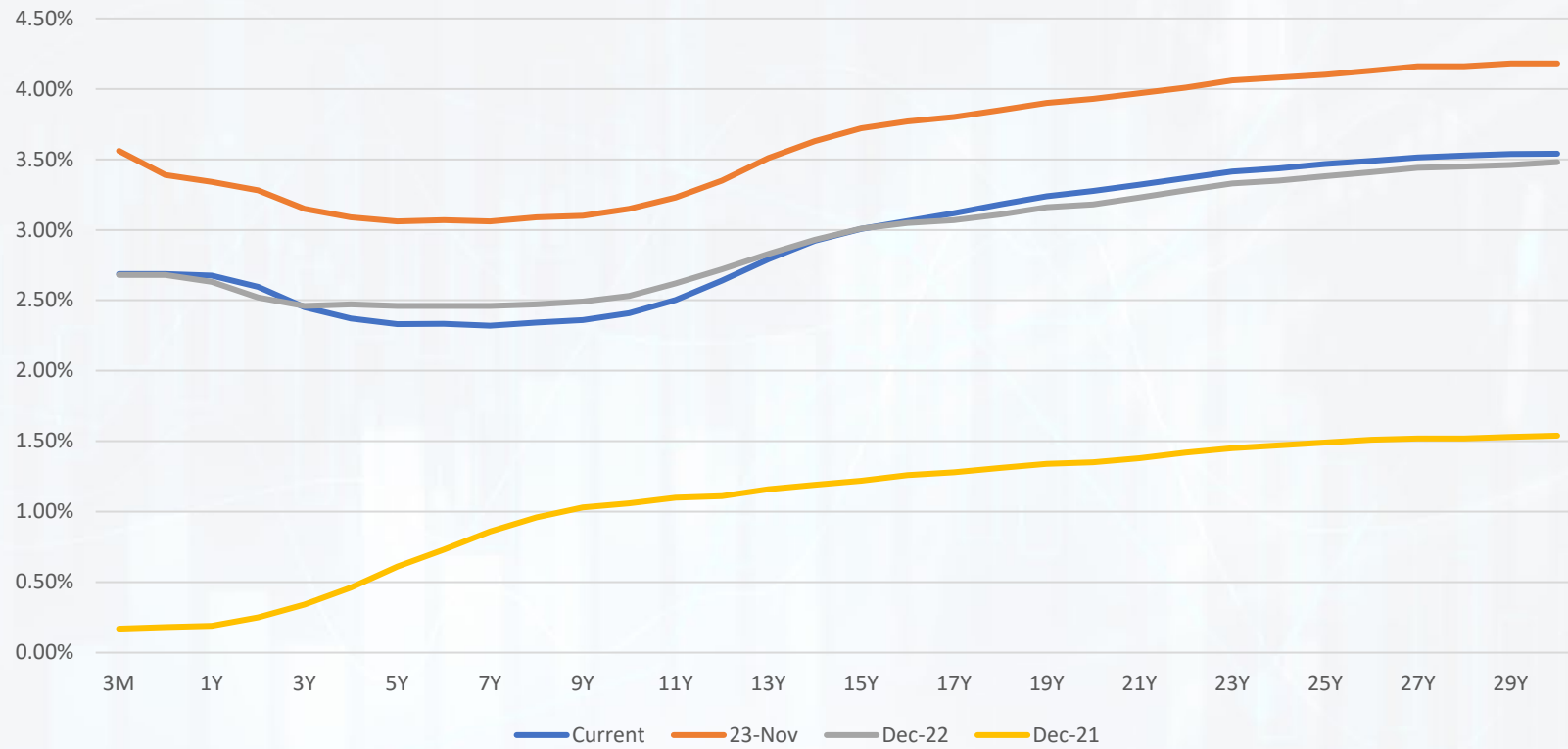
Investment Rates



Source: Bloomberg, ICE Data Systems
As of 12/14/2023



BVAL Yield Curve



Source: Bloomberg
As of: 12/14/2023



Recent WI General Obligation Debt Issues

Sale Date	Issuer Type	Par	Tax Status	Sale Method	Industry	Rating	Callable	Call Year
11/6/2023	City	17,775,000	Tax Exempt	Negotiated	General Obligation	AA-	Yes	2030
11/6/2023	Community College District	1,500,000	Bank Qualified	Negotiated	Community College District	Aa1	Yes	2030
11/6/2023	City	3,605,000	Taxable	Negotiated	General Obligation	AA-	Yes	2030
11/7/2023	City	5,975,000	Bank Qualified	Competitve	General Obligation	Aa2	Yes	2033
11/7/2023	City	2,350,000	Bank Qualified	Competitve	General Obligation	Aa2	Yes	2031
11/8/2023	City	6,000,000	Bank Qualified	Competitve	General Obligation	A1/Insured	Yes	2031
11/9/2023	City	4,585,000	Bank Qualified	Competitve	General Obligation	A1/Insured	Yes	2033
11/9/2023	City	2,310,000	Taxable	Competitve	General Obligation	A1	Yes	2030
11/13/2023	Village	2,055,000	Bank Qualified	Competitve	General Obligation	A1	Yes	2031
11/13/2023	Village	7,045,000	Bank Qualified	Negotiated	General Obligation	Aa3	Yes	2030
11/16/2023	Community College District	4,000,000	Bank Qualified	Competitve	Community College District	Aa2	No	NA
11/20/2023	Community College District	1,500,000	Tax Exempt	Negotiated	Community College District	Aaa	No	NA
11/20/2023	Village	1,400,000	Bank Qualified	Negotiated	General Obligation	Aa1	Yes	2030
11/20/2023	City	6,720,000	Taxable	Negotiated	General Obligation	AA+	Yes	2028
11/21/2023	City	6,250,000	Bank Qualified	Competitve	General Obligation	Aa1	Yes	2030
11/21/2023	City	1,065,000	Bank Qualified	Competitve	General Obligation	AA-	Yes	2031
11/27/2023	Village	3,235,000	Bank Qualified	Competitve	General Obligation	Aa2	Yes	2031
11/28/2023	Community College District	1,500,000	Tax Exempt	Competitve	Community College District	Aa1	No	NA
11/28/2023	City	2,630,000	Bank Qualified	Competitve	General Obligation	A+	Yes	2029
11/28/2023	Community College District	2,690,000	Bank Qualified	Competitve	Community College District	Aaa	No	NA
11/30/2023	City	5,405,000	Bank Qualified	Competitve	General Obligation	AA-	Yes	2029

Source: Bloomberg



Referendum Planning 2024

Market Players & Roles



Wisconsin Referendum Dates

2024 & 2025 School Referendum Dates						
Resolution Calling Election	12/12/23	1/23/24	6/4/24	8/27/24	12/10/24	1/21/25
Election Date	2/20/24	4/2/24	8/13/24	11/5/24	2/18/25	4/1/25



Building Your Capital Project Team

Facilities & Planning Team

School Business Official & Key Personnel (Facilities Team)

Architects, Engineers & Construction Managers

Financing Team

Municipal Advisor

Bond Counsel

Disclosure Counsel

Arbitrage Consultant

Investment Advisor

Credit Rating Agency

Underwriter



Financing Team

Municipal Advisor

Who are they?

- A MSRB licensed financial professional
- A “General Contractor” for the debt issuance process

What role do they play?

- Recommend structure, timing, terms & method of sale
- Help prepare offering & disclosure documents

Who do they represent?

- Only the issuer as an independent financial advisor
- Maintain a fiduciary responsibility to the issuer

How do they get paid?

- Typically paid flat fee from issuance proceeds



Financing Team

Bond Counsel

Who are they?

- An attorney or law firm

What role do they play?

- Provide the validity and tax opinions for the bond issue
- Prepare legal documents, agenda text & agreements

Who do they represent?

- Hired and paid by the issuer
- Provide legal opinion for future bondholders (investors)- makes debt instrument marketable

How do they get paid?

- Typically paid flat fee from issuance proceeds



Financing Team

Credit Rating Agency

Who are they?

- Private, for-profit companies
- S&P Global, Moody's Investor Services, Fitch Ratings

What role do they play?

- Provide credit opinion of the issuer and transaction
- Monitor issuer via ongoing surveillance

Who do they represent?

- Provide an independent opinion
- The interests of the primary & secondary markets

How do they get paid?

- Typically paid flat fee from issuance proceeds



Financing Team

Arbitrage Consultant

Who are they?

- Provides IRS Arbitrage Compliance Guidance
- May be associated with another professional firm

What role do they play?

- Provide support to financing team to determine arbitrage impact and potential liability
- Monitor issue for ongoing compliance
- May provide report filing and preparation services as needed

Who do they represent?

- Support the District

How do they get paid?

- May be included in costs of issuance
- May be paid on an hourly basis for specific report preparation and filing



Financing Team

Underwriter

Who are they?

- A MSRB licensed & SEC registered financial institution
- May be a “syndicate”

What role do they play?

- Purchase the bond issue from the issuer
- Resell the bond issue to investors

Who do they represent?

- Themselves & their own commercial interests
- Adheres to suitability & fair dealing standard

How do they get paid?

- Paid by issuer through an “underwriter discount”



Closing Memo – Costs of Issuance

Funds to be wired by the Purchaser

In connection with the above closing, proceeds will be wired by the purchaser, Underwriter Example, as follows:

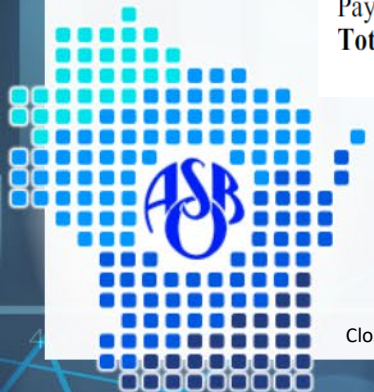
Wire Instructions	Amount Wired	
1) To Client	\$138,900,000.00	→ \$144,755,761 Total to Issuer
2) To Client (CIF)	5,855,761.00	
3) To KleinBank ¹	<u>328,145.00</u>	
Total Proceeds	<u>\$145,083,906.00</u>	

Costs of Issuance

Municipal Advisor	\$167,900.00
Bond Counsel	91,445.00
Rating Agency	68,000.00
Paying Agent	<u>800.00</u>
Total Costs of Issuance	\$328,145.00

Calculation of Available Funds

Par Amount of the Bonds	\$138,900,000.00
Plus: Net Original Issue Premium	<u>6,564,151.00</u>
ISSUE PRICE/GROSS PRODUCTION	\$145,464,151.00
Less: Underwriter's Discount	<u>(708,390.00)</u>
PURCHASE PRICE	\$144,755,761.00
TOTAL AVAILABLE FUNDS	<u>\$144,755,761.00</u>



Today's Speaker



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