

GENERAL
OBLIGATION
BONDS 101
AND
2025 GO
BONDS

City of Camas

June 2, 2025



AGENDA

- General Obligation Debt
- Two types of GO Bonds
- Appropriate uses for GO Bond
- Assemble the Financing Team
- Process for Issuing GO Bond
- Rating Agencies
- Market Conditions
- Documents
- Bond Sale
- Closing
- 2025 Bond Issue and Bond Ordinance



WHAT IS GENERAL OBLIGATION DEBT?

- Debt that is secured by the full faith and credit of the local government issuing the debt.
 - City pledges tax revenues unconditionally
- Includes:
 - Bonds
 - Loans
 - Tax Anticipation Notes
 - Real Estate Contracts
 - Lines of Credit

LIMITS TO GENERAL OBLIGATION DEBT

Voted Debt

2.5% of Assessed Value (Constitutional)

Taxable Assessed value (2024 Assessment for 2025 Revenue)	\$ 8,061,731,234
Debt Limit	
Debt limit with vote (2.5% of assessed value)	201,543,281
Debt applicable to with vote limit:	
General obligation bonds	-
Less: assets available	-
Total debt applicable to limit with vote	-
Total legal debt margin with vote	<u>\$ 201,543,281</u>

Non-Voted Debt

1.5% of Assessed Value (RCW)

Debt limit without vote (1.5% of assessed value)	\$ 120,925,969
Debt applicable to without vote limit:	
General obligation bonds	42,685,000
Other	4,788,790 ¹
Less: assets available	<u>0</u>
Total net debt applicable to limit without vote	<u>47,473,790</u>
Total legal debt margin without vote	<u>\$ 73,452,178</u>

1. Other includes governmental loans as well as the principal outstanding on the City's Line of Credit (tax anticipation note). This inclusion is for Washington State compliance for debt limitation calculations.

GENERAL OBLIGATION BONDS

Unlimited Tax General Obligation Bonds(UTGO):

- Voted Bonds pledging excess property tax levies to replace
- Approval of 60% of the voters with a turnout of 40% of those who voted in the recent General Election.
- Only for Capital purposes and replacement of equipment is not permitted

Limited Tax General Obligation Bonds (LTGO or Councilmanic)

- General Fund must be pledge to pay the debt service and must be paid with existing revenues
- Vote of the Council



APPROPRIATE USES OF BOND PROCEEDS

- Long-Term Capital
 - Land
 - Buildings
 - Large Equipment
 - Parks Development
 - Transportation
- Remember Long-Term \$ = Long-Term Assets

FINANCIAL TEAM NEEDED TO ISSUE BONDS

Financial Advisor (depends upon internal skill sets) – advises the City to size the issue, market timing, type of debt and the team members

Underwriter – prepares the bond issue for market by sizing the debt, assessing market conditions, marketing of the bonds, and assisting with bond rating.

Bond Counsel – provides a legal opinion that the City is authorized to issue the bond, prepares the bond ordinance, and conducts due diligence.

Rating Agency – assesses the City's creditworthiness for the bond market.

PROCESS TO ISSUE GO BONDS

Assess Need

Determine Appropriate Funding to Pay Bonds

Size the Bonds with Underwriters and Bond Counsel

Review the Market and Determine Timing

Preliminary Bond Issue

Public Hearing and Bond Ordinance

Rating Presentation

Assess Market

Due Diligence

Pre-Sale Conference

Sell Bonds

Final Official Statement

Close and Receive Bond Proceeds

Disclosures to EMMA

RATING AGENCIES

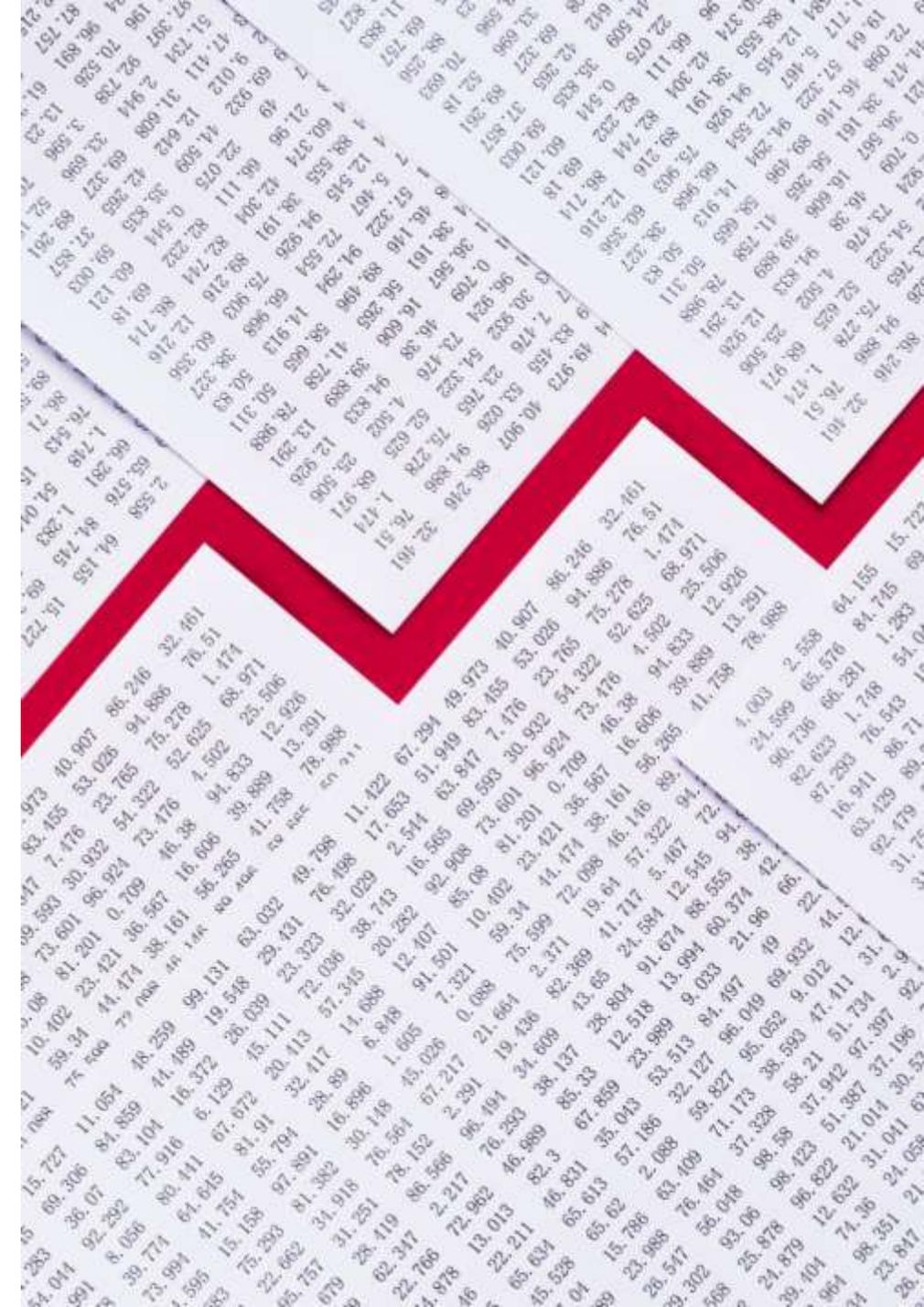
The following table shows the comparable investment grade ratings of the three major rating agencies:

	Moody's	S&P Global	Fitch
Best Quality	Aaa	AAA	AAA
High Quality	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-

- Standard and Poors, Moody's and Fitch
- Criteria:
 - Economy of the City
 - Debt Structure of the City
 - Financial Condition
 - Demographics
 - Management Practices

MARKET CONDITIONS

- Investor Sentiment
- Other Municipal Issuers
- Economy
- Size of Issue
- Yield Curve
- Structure of the Issue
- Skill Set of the Underwriting Team
- Luck



DOCUMENTS
TO
UNDERSTAND

Preliminary Official Statement

Bond Ordinance

Amortization Schedule

Certificate of Determination

Purchase Contract

Certificate of Calculation of Indebtedness

Receipt of Bonds and Receipt for Payment

Issue Price Certificate

Tax Exemption and Nonarbitrage Certificate

Closing Memorandum

BOND SALE

PROCESS TO UNDERSTAND:

UNDERWRITERS "CREATE" A MARKET

UNDERWRITERS NEGOTIATE THE PRICE OF THE BONDS AND THE COUPON RATE AND MATURITIES

NOT UNHEARD OF TO NOT SELL ALL BONDS OR HAVE ALL BONDS SOLD IN LESS THAN HOUR

UNDERWRITERS WILL WORK WITH SYNDICATES OR FORM SYNDICATES

UNDERWRITERS HAVE THE OPTION TO PURCHASE THE UNSOLD BONDS

CITY FORMALLY ACCEPTS THE SALE AT THE END OR HAS THE OPTION TO REJECT (RARELY)





BOND CLOSING

- Before Closing – all documents are signed but the exchange of documents occurs at closing by the two counsels
- Zoom Call occurs with:
 - City - City Administrator and Finance Director confirming the receipt of proceeds
 - Bond Counsel – City represented attorneys
 - Underwriters – Underwriters and Attorneys confirms the bonds released
 - NY Desk – Releases funds
 - Fiscal Agent - Manages the ownership of bonds

2025
GENERAL
OBLIGATION
BOND ISSUE



- UTGO Bond Fire Station \$26.3 million
- LTGO Bond Streets \$3-6 million
- Refunding 2015 Bonds \$4.9 million

BOND ORDINANCE

- Bond Ordinance sets the guardrails for the bond issue.
 - Council authorizes the issuance of the bonds (Section 3)
 - Appoints Designated Representative to the City and sets the not to exceed terms (Section 4)
 - Section 5-12 Bond Framework, Payment of the Bonds Defined and Tax Covenants
 - Section 13-16 Refunding and Refunded Bonds requirements
 - Section 17-23 Define the Sale of the Bonds, Disclosures and Ordinance Framework

10-Year MMD and 10-year UST (1994 – Present)

- Since 1994, the 10-year MMD has been below the current rate only 51.97% of the time (and all of those occurrences were from 2020 to 2025 YTD).



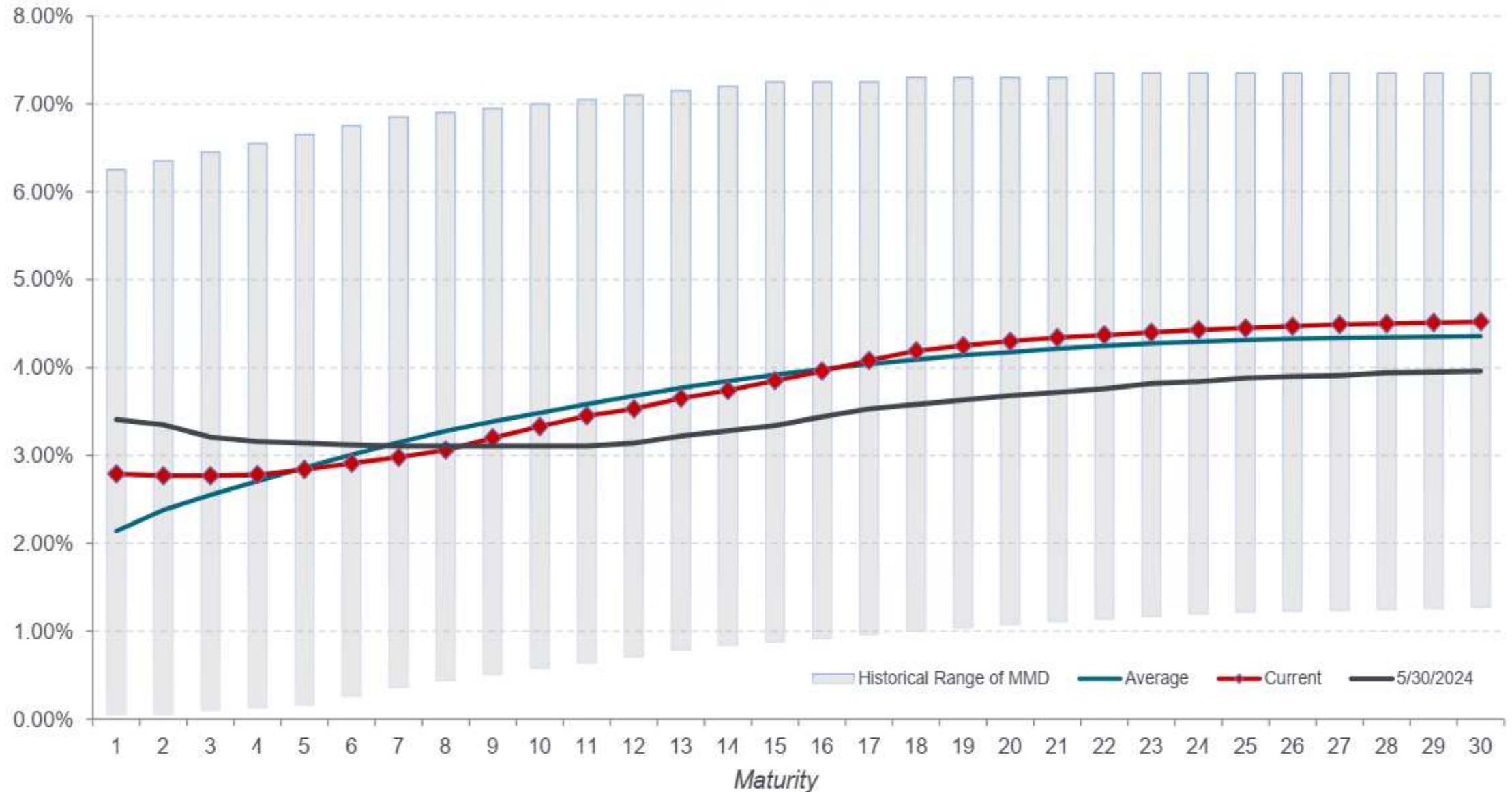
10-Year MMD and 10-year UST (Past 5 Years)

	10-yr MMD	10-yr UST
Current	3.33%	4.41%
Maximum	3.89%	4.99%
Minimum	0.58%	0.51%
Average	2.11%	2.96%
% of Time Historical Rates Have Been Below Current	95.04%	87.61%



Historical AAA MMD – Across the Curve

Range of 'AAA' MMD
1990 - Present



2025 Projected GO Bond Structure

<i>Sources:</i>	<i>Unlimited Tax General Obligation Bonds, 2025</i>	<i>Limited Tax General Obligation and Refunding Bonds, 2025 (Refunding)</i>	<i>Limited Tax General Obligation and Refunding Bonds, 2025 (New Money)</i>	<i>Total</i>
Bond Proceeds:				
Par Amount	24,925,000.00	4,510,000.00	5,645,000.00	35,080,000.00
Premium	1,579,916.85	366,212.80	402,695.50	2,348,825.15
	26,504,916.85	4,876,212.80	6,047,695.50	37,428,825.15

Dated Date	08/12/2025	08/12/2025	08/12/2025
Delivery Date	08/12/2025	08/12/2025	08/12/2025
Last Maturity	12/01/2050	12/01/2035	12/01/2045
Arbitrage Yield	4.171280%	4.171280%	4.171280%
True Interest Cost (TIC)	4.628356%	3.468269%	4.402955%
Net Interest Cost (NIC)	4.844893%	3.719906%	4.638044%
All-in TIC	4.660110%	3.534645%	4.439775%
Average Coupon	5.194704%	5.000000%	5.147882%

POTENTIAL REFUNDING SAVINGS FOR 2015 LTGO BONDS

<i>Bond</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Nominal Savings</i>	<i>Nominal Savings Percent</i>
LTGOREF, Limited Tax General Obligation Bonds, 2015, 2015:					
SERIALS	12/01/2025	5.000%	335,000.00	(2,606.25)	(0.778%)
TERM27	12/01/2026	5.000%	355,000.00	5,801.14	1.634%
	12/01/2027	5.000%	370,000.00	12,359.81	3.340%
TERM30	12/01/2028	5.000%	390,000.00	19,077.47	4.892%
	12/01/2029	5.000%	410,000.00	25,700.81	6.268%
	12/01/2030	5.000%	430,000.00	32,702.45	7.605%
TERM35	12/01/2031	5.000%	450,000.00	39,268.21	8.726%
	12/01/2032	5.000%	475,000.00	43,886.84	9.239%
	12/01/2033	5.000%	500,000.00	50,120.02	10.024%
	12/01/2034	5.000%	520,000.00	51,995.12	9.999%
	12/01/2035	5.000%	550,000.00	52,999.45	9.636%
			4,785,000.00	331,305.09	



ANY QUESTIONS