

Series 2025 Bond Issuance



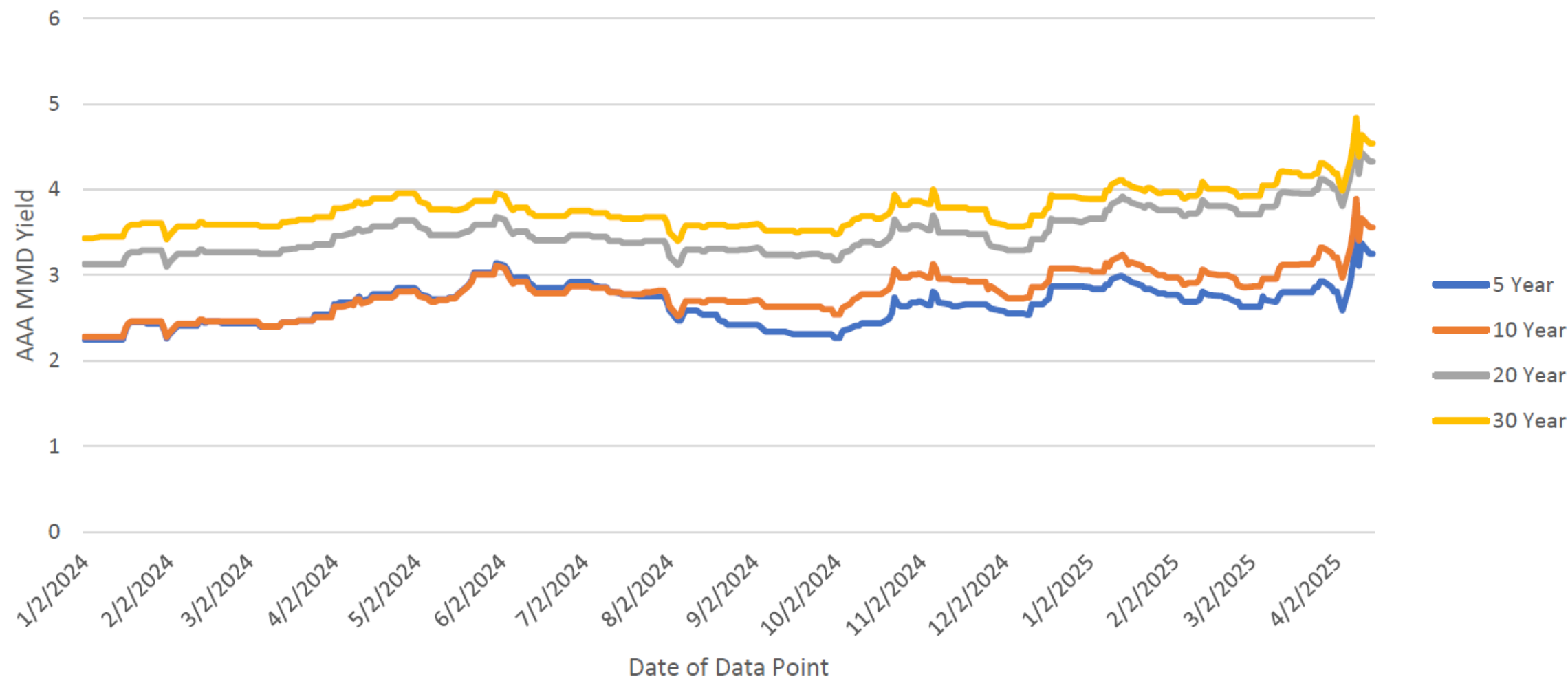
April 24, 2025

Market Update

- **Fixed income and equity markets have continued to show some volatility as the markets try to balance inflationary concerns and geo-political pressures.**
- **While the municipal market has seen a tighter range of movement for interest rates in the last 12-18 months through the end of March, we have still seen a variance of 50-75 basis points during this time.**
- **Since the beginning of April, the municipal market has experienced more significant swings with rates moving as much as 45 bp from day to day with a two day upward move of approximately 80 bp followed the next day by a downward move of 30-40 bp.**
 - The yield curve, even with the above swings, has slowly been losing its inversion and becoming more “normal” with shorter term rates at lower levels than the medium and long term rates.
 - There does not seem to be a firm consensus that inflation is truly under control, however, there remains a general projection that the Fed will cut their short term rates possibly two times in calendar 2025.
 - Long term fixed tax exempt rates are still at relatively low historic levels.

Rates as of April 16, 2025

5,10,20, & 30 Year MMD from Jan 2024-Present



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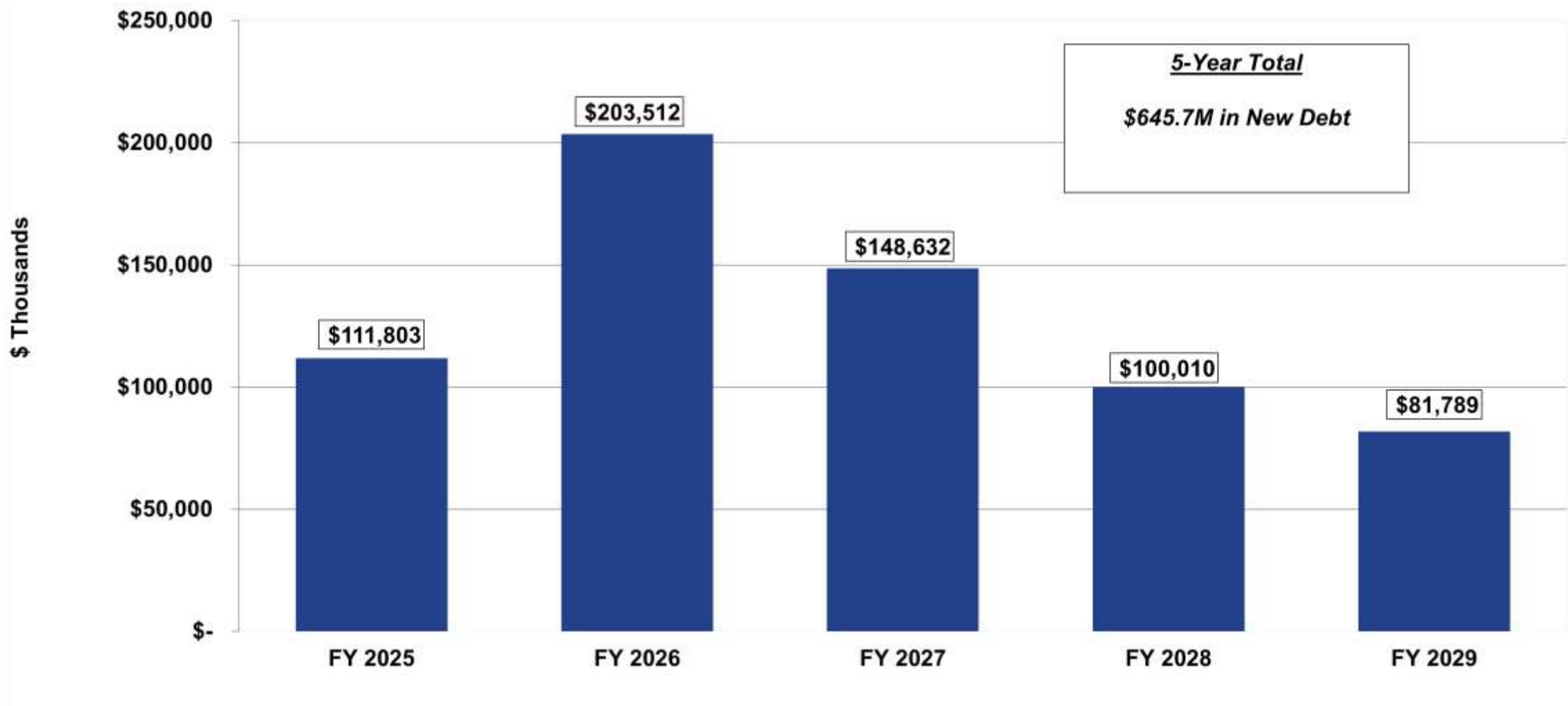
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Debt Funding Requirement

Long-Term Financing



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Bond Issuance Details

- **Issuance Parameters**
 - Refunding the outstanding commercial paper notes
 - Potential refunding of the outstanding Series 2015 and Series 2016 bonds for savings.
- **Three components combined into one approval**
 - More efficient process for NBU Board and City Council approval
 - Provides NBU flexibility to be responsive to market conditions
 - Approval is valid for up to six months
 - Allows for more than one issuance to complete all of the components
 - Monitor market for more favorable market conditions on potential Series 2015 and Series 2016 refunding

Bond Components and Timing

| | |
|---|---|
| Refund Commercial Paper – \$75.0 Million | Planned refunding to be completed in June 2025 |
| Refund Series 2015 Bonds – \$8.7 Million | Potential refunding if minimum savings available – up to 6 months |
| Refund Series 2016 Bonds – \$55.6 Million | Potential refunding if minimum savings available – up to 6 months |

Approximate Total Issuance of \$139.2 Million

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Issuing Debt to Refund Commercial Paper Benefits to NBU

- **Interest Rate Savings**
 - CP generally carries lower interest repayment rates than bonds due to the short term maturities
- **Provides Additional Flexibility**
 - Match construction funding availability with construction expenditure needs
 - 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

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Resolution Relating to Bond Issuance

- **Recommending a Parameter Order approval which has been successfully utilized in prior NBU bond offerings**
- **Parameters (Combined Components):**
 - Par amount not to exceed \$144,235,000
 - Maximum interest rate not to exceed 6.00%
 - Maximum maturity not to exceed July 1, 2056
 - Minimum net present value savings on the par value of the refunded bonds of at least 2.00% (relates only to the refunding of the Series 2015 and Series 2016 bonds)
- **The Parameter Order provides flexibility in pricing in times when markets are volatile**

Underwriting Team

PIPER | SANDLER

Senior Manager



Capital
Markets

Co-Manager



Co-Manager

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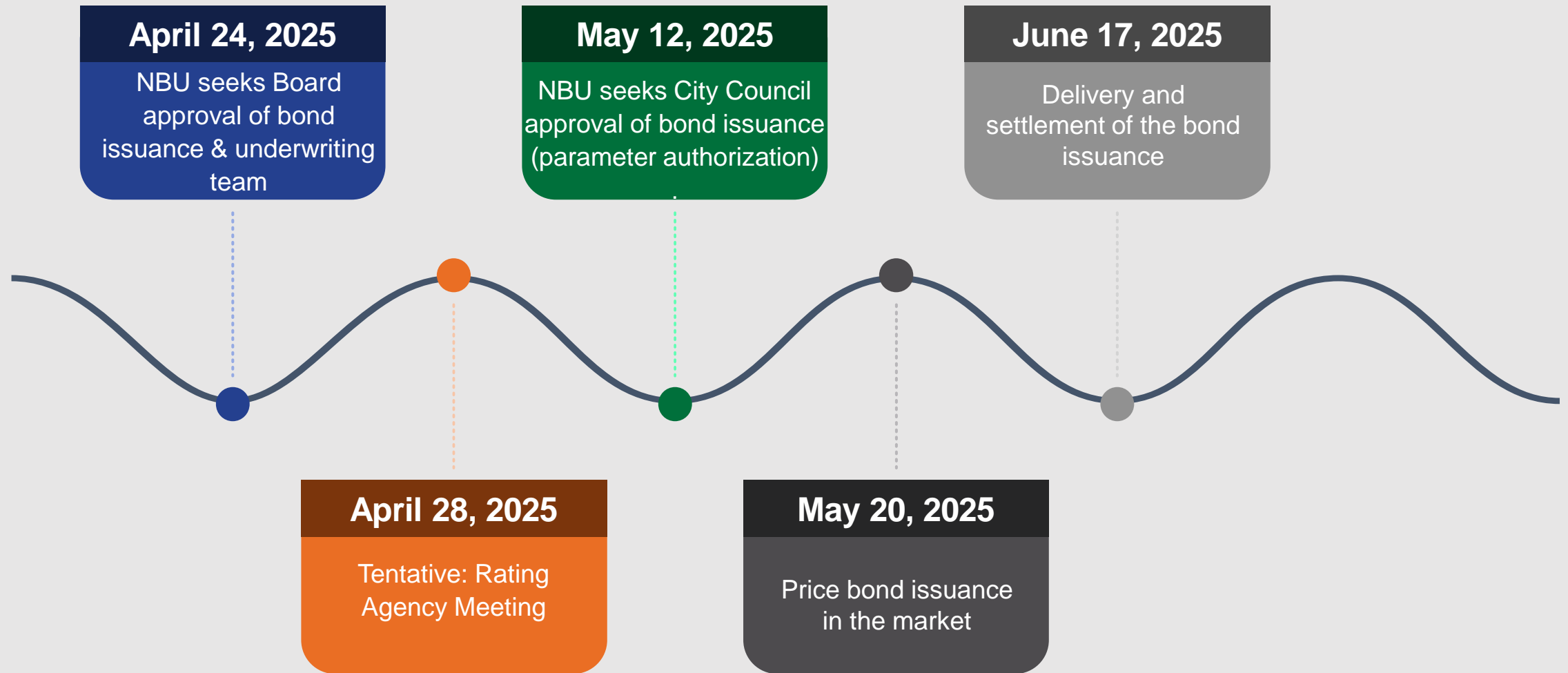
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Bond Issuance Timeline



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