Municipal Bond Options

“Financial Options”

Presented by

McLiney And Company

Edward McLiney
About the Presenter

McLiney And Company

– Over 44 years in Missouri municipal finance experience
– Three generations of investment banking
– Issue size does not matter – we focus on all communities and districts

Edward McLiney

– Almost 30 years of MO municipal finance experience
“We have a project, but how can we pay for it?”

**Financial Options**

- General Obligation Bonds
- Revenue Bonds
- Lease Purchase
- Capital Improvement Sales Tax Bonds
- Build America Bonds
- Sales Tax
GENERAL OBLIGATION BONDS

• Secured by the full faith and credit of the issuing jurisdiction.

• Paid from an ad valorem tax (real estate or personal property.)

• Required Voter Approval – 2/3 General Election or 4/7 Municipal Election.

• Capacity - Depends on Classification
  • Any City or County 20% of its Assessed Valuation
  • Any Village or Township 5% of its Assessed Valuation
  • School District 15% of its Assessed Valuation

• Types of Projects – Any type of Improvements.

• Most Secure Type of Bonds.
REVENUE BONDS

• Secured by the revenue from a specific project. These bonds are NOT secured by the full faith and credit of the issuing jurisdiction.

• Required Voter Approval – Simple Majority

• Capacity – no limit to issue size, based on what the users can afford.

• Types of Projects – Water and Wastewater.
LEASE PURCHASE

- Subject to annual appropriation. Leases are NOT secured by the full faith and credit of the issuing jurisdiction.

- No Required Voter Approval.

- Capacity – no limit to issue size, based on what the users can afford.

- Types of Projects – Water and Wastewater or any general improvement project.

- Collateral – A lease is usually collateralized by the actual improvement.
CAPITAL IMPROVEMENT SALES TAX BOND

• Secured by the receipts of sales tax revenues.

• Required Voter Approval – 2/3 General Election or 4/7 Municipal Election.

• Capacity – no limit to issue size, based on what the revenue from sales tax can support.

• Types of Projects – Any general improvement project.
BUILD AMERICA BONDS

- Taxable bonds used to finance any capital expenditures.
- Revenue Bonds, GO Bonds or LP
- BAB, 35% subsidy of the total coupon interest paid.

- QZABs/QSCBs/CREBs tax credit or taxable issue
- Subsidy based on US Treasury web page (5.42%, 19 years for QZABs/QSCBs)
SALES TAX

• May be applied to the debt service.

• Required Voter Approval – Simple Majority

• Most Common Sales Taxes (and limits)
  – General Sales Tax – 1%
  – Transportation Sales Tax – 0.5%
  – Capital Improvement Sales Tax – 0.5%
  – Storm Water / Parks Sales Tax – 0.5%
FINANCIAL OPTIONS OVERVIEW

OVERVIEW
• General Obligation Bonds
• Revenue Bonds
• Lease Purchase
• Capital Improvement Sales Tax Bonds
• Build America Bonds, QZABS, QSCB, CREB
• Sales Tax

QUESTIONS/COMMENTS