



***WELCOME!***

**New Credit  
Enhancement  
Structuring**

**Feedback Webinar  
August 15, 2019**



Mark Wuellner

Ron Mangus

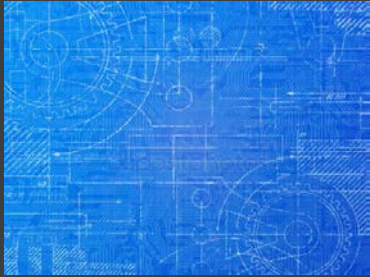
Angie Steeno

Brad Bingham

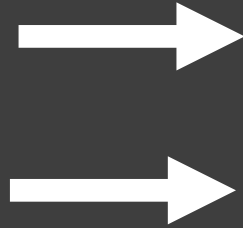
**Today's Panelists Include...**

# Why are we having this webinar?

**NOW**



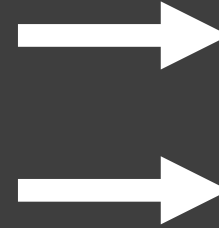
- Blueprint
- Legal authority
- Sense of value proposition
- Idea of QE audience



**HOW**



- Construction phase
- End goal: solicit structuring ideas to get to “WOW”
- Process – inclusive, open, collaborative
- Seek input & feedback on our direction



**WOW**



- Built program
- Clear value proposition
- Defined QE audience
- Application set
- Core financing team in place

# Today's Broad Agenda

1. Summary of special purpose vehicle (SPV) credit enhancement tool created by Indiana House Bill 1473 (effective July 1, 2019)

2. Preview of our draft request for financing structures to maximize 1473's value for our customers.

# Housekeeping



Use the QUESTION function to ask questions or leave comments at any time. These are only visible to IBB.



We'll summarize the SPV on this webinar. Please do not rely on this as comprehensive.



The webinar will be recorded and made available at [www.inbondbank.com/credit-enhancements](http://www.inbondbank.com/credit-enhancements). We will also distribute via email.



The webinar's purpose is to improve the request itself through your feedback.



Post-webinar we will use your feedback to improve our concept.



Your attendance or participation in the feedback webinar is not a pre-requisite to responding to the request, once it is released.



Your attendance or participation in the feedback webinar will not advantage your submission to the request, once it is released.

# Who is the Indiana Bond Bank?

*The Bond Bank is a self-funded quasi-governmental entity (a separate body, corporate and politic) established by the Indiana General Assembly in 1984 (I.C. 5-1.5).*

*The daily operations of IBB are self-supporting. No financial assistance is provided by the State of Indiana.*

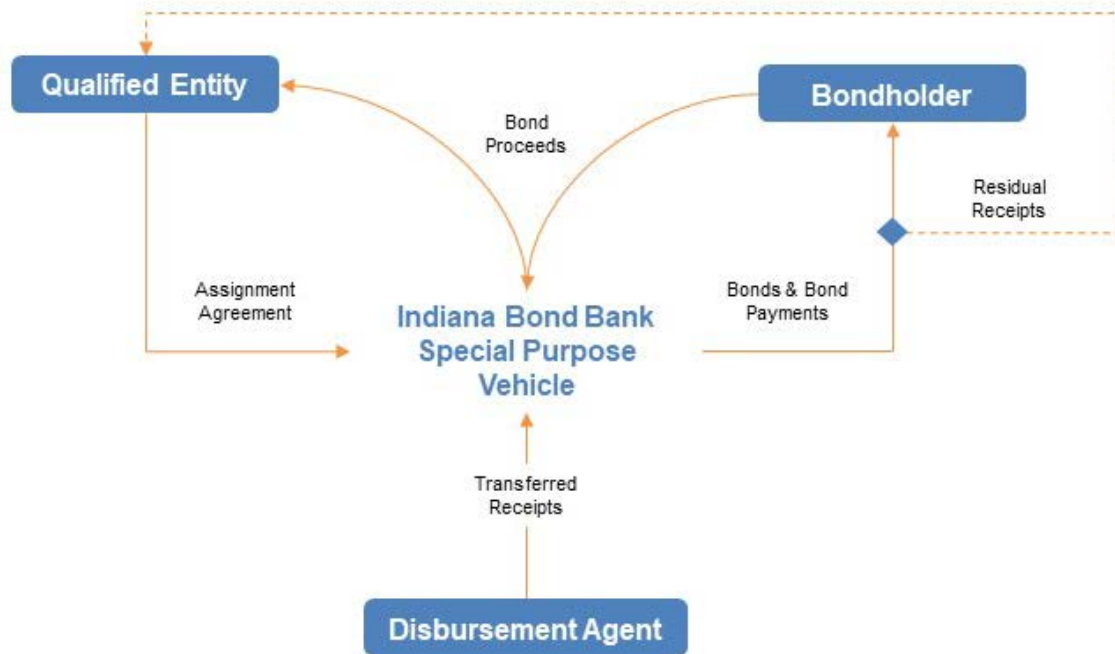
*The Bond Bank is governed by a Board of Directors, which consists of seven members. The Treasurer of State chairs.*

*The mission of IBB is deliver targeted financial solutions to local challenges.*

*One way in which IBB does this is as a financing conduit. The Bond Bank purchases the bonds of various communities and in turn issues its own obligations in the financial markets.*

*As of July 1, 2019, IBB has issued \$22.1 billion in bonds/notes and has approximately \$816 million outstanding.*

*The primary purpose of IBB is to buy and sell securities and to make loans to qualified entities ("QE").*



# New legislation!

*HEA 1473 (now IC 5-1.5-8-5.1) authorizes IBB to create a special purpose vehicle that will act as a credit enhancement tool for IBB QEs.*

*The IBB created this tool for the purposes of*

- (i) providing enhanced access to the capital markets, and*
- (ii) achieving a lower cost of borrowing for participating IBB QEs.*

**What Prompts this Webinar?**

# Draft Structure of Solicitation – Core Components



- 1. Purpose Statement***
- 2. HEA 1473  
Background***
- 3. Resource Hub***
- 4. Provided  
Assumptions***
- 5. Response  
Components***
- 6. Timeline***

***We'll unpack each one of  
these sections as we go.***



# SECTION 1 – Purpose Statement: Core Components

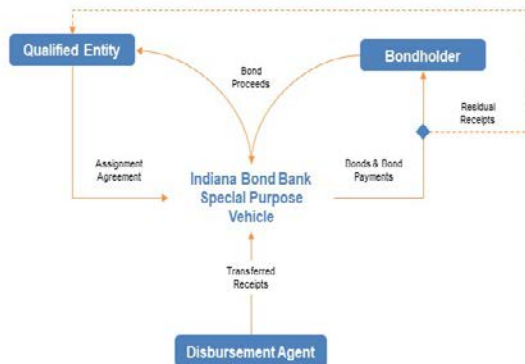
Questions?  
Comments?  
Feedback?



Prompts for Feedback:

- How clear are these goals?
- What to call the document that communicates its intent (RFP? RFI? Solicitation?)?

1. ***Desire to form a team***
2. ***Do that by vetting your financing structure & strategy ideas***
3. ***Structure/Idea that maximizes the value of the SPV to QE***
4. ***Looking to build a model; no deal in pipeline***



Questions?  
Comments?  
Feedback?



1. ***HEA 1473 allows a QE to assign future tax or revenue receipts to be distributed by a state or local disbursement agent (“Transferred Receipts”) to IBB according to an Assignment Agreement***
2. ***In turn IBB issues bonds secured by the Transferred Receipts***
3. ***Transferred Receipts not needed for debt service payments are remitted to QE in accordance with the Assignment Agreement***
4. ***Effective July 1, 2019***

## SECTION 2 – HEA 1473 Background: Core Components

## SECTION 3 – Resource Hub: Core Components

Questions?  
Comments?  
Feedback?



Prompts for Feedback:

- What other minimum level of resources do you need to respond to the request?
- Intentionally not trying to do all work for you and leaving space for you to go beyond the minimum. How do you feel about that?

***Will provide you:***

- 1. IBB statute, incl. new SPV language***
- 2. IBB website***
- 3. References to potentially applicable rating criteria from key rating agencies***

***You are encouraged to bring any other resources to the table that you find relevant***

## SECTION 4 – Provided Assumptions: Core Components

Intended to  
assist in  
creation of  
financing  
structures

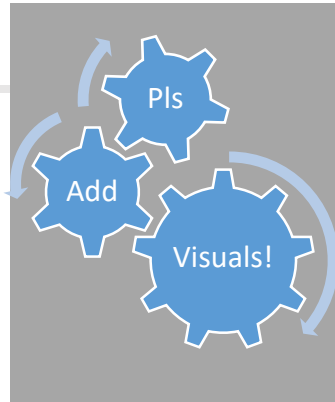


Prompts for Feedback:

- What other core assumptions do you need to respond to the request?
- How clear are these assumptions?

- 1. Arm you with 2 scenarios:**
  - A-rated
  - Unrated QE
- 2. Team IBB COI for SPV = \$250K**
- 3. LIT revenue as Transferred Receipts**
- 4. No outstanding debt secured by LIT**
- 5. Negotiated public bond market deal**

# SECTION 5 – Response Components: Core Components



## Prompts for Feedback:

- Clear?
- What else should we be looking for to differentiate your response from others?

**1. Structuring idea(s) for the A-rated &/or the unrated QE.  
Addressing specifically:**

- a) Rating agency strategy?***
- b) Recommended coverage req'ts?***
- c) Add'l requirements embedded in structure (such as DSR)?***
- d) Recommended ABT?***
- e) Redemption provisions?***
- f) What min. par amount to achieve SPV benefits?***

**2. Structure contemplates a specific QE? (need not i.d.)**

**3. Experience with SPV-type structures &/or working with rating agencies on new structures**

## SECTION 6 – Timeline: Core Components

Questions?  
Comments?  
Feedback?



Prompts for Feedback:

- How long should this be open?
- How long for written questions?
- What steps are we missing?

- 1. Release date***
- 2. +X weeks open***
- 3. Written question deadline Y days prior to due date***
- 4. IBB 1<sup>st</sup> review***
- 5. Interview period w/selected***
- 6. IBB 2<sup>nd</sup> review***

What other  
Questions?  
Feedback?  
Comments?

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*How else  
might we put  
you in position  
to succeed?*



KEEP  
CALM  
AND  
PUT YOURSELF  
IN THE BEST POSSIBLE POSITION TO SUCCEED

# Thank You!

## Next Steps for Team IBB:

- Synthesize today's feedback
- Post/distribute this webinar
- Use feedback to improve the document
- Publish the document

If you think of anything post-webinar:  
[mwuellner@inbondbank.com](mailto:mwuellner@inbondbank.com) or  
[bondbank@inbondbank.com](mailto:bondbank@inbondbank.com)



Your insight will accelerate our program-building for our local units of government!