FINANCE 205
Private Placement vs. Public Offering
Overview

- What is a Bond and Why Issue?
  - Debt instrument issued by a governmental issuer
  - New capital expenditure
  - Refinance outstanding bonds

- Why Tax-Exempt?
  - Tax-Exempt Municipal Bonds enjoy special advantageous status in the investment community because the interest paid on most municipal debt is not subject to federal income taxation to bond investors and that generally translates to lower interest rates
Overview

- Participants in a Transaction
  - Issuer – central actor that borrows the money
  - Purchaser* - Provides the funds and determines/influences the structure
  - Bond Counsel

*Bank – private placement
Underwriter – negotiated sale
Authority to Issue Debt

- Public Purpose
- Debt Limits
- Maturity Limitations
Methods of Sale

- **Private Placement/Direct Placement**
  - Governmental Entity (Issuer)
  - Local Bank (Purchaser)
  - Placement Agent

- **Public Offering**
  - Governmental Entity (Issuer)
  - Underwriter
    - Access to market
  - Investors
Public Bond Offerings

Definition
- Public Bond Offering – Issuer sells the bonds to an underwriter who resells the bonds to retail investors and institutional investors on established securities markets.
Public Bond Offerings

Characteristics

- Substantial flexibility of final maturity
- Usually lower interest rates than a direct bank placement/private placement
- Higher costs of issuance
- Long-term obligations
- Bond insurance (and state credit enhancement for schools) can provide additional credit support to bring down interest rates
- Public offerings require Issuers to supply offering disclosure and continuing disclosure
- Rating agencies provide ratings that affect the desirability of the bonds to investors
Placements - Direct

- **Definition**
  - Issuer borrows money directly from a banking institution or other financial institution
Placements - Private

Definition

- Private placements are a primary offering in which a placement agent sells a new issue of municipal securities on behalf of the Issuer directly to a single investor on an agency basis.
- Not purchasing the securities from the issuer and reselling them to investors.
- Investors purchasing privately placed securities often are required to agree to restrictions as to resale and are sometimes requested or required to provide a private placement letter to that effect.
Placements

**Characteristics**

- May not require a bond rating
- Low costs of issuance - may have higher interest rates
- Banks consider governmental entities as low risk ways to invest capital
- Generally, no disclosure document is needed
  - No official statement or offering memorandum is needed because bonds, loan agreements, or leases are held by banks or sold privately to institutional investors.
- Bank financings must still satisfy federal tax laws to ensure interest on bonds, loans, and leases remains tax-exempt
- Still need legal authority for the transaction
  - Same constitutional and statutory debt limit restrictions apply.
- Not utilizing intermediary to negotiate terms etc.
Placements

Characteristics

- Placements can be fast, less complicated and minimize origination expenses due to the following:
  - Committed rate
  - Normally requires no official statement, trustee, or paying agent
- Placements not competing with bonds offered in the public marketplace - booked in the bank’s portfolio
- Intent to hold until maturity
- Evaluate by determining all-in cost to the issuer
# Public Bond Offering

<table>
<thead>
<tr>
<th><strong>Underwriter - Investment Bankers</strong></th>
<th><strong>Issuer</strong> (Official Statement)</th>
<th><strong>Bond Counsel</strong> (Legal Opinion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Perform due diligence on disclosure ➢ Provide financing plan assistance ➢ Provide rating agency &amp; bond insurer preparation assistance ➢ Provide investment advice and advance refunding services</td>
<td>➢ Approve bond legislation ➢ Assist with preparation of disclosure data ➢ Develop financing plan ➢ Make rating &amp; insurance presentations (if applicable) ➢ Make bond payments</td>
<td>➢ Prepare bond resolution ➢ Provide Official Statement/disclosure preparation assistance ➢ Prepare various deal related legal documents ➢ Provide legal opinion to investors</td>
</tr>
</tbody>
</table>

**Sales Force – Market the Bonds**

**Rating Agencies / Bond Insurers (Rating / Insurance Policy)**

| ➢ Review credit worthiness of the Issuer ➢ Rating agencies issue bond rating ➢ Insurance companies insure issue (if economically beneficial) |

**Investors**

| ➢ Purchase bonds ➢ Receive interest and principal payments from paying agent |

**Paying Agent / Registrar (P&I Payments)**

| ➢ Authenticate bonds ➢ Receive interest and principal payments from Issuer ➢ Make interest and principal payments to investors |
Activities and Time Frame

<table>
<thead>
<tr>
<th>Activity</th>
<th>Weeks 1-6</th>
<th>Weeks 5-7</th>
<th>Week 8</th>
<th>Week 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine Issue Structure &amp; Timing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare Disclosure Information (POS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Rating/Bond Insurance Review</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market And Price Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Close Bonds (wire Proceeds)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participants</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underwriter</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Counsel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Optimal Time Frame)
Prepare Disclosure

**Issuer**
- Issuer overview
- Projections
- Facilities data
- Financial outlook
- Financial Statements

**Underwriter**
- Structuring information
- Continuing disclosure agreement
- Interface with County Auditor

**Bond Counsel**
- Demographic info from Census & other sources
- Description of tax base and other sources of revenue
- Debt limitation tables
- Debt tables
- Financial appendices
- Bond counsel opinion
- Interface with County Auditor
- Actual production of document

**County Auditor**
- Assessed Valuation data
- Building Permits info
- Tax tables
- Largest taxpayer list
Credit Rating

Bond Rating Services

<table>
<thead>
<tr>
<th>Best Quality</th>
<th>Aaa</th>
<th>AAA</th>
<th>AAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aa1</td>
<td>AA+</td>
<td>AA+</td>
<td>AA+</td>
</tr>
<tr>
<td>Aa2</td>
<td>AA</td>
<td>AA</td>
<td>AA</td>
</tr>
<tr>
<td>Aa3</td>
<td>AA-</td>
<td>AA-</td>
<td>AA-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>High Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
</tr>
<tr>
<td>A2</td>
</tr>
<tr>
<td>A3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Upper Medium Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baa1</td>
</tr>
<tr>
<td>Baa2</td>
</tr>
<tr>
<td>Baa3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Medium Grade</th>
</tr>
</thead>
</table>
| Moody’s Investors Service
| Standard & Poor’s
| FitchRatings

(Lower Interest Rates)
Marketing the Bonds

- **Active Pre-marketing**
  - Investment Broker Prospecting
  - Branch manager memorandum
  - Sales force conference call

- **Wide Distribution**
  - Institutions
  - Banks
  - Individual Investors
## Sources & Uses

**SAMPLE ISSUER**

SAMPE UTGO Public Library Renovationan and Construction Bonds, Series 2008  
Dated: November 6, 2008  
$3,499,998

### Sources Of Funds

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par Amount of Bonds</td>
<td>$3,499,998.40</td>
</tr>
<tr>
<td>Reoffering Premium</td>
<td>104,816.50</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$3,604,814.90</strong></td>
</tr>
</tbody>
</table>

### Uses Of Funds

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriter</td>
<td>30,000.00</td>
</tr>
<tr>
<td>Bond Counsel</td>
<td>25,000.00</td>
</tr>
<tr>
<td>Bond Registrar</td>
<td>4,300.00</td>
</tr>
<tr>
<td>Rating Agency Fee</td>
<td>10,000.00</td>
</tr>
<tr>
<td>OMAC</td>
<td>3,647.12</td>
</tr>
<tr>
<td>POSOfficial Statement</td>
<td>3,500.00</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,250.00</td>
</tr>
<tr>
<td>Deposit to Project Construction Fund</td>
<td>3,475,000.00</td>
</tr>
<tr>
<td><strong>Rounding Amount</strong></td>
<td><strong>2,117.78</strong></td>
</tr>
</tbody>
</table>

Typical costs of Issuance. Amount dependent upon the size of the bond issue.
### SAMPLE ISSUER

**SAMPLE UTGO Public Library Renovation and Construction Bonds, Series 2008**

**Dated:** November 6, 2008

$3,499,998

### Pricing Summary

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Type of Bond</th>
<th>Coupon</th>
<th>Yield</th>
<th>Issuance Value</th>
<th>Par</th>
<th>Maturity Value</th>
<th>Price</th>
<th>Dollar Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/01/2009</td>
<td>Serial Coupon</td>
<td>3.000%</td>
<td>3.000%</td>
<td>10,000.00</td>
<td>100.00%</td>
<td>10,000.00</td>
<td>100.00%</td>
<td>10,000.00</td>
</tr>
<tr>
<td>12/01/2010</td>
<td>Serial Coupon</td>
<td>4.000%</td>
<td>3.600%</td>
<td>15,000.00</td>
<td>100.00%</td>
<td>15,000.00</td>
<td>100.788%</td>
<td>15,118.20</td>
</tr>
<tr>
<td>12/01/2011</td>
<td>Serial Coupon</td>
<td>4.000%</td>
<td>4.000%</td>
<td>20,000.00</td>
<td>100.00%</td>
<td>20,000.00</td>
<td>100.000%</td>
<td>20,000.00</td>
</tr>
<tr>
<td>12/01/2012</td>
<td>Serial Coupon</td>
<td>4.250%</td>
<td>4.400%</td>
<td>25,000.00</td>
<td>100.000%</td>
<td>25,000.00</td>
<td>99.443%</td>
<td>24,860.75</td>
</tr>
<tr>
<td>12/01/2013</td>
<td>Serial P-CAB</td>
<td>-</td>
<td>5.000%</td>
<td>15,690.00</td>
<td>34.225%</td>
<td>40,000.00</td>
<td>77.852%</td>
<td>31,140.80</td>
</tr>
<tr>
<td>12/01/2014</td>
<td>Serial P-CAB</td>
<td>-</td>
<td>5.100%</td>
<td>12,465.00</td>
<td>27.300%</td>
<td>45,000.00</td>
<td>73.663%</td>
<td>33,148.35</td>
</tr>
<tr>
<td>12/01/2015</td>
<td>Serial P-CAB</td>
<td>-</td>
<td>5.300%</td>
<td>10,889.00</td>
<td>22.420%</td>
<td>45,000.00</td>
<td>69.087%</td>
<td>31,089.15</td>
</tr>
<tr>
<td>12/01/2016</td>
<td>Serial P-CAB</td>
<td>-</td>
<td>5.500%</td>
<td>10,887.60</td>
<td>18.146%</td>
<td>60,000.00</td>
<td>64.533%</td>
<td>38,725.80</td>
</tr>
<tr>
<td>12/01/2017</td>
<td>Serial P-CAB</td>
<td>-</td>
<td>5.700%</td>
<td>9,545.90</td>
<td>14.686%</td>
<td>45,000.00</td>
<td>60.065%</td>
<td>39,042.25</td>
</tr>
<tr>
<td>12/01/2018</td>
<td>Serial P-CAB</td>
<td>-</td>
<td>5.900%</td>
<td>8,320.90</td>
<td>11.562%</td>
<td>70,000.00</td>
<td>55.682%</td>
<td>38,977.40</td>
</tr>
<tr>
<td>12/01/2019</td>
<td>Term 1 Coupon</td>
<td>5.400%</td>
<td>5.500%</td>
<td>415,000.00</td>
<td>100.000%</td>
<td>415,000.00</td>
<td>99.024%</td>
<td>410,949.60</td>
</tr>
<tr>
<td>12/01/2020</td>
<td>Term 2 Coupon</td>
<td>5.600%</td>
<td>5.700%</td>
<td>620,000.00</td>
<td>100.000%</td>
<td>620,000.00</td>
<td>98.876%</td>
<td>613,031.20</td>
</tr>
<tr>
<td>12/01/2021</td>
<td>Term 3 Coupon</td>
<td>6.000%</td>
<td>6.100%</td>
<td>2,330,000.00</td>
<td>100.000%</td>
<td>2,330,000.00</td>
<td>98.658%</td>
<td>2,298,731.40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$3,499,998.40</td>
<td>-</td>
<td>$3,760,000.00</td>
<td>-</td>
<td>$3,604,814.90</td>
</tr>
</tbody>
</table>

### Bid Information

| Par Amount of Bonds | $3,499,998.40 |
| Reoffering Premium or (Discount) | 104,816.50 |
| Gross Production | $3,604,814.90 |
| Bid (102.995%) | 3,604,814.90 |
| Total Purchase Price | $3,604,814.90 |
| Bond Year Dollars | $73,476.45 |
| Average Life | 20.146 Years |
| Average Coupon | 5.9151111% |
| Net Interest Cost (NIC) | 5.9726927% |
| True Interest Cost (TIC) | 5.95999995% |
| Premium CAB “Stated Yield” | 22.3094440% |
Considerations when evaluating placements

- Compare economic terms
  - Can be fixed rate or variable
  - Can be new money, refunding, or a variable rate conversion
  - How do costs and interest rates compare?
- Compare legal covenants
  - Make primary covenants non-negotiable
  - Specific terms (prepayment options, no debt service reserve)
  - Conform to existing covenants in parity issues
- Seek several proposals
  - Bank preferences and appetites vary
  - Request alternative quotes for callable, non-callable
  - Arrive at an informed choice on performance and identify any potential risk
Private Placements

- Opportunity Identification
- Screening Preview Structuring
- Proposal
- Documentation
- Underwriting and Approval
- Customer Decision/Award
- Closing
- Booking
- Post-Closing and Monitoring
Private Placements

- Placement Case Studies
  - Placements provide additional financial tool
  - Locking a committed rate months in advance of permitted closing date
    - Call features
    - Bank Qualified
  - Expediting financing – quick funding needed
  - Local bank opportunity
A refunding is a refinancing where the Issuer refines outstanding bonds by issuing new bonds at lower interest rates to defease, or retire, outstanding bonds with higher interest rates. Reduce the Issuer’s interest costs on repayment of the Prior Bonds

Issuer developed and executed a comprehensive Plan of Finance to refund its Facility Improvement Bonds

- Over $20,000,000

Decision to capitalize on yield benefit of Bank-Qualified Bonds

Separate Refunding into three annual bond issues of $10,000,000 or less

Refunding all of the callable Bonds through three separate refundings

2012 partial refunding – public offering

- Result: over $1,000,000 in gross debt service savings

2013 partial refunding - public offering

- Result over $1,550,000 in gross debt service savings
Private Placements – Rate Lock

- 2014 partial refunding – private placement
  - Rising interest rate environment - significant risk that savings would erode

Problem: Rising interest rates jeopardize savings

Solution: Private Placement

- Issuer was able to lock in an interest rate from a single lender in September of 2013 until the closing date in January 2014
- January 2014 – earliest possible closing date for the Bonds to be Bank Qualified
  - This strategy locked in the savings of the 2014 Refunding Bonds in September, resulting in the completed refunding of the callable Bonds.
  - From the date of signing the term sheet to the date of closing interest rates continued to increase
Private Placements – Rate Lock

- Result: Issuer locked in an interest rate from a single institution for the financing
- Far right column shows the annual gross debt service savings at the locked-in rate
- Total Gross Debt Service Savings of over $2,825,000 (128,000 for 22 years)
- Net Present Value Savings of 9.3% - $2,190,000
# Ohio Public Issuer
## Refunding Bonds
### Bank Qualified; Series 2014

## Debt Service Comparison

<table>
<thead>
<tr>
<th>Date</th>
<th>Total P+I</th>
<th>Existing D/S</th>
<th>Net New D/S</th>
<th>Old Net D/S</th>
<th>Gross Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/01/2014</td>
<td>259,503.02</td>
<td>823,620.00</td>
<td>1,083,123.02</td>
<td>1,107,917.50</td>
<td>24,794.48</td>
</tr>
<tr>
<td>12/01/2015</td>
<td>1,079,925.00</td>
<td></td>
<td>1,079,925.00</td>
<td>1,104,297.50</td>
<td>24,372.50</td>
</tr>
<tr>
<td>12/01/2016</td>
<td>1,079,100.00</td>
<td></td>
<td>1,079,100.00</td>
<td>1,103,957.50</td>
<td>24,857.50</td>
</tr>
<tr>
<td>12/01/2017</td>
<td>1,082,150.00</td>
<td></td>
<td>1,082,150.00</td>
<td>1,106,657.50</td>
<td>24,507.50</td>
</tr>
<tr>
<td>12/01/2018</td>
<td>1,081,887.50</td>
<td></td>
<td>1,081,887.50</td>
<td>1,106,257.50</td>
<td>24,370.00</td>
</tr>
<tr>
<td>12/01/2019</td>
<td>1,078,387.50</td>
<td></td>
<td>1,078,387.50</td>
<td>1,103,537.50</td>
<td>25,150.00</td>
</tr>
<tr>
<td>12/01/2020</td>
<td>1,080,725.00</td>
<td></td>
<td>1,080,725.00</td>
<td>1,105,337.50</td>
<td>24,612.50</td>
</tr>
<tr>
<td>12/01/2021</td>
<td>1,080,637.50</td>
<td></td>
<td>1,080,637.50</td>
<td>1,105,537.50</td>
<td>24,900.00</td>
</tr>
<tr>
<td>12/01/2022</td>
<td>447,162.50</td>
<td></td>
<td>447,162.50</td>
<td>471,375.00</td>
<td>24,212.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,269,478.02</strong></td>
<td><strong>$823,620.00</strong></td>
<td><strong>$9,093,098.02</strong></td>
<td><strong>$9,314,875.00</strong></td>
<td><strong>$221,776.98</strong></td>
</tr>
</tbody>
</table>
The District was experiencing serious problems to HVAC systems:
- Same-building temperature fluctuation of up to 15 degrees;
- Cooling and Heating equipment, due to problems, were at times operating simultaneously as opposing forces; and
- The Elementary School chiller was in critical condition, operating at 30% capacity.

Problem #1: District needed over a million dollars in immediate funding due to the time sensitive nature of the problems faced

Problem #2: Outstanding Straight A fund grant proposal
Private Placements – Time Sensitive

Solution: Private Placement with unique call features
Negotiated private placement with single lender
Funding in place in a few weeks
Call features that allowed the District to pay off obligation without penalty if Straight A fund proposal was accepted
  • The lease will be subject to redemption, at the option of the lessee, on or after December 1, 2020, in whole or in part on any date, in whole multiples of $1,000, at the redemption price of 100% of the principal amount being redeemed, plus interest accrued to the redemption date. Additionally, the lease is subject to redemption, at the option of the lessee, in whole or in part on any date until June 30, 2014, in whole multiples of $1,000, at the redemption price of 100% of the principal amount being redeemed, plus interest accrued to the redemption date, only in the event that the District is awarded a grant through the Straight A Fund.
Public offering would have prolonged funding
Market acceptance of call feature?
Executing a private placement allowed the District to pass the appropriate legislation and fund the improvements within 3 weeks. This allowed the Energy Service Company (ESCO) to begin work at the earliest possible time.

Financing was structured to allow the postponement of the first debt service payment to June 1 instead of December 1 providing the District with additional flexibility.

<table>
<thead>
<tr>
<th>Date</th>
<th>Total P+I</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/01/2014</td>
<td>93,948.19</td>
</tr>
<tr>
<td>12/01/2015</td>
<td>93,922.20</td>
</tr>
<tr>
<td>12/01/2016</td>
<td>93,904.60</td>
</tr>
<tr>
<td>12/01/2017</td>
<td>93,894.60</td>
</tr>
<tr>
<td>12/01/2018</td>
<td>93,888.00</td>
</tr>
<tr>
<td>12/01/2019</td>
<td>93,880.60</td>
</tr>
<tr>
<td>12/01/2020</td>
<td>93,868.20</td>
</tr>
<tr>
<td>12/01/2021</td>
<td>93,942.40</td>
</tr>
<tr>
<td>12/01/2022</td>
<td>93,903.20</td>
</tr>
<tr>
<td>12/01/2023</td>
<td>93,946.40</td>
</tr>
<tr>
<td>12/01/2024</td>
<td>93,963.60</td>
</tr>
<tr>
<td>12/01/2025</td>
<td>93,950.60</td>
</tr>
<tr>
<td>12/01/2026</td>
<td>93,903.20</td>
</tr>
<tr>
<td>12/01/2027</td>
<td>93,917.20</td>
</tr>
<tr>
<td>12/01/2028</td>
<td>93,884.20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,408,817.19</strong></td>
</tr>
</tbody>
</table>
Private Placements – Time Sensitive

Term Sheet

Date: October 29, 2013
Transaction Structure: Lease-Purchase Agreement (the “Lease”)
Lessees: Ross Sinclair & Associates, Eric Pratt, Director
Lessor: [Details not visible]
Financed Amount: $1,019,000.00
Use of Proceeds: To finance energy improvement equipment (the “Equipment”)
Structure/Security: The Lease shall be payable from the general revenues of the Lessee, subject to annual appropriation. Pursuant to the Lessee documentation, the Lessee shall hold title to the Equipment and grant Lessor a continuing, first priority security interest in any and all right, title and interest of Lessee in the Equipment and in all additions, attachments, accessions, and substitutions thereto.
Commencement Date: On or about November 14, 2013
If escrow funding is required, the Financed Amount will be deposited with the Escrow Agent on the Commencement Date for the benefit of the Lessee. As Equipment is delivered to and accepted by the Lessee, disbursements will be made by the Escrow Agent at the direction of the Lessee.
Tax Status: Tax-Exempt (Bank Qualified)
Financing Terms: Fifteen (15) Years
Financing Rate: 4.20%
Transaction Fees: $1,000.00
Prepayment Option: The lease will be subject to redemption, at the option of the lessee, on or after December 1, 2020, in whole or in part on any date, in whole multiples of $1,000, at the redemption price of 100% of the principal amount being redeemed, plus interest accrued to the redemption date. Additionally, the lease is subject to redemption, at the option of the Lessee, in whole or in part on any date until June 30, 2014, in whole multiples of $1,000, at the redemption price of 100% of the principal amount being redeemed, plus interest accrued to the redemption date, only in the event that the District is awarded a grant through the Straight A Fund.
Insurance: Lessee, at its own expense, will provide insurance naming Lessor as loss payee and additional insured.

School District, Ohio
October 24, 2013

Proposal for Lease-Purchase Financing

Warranties: Lessor makes no warranties expressed or implied. Lessor’s sole warranty rights are any provided by the Equipment vendors and/or manufacturers.
Net Lease: Lessor is not a manufacturer or dealer of equipment. All maintenance, license fees, taxes, insurance, and any other costs related to ownership and operation of the Equipment shall be the responsibility of Lessee.
Documentation: Lessor contemplates using standardized documentation and intends to use in-house legal counsel. If this transaction necessitates that the Lessor use outside legal counsel or incur any other extraordinary expenses, such costs shall be borne by Lessee.
Credit Approval: The terms set forth herein reflect a proposed, preliminary structure and are subject to final credit approval by Lessor and the negotiation of mutually acceptable documentation. They do not represent all of the terms and conditions that may ultimately be included in a financing among Lessee and Lessor.
Proposal Expiration: This proposal shall expire at Lessor’s option if (a) Lessor has not received the Lessee’s written acceptance by November 15, 2013

Huntington Contact:

ACCEPTED BY:

School District, Ohio

By
Name
Title
Date
Recap

Public Offering / Negotiated Sale
- Higher cost of issuance (more professionals)
- Usually lower overall interest rates
- Allows for longer maturities (20-38 yrs.)
- Offering Document
- Credit Rating
- Continuing disclosure

Private Placement
- Usually no rating or Offering Document required
- Lower cost of issuance
- Usually higher interest rate
- Shorter maximum maturities (5-15 years)
- No continuing disclosure
- Usually a faster close
If you have any questions or need additional information, please contact us:

**Jennifer Blaser**  
Partner  
Peck Shaffer & Williams  
A division of Dinsmore & Shohl LLP  
191 W. Nationwide Blvd., Suite 300  
Columbus, Ohio 43215  
614-233-5391  
jennifer.blaser@dinsmore.com

**Eric Prall**  
Managin Director  
Ross, Sinclaire & Associates, LLC  
175 S. Third Street, Suite 1090  
Columbus, Ohio 43215  
614-220-0869  
eprall@rsanet.com