Public Funds Management Seminar

May 19th, 2015

Indiana State
Treasurer's Office

Indiana Bond Bank Mission

Indiana State Treasurer's Office

The primary mission of the Indiana Bond Bank is to assist local government or qualified entities with the process of issuing debt

Indiana Bond Bank: Organizational Structure

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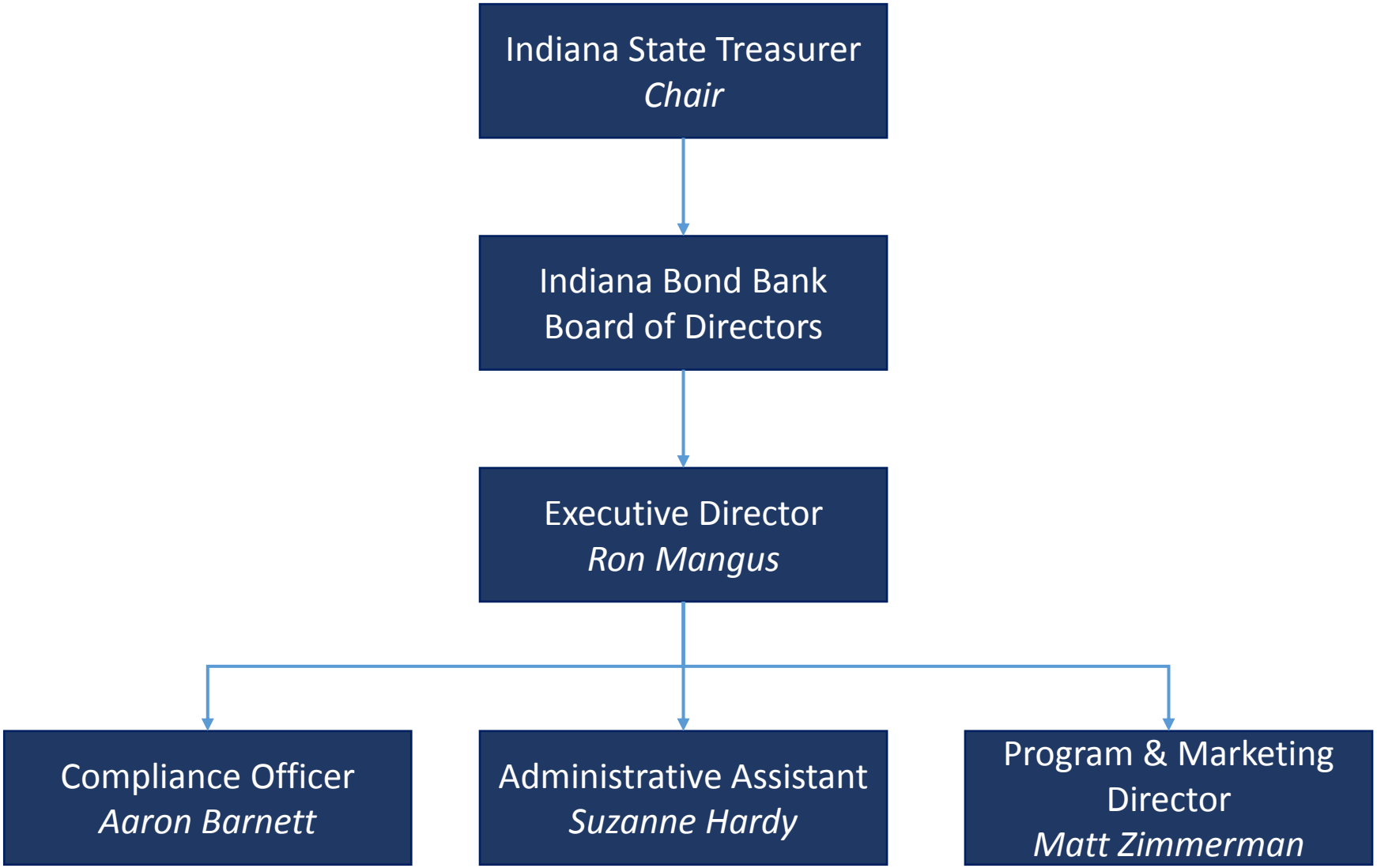

Program Highlights

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General Information

- Created by the General Assembly in 1984 (IC 5.1.5)
- Self-supporting quasi-governmental entity
- Seven member board governs the Bond Bank
- The State Treasurer statutorily serves as the Chairman of the Board
- The Director of the Indiana Finance Authority statutorily serves as a board member
- The Governor appoints five members

Programs

- Hoosier Equipment Lease Purchase Program (HELP)
- Advance Funding Program
- Fuel Budgeting Program
- Interim Loan Program
- Other Programs

Debt Issuance

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The Indiana Bond Bank has issued nearly $21.14 billion in bonds/notes since its inception

$1.34 billion outstanding

Financing Conduit

The Bond Bank purchases bonds/notes from communities and in turn sells its own obligations to the open market

The pooling process allows communities to realize savings that are achieved by sharing of fixed costs and economies of scale

Bond Bank Debt

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Fiscal Year *	# of Issues	Amount
2009	13	$1,696,373,000
2010	11	$893,961,704
2011	7	$524,264,923
2012	14	$331,355,000
2013	12	$510,778,260
2014	6	$218,210,000
2015	5	$130,793,823

HELP Program

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General Information	▪ Lease Purchase essential equipment ▪ Competitive interest rates ▪ Bond Bank exempts entity from bidding the financing (IC 5-1.5-8-3c) ▪ Simple process – one-page application ▪ Contact the Bond Bank for interest rates ▪ Repayment flexibility (Annually, Semi-annually, quarterly or monthly) ▪ Option to escrow
Overview	▪ Since 1991 ▪ Assisted over 200 communities ▪ Over $214 million in equipment ▪ Six program underwriters ▪ Title to asset passed to entity upon completion of lease term

HELP Program Continued

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Equipment Leased
▪ Fire Trucks ▪ Police Cars ▪ Ambulances ▪ Tandem Trucks ▪ Computers ▪ Phone Systems ▪ Safety/Security Equipment ▪ 911 Emergency Equipment/Systems ▪ Garbage Trucks ▪ Snow Plows ▪ Sewer Vacs ▪ Radio Equipment ▪ Voting Machines ▪ Buses ▪ Portable Classrooms ▪ Books ▪ Much more…

HELP Activity

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Fiscal Year *	# of Leases	Amount
2009	12	$4,755,968
2010	16	$8,023,270
2011	14	$5,479,923
2012	10	$3,438,510
2013	13	$2,923,250
2014	17	$7,849,069
2015 (Partial)	18	$6,906,085

* Fiscal Year - July –June

2015 Advance Funding Program

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Assists local government with cash flow needs

- Borrow against property taxes (schools can borrow against tuition support)
- Notes are repaid at year-end or end of June

Process for the Advance Funding Program

Credit Application → Cash Flow Projections → Legal paperwork included in rate

2015 Highlights

- 38 participants qualified entities
- $76.4 million in notes
- $32.6 million interim borrowing with 13 QES
- All in QE rate of 0.85%

2016 Program Details

- Applications will be made available in early September
- Closings in late January 2016
- Interim funds available January 4th

Historic Pricing Trends (1 year maturing) Advance Funding Program

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	Series 2010	Series 2011	Series 2012	Series 2013	Series 2014	Series 2015
Program Size in Millions	$297	$168	$116	$94	$82	$76
# of Participants	120	87	62	42	45	38
Entity Rate All Inclusive	.98%	1.31%	1.05%	.85%	.76%	.85%

Fuel Budgeting Program: Diesel and Gasoline NYMEX Prices

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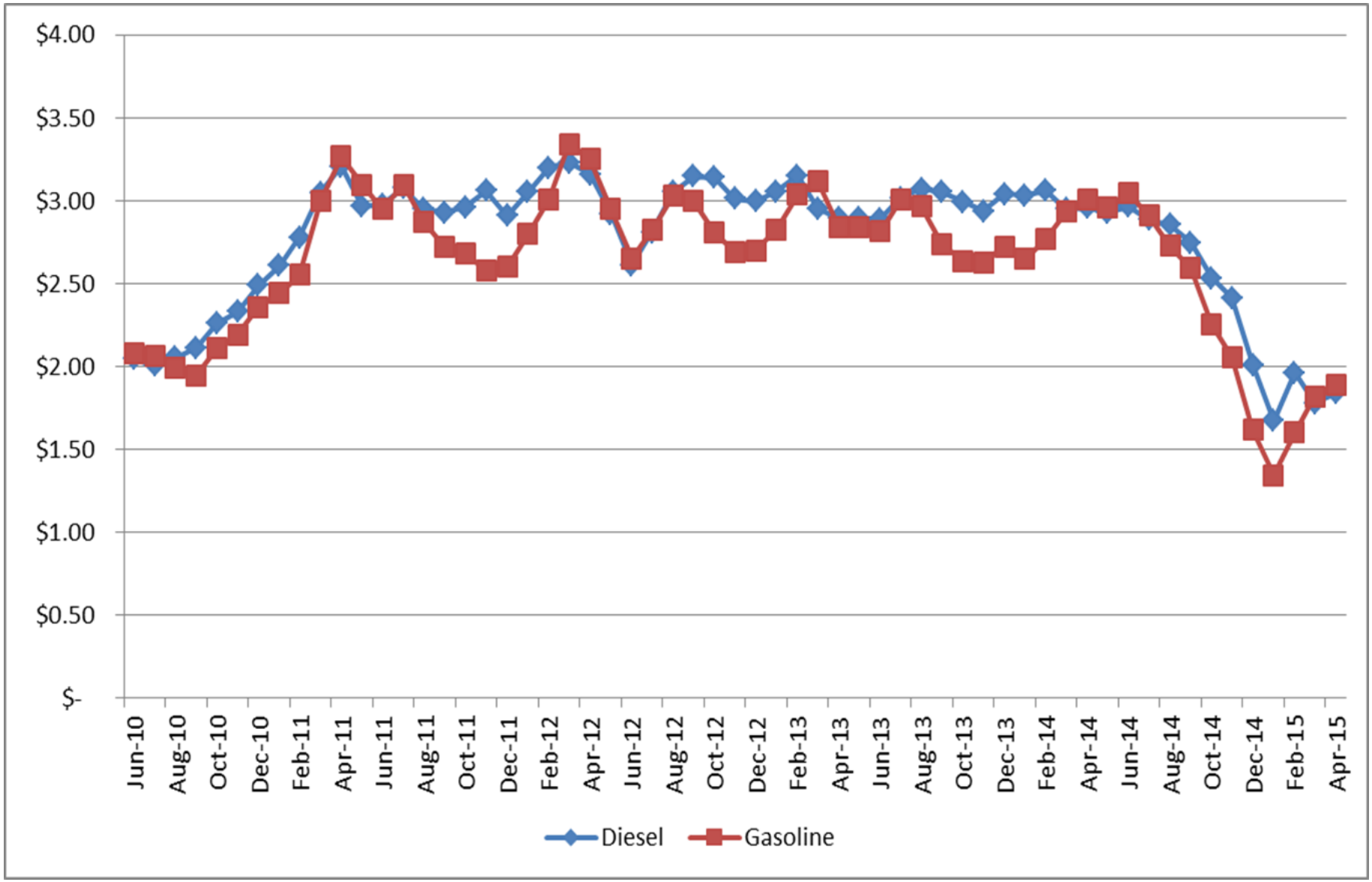

Fuel Budgeting Program

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Purchase fuel from current supplier	2015 Administration fee $0.032 – $0.034 per gallon
Entities can hedge up to 80% of estimated fuel costs	Estimate against pump price by using approximately $0.50 for taxes and distribution

Fuel Budgeting Collars for 2015

Diesel collar	$1.07901	$2.3180	
Gasoline collar	$1.5605	2.0752	

Diesel cap and Floor with NYMEX Average

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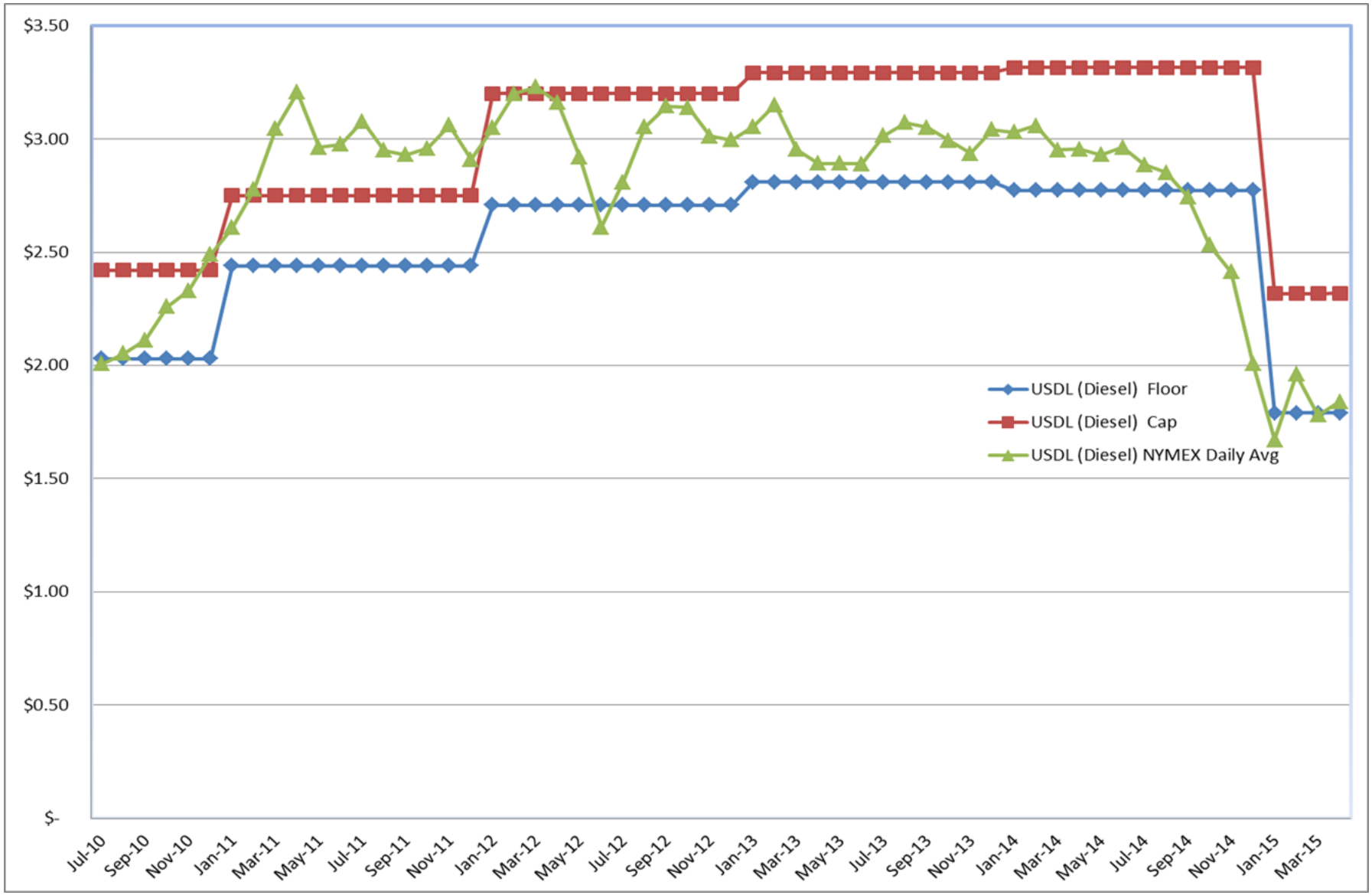

Gasoline Cap and Floor with NYMEX Average

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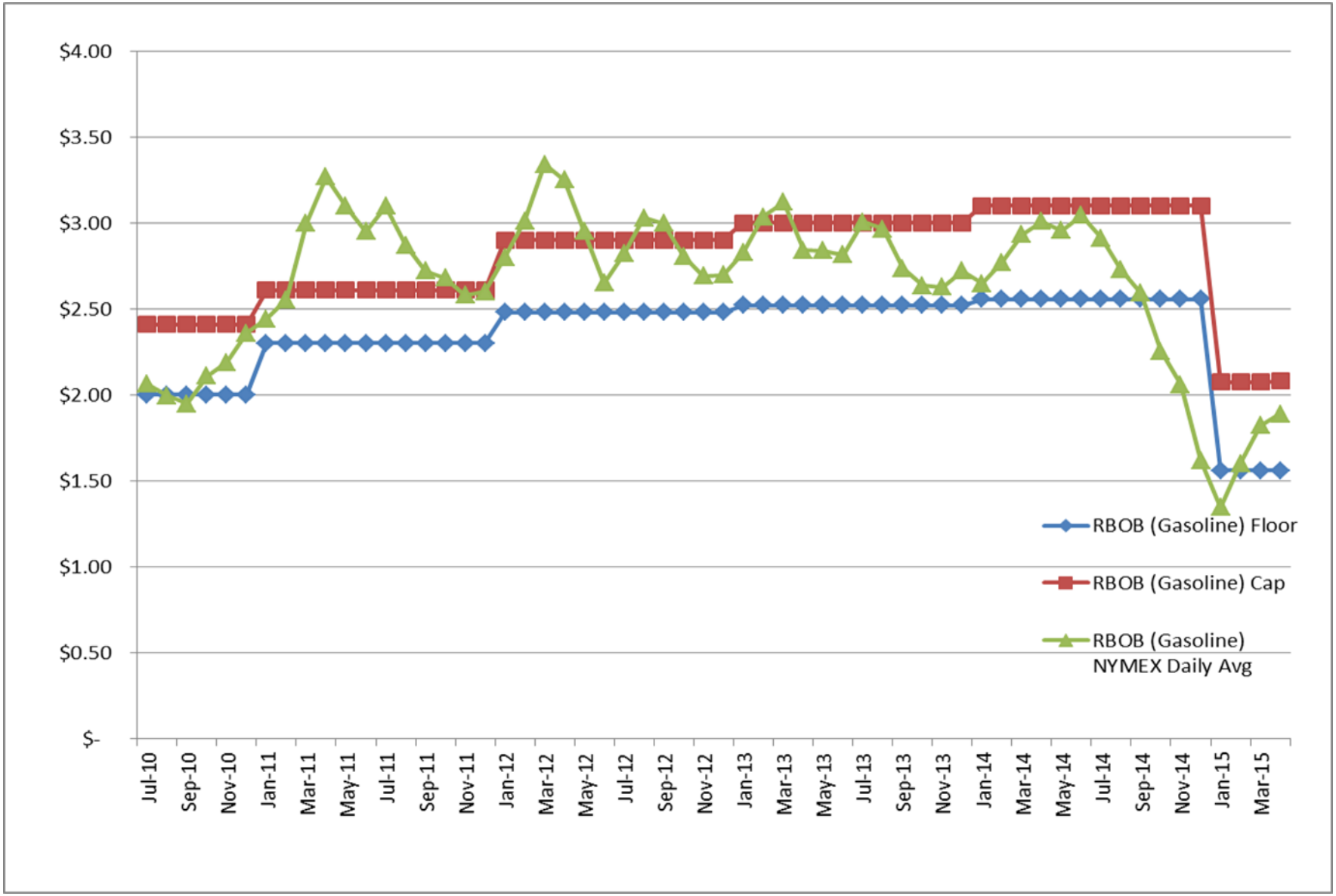

Fuel Budgeting Program 2016

- Fuel applications for 2016 program will be available in late September 2015
  - Actual fuel usage for prior year and through August 15
  - Project fuel usage for the rest of 2015 and all of 2016
- Bond Bank will provide legal paperwork to participate in the program
- Bond Bank will enter into the hedge for 2016 in December of 2015

SEC Rule 15c2-12 – Continuing Disclosure Obligations for Issuers

- Track all Continuing Disclosure Agreements/Undertakings (CDUs)
- Bond Bank files all necessary information to EMMA (electronic municipal market access) for its qualified entities

Additional Programs

United States Department of Agriculture – Rural Development Interim Loan Program

- Approved by IBB Board on August 26, 2014
- Simple process – two page application
- Provides interim financing for entities that have received approval from USDA-RD construction projects during construction period
- Competitive interest rates – 1.95% last transaction

Other Programs

- Small borrower program
- School Severance Bonds – refunding of existing debt
- Common School Fund

Contact Information

Indiana State Treasurer's Office

Indiana Bond Bank
10 W Market Street
Suite 2980
Indianapolis, Indiana 46204
www.in.gov/bond/

Ron Mangus
rmangus@inbondbank.com

Matt Zimmerman
mzimmerman@inbondbank.com