



CASE STUDY

August 10, 2021

\$1,750,000

TOWN OF TERRY, MONTANA

Sewer System Revenue Refunding Bonds, Series
2021A

Underwriter

Pricing Date: July 28, 2021



PURPOSE: The Bonds were issued for the purposes of (i) current refunding the Town's outstanding 1996 Sewer System Revenue Bond (USDA) in the original amount of \$1,489,000, its 1999 Sewer System Revenue Bond (USDA) in the original amount of \$476,900, and its 2017 Wastewater (Sewer) System Revenue Bonds (DNRC Water Pollution Control State Revolving Loan Program) in the original amount of \$660,000 (collectively, the "Prior Bonds"); (ii) funding a deposit to the Reserve Account that secures Bonds issued under the Bond Resolution; and (iii) paying costs of issuance of the Bonds.

SECURITY: The Bonds are special, limited obligations of the Town, payable solely from and secured by, equally and ratably with any Additional Bonds hereafter issued on a parity therewith, the Net Revenues of the Town's Sewer System and amounts on deposit in the Reserve Account of the Sewer System Fund, as provided in the Bond Resolution.

DIRECTION: Northland was selected as Underwriter on the financing through a competitive Request for Proposal process. The objective of the financing was to produce a structure that supported optimal debt service savings, with predictability in cash flows. Northland proposed a par-ish scale for a non-rated sewer utility credit that maintained excellent liquidity and satisfactory debt service coverage. This proposed scale was in support of the financing objective of enhancing Net Interest Cost and maximizing potential savings, while also paving the way for additional issuance capacity for future System expansion.

RESULTS: Taking advantage of the limited supply of Montana issuance, further exacerbated by a lop-sided supply/demand environment seen more broadly in the general market, Northland brought the Bonds to market with a strong book resulting in execution of orders throughout the structure. The combination of these factors placed the final spreads to MMD at very advantageous levels and allowed the Town's final pricing to result in improved pricing to the proposed scale, generating healthy savings on the structure while being able to reduce the term of the debt by 3 years. All told, subscriptions across the structure fared well at 1.39x with total orders of \$2,960,000 for \$1,750,000 of par resulting in \$244,531 of cash flow savings at 11.71% of refunded principal.

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For more information, news, and contacts: Please visit www.northlandsecurities.com/, 800-851-2920.
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SOURCE: Northland Securities

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