Fiscal Advisors & Marketing, Inc.

Municipal Advisors to Local Governments

Municipal Bonding Basics

The Village of Croton-on-Hudson New York

March 14, 2022

The Parties

- Issuer – Village of Croton-on-Hudson
- Independent Registered Municipal Advisor (IRMA) – Fiscal Advisors & Marketing, Inc.
- Bond Counsel – Orrick, Herrington & Sutcliffe LLP
- Rating Agency – Moody's Investors Service
- Underwriter – Determined at time of bid

- Others
  - Regulatory Agencies – Securities and Exchange Commission (SEC), Municipal Securities Rulemaking Board (MSRB)
  - The Bond Buyer
  - Depository Trust Company
  - Bond Insurers
  - For refundings – Escrow Agent & Verification Agent
  - Electronic Municipal Market Access system (EMMA)

The Process

- Adopt Bond Resolution
  - Requires 2/3 majority
  - Permissive referendum (30 days)
  - Publish Legal Notice of Estoppel (20 days)
- Structure Issue
- Debt Statement
  - 7% of the average last 5 years full valuations of the Village
- Rating Agency Call
- Sale
- Closing
- Continuing Disclosure

The Rating

- Village of Croton-on-Hudson Rating Aa2 by Moody's

Rating Scale

Moody's	S&P/Fitch	
Aaa	AAA	Rated as the highest quality and lowest credit risk.
Aa1	AA+	
Aa2	AA	Rated as high quality and very low credit risk.
Aa3	AA-	
A1	A+	
A2	A	Rated as upper-medium grade and low credit risk.
A3	A-	
Baa1	BBB+	
Baa2	BBB	Rated as medium grade, with some speculative
Baa3	BBB-	elements and moderate credit risk.
		Sub Investment Grade

Rating Scorecard Factors

Economy	30%	Tax Base Size	10%
		Full Value per Capita	10%
		Median Family Income	10%
Finances	30%	Fund Balance (% of revenues)	10%
		Fund Balance (5 yr trend)	5%
		Cash Balance (% of revenues)	10%
		Cash Balance (5 yr trend)	5%
Management	20%	Instutional Framework	10%
		Operating History	10%
Debt	20%	Debt to Full Value	5%
		Debt to Revene	5%
		Moody's adj Net Pension Liability to Full Value (3yr avg)	5%
		Moody's adj Net Pension Liability to Revenue (3yr avg)	5%

The Structure

- Bond – The written evidence of a debt, similar to a mortgage, with maturity greater than 13 months and up to 30 years. Bonds are used to permanently finance a project.
- Bond Anticipation Note (BAN) – A note issued in anticipation of a later issuance of bonds with a maturity up to 12 months. BANs may be used to initially fund a project if the construction cost is uncertain or if the project to be financed has a PPU of 5 years. BANs can be renewed for up to 5 years.
- Period of Probable Usefullness (PPU) – Every capital item has PPU stated in Local Finance Law.
- Weighted Average Maturity (WAM) - The longest maturity allowable given the weighted average of all projects and their corresponding PPUs.
- Allowable Bond Structures
  - Level Debt – Each annual principal and interest payment approximately equal.
  - Declining Debt – Each annual principal and interest payment less than the prior year.
  - 50% Rule – Each principal payment cannot be more than 50% of any prior principal payment

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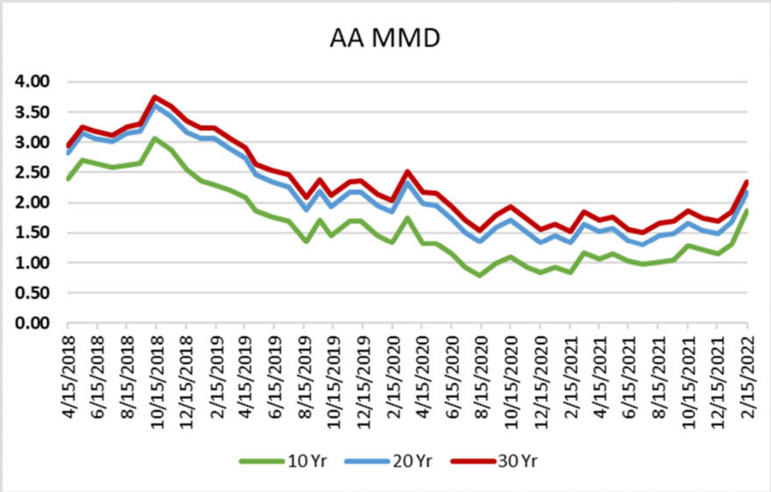
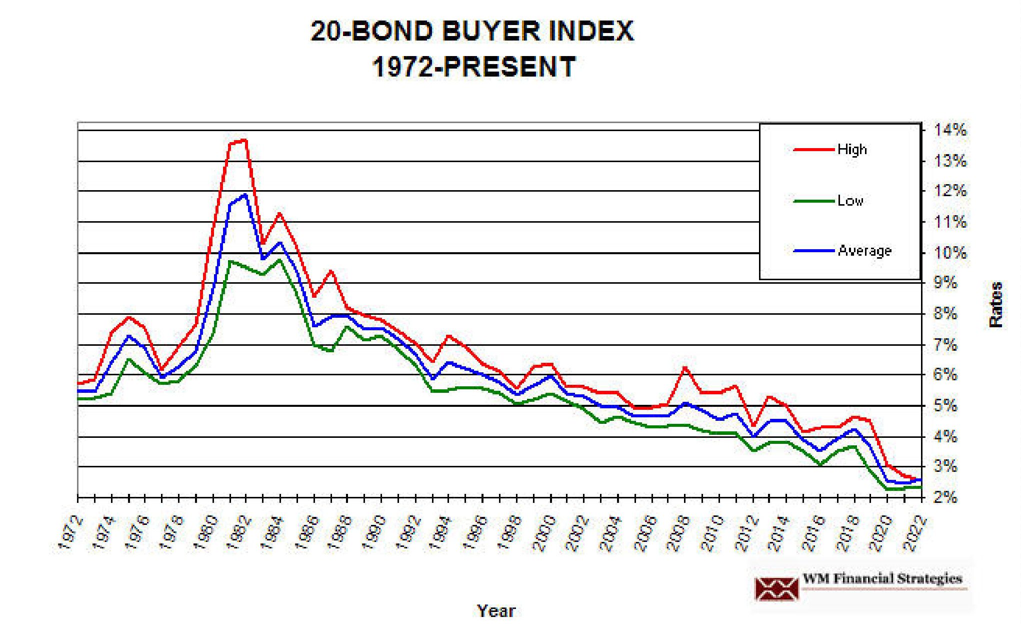
The Historical Interest Rates

Municipal Market Data General Obligation Yields

	Aaa	Aa	Insured	A	Baa
2023	0.90	0.96	1.05	1.06	1.26
2024	1.14	1.20	1.31	1.33	1.53
2027	1.40	1.49	1.57	1.62	1.87
2032	1.71	1.87	1.98	2.05	2.42
2037	1.89	2.09	2.17	2.28	2.62
2042	1.99	2.23	2.32	2.42	2.76
2047	2.08	2.33	2.41	2.51	2.85
2052	2.13	2.38	2.46	2.56	2.90

Interest rates at 3/8/2022





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Thank you.