CABRERA CAPITAL MARKETS LLC

Town of Cicero (IL) Case Study

$25,105,000
Town of Cicero, Illinois
General Obligation Bonds 2021A / Taxable General Obligation Bonds 2021B
Cabrera's Role: Sole Manager
Sale Date: 5/12/2021

TRANSACTION HIGHLIGHTS

- In May of 2021, Cabrera served as the sole manager on a $25.1 million General Obligation bond transaction that included both a $9.560 million tax-exempt series and a $15.545 million taxable series.
- Participated in the rating agency presentation leading Standard & Poor's offering their "A" rating with a stable outlook.
- Cabrera analyzed the bond insurance bid to determine whether bond insurance provided additional value. Based on the analysis, the Town chose to use bond insurance which provided overall cost savings for both series, boosting the bonds' rating to "AA".
- Cabrera structured the transaction to utilize the refunding savings to generate additional proceeds for capital projects for the Town.

TRANSACTION RESULTS

- The bonds' all-in true interest cost was 1.95% with an average life of 5.673 years and a final maturity in 2032.
- Cabrera marketed the bonds not only to traditional institutional investors but also local government entities. Successfully tapping into this underserved market, local governments provided over 21% of the orders for the taxable series.
- For the tax-exempt portion, in the face of significant cuts to AAA MMD of 2-4 bps, Cabrera held pricing firm and was able to price through (1 to 8 bps) an AA insured Franklin Park transaction with a higher underlying rating (A+) that priced the day before
- On the taxable portion, Cabrera pre-marketed the deal to a specific yield, not a spread to U.S. Treasuries. This allowed Cabrera to hold pricing level even with the 10-Year treasury backing up 7 basis points on the day of pricing.

Taxable Bond Orders by Institution Type

Governmental: 21.64%

Institutional: 78.36%
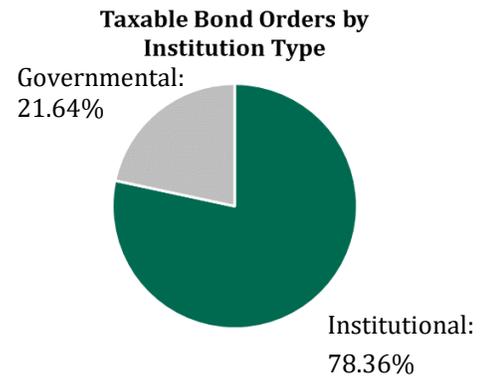
MATURITY-BY-MATURITY TAX-EXEMPT BOND SPREAD COMPARISON
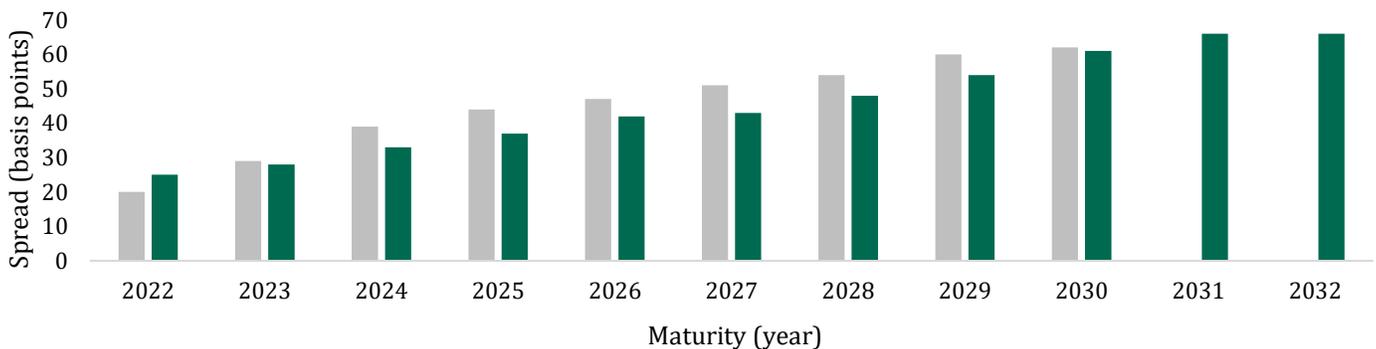
■ Village of Franklin Park, $6.1MM (AA Insured // A+ Underlying)   ■ Town of Cicero, $25.1MM (AA Insured // A Underlying)