



## Village of Bedford Park

**\$11,900,000 Taxable General Obligation Bonds, Series 2021A**

**S&P: "AA-" with "AA" AGM Insurance**

**Baird's Role: Sole Manager**

Baird served as sole underwriter on the Village of Bedford Park's issuance of \$11,900,000 Taxable General Obligation Bonds, Series 2021A to provide for the payment of an early retirement incentive ("ERI") offered to eligible Village employees through the Illinois Municipal Retirement Fund ("IMRF").

Before offering the ERI program, the Village negotiated a Memorandum of Agreement with the Fire Union (IAFF Local 3571) that most importantly allowed for certain reductions in daily staffing as well as a new hire wage schedule to allow for future General Fund savings to pay for the ERI program. Rather than finance the ERI program through the IMRF at a rate of 7.25%, the Village chose to proceed with a taxable general obligation bond issuance to significantly lower its interest cost.

The day of pricing, Baird faced headwinds as Treasury yields increased in the short-term by up to 20 basis points (0.20%) from the day prior due to Fed Chair Powell's testimony that the Fed will discuss speeding up its tapering of asset purchases. Baird decided to price the bonds on a yield basis rather than a spread basis. This strategic decision allowed us to lock in the aggressive interest rates from the day before even with Treasuries moving against the Village. Had we priced based on a spread basis, the yields would have been up to 10 basis points (0.10%) higher in the early maturities. As a result of our marketing efforts, our marketing strategy resulted in over \$19.4 million in orders (1.6x total par). Baird took down the unsold 2023 maturity of \$1,250,000 (10.5% of total par) into inventory to lock in aggressive market pricing for the Village.

By offering the ERI program and financing it through taxable general obligation bonds, the Village saved the General Fund approximately \$5.5 million over the next ten years (present value of \$4.9 million). Overall, the Village secured a true interest cost of 2.21% on a 10 year taxable transaction.

### **Baird Public Finance**

#### **Dalena Welkomer**

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