

To: Tim Gropp, Town Manager
From: Oscar Gutierrez, Bondry Consulting
Date: April 29, 2025
Subject: Financing Options for 20-Year Capital Project Bonds

Summary Comparison Table

Item	Indiana Bond Bank	Bank Placement (Regions)	Capital Markets (Public Offering)
Preliminary Blended Rate	Approximately 4.00 percent	Approximately 4.00 to 4.25 percent	Approximately 4.75 to 5.00 percent
Structure	Pooled program	10-year term with partner for remaining years	Full 20-year market offering
Estimated Rates by Term	3.57 to 4.57 percent	3.78 to 3.83 percent (years 1–10), TBD partner	4.09 to 5.33 percent
Rating Requirement	No	No	Yes
Estimated Time to Close	July 3, 2025	30 to 45 days from authorization	45 to 60 days from authorization

Introduction

The Town of McCordsville is considering the most advantageous method to finance its upcoming 20-year capital improvement project. Bondry Consulting has evaluated three primary options based on current market conditions, available programs, and the Town's project timeline. This memorandum outlines each option, including estimated borrowing rates, structural features, timing, and necessary approvals.

Option 1: Indiana Bond Bank

The Indiana Bond Bank offers the opportunity to finance through a pooled issuance program managed by the State. This structure provides a simplified process, standardized documents, and prearranged closing schedules.

Based on current program pricing, preliminary interest rates by maturity are estimated as follows:

2026 - 2030: 3.57 percent

2031 - 2035: 3.74 percent
2036 - 2040: 4.04 percent
2041 - 2045: 4.39 percent
2046 - 2050: 4.57 percent

The preliminary blended borrowing rate is approximately 4.00 percent.

Timeline:

- CFR Application Materials Due: May 21, 2025
- Indiana Bond Bank Board Approval: June 11, 2025
- Closing and Funds Distributed: July 3, 2025

Option 2: Bank Placement (Regions Bank with Partner)

Regions Bank has proposed a direct placement financing structure, offering a fixed rate between 3.78 and 3.83 percent for an initial 10-year term. Since the project requires a full 20-year amortization, Regions would need to partner with another bank or underwriter to extend financing from years 11 through 20.

Estimated rates:

2026 - 2035: 3.78 to 3.83 percent
2036 - 2045: Subject to partner pricing

The preliminary blended borrowing rate is estimated between 4.00 and 4.25 percent depending on structure.

Timeline:

- Estimated 30 to 45 days to close from council authorization
- No rating requirement

Option 3: Capital Markets (Public Offering)

A traditional bond issuance through the capital markets provides the greatest flexibility in repayment terms and structure. Interest rates would be based on the AAA Municipal Market Data (MMD) curve plus any applicable spread.

As of April 29, 2025, estimated market rates range from 4.09 percent in 2026 to 5.33 percent in 2045.

The preliminary blended borrowing rate for a full 20-year offering is estimated between 4.75 and 5.00 percent.

Timeline:

- Estimated 45 to 60 days to close from authorization
- Credit rating required prior to pricing

Recommendation

Based on current market conditions, estimated borrowing costs, and the Town's project timeline, Bondry Consulting recommends proceeding with financing through the Indiana Bond Bank. This option offers competitive rates, a clear closing schedule, and a streamlined process.

If the project developer requires access to funds before the scheduled July 3, 2025 Bond Bank closing, the Town may wish to consider either a bank placement structure or a capital markets issuance as an alternative.

Sincerely,

Signed,

Bondry Consulting