



CDFA-TEDC Webinar: Strategic Bond Financing for Communities

Welcome

The webinar will begin at 10:30 AM (Central)

*In Partnership
with*



TEXAS ECONOMIC DEVELOPMENT COUNCIL



CDFA-TEDC Webinar: Strategic Bond Financing for Communities

Audience Questions

*In Partnership
with*



TEXAS ECONOMIC DEVELOPMENT COUNCIL



Toby Rittner, DFCP

President & CEO

Council of Development Finance Agencies
Dublin, OH



CDFA-TEDC Webinar: Strategic Bond Financing for Communities

Legal Disclaimer

CDFA is not herein engaged in rendering legal, accounting, financial or other advisory services, nor does CDFA intend that the material included herein be relied upon to the exclusion of outside counsel or a municipal advisor. This publication, report or presentation is intended to provide accurate and authoritative general information and does not constitute advising on any municipal security or municipal financial product. CDFA is not a registered municipal advisor and does not provide advice, guidance or recommendations on the issuance of municipal securities or municipal financial products. Those seeking to conduct complex financial transitions using the best practices mentioned in this publication, report or presentation are encouraged to seek the advice of a skilled legal, financial and/or registered municipal advisor. Questions concerning this publication, report or presentation should be directed to info@cdfa.net.

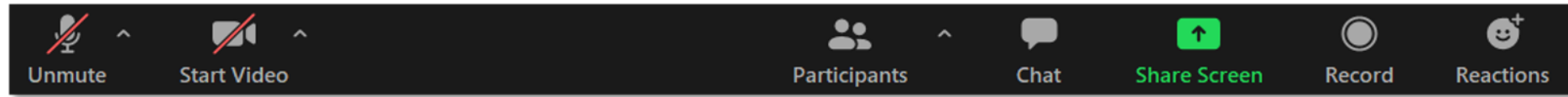
***In Partnership
with***





CDFA-TEDC Webinar: Strategic Bond Financing for Communities

Join the Conversation



**Submit your questions by
using the chat function!**

*In Partnership
with*





Strategic Bond Financing for Communities



CDFA-TEDC Webinar

Wednesday, September 10, 2025

10:30am Central



Unlocking the Development Finance Toolbox Why Bond Finance?



Introducing the Toolbox Approach

- The Development Finance Toolbox Approach is a full-scale effort for building local and regional financing capacity to serve and impact a variety of business, development, land use, infrastructure and industry needs.
- This is an investment in programs and resources that harness the full spectrum of a community's financial resources and is a dedication to public-private partnerships.

Unlocking the Development Finance Toolbox



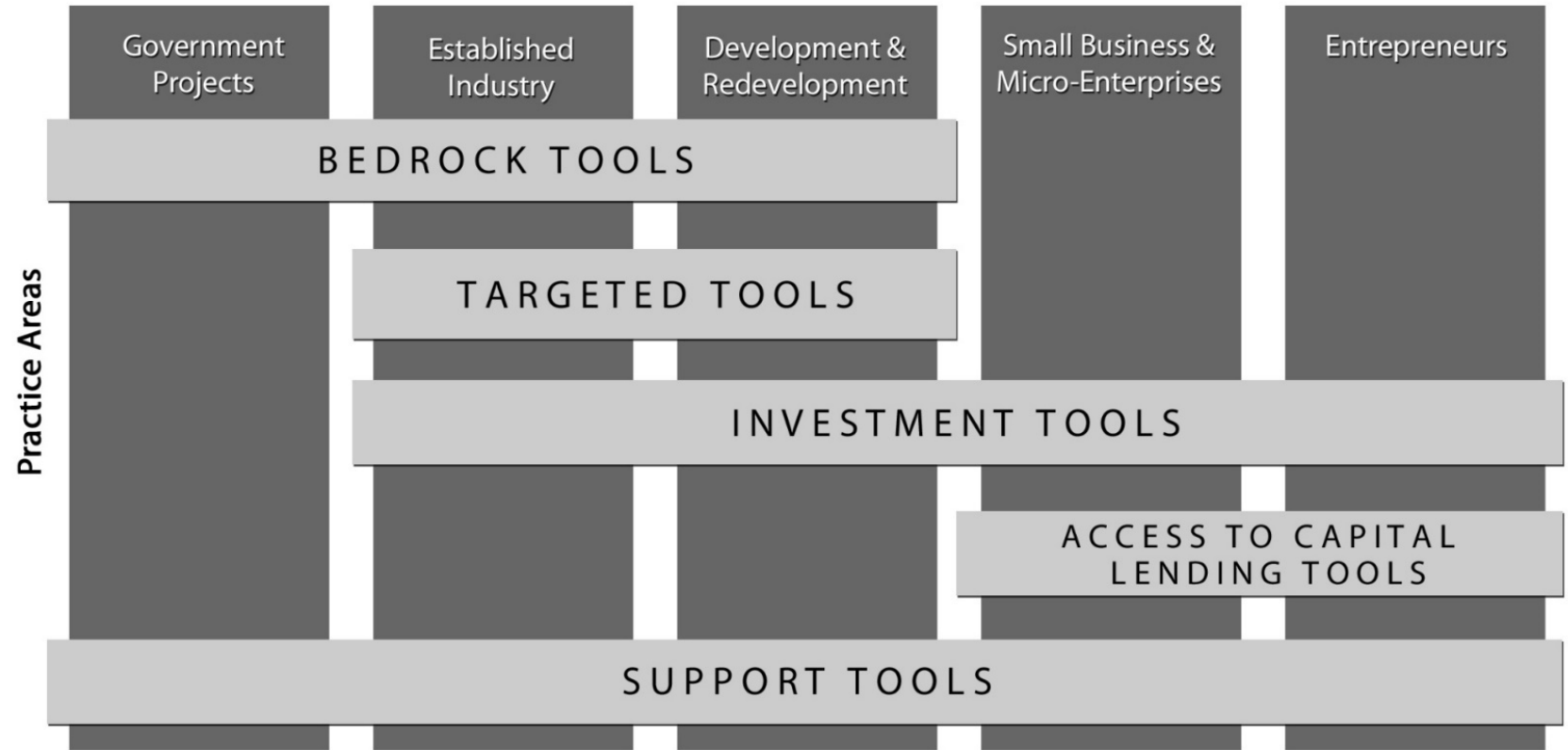
Why the Toolbox Approach?

- Wide variety of programs already exist to help with both general and targeted financing needs
- One size does not fit all and there are different instruments for different users
- More parties can be involved with a comprehensive approach – banks, thrifts, educational providers, investors, angels, developers, planning authorities, etc.
- Diversity is very important in development finance efforts.



Development Finance **SPECTRUM**

Types of Financings



From the *Practitioner's Guide to Economic Development Finance*

Copyright © 2009 by Council of Development Finance Agencies

The Toolbox 7 Financing Spectrum



5 Practice Areas

- **Practice Area 1: Bedrock Tools** (Bonds and the Basics of Public Finance)
- **Practice Area 2: Targeted Tools** (Tax Increment Finance, Special Assessment Districts, Government Districts, Project Specific District Financing & Tax Abatements)
- **Practice Area 3: Investment Tools** (Tax Credits, Opportunity Zones, EB-5)
- **Practice Area 4: Access to Capital Lending Tools** (Revolving Loan Funds, Mezzanine Funds, Loan Guarantees and Microenterprise Finance, Seed & Venture Capital)
- **Practice Area 5: Support Tools** (Federal Funding)



Bedrock Tools

Bonds Finance Overview

- Bond use dates back over 150 years with the tax reform act of 1986 shaping today's use
- A bond is a loan
- A loan is a promise to pay
- Loans have two components – **Principal & Interest**

Principal = Amount borrowed

Interest = Amount it costs to borrow the principal

Projects value low interest capital....enter bond financing!!



Bond Finance – How It Works

- Units of government (**ISSUERS**) borrow regularly in the tax-exempt bond market by pledging revenues to pay back the bonds
- Remember a bond is just a loan
- Investors (**BOND BUYERS**) fund these loans and provide the principal capital
- The bond buyer sets the terms and interest rate for the bond
- As a tax-exempt bond, the bond buyer is afforded exemption from income tax on interest income earned on this investment
- Meaning, the investor does not pay income tax on interest earnings
- As such, the bond buyer offers a lower interest rate to the borrower



Bonds – Two General Types

Government (GO) Bonds – are tax-exempt, used for public projects

Private Activity Bonds (PABs) – are tax-exempt, utilized for economic development

What can they finance?

- Roads, bridges, sewers, water treatment plants, dams
- City halls, prisons, schools, hospitals, libraries, YMCAs, museums
- Parks, swimming pools, community centers, universities,
- Stadiums, theaters, music halls, clinics
- Recycling plants, energy generation facilities, solar fields
- Small manufacturing facilities, first-time farmers, non-profits, affordable housing
- And much more

Bond Finance – Simplified Process



Project – Issuer identifies a project and determines if it qualifies for tax-exempt financing

Legal & Finance – Counsel and underwriters prepare documents, legal opinions and offering statements to price and sell bonds in capital markets

Placement – Underwriter places (sells) bonds with investors (bond buyers) raising principal for project

Pledge – Issuer pledges revenues (taxes, fees, appropriations, proceeds, etc.) to pay back the bond

Bond Finance – Simplified Process



Repayment – The bond is paid back over prescribed timeframe with regular principal and interest payments

Trustee – Acts as fiduciary agent on behalf of bond holders (bond buyers) and manages payments

Benefit to Borrower – Lower cost capital for public purpose investment

Benefit to Investor – Bond buyer receives relief from federal and state income taxes on interest earnings on bonds

Borrowers, Issuers, & Conduit Bonds



- The issuer and borrower are not always the same entity
- An issuer can be a borrow (such as a city, county, etc.)
 - * Issuing bonds for their own public benefit purpose
- However, a borrower **does not** have to be an issuer
- Certain borrowers (non-profits, first time farmers, manufacturers, hospitals, etc.) may use an issuer to access bond financing
- This type of issuance is called **conduit bond financing**

Borrowers, Issuers, & Conduit Bonds



- Bonds issued on a conduit basis are not backed by the issuer
- Conduit bond debt is solely the responsibility of the borrower
- Issuer has no responsibility to pay back the bonds
- This type of bond is called a non-recourse conduit bond
- Private Activity Bonds are typically issued on a conduit basis

Types of Private Activity Bonds (PABS)



Exempt Facility Bonds – Can be used for airports, docks, wharves, mass-community facilities, etc.

Qualified Redevelopment Bonds – Infrastructure projects that do not meet the requirements of GOs may qualify for tax-exemption if they meet several tests of "qualified redevelopment bonds;" e.g., proceeds used for redevelopment purposes in designated blighted areas, etc.

Qualified 501(c)(3) Bonds – Bonds used to finance projects owned and used by 501(c)(3) organizations. Two types - hospital bonds and nonhospital bonds

Types of Private Activity Bonds (PABS)



Qualified Exempt Small Issues – IDBs for qualified manufacturing projects including purchase, construction, extension and improvement of warehouses, distribution facilities, industrial plants, buildings, fixtures and machinery.

Aggie Bonds - Support beginning farmers and ranchers with eligible purchases of farmland, equipment, buildings and livestock.

Other Revenue Bonds – Allow revenue-generating entities to finance a project and then repay debt generated revenue. Toll roads and bridges, airports, seaports and other transportation hubs, power plants and electrical generation facilities, water and wastewater (sewer).



Bond Players

Issuers – 55,000+ nationwide, must have authority to issue

Bond Counsel – legal public finance experts

Underwriters – sells and/or places the bonds in market

Trustee – fiduciary agent for the bondholders

Investors – those who actually purchase the bonds

Financial Advisor – independent reviewer for issuer

Rating Agencies – independent credit review entities



Notes on Bonds

Market forces at play – when traditional interest rates are low, bond use tails off, when traditional interest rates go up, bond issuance tends to go up

Need good bond counsel on transactions – don't risk an issuance going taxable if it is not a qualified PAB

Many rules and regulations – learn the programs before making any determinations

Case Studies – Industrial Development Bonds

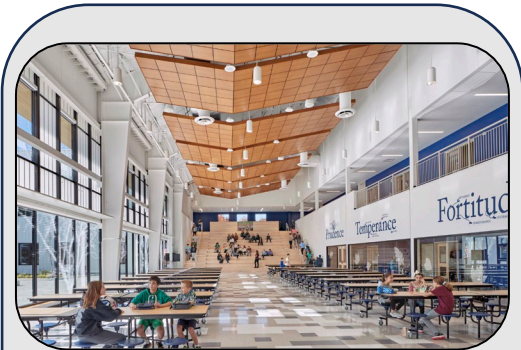
Jasper Meats, a USDA-certified meat processor in suburban Chicago, needed a new facility and increased production capacity to expand.

\$3.2 million in Industrial Development Bonds were issued by Illinois Finance Authority for the acquisition of 2.2 acres of land, the construction of a 25,000 SF manufacturing facility, and the purchase of new machinery and equipment.

This new facility retained **16 jobs** and created **19 jobs**.



Case Study – 501(c)(3) Bond



Location:
Franklin, MA

Developer:
MassDevelopment

Financing:
\$24.6 million in 501(c)(3)
PABs

Project:
77,500 sq. ft. school
building



Benjamin Franklin Charter Public School

MassDevelopment issued a \$24.6 million tax-exempt bond and provided a charter school loan guarantee. Citizens Funding Corporation, a subsidiary of Citizens Bank, purchased the bond. BFCCPS will use the proceeds to build an impressive 77,500-square-foot school, complete with athletic fields.

The impact on education will be significant. BFCCPS can offer a better learning environment, enhance its academic programs, and provide more opportunities for students across the region.



Case Study – 501(c)(3) Bond



Location:
Milwaukee, WI

Developer:
Wisconsin Health & Education Facilities Authority (WHEFA)

Financing:
\$43.7 million in 501(c)(3) PABs

Project:
43,000 sq. ft. university health education building



Marquette University Expansion

Bond financing facilitated by the Wisconsin Health and Education Facilities Authority used to help Marquette University finance costs associated with the acquisition, construction, renovation, and equipping of a new 43,000 sq ft, four-story building for the expansion and relocation of the Marquette University Physician Assistance program. Proceeds of the bond financing were also used to refinance bonds previously issued by WHEFA in 2008.

Approximately 568 construction jobs will be created. 18 total jobs will be retained and 7 added with an annual payroll of approximately \$1.73 million.



Case Studies – Aggie Bonds

Iowa Beginning Farmer Loan Program, provided by the Iowa Financing Authority, allows low net worth farmers to access affordable financing, exempt from federal income tax, for acquiring agricultural property.

Beginner Farmer Loans through this program typically carry **interest rates** approximately 25% below market rates.



Case Study – Industrial Development Bonds



Location:
Lincoln, CA

Developer:
California Enterprise
Development Authority

Financing:
\$10 million IDB PAB

Project:
Coffee manufacturing
and distribution plant
expansion



JBR Rogers Coffee Manufacturing Facility

In June of 2023, CEDA closed a \$10 million Industrial Development Bond (IDB) with Wells Fargo Bank for the benefit of JBR Rogers Coffee. This financing will allow the small, family-owned manufacturer to expand and equip their facilities in Lincoln, California. With over 200 employees, JBR is the largest employer in the city and vital to its economic health.



Case Study – 501(c)(3) Bond



Location:
Fairlawn, OH

Developer:
CFFA,
Summit County DFA

Financing:
\$95 million total cost,
\$7.9 million of bonds in a
TIF district

Project:
77,500 sq. ft. school
building



Crystal Clinic Orthopedic Center

Collaboration between Columbus-Franklin County Finance Authority and the Development Finance Authority of Summit County, Ohio to support the \$95 million Crystal Clinic Orthopedic Center in Fairlawn, Ohio, is a great example of this.

The 167,000 sq. ft. specialty hospital facility will be built on 12.9 acres. The facility will include 60 inpatient beds, 12 operating rooms, urgent orthopedic care services, imaging, and other support services.





Bond Finance Resource Center

Bonds are the bedrock of public development finance. They have been used to help build roads, bridges, sewers, dams, and thousand of other public and private projects. Bonds are issued and sold to the investing public by governmental entities to finance both governmental activities and the development of physical infrastructure and local economies.

There are two types of bonds: Government Bonds (GOs) and Private Activity Bonds (PABs). GOs may be used for many public purposes (e.g., highways, schools, bridges, sewers, jails, parks, government equipment and buildings, etc.). Private entities may not significantly use, operate, control, or own the facilities that are being financed. GOs benefit the general public, while PABs benefit private entities. PABs are the development finance mechanisms that drive projects involving both the public and private sector.

The CDFA Bond Finance Resource Center contains development finance tools that can be used to better understand the essentials of bond finance. Over 50,000 individual governments and authorities around the country issue bonds and the Bond Finance Resource Center is a comprehensive clearinghouse of information, case studies, and educational materials on the uses and function of bonds.

Want regular updates on bond financing? Subscribe to [CDFA's Bond Finance Update](#) newsletter.

⇒ [Subscribe](#)

+ [Understanding Bond Finance](#)

+ [Resources](#)



⇒ [Read more about this Tool](#)



CDFA-TEDC Webinar: Strategic Bond Financing for Communities

*In Partnership
with*



Lindsay Banner Cigole

Director
ORIX

Presentation for:



Strategic Bond Financing for Communities

September 10, 2025



Key Parties in Bond Financing

Bond Issuer

- An organization that registers, distributes and sells a bond on the primary bond market
- A bond issuer can be a special district, government, or conduit issuer

Bond Counsel

- An attorney or law firm retained by the issuer to give a legal opinion
- The Bond Counsel's approving legal opinion gives investors assurance as to the validity, security, and tax-exempt status of the bond

Underwriter

- An investment bank or group which agrees to purchase an entire security issue for a specific price, usually for resale to others

Trustee

- A bank designated by an issuer to act as the custodian of funds and official representatives of the bondholders

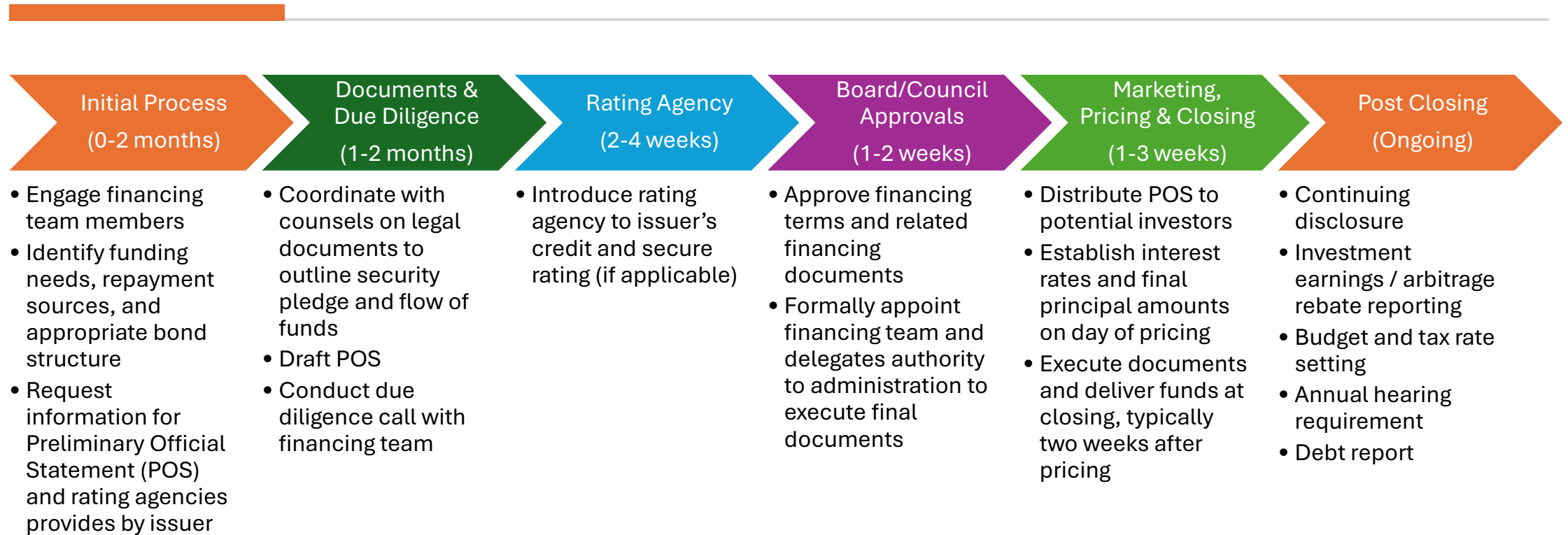
Financial Advisor

- A consultant who advises the issuer on matters pertinent to the issuer, such as structure, timing, marketing, fairness of pricing, terms, and bond ratings

Rating Organization

- A rating organization provides a rating which gives indications of credit quality

Bond Process Overview



Standard Texas Issuers



General Purpose

- State Agencies
- Cities and Counties
- School Districts



Special Purpose / Service Districts

- Water & Municipal Utility Districts
- Hospital Districts
- Housing Authorities



Higher Education

- Universities & Junior Colleges
- Higher Education Authorities



Conduit / Development Issuers

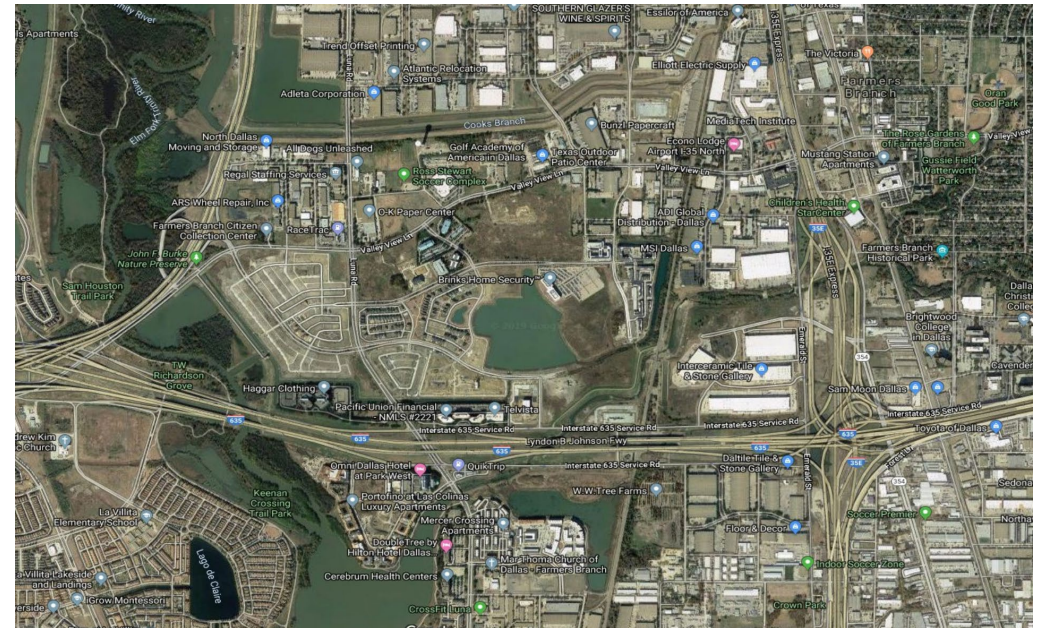
- Housing Finance Corporations
- Health Facility Development Corporations
- Industrial Development Corporations



Case Study 1: Farmers Branch / Mercer Crossing
(Farmers Branch, TX)

Farmers Branch / Mercer Crossing

- \$41,745,000 PID Bonds with TIRZ Offset
- Issued by Public Finance Authority (conduit issuer)
- Located at a high traffic intersection (IH 635, George Bush Tollway)
- Development includes:
 - 852 for sale units
 - 65,000 SF office
 - 90,000 SF retail
 - 25,000 SF restaurant
- PID assessment offset with 57% of TIRZ revenues
- Two years after bonds issued, Developer owns less than 20% of property



Farmers Branch / Mercer Crossing



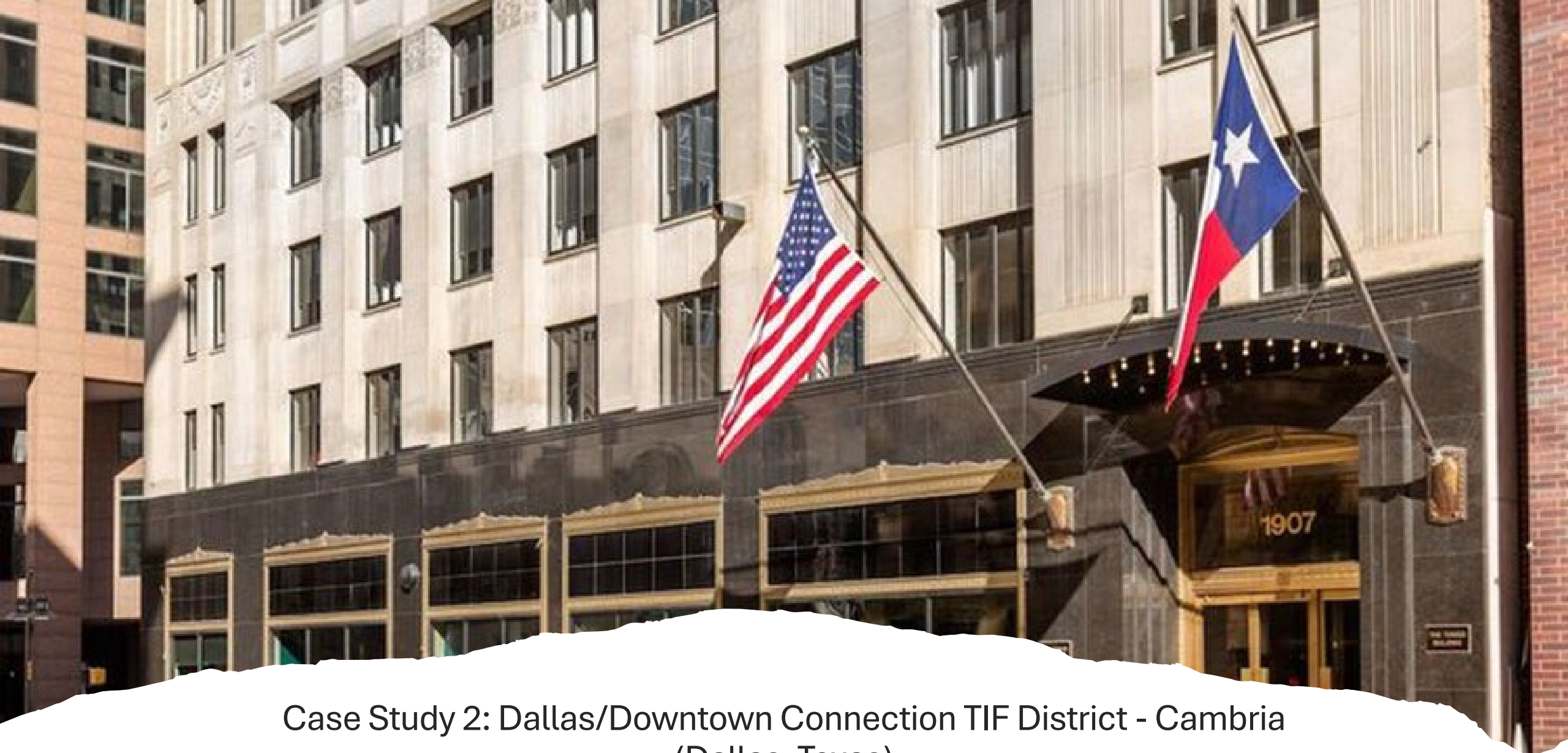
Farmers Branch / Mercer Crossing



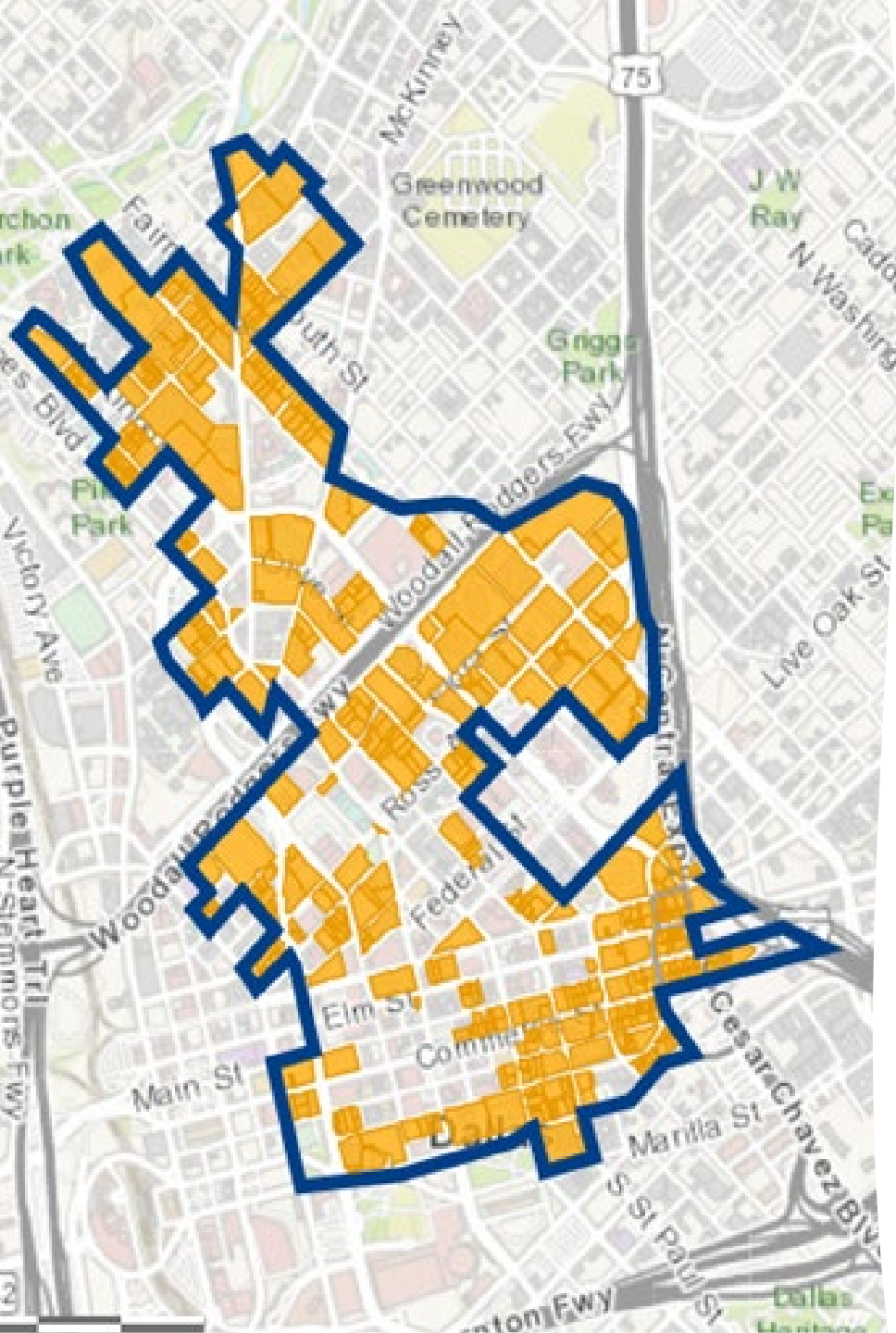
Farmers Branch / Mercer Crossing

- **City Benefits:**

- Remediated former battery plant and increased the value of the land
- Increased the tax base
- Provided new, quality housing stock and commercial destinations
- Constructed community amenities that were available to the general public
- Leveraged private dollars to finance \$32MM in infrastructure that otherwise would have:
 - Been funded from the Capital Improvement Plan
 - Taken additional time to finance as necessary general taxes accrued and became sufficient to fund



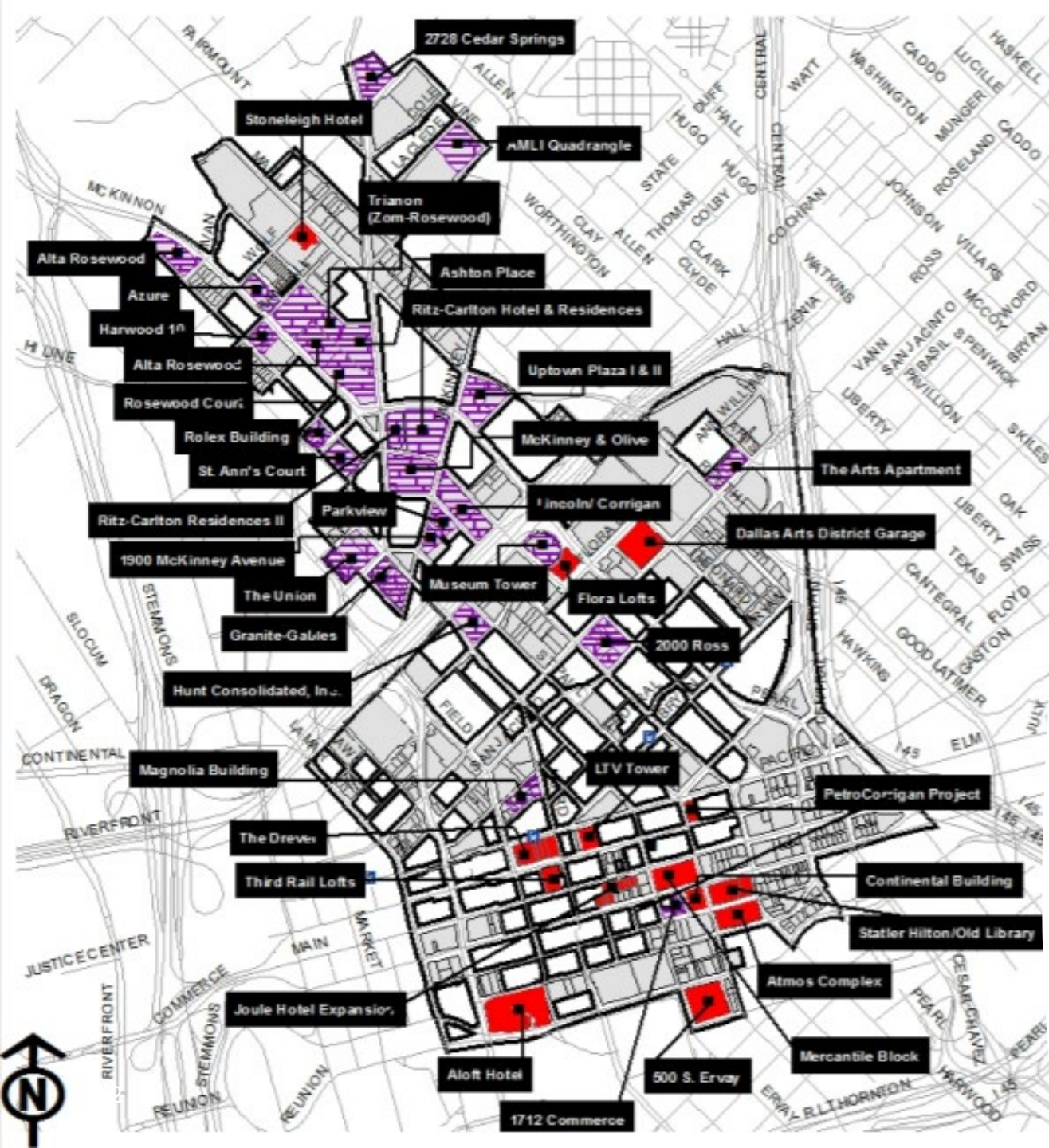
Case Study 2: Dallas/Downtown Connection TIF District - Cambria
(Dallas, Texas)



Dallas/Downtown Connection TIF District

- The District consists of 269 acres located in core area of downtown Dallas and was created to provide incentives for eligible projects that increase the core's density, improve the public realm, and improve connections between downtown and Uptown.
- In the last 10 years, Downtown's residential population has grown 71%, from 6,800 to nearly 12,000 residents today.
- The District was created in 2005 (base year) and at that time had an appraised value of approximately \$564 million.
- The 2022 assessed tax value was \$6 billion.
- The increment created within the TIF District has been a critical economic subsidy used by the City to incentivize the private sector to develop and redevelop the downtown area.

Dallas/Downtown Connection TIF District



- Project needs to be identified as a catalyst project by the City.
- Once the City has designated it as a priority project, the project enters a queue in which it is eligible to receive a subsidy payment.
- Payments are made on a queue basis so long as it has met of all of the criteria under the City's Development Agreement.

Dallas/Downtown Connection TIF District

- Downtown Dallas Development Authority issued bonds for the TIF District:
 - 2007
 - Taxable
 - TIF contract revenue bonds
 - Capital Appreciation Bonds
 - \$28,950,514
 - Insured
- Series 2007 bonds are senior to all other incentive agreements offered by the TIF to projects within the area

Dallas/Downtown Connection TIF District - Cambria

- The City of Dallas, Texas (the "City") granted a \$20,000,000 TIF Subsidy to PetroCorrigan Towers, L.P. for the purpose of financing a portion of the redevelopment of Tower Petroleum and Corrigan Tower, which were vacant office buildings located in the heart of downtown Dallas.
 - The Tower Petroleum building was built in 1931 to serve Dallas' emerging oil and gas companies.
 - Corrigan Tower, a 17-story office building adjacent to the Tower Petroleum building, was built in 1951 and is attached on several floors.
- The TIF Subsidy consisted of two phased payments:
 - \$10,300,000 for Tower Petroleum
 - \$9,700,000 for Corrigan Tower
 - The TIF Subsidy was used to fund the construction of private, public, and streetscape improvements

Dallas/Downtown Connection TIF District - Cambria

- The subsidy payments present challenges when evaluating a monetization approach, including:
 - The City does not want to serve as a traditional issuer of debt,
 - In the City's waterfall/queue system:
 - The subordinate position of the project and the respective subsidy payment in the system make it challenging for traditional municipal investors, and
 - The subsidy is not payable until numerous performance criteria are satisfied (i.e., the checklist.)

As a result, how do you overcome these hurdles to monetize the subsidy?

- The deal team's solution was to create a sale of the subsidy to ORIX to provide the developer with the funds upfront, i.e., the monetization.
 - The Development Agreement permits, with the City's consent, the sale and assignment of certain rights and obligations related to the TIF subsidy.
 - ORIX was able to get comfortable with the City's TIF Allocation Policy and the sale and assignment documents.
 - In lieu of a traditional municipal or taxable bond, a Purchase, Sale and Assignment Agreement was executed between the key parties and resulted in a successful financing.

Dallas/Downtown Connection TIF District - Cambria

- Dallas, Texas: Two vacant, aging office buildings in the heart of downtown.





Dallas/Downtown Connection TIF District - Cambria

After redevelopment



Dallas/Downtown Connection TIF District - Cambria

After redevelopment





Dallas/Downtown Connection TIF District - Cambria

After redevelopment



Dallas/Downtown Connection TIF District - Cambria

- **City Benefits:**

- Repurposed vacant building
- Increased the tax base
- Provided new, quality housing stock and downtown hotel
- Catalyst for other new residential complexes and hospitality
- Public infrastructure improved around the buildings

Questions or Comments?

Lindsay Cigole

Director, Orix Corporation USA

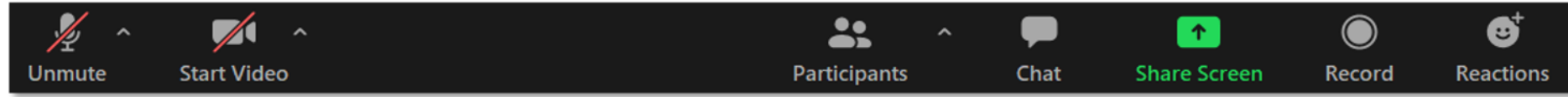
lindsay.cigole@orix.com



CDFA-TEDC Webinar: Strategic Bond Financing for Communities

Audience Questions

*In Partnership
with*



**Submit your questions by
using the chat function!**



CDFA-TEDC Webinar: Strategic Bond Financing for Communities

Upcoming Events

CDFA // BNY Development Finance Webcast Series: Municipal Bonds and Revitalization in Rural America

September 16, 2025 @ 1:00 – 2:00 PM (Central)

CDFA Advocacy Briefing: CDFA Volume Cap Report Trends & Analysis

September 18, 2025 @ 12:30 – 1:30 PM (Central)

National Development Finance Summit | October 8-10, San Juan, PR

Intro Opportunity Zones Finance Course

- October 8, San Juan, PR
- December 17-18, Daily: 12:00 – 5:00 PM Eastern

*In Partnership
with*



TEXAS ECONOMIC DEVELOPMENT COUNCIL



CDFA-TEDC Webinar: Strategic Bond Financing for Communities

Audience Questions

*In Partnership
with*



TEXAS ECONOMIC DEVELOPMENT COUNCIL

Elise Adelman

Council of Development Finance Agencies

Manager, Knowledge & Networks Division

614-705-1318

eadelmann@cdfa.net