City of Heath, Ohio

July 13, 2026

Goals & Objectives

Goals and Objectives:

Fund a portion of the City’s ongoing capital plan

- Fund water, sewer, and road improvements related to the Heath Hills residential development project.

Issue long-term bonds to fund improvements

- The City plans on issuing 35-year bonds that will mature on December 1, 2067.

Utilize the capital markets (negotiated or competitive sale)

- The City will sell bonds via the capital markets for investors to purchase.
- Capital markets will allow for lowest cost of capital for City.

Risks related to debt issuance and development revenues

City Credit Enhancement

- When the city issues general obligation debt to fund public infrastructure, it is pledging to repay the debt from all legally available sources. If development revenues are not sufficient to repay the debt, the city will need to utilize general fund or income tax revenues to support the repayment of debt.

Interest Rate Risk

- Interest rate risk is the risk that changes in interest rates may reduce (or increase) the market value of the municipal securities you intend to issue. Interest rate risk may negatively affect a bond issuance if rates rise prior to pricing. In short, interest rate risk is the risk that rates will rise prior to issuance new securities, creating additional interest costs for the city.

Liquidity Risk

- When issuing notes, a large principal payment is due upon maturity. Liquidity risk is the risk that the City has to obtain cash or funding necessary to pay off short-term liabilities and move into a long-term fixed rate take out financing.

Development Risk

- The risk that a project will be completed on a timely basis and generate the assessed values, TIF revenue and NCA charges projected. A material delay in development could significantly impact available development revenues which the city plans on using towards payment of the bonds.

Construction Risk

- Similar to development risk; construction risk is the potential for delays in the construction timeline, budget overruns, design and scope gaps, among other things that can lead to incomplete and/or more expensive projects than initially planned.

*Disclaimer: All offerings of municipal securities contain some level of risk prior to, during, and after their issuance. This memo provides some of the common risks related to the issuance of municipal securities. The order of the risks does not indicate the importance or severity of each risk. The potential risk(s) to issuing municipal securities is **not** limited to only the content that is summarized in this presentation. Issuers of municipal securities may be subject, but not limited to, the risks contained herein.*

Benefits of proposed plan of finance

Benefits:

General obligation bonds

- Issuing the debt as general obligation bonds allows the City to achieve the lowest cost of capital (i.e. lowest interest rate).

Short- and long-term debt

- Issuing short-term debt with a five-year maturity to be refinanced later by a fixed rate 35-year bond issuance provides the City with flexibility as the project progresses.

Other revenues not considered

- The Heath Hills development will create economic development revenues (which will be used to repay debt service on the bonds). Other revenue sources that will be created from the project include income taxes (new roofs and residents), water and sewer user fees and growing property tax revenues as home values increase over time.

Financing Summary – 2027 Notes

	Water	Sewer	Roadway	Issue Summary
Par Amount	$6,800,000	$8,355,000	$5,040,000	$20,195,000
Deposit to Project Construction Fund	$6,800,000	$8,351,108	$5,037,051	$20,188,159
Deposit to Bond Retirement Fund	$548,964	$674,499	$406,879	$1,630,342
Estimated Costs of Issuance (1)	$88,006	$108,131	$65,228	$261,365
Dated Date	12/1/2027	12/1/2027	12/1/2027	12/1/2027
Final Maturity	12/1/2032	12/1/2032	12/1/2032	12/1/2032
True Interest Cost (TIC)	3.38%	3.38%	3.38%	3.38%
All-Inclusive Cost (AIC)	3.51%	3.51%	3.51%	3.51%
Total Interest	$1,700,000	$2,088,750	$1,260,000	$5,048,750
Total Net Interest	$1,151,036	$1,414,251	$853,121	$3,418,408
Total Principal and Net Interest	$7,951,036	$9,769,251	$5,893,121	$23,613,408

(1) Includes estimated underwriter's discount and costs of issuance

Annual Net Debt Service – 2027 Notes

Year	Water	Sewer	Roadway	Total
2028	$0	$0	$0	$0
2029	$131,036	$161,001	$97,121	$389,158
2030	$340,000	$417,750	$252,000	$1,009,750
2031	$340,000	$417,750	$252,000	$1,009,750
2032	$7,140,000	$8,772,750	$5,292,000	$21,204,750
Total	**$7,951,036**	**$9,769,251**	**$5,893,121**	**$23,613,408**

Financing Summary – 2032 Bonds

Transaction Statistics

	Water	Sewer	Roadway	Issue Summary
Par Amount	$6,780,000	$8,330,000	$5,025,000	$20,135,000
Deposit to Current Refunding Fund	$6,970,000	$8,563,875	$5,166,000	$20,699,875
Deposit to Capitalized Interest Fund	$174,463	$214,338	$129,294	$518,094
Estimated Costs of Issuance (1)	$97,969	$120,366	$72,610	$290,945
Dated Date	12/1/2032	12/1/2032	12/1/2032	12/1/2032
Final Maturity	12/1/2067	12/1/2067	12/1/2067	12/1/2067
True Interest Cost (TIC)	4.71%	4.71%	4.71%	4.71%
All-Inclusive Cost (AIC)	4.76%	4.76%	4.76%	4.76%
Total Interest	$8,007,875	$9,826,088	$5,928,263	$23,762,225
Total Net Interest	$7,833,413	$9,611,750	$5,798,969	$23,244,131
Total Principal and Net Interest	$14,613,413	$17,941,750	$10,823,969	$43,379,131

(1) Includes estimated underwriter's discount and costs of issuance

Annual Net Debt Service – 2032 Bonds

Annual Net Debt Service Schedule

Year	Water	Sewer	Roadway	Total
2033	$174,463	$219,338	$129,294	$523,094
2034	$348,925	$433,425	$258,588	$1,040,938
2035	$348,925	$433,175	$258,588	$1,040,688
2036	$393,925	$482,925	$293,588	$1,170,438
2037	$461,675	$560,175	$341,838	$1,363,688
2038	$470,925	$583,425	$347,588	$1,401,938
2039	$474,425	$575,175	$352,838	$1,402,438
2040	$472,425	$581,925	$347,588	$1,401,938
2041	$425,175	$517,925	$317,338	$1,260,438
2042	$424,925	$521,675	$313,338	$1,259,938
2043	$424,425	$519,925	$314,338	$1,258,688
2044	$423,675	$522,925	$315,088	$1,261,688
2045	$422,675	$520,425	$315,588	$1,258,688
2046	$426,425	$517,675	$315,838	$1,259,938
2047	$424,675	$519,675	$315,838	$1,260,188
2048	$422,675	$521,175	$315,588	$1,259,438
2049	$425,425	$522,175	$310,088	$1,257,688
2050	$422,675	$522,675	$314,588	$1,259,938
2051	$459,675	$562,675	$338,588	$1,360,938
2052	$464,425	$575,175	$346,088	$1,385,688

Annual Net Debt Service Schedule

Year	Water	Sewer	Roadway	Total
2053	$473,425	$581,425	$352,838	$1,407,688
2054	$481,425	$591,675	$358,838	$1,431,938
2055	$488,425	$600,675	$364,088	$1,453,188
2056	$498,725	$612,563	$368,063	$1,479,350
2057	$507,713	$617,875	$376,250	$1,501,838
2058	$505,388	$626,875	$373,388	$1,505,650
2059	$507,275	$624,300	$375,000	$1,506,575
2060	$508,113	$620,675	$375,825	$1,504,613
2061	$462,900	$571,000	$340,863	$1,374,763
2062	$419,000	$517,638	$311,950	$1,248,588
2063	$376,413	$460,850	$278,825	$1,116,088
2064	$335,138	$405,900	$246,750	$987,788
2065	$290,175	$352,788	$210,725	$853,688
2066	$246,788	$296,513	$181,013	$724,313
2067	$199,975	$247,338	$147,350	$594,663
Total	**$14,613,413**	**$17,941,750**	**$10,823,969**	**$43,379,131**

Year	Economic Development Revenues	Tap Fee Revenues	2027 Notes Net Debt Service (Water & Sewer)	Excess Tap Fee Revenues	Tap Fee Balance	2027 Notes Net Debt Service (Roads)	2032 Bonds Net Debt Service (All Purposes)	Excess Economic Development Revenues	Economic Development Revenues Balance	Bond Coverage
2027	$ -	$1,401,120	$ -	$1,401,120	$1,401,120	$ -	$ -	$ -	$ -	n/a
2028	-	1,401,120	-	1,401,120	2,802,240	-	-	-	-	n/a
2029	-	1,401,120	292,037	1,109,083	3,911,323	97,121	-	-97,121	-	n/a
2030	-	1,401,120	757,750	643,370	4,554,693	252,000	-	-252,000	-	n/a
2031	271,727		757,750		3,816,670	252,000	-	-	-	n/a
2032	543,453		757,750		3,350,373	252,000	-	-	-	n/a
2033	815,180						523,094	292,086	292,086	1.56x
2034	1,086,907						1,040,938	45,969	338,056	1.04x
2035	1,358,634						1,040,688	317,946	656,002	1.31x
2036	1,546,623						1,170,438	376,185	1,032,188	1.32x
2037	1,804,393						1,363,688	440,706	1,472,893	1.32x
2038	1,856,063						1,401,938	454,125	1,927,019	1.32x
2039	1,856,063						1,402,438	453,625	2,380,644	1.32x
2040	1,856,063						1,401,938	454,125	2,834,770	1.32x
2041	1,667,640						1,260,438	407,202	3,241,972	1.32x
2042	1,667,640						1,259,938	407,702	3,649,675	1.32x
2043	1,667,640						1,258,688	408,952	4,058,627	1.32x
2044	1,667,640						1,261,688	405,952	4,464,579	1.32x
2045	1,667,640						1,258,688	408,952	4,873,532	1.32x
2046	1,667,640						1,259,938	407,702	5,281,234	1.32x
2047	1,667,640						1,260,188	407,452	5,688,686	1.32x
2048	1,667,640						1,259,438	408,202	6,096,889	1.32x
2049	1,667,640						1,257,688	409,952	6,506,841	1.33x
2050	1,667,640						1,259,938	407,702	6,914,543	1.32x
2051	1,799,533						1,360,938	438,595	7,353,138	1.32x
2052	1,830,934						1,385,688	445,247	7,798,385	1.32x
2053	1,862,336						1,407,688	454,648	8,253,033	1.32x
2054	1,893,737						1,431,938	461,800	8,714,833	1.32x
2055	1,925,139						1,453,188	471,951	9,186,784	1.32x
2056	1,956,540						1,479,350	477,190	9,663,975	1.32x
2057	1,987,942						1,501,838	486,105	10,150,079	1.32x
2058	1,994,236						1,505,650	488,586	10,638,666	1.32x
2059	1,994,236						1,506,575	487,661	11,126,327	1.32x
2060	1,994,236						1,504,613	489,624	11,615,951	1.33x
2061	1,821,948						1,374,763	447,186	12,063,137	1.33x
2062	1,649,660						1,248,588	401,073	12,464,209	1.32x
2063	1,477,372						1,116,088	361,284	12,825,494	1.32x
2064	1,305,084						987,788	317,296	13,142,790	1.32x
2065	1,132,796						853,688	279,108	13,421,898	1.33x
2066	960,507						724,313	236,195	13,658,093	1.33x
2067	788,219						594,663	193,557	13,851,649	1.33x
Total	**$58,045,961**	**$5,604,480**	**$2,565,287**			**$853,121**	**$43,379,131**			

Connect with us:

Brian S. Cooper
Principal
brian.cooper@bakertilly.com
(614) 987-1681

Tom Ricchiuto
Senior Manager
tom.ricchiuto@bakertilly.com
(614) 987-1686

Alyssa Dorsten
Senior Consultant
Alyssa.dorsten@bakertilly.com
(614) 987-1682

bakertilly.com/MunicipalAdvisory

bakertilly
MUNICIPAL ADVISORS