ICCCFO
Illinois Community College
Chief Financial Officers

Investor Outreach

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Member FINRA and SIPC
Importance of Investor Outreach

 Given the global economic recession, the broadening of the municipal investor base, and the recent ratings recalibrations, credit evaluation processes have changed significantly
  – Economic recession resulted in a major re-emphasis on credit
    • Investors are now completing extensive independent credit reviews and relying more on their own analysis
  – Over the past few years the scope of municipal investors has broadened
    • Issuers need to educate new municipal investors on the credit strength of their respective municipalities
  – Global ratings decreased granularity between municipal issuers
    • Issuers need to differentiate themselves through means other than ratings (i.e., financial and management strength)

Given these fundamental changes in our marketplace, investor education is more important than ever
Investor Outreach Techniques

- In 2012 and beyond, we expect the marketing process for new issues to continue to be more in-depth than in the past.
- Given the challenging credit environment, it is advisable to consider a number of strategies for more deliberate investor education ahead of new bond issuances.

Websites/Publicity

Increased use of issuer websites to publicize upcoming deals and communicate information about the credit can be helpful.

Investor Presentations

Investor presentations give investors a quick and handy synopsis of a credit.

Investor Targeting

Focus on certain investors, including current holders and potential new investors, can lead to better pricing.

Q&A Sessions

One-on-one Q&A sessions with investors up until the time of pricing provides investors with a direct outlet to issuers.
Investor Relations Website Content

◆ An Investor Relations website should build upon your College’s existing embrace of information technology

◆ Goals would be to:
  – Upload issuer-specific content to aid in investors’ credit analysis
  – Centralize it in a section specifically dedicated to the investor audience
  – Present your College’s positive credit story “front and center”
  – Increase accessibility to the information—increase links and decrease “clicks”

◆ The website should ideally include the following elements, with clear links between each:

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**Investor Relations Website**

- **Issuer-specific Information**
  - Description of your College (history, goals, etc.)
  - Current & historical CAFRs
  - Budget reports
  - Debt policies
  - Capital Improvement Plan information

- **Credit-specific Information**
  - Summary of your College’s debt structure
  - Bond ratings and rating reports
  - Sources of funding
  - Previously released official statements

- **Current Offering Information**
  - Summary of transaction
  - Recently released POS
  - Investor presentation
  - Participating managers
  - How to purchase bonds

- **Related Links**
  - cod.edu
  - emma.msrb.org
  - msrc.org
  - sifma.org

- **Receive Updates and Contact**
  - Form for investors to set up user profile (include email and phone number)
  - Issuer Contact Information
  - FAQ/inquiry page
Investor Relations Website Example

- Consolidate existing and additional credit information into “one-stop shop” page geared specifically toward investors
We recommend that your College create a dedicated investor relations webpage in order to communicate directly with investors.

- A website can help maintain and increase your current investor base.

These links represent the key components of an investor relations website.

Insert key characteristics your College would like to emphasize to investors.
Investor Relations Website Example

- Providing information regarding your outstanding debt can aid investors in their credit analysis
  - The information on this page should also contain cross-links to relevant credit-related information such as prior official statements and rating reports

<table>
<thead>
<tr>
<th>Program</th>
<th>Credit Ratings (M/F/S&amp;P)</th>
<th>Total Bonds Outstanding</th>
<th>Relevant Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>Aaa/NR/AAA</td>
<td>$109,740,000</td>
<td>Prior Official Statement</td>
</tr>
<tr>
<td>Alternative Revenue Bonds</td>
<td>Aaa/NR/AAA</td>
<td>$99,375,000</td>
<td>Prior Official Statement</td>
</tr>
</tbody>
</table>

Posting information regarding your upcoming bond offerings can provide investors with current pricing information and the appropriate contact information in order to purchase bonds directly.

The current offering summary has been prepared by the Community College District NO. 502 to provide information on the 2011A General Obligation Bonds. Selected information is presented on this page for the convenience of the user. To make an informed decision regarding the bonds, prospective investors should read the official statement in its entirety.

**Current Bond Offering**

895,440,000

COMMUNITY COLLEGE DISTRICT NO. 502 COUNTIES OF DUPage, COOK and WILL AND STATE OF ILLINOIS (College of DuPage) GENERAL OBLIGATION COMMUNITY COLLEGE BONDS, SERIES 2011A

Download: [Preliminary Official Statement](#)

Investor Presentation

Retail Order Period: July XX, 2011

Institutional Order Period: July XX, 2011

To purchase Series 2011A Bonds, please contact

William Blair & Company at 1-800-XXX-XXXX
A way to keep current and potential investors updated on your College’s financial and upcoming bond information is to create an investor mailing list and post electronic updates to the group as necessary.

This can help maintain a large and informed investor base.

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**Receive Updates/Contact**

**Step 1: Identification**

- Email Address: [Input Field]
- Password: [Input Field]

**Step 2: Profile**

- First Name: [Input Field]
- Last Name: [Input Field]
- Business/Organization: [Input Field]
- Media Outlet: [Input Field]
- Mailing Address: [Input Field]
Investor Presentations and Q&A Sessions Ahead of Bond Financing

- Investor presentations that are pre-recorded and made available via the internet are increasingly common for major transactions
  - Viewed by investors as a valuable tool
- Investors can access detailed information about the College’s financial results, future capital plans, and the upcoming bond transaction
  - The presentation should emphasize the characteristics of your College that distinguish it from other muni and non-muni credits
- We recommend the presentation be supplemented with opportunities for direct contact and Q&A from investors
  - Consider holding an open house/“investor day” perhaps in conjunction with rating agency presentations
  - Schedule in-person investor meetings in key cities for those who cannot visit your College
  - Hold designated office hours during which investors can call with questions
  - Make leaders available for investors up to the time of pricing to answer any additional questions or concerns
Investor NetRoadShow Example

◆ A successful investor NetRoadShow presentation should include the following elements:
  – Executive summary
  – Overview of credit
  – Discussion of recent financial performance and projections
  – Description of capital improvement plan and/or upcoming additional expected bond issuances
  – Summary of the proposed financing
Target Existing Bondholders

- During the pre-marketing period, we recommend you initially target existing holders of your College’s bonds as these investors have previously shown an interest in your College’s credit and could have a desire for more bonds
  - Current holders already have your underlying credit approved, which can be an extensive internal procedure, especially in the current market environment

- These existing bondholders would comprise the anchor investors for the beginning of your marketing efforts
  - Capturing an anchor order early in the pricing process can create momentum for the transaction and encourage other institutions to invest in the new issue as well

### College of DuPage Top Holders

<table>
<thead>
<tr>
<th>Top Holders:</th>
<th>Holdings (MM)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 STATE FARM LIFE &amp; AC</td>
<td>3,000</td>
<td>24.2%</td>
</tr>
<tr>
<td>2 AUTO CLUB GROUP INS</td>
<td>2,000</td>
<td>15.7%</td>
</tr>
<tr>
<td>3 HOME-OWNERS INSURANCE</td>
<td>1,000</td>
<td>11.4%</td>
</tr>
<tr>
<td>4 OWNERS INSURANCE</td>
<td>1,000</td>
<td>11.4%</td>
</tr>
<tr>
<td>5 MUTUAL BENEFIT INSURANCE</td>
<td>500</td>
<td>5.7%</td>
</tr>
<tr>
<td>6 FARMERS MUTUAL INS</td>
<td>250</td>
<td>2.9%</td>
</tr>
<tr>
<td>7 MEMBERSELECT INS CO</td>
<td>200</td>
<td>2.5%</td>
</tr>
<tr>
<td>8 AUTO CLUB GROUP INSU</td>
<td>200</td>
<td>2.5%</td>
</tr>
<tr>
<td>9 SOUTHERN-OWNERS INSU</td>
<td>200</td>
<td>2.5%</td>
</tr>
<tr>
<td>10 UTAH BUILDERS INS CO</td>
<td>150</td>
<td>1.7%</td>
</tr>
<tr>
<td>11 SATURNIA CAPITAL CORP</td>
<td>150</td>
<td>1.7%</td>
</tr>
<tr>
<td>12 AUTO CLUB PROP &amp; CAS</td>
<td>100</td>
<td>1.1%</td>
</tr>
</tbody>
</table>
Identify New Investors

- It is important to appoint a senior manager with deep and broad investor relationships that can help to identify new potential buyers for your bonds.
- Your senior manager will canvass the investor community to identify investors of similarly-rated credits and local community colleges in the current market.
  - In those cases where an investor exhibits interest in similar bonds and securities, your senior manager can approach that buyer in an effort to “convert” them into an investor.

Recent Purchasers of a Similarly-Rated Community College Credit (William Rainey Harper College)
Additional Marketing Techniques

- At the time of new issuance, your College will be in a position to supplement its ongoing investor outreach with a streamlined marketing program; depending on the composition of investor targets, elements would include:

**Institutional Targets**
- Target Current Institutional Holders of your College’s Bonds and Other Similar Credits
- Internet Roadshow and Investor Conference Calls with Targeted Institutions (Focus on Credit Analysts, Higher Education Bond Holders)
- Hold “Office Hours” to Address Investor Questions
- Use Detailed Pre-Sale Memo to Facilitate Sales Force’s Conversations with Accounts

**Retail Targets**
- Regional Advertising to Target Potential Local Buyers – Newspaper Ads, Drive-Time Radio Spots
- Make Use of Bond Sale Website to Share Information About Upcoming Sale
- Retail Order Period and Retail Priority During Institutional Order Period
- Bifurcate Maturities to Cater to Retail Investors and Increase Competition

**Pricing Flexibility to Structure Around Demand; Adapt Couponing, Term Structure, Redemption Provisions, Credit Enhancement As Needed**

**SUCCESSFUL PRICING**
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Please note, all statistical references or rankings information was obtained from Securities Data Corporation ("SDC").

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