

BLX GROUP LLC

STRUCTURED INVESTMENTS BIDDING

Since launching BLXBid, BLX Group's team of professionals has accumulated over 30 years of combined experience in providing specialized investment services to municipal market participants. We formulate, execute, and monitor investment strategies by incorporating the special considerations of tax-exempt and taxable bond proceeds. The investment of such proceeds is typically governed by covenants and should be structured to the specific purpose of the proceeds.

Whether in connection with a new bond issue, a cash defeasance, or opportunities to improve upon an existing investment strategy, BLX's structured products group carefully reviews all applicable documents and current market conditions to identify, present, and recommend investment options. Once a strategy has been selected, BLX aims to structure and implement the strategy in an efficient and cost-effective manner, with a focus on transparency and compliance with the applicable Treasury Regulations. We coordinate with the appropriate financing team members to close the transaction smoothly and timely.

BLX by the Numbers

Combined Years
of Expertise
30 Years

Online auction
via BLXBid since
2008

Awarded securities portfolio
(including escrow funds) **383**
Awarded structured
investment products **177**

Structured Investments

Structured investments products (e.g., guaranteed investment contracts, repurchase agreements, and other similar arrangements) are contracts between an investor and an eligible counterparty that provides for a fixed (or floating) rate on deposited funds, while allowing for withdrawals at par for the permitted purposes established under the bond documents. BLX is poised to undertake a competitive bid process on your behalf to acquire structured investments products.

Open Market Securities

BLX's capabilities extend to the bidding of open market security portfolios for escrow funds, project funds, capitalized interest funds, and other bond proceeds. We utilize specialized optimization software to construct potential portfolios from the universe of permitted investments and evaluate the potential yield and earnings of open-market securities.

Refunding and Defeasance Escrows

Open market securities are commonly used for refunding and defeasance escrows. While a State and Local Government Series ("SLGS") portfolio can be an optimal strategy, open market securities can often be secured at a lower cost and yield meaningful savings. We empower clients to choose between SLGS and open market securities based on real time pricing without incurring any additional expense. Hence, there is no downside to considering both strategies.

Competitively Bid Investment Using BLXBid

For structured products and open market securities, BLX undertakes a competitive process to solicit bids from eligible counterparties and dealers with the goal of achieving the best available price within the safe

harbor (for federal tax purposes). We utilize our proprietary web-based bidding platform, BLXBid, to conduct the competitive procurement process. BLXBid is a live auction site that allows invited entities to submit a "sealed" bid within a specified time window. Financing team members can view the process in real time and quickly evaluate the bids, which is critical to the execution process. Post transaction, BLXBid provides permanent online access to transaction records to ensure efficient record keeping and compliance. Our team members take into account the timing of economic data releases, Treasury financing activities, and Federal Reserve open market operations that may affect market conditions and dealer availability.

BLX's Unique Perspective and Approach

Our position as one of the largest and most experienced providers of arbitrage rebate compliance services affords us specialized insights into the tax and compliance considerations associated with yield restricted investments. BLX's approach begins with a review of the governing bond documents to determine permitted securities and to ensure access to the broadest range of potential securities. Our procurement process is governed by an exhaustive term sheet detailing important legal and business provisions designed to formally document your objectives and establish the criteria by which securities will be procured. The term sheet is reviewed and approved by bond counsel and other financing team members prior to use. Inherent in all our municipal advisory services is a disciplined approach to identifying and procuring investments.

Contact Information

To learn more, please contact **Amy Kron, Senior Investment Officer**, at **212-506-5287** or akron@blxgroup.com.

To learn more about BLX Group and the full complement of services we offer, please visit us on the web at blxgroup.com.
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