**Ryan Atkinson**

**UCID: 12244902**

**PPHA 32530**

**2/25/2021**

**Auction Analysis**

Mr. Willis Towers,

Included in this short memo is a description of the bids that were placed for the Unified Government of Wyandotte County/Kansas City’s issue of general obligation improvement bonds, series 2021-A. According to the Wyandotte County/Kansas City, Kansas Investor Relations website, the Unified Government (UG) currently has an AA S&P rating for its General Obligation bonds.[[1]](#footnote-1) As per your request, in the following paragraphs I will briefly discuss how the bids for this issue were constructed, the reasoning behind the construction, and the ranking of the bids in the final auction.

To begin, below this page is an appendix that includes minimum and maximum bid prices, as well as the prices of bonds issued by Naperville, IL[[2]](#footnote-2) and Davenport, IA;[[3]](#footnote-3) an approximation for the Davenport prices was calculated based on the available information in the issue statement. True interest costs (TICs) were calculated for both Davenport and Naperville, along with their TIC if the bond maturities were called. Based on my calculations, Davenport’s TIC (no call) is 1.422%, while its TIC (called) is 1.133%; Naperville’s TIC (no call) is 1.704%, while its TIC (called) is 1.137%. The UG bids were constructed with this in mind, as the bonds were callable on August 1, 2029. Our minimum bid TIC (no call) is 1.733%, while our minimum bid TIC (called) is 1.683%; our maximum bid TIC (no call) is 1.646%, while our maximum bid (called) is 1.136%. Our maximum bid has a TIC that lies between both Davenport and Naperville, whether called or not. Similarly, the bid prices in both bids increased until the bonds would be callable, with a gradual tapering off of prices after the call date. Our minimum bid has a more barbell shaped yield, while our maximum bid has a less pronounced barbell yield and more competitive prices for earlier maturing bonds prior to their being callable.

Our maximum bid was in a competitive range under the assumption it would not have been called, but the called TIC (the placed bid) was larger than the winning bid. The reason for this is now clear and can be seen in the structure of the bids, which were less competitively bid for later maturities. As the minimum and maximum bids were less than nine basis points apart and would not have remained competitive, bids were not submitted in further rounds.

**Appendix**

1. <https://www.wycokckbonds.org/unified-government-of-wyandotte-county-kansas-city-ks-investor-relations-ks/i3601> [↑](#footnote-ref-1)
2. <https://emma.msrb.org/P11436658-P11114356-P11524362.pdf> [↑](#footnote-ref-2)
3. <https://emma.msrb.org/P11436756-P11114433-P11524439.pdf> [↑](#footnote-ref-3)