
# Upcoming Financial Transactions

## Finance Department
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* This presentation constitutes the written recommendation of the Finance Working Group. See attachment for list of members of Finance Working Group.

# CUS Liquidity Summary

| Liquidity Type | Series | Size ($ millions) | Bank | Expiration | Requires Bank Letter of Credit |
|---|---|---|---|---|---|
| Commercial Paper | B-1 | 250.00 | JPMorgan Chase | 12/16/2013 | Y |
| | B-2 | 75.00 | Wells Fargo | 12/14/2012 | Y |
| | B-3 | 75.00 | Bank of Tokyo-Mitsubishi | 1/20/2015 | Y |
| | B-4 | 100.00 | Barclay's | 7/15/2013 | Y |
| | B-5 | 100.00 | BBVA | 5/27/2015 | Y |
| | B-6 | 100.00 | Citibank | 7/15/2013 | Y |
| | **Total** | **700.00** | | | |
| Variable Rate Demand Bonds | 2004B-2 | 100.00 | State Street | 4/5/2013 | Y |
| | 2004B-3 | 75.00 | Sumitomo | 4/3/2015 | Y |
| | 2004B-4 | 75.00 | JPMorgan Chase | 4/6/2013 | Y |
| | 2004B-5 | 100.00 | Lloyd's | 4/6/2013 | Y |
| | 2004B-6 | 78.33 | Sumitomo | 4/3/2015 | Y |
| | 2008D-1 | 132.01 | JPMorgan Chase | 12/31/2012 | Y |
| | **Total** | **560.34** | | | |
| | **Subtotal** | **1,260.34** | | | |
| SIFMA Index Floater | 2010 B-1 | 200.00 | RBC | 3/22/2013 | N |
| | 2010 B-2 | 49.08 | RBC | 3/23/2013 | N |
| | 2012A | 125.00 | Loop Capital Markets | 6/1/2015 | N |
| | 2012B | 100.00 | Wells Fargo Securities | 6/1/2017 | N |
| | **Total** | **474.08** | | | |

# CUS Series 2012C
# SIFMA Index Note

- As presented to this committee in May, we have just completed the conversion of the Series 2004B-1 Variable Rate Demand Bonds into the Series 2012A & B Index Floaters.
  - Floating-rate notes are bonds that have a variable coupon, equal to a market index rate, like SIFMA, LIBOR or federal funds rate, plus a spread. The spread is a rate that remains constant.
  - The market rate that was established was a spread of:
    - 55 basis points (or 0.55%) – 3-year tranche
    - 75 basis points (or 0.75%) – 5-year tranche
- On March 18, 2010, RBC directly purchased $249.08 million of index floaters (Series 2010B-1, B-2) at a spread of 130 basis points (or 1.30%).

# CUS Series 2012C
# SIFMA Index Note

- Since market rates for the spread are significantly lower now, the FWG recommends that we refinance these bonds, maintaining the same structure (index floaters) to reduce the spread.
- The existing agreement with RBC does not expire until March 2013. RBC has agreed to end the agreement early, at no charge to the City, provided that they are selected to remarket these bonds.

# CUS Series 2012C
# SIFMA Index Note

## FWG Recommendation

- Refinance the Series 2010 B-1, B-2 Bonds to obtain a lower spread
  - Maintain existing index floating structure
  - Establish a 4-year term (staggers term from the 3-year and 5-year tranches just completed)
  - Select RBC Capital Markets Corporation to remarket the bonds
- An RCA will be brought before Council in July.
- See attachment for additional detail and a cost analysis.

# Annual Financing Plan

| Department | Series | Size ($ millions) | Anticipated Closing | PV Savings ($ millions) | True Interest Cost |
|---|---|---|---|---|---|
| HAS | 2012A,B,C | 504 | April 5,2012 | 55.6 | 4.07% |
| GO | 2012A,B | 370 | May 22, 2012 | 16.5 | 2.27% |
| HAS | Prepayment | 9 | June 2012 | 0.54 | N/A |
| GO | TRANS 2012 | 180 | July 2012 | N/A | 0.15% |
| | **Subtotal** | **1063** | | **72.64** | **2.77%** |
| CEF | 2012A | 40-50 | August 2012 | --- | --- |
| CUS | 2012D | 175 | Sept. 2012 | --- | --- |
| CUS | TWDB* 2012E | 50 | Sept. 2012 | --- | --- |
| CUS | 2012Z | 132 | Dec. 2012 | --- | --- |
| | **Subtotal** | **397-407** | | **---** | **---** |
| | **Total** | **1,460- 1,470** | | **72.64** | **2.77%** |

* Texas Water Development Board

# CUS Series 2012D
# Commercial Paper Conversion

- Since 1993, the City has used the issuance of commercial paper to provide an expedient, cost–effective method of accessing cash and providing interim financing.  The commercial paper notes are later refinanced to fixed rate bonds that match the useful life of the project or equipment being financed.
- This transaction represents the normal refunding of these commercial paper notes held by the Combined Utility System. The anticipated size of the Series 2012D Bonds will be in an amount not to exceed $175 million.
- As standard course of business, in conjunction with this transaction, the FWG will review possibilities to refinance existing debt if prudent opportunities to achieve present value savings exists.
- An RCA will be presented to City Council in late July or early August.

# CUS Series 2012E
# Texas Water Development Board Bonds

- The Texas Water Development Board administers a program that provides below market, low-interest loans to communities that assist in meeting clean water standards.  This program is known as the Clean Water State Revolving Fund ("CWSRF") and is open to political subdivisions that own and operate a wastewater system.
- The FWG recommends issuing the CUS First Lien Revenue Bonds, Series 2012E. The proceeds would be used for approved projects and redemption of commercial paper not to exceed $50 million.
- An RCA will be presented to City Council in late July or early August.