



Legal Structure of General Obligation Commercial Paper

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General Obligation Commercial Paper Program: History



The City's various capital purchases were assigned to a particular series of commercial paper, each of which was backed by a letter of credit from a financial institution.

- Prior to 2008
 - Voter Authorized
 - Series D – Depfa Bank
 - Series G – Dexia Credit Local
 - Drainage
 - Series F – Depfa Bank
 - Equipment
 - Series E-1 – BBVA
 - Series E-2 – LBBW

* This presentation constitutes the written recommendation of the Finance Working Group.



General Obligation Commercial Paper Program: History



As a result of the 2008 financial crisis, all of the banks needed to be replaced.

The new series were structured as multi-purpose to provide flexibility in case any of the banks faced further financial difficulties.

- Current *

- Voter Authorized

- Series G-1 – Comerica
- Series G-2 – Sumitomo

- Multi-Purpose

- Series H-2 – U.S. Bank
- Series J – State Street
- Series E-1 – J.P. Morgan
- Series E-2 – Wells Fargo

* Excludes Series H-1, which will expire in Feb. 2013 and Series K-1 and K-2 which is intended for appropriation use only.

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Voter Authorization



- Council approves commercial paper authority to be used for voter authorized debt.
- This authority is still assigned to a particular series of commercial paper.
- A legal structure that is both multi-purpose and series specific at the same time has made it difficult to track remaining authority by series.

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Purpose of Requested Council Action



- Complete the transition to a multi-purpose legal structure for the General Obligation Commercial Paper Program
 - Make Series G-1 and G-2 multi-purpose
 - Allocate the Council approved voter authority to all commercial paper series, rather than specific series

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Purpose of Requested Council Action



- Proposed New Legal Structure of the GO Commercial Paper Program

- Multi-Purpose

- Series G-1 – Comerica
- Series G-2 – Sumitomo
- Series H-2 – U.S. Bank
- Series J – State Street
- Series E-1 – J.P. Morgan
- Series E-2 – Wells Fargo

Voter Authorized Commercial Paper Authority

- * Series K-1 and K-2 is not presented here since it is intended for appropriation use only.
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