



Debt & Treasury

Overview of Proposed Debt Issue, July 10, 2014



Debt Issuance Overview

- New Bonds: Up to \$200M
- Refunding Bonds of up to \$198M (Including cost of issuance, premiums, and debt service reserve fund)
 - Refunding Series 2006D Bonds: \$73.6M
 - Conversion of commercial paper (CP) notes to long term debt: \$100M

Harbor 2014 Bond Transaction

- Proceeds will partially finance \$281M of CIP projects FY 2014/15
- All-In total interest cost of 3.99%
- Maximum term of 30 years

Refunding Commercial Paper (CP)

- CP is used as a short-term borrowing tool to finance projects during early stages of construction.
- Currently \$125M of CP notes outstanding.
 - **\$100M Issued 2009/2010 (projects completed)**
 - \$25M Issued in 2013 (ongoing projects)
- Converting \$100M CP notes to long term debt will create additional capacity to issue CP to finance CIP at a low interest cost.

Refunding Series 2006D Bonds

- The net present value savings on refunding 2006D Bonds will be about 9.89% or \$7.28 million.
- The Department will save an average annual savings of approximately \$335K on debt service.

Financing Team

- The financing team was selected on a competitive basis from the existing pools:
 - Investment banks: Act as underwriters to assist in structuring, marketing, and distribution of the bonds
 - Wells Fargo, Siebert Brandford Shank, Bank of America Merrill Lynch, Cabrera Capital Markets, RBC Capital Markets, Stifel Nicolaus (De La Rosa & Co.)
 - Financial advisor: An independent third party that checks and balances financial decisions
 - Montague DeRose & Associates
 - Attorneys:
 - Bond Counsel: Nixon Peabody
 - Disclosure Counsel: Kutak Rock