

2018 Plan of Finance Actions

Replacement Standby Bond Purchase Agreement

April 16, 2018



No Action Requested Today

Today: Information only

- Plan of Finance 2018 actions
 - 2008B variable rate bonds agreement update

April 30: Resolution request

- Approve supplemental bond resolution authorizing:
 - Liquidity support agreement
 - Delegation of authority to execute documents
 - Not to exceed amount for related legal fees



Operational Plan of Finance 2018 Actions

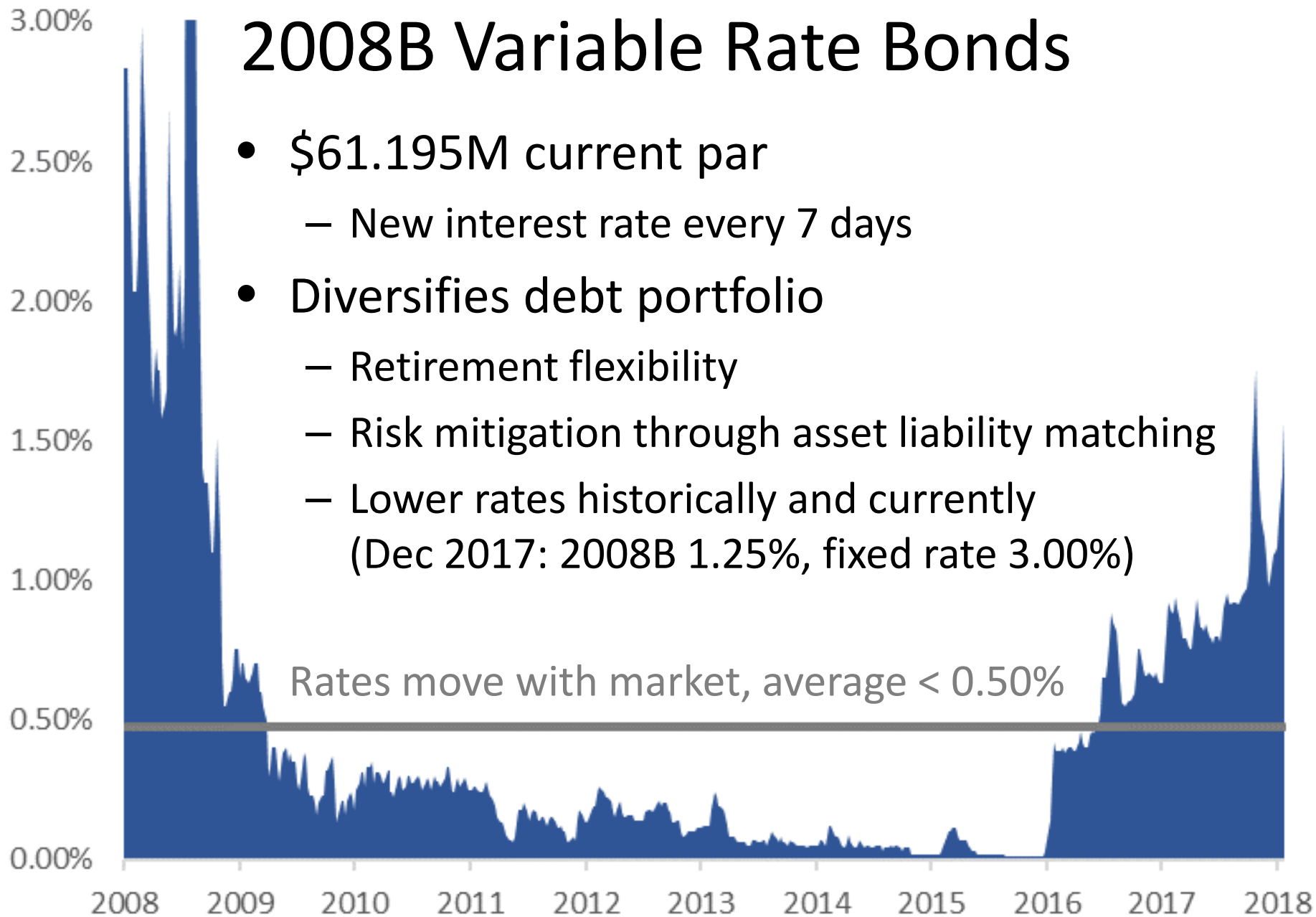
From Dec 2017 Debt Policy Guidelines Presentation

Forecast Window	Activity	Action	"Lower Results" Mitigation Tools	
2018 Detailed Actions	Net Scheduled Principal Early Retirements Net New Debt Refinancing Actions	\$24M None None Monitor	Overall debt	Scale back early retirements
2019 – 2022 General Steps	Net Scheduled Principal Early Retirements* Net New Debt Refinancing Actions	\$114M \$51M \$40M Monitor	continues to decline	Decrease cost growth Delay discretionary capital
2023 – 2027 Broad Path	Net Scheduled Principal Early Retirements* Net New Debt Refinancing Actions	\$167M \$44M \$231M Monitor	Overall debt begins to grow slightly	Incremental rate increases

* Early retirements 6 months in advance for savings and coverage support

2008B Variable Rate Bonds

- \$61.195M current par
 - New interest rate every 7 days
- Diversifies debt portfolio
 - Retirement flexibility
 - Risk mitigation through asset liability matching
 - Lower rates historically and currently
(Dec 2017: 2008B 1.25%, fixed rate 3.00%)



4.69%: Average total debt portfolio coupon rate as of 12/31/2017

Standby Bond Purchase Agreement (“SBPA”)

- Existing SBPA expires April 2019
 - “Current debt” 1 year before expiration
- Financing team considered various alternatives
 - Recommend securing replacement prior to expiration
 - Streamlined substitution process benefits:
 - Overall timeline is 4 to 6 weeks shorter
 - Internal labor savings estimated at over 600 staff hours
 - External financing cost approximately \$250,000 less
- Short-term bond ratings reflective of SBPA provider



Authorizing Resolution – Key Provisions

- 11th Supplemental Resolution will authorize replacement of the liquidity support agreement
- Approves documents in form:
 - Replacement Standby Bond Purchase Agreement and associated Fee Agreement
- Approves not to exceed \$75,000 for bond counsel services in connection with the negotiation and replacement of the agreement
- Authorizes District officers to execute documents and take other actions required



Standby Bond Purchase Agreement Timeline

