



Debt Management Update

Finance & Insurance Committee

Item 6c

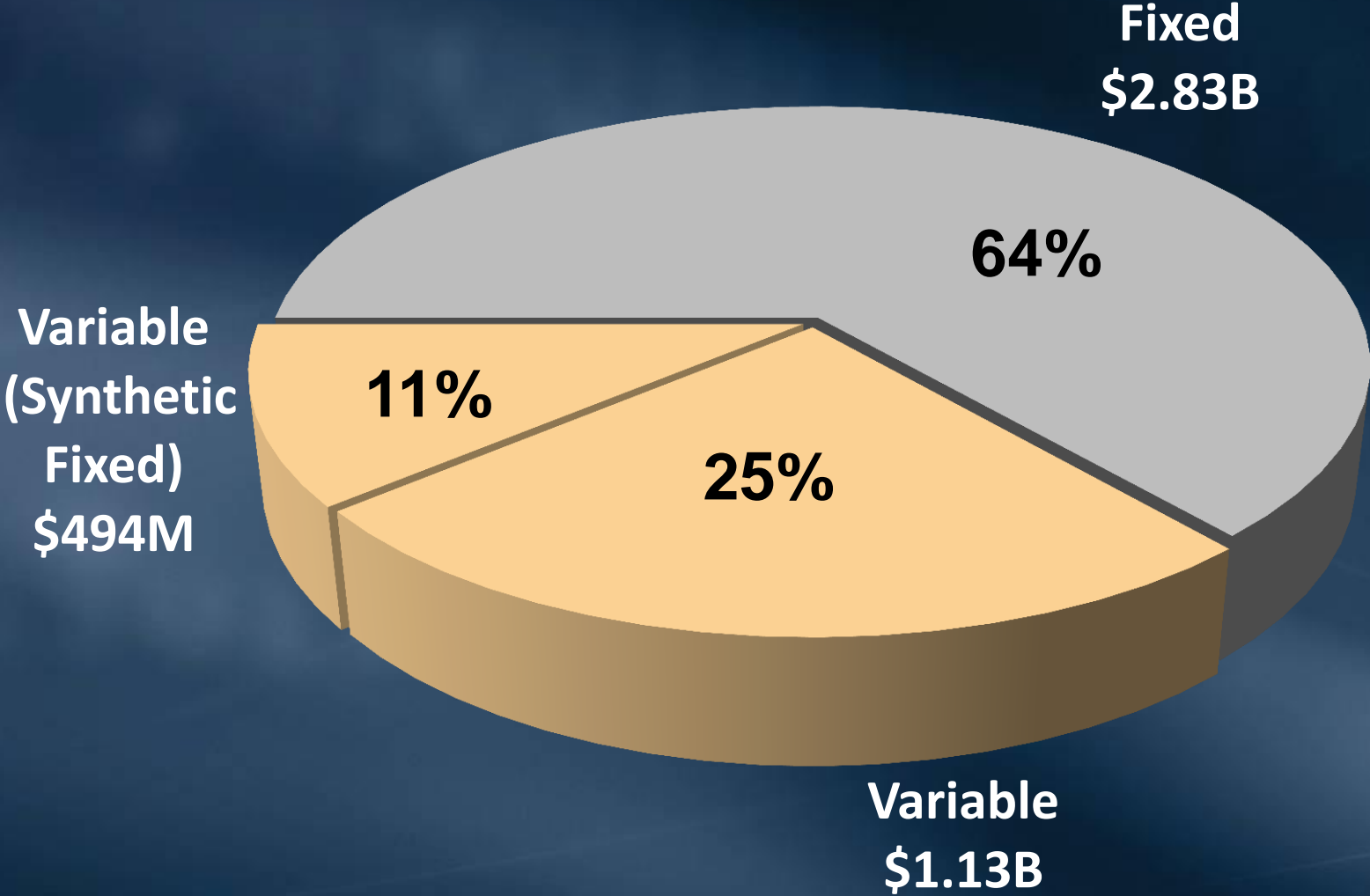
April 10, 2017

Overview

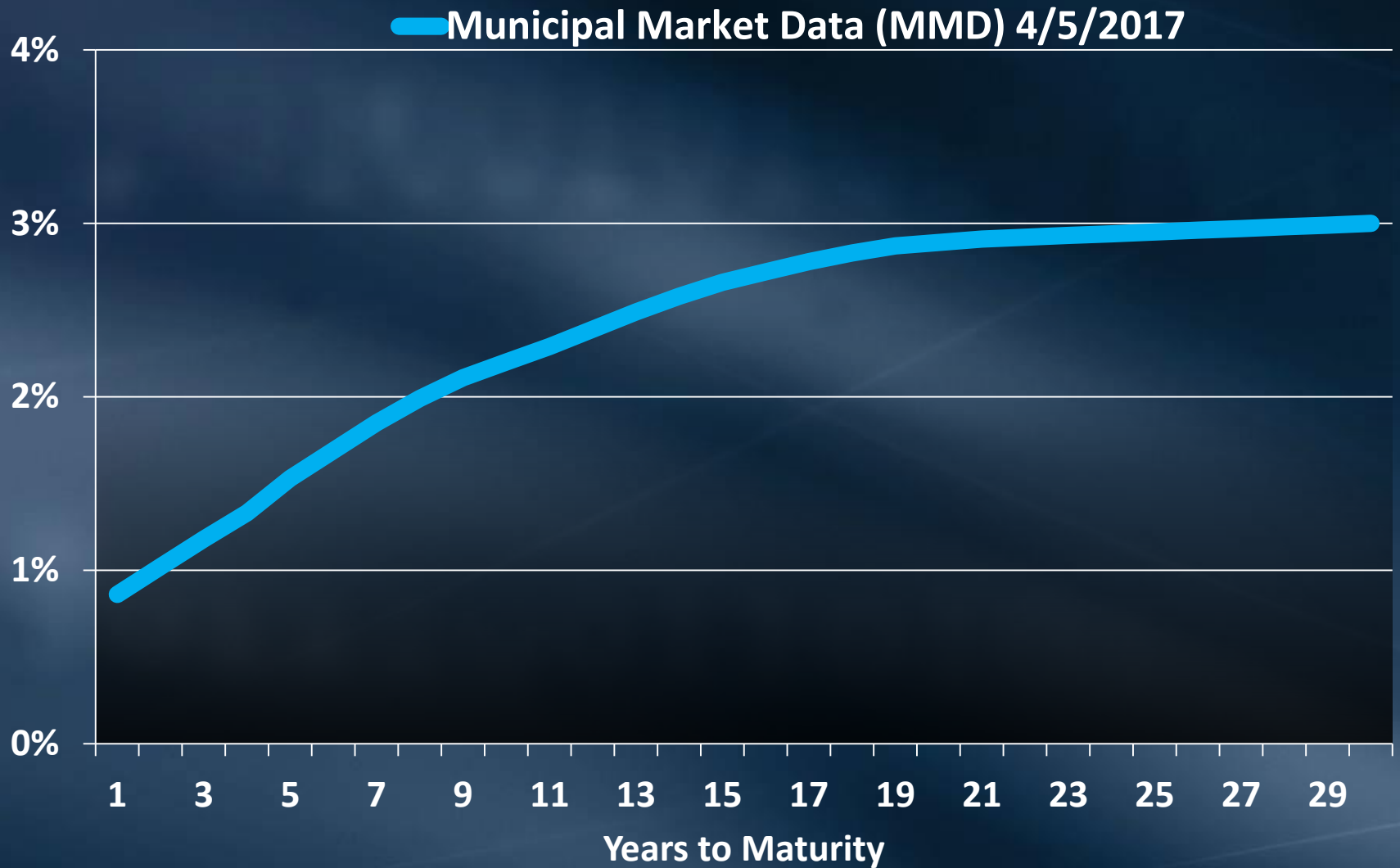
- Prior to the end of FY 2016-17 (June 30), Metropolitan plans to price several refunding transactions and a new money transaction under the new Master Subordinate Resolution
- Refund \$655 million of revenue bonds
 - \$317 million fixed rate bonds
 - \$337 million variable rate bonds
 - Projected average annual debt service savings of \$8 million per year
- Issue \$80 million new money variable rate index bonds
 - Finance portion of FY 2017-18 capital expenditures as per adopted Biennial Budget
 - Subject to Board approval in May and June 2017

Revenue Bond Debt as of July 2017

\$4.5 Billion



Current Tax-Exempt Yield Curve



Current Market-Refunding Objectives

- In current market strong demand for short-dated fixed rate bonds
- Issue fixed rate refunding for bonds maturing in years one through ten
 - High net-worth retail investors
- Issue medium term notes to refund bonds maturing in years 2028-2033
 - Move down yield curve to lock in savings
 - 3-5 year term notes have strong institutional demand
- Lengthen maturities of variable rate debt
 - Variable rate debt expected to be among lowest cost debt
 - Outstanding for longer time period
- Projected average annual debt service savings of \$8 million per year

Revenue Bond Debt

Revenue Bond Debt as of July 2017

\$4.5 Billion

Fixed
\$2.83B

64%

11%

25%

Variable
(Synthetic
Fixed)
\$494M

Variable
\$1.13B

Projected-After Refundings and Debt Issuance

\$4.5 Billion

Fixed
\$2.94B

65%

11%

24%

Variable
(Synthetic
Fixed)
\$494M

Variable
\$1.11B

Timeline - Proposed Financings

- **May-June 2017 - Fixed Rate Refunding**
 - **Refund \$255 million bonds maturing 2018-2027**
 - **Competitive bond sale in May, with June bond closing**
- **May and June 2017 - Board Action**
 - **Adopt Ordinance for \$400 million of revenue bonds as a prerequisite to authorization for bond issuance**
 - **Authorize issuance of up to \$80 million revenue bonds**
- **July 2017-Medium Term Note, Variable Rate Refunding and New Money Bonds**
 - **3- 5 year Medium Term note refund \$202 million bonds**
 - **Variable rate index bonds to refund \$198 million bonds, and \$80 million for new money**

