



**DEBT MANAGEMENT**  
**February 2015 Update**

February 18, 2015

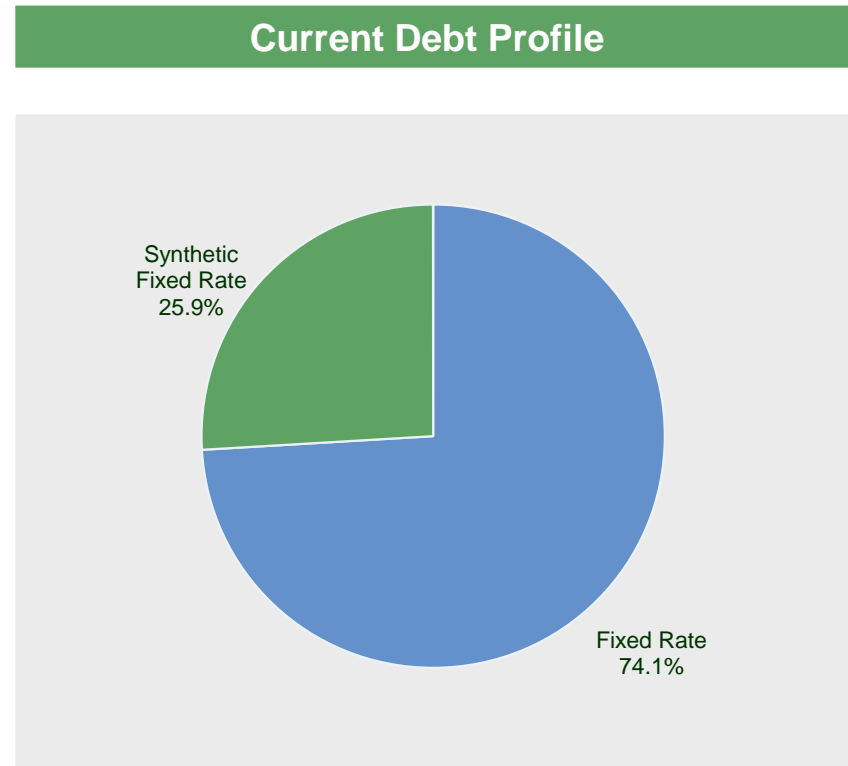
# Debt Management – February 2015 Update

- **Successful funding of the *Move Illinois* Program continues with estimated \$800 million new money bond issuance in 2015**
- **Continue to achieve debt service savings from fixed rate bond refundings/redemption**
- **Continued reduction in the synthetic fixed rate percentage of the bond portfolio**



# Current Debt Profile

- **\$5.0 billion par amount of bonds outstanding**
- **Percent variable (synthetic fixed) rate bonds declined significantly in recent years, limiting interest rate risk**
- Debt management guidelines target reduction to max. 25%
  - 48.2% on 1/1/09
  - 33.3% on 1/1/13
  - 25.9% current (2/18/15)
  - 21.8% (estimated) 1/1/16
- August 2011 Financial Advisor recommendation advised to consider fixing out synthetic fixed rate bonds if incremental cost were within 50 basis points (0.50%)



# New Money Bond Issuance

- **\$1.46 billion bond proceeds raised to date to fund *Move Illinois* Program costs (Series 2013A, 2014B, 2014C)**
  - Average cost to call date 3.6%
  - Average all-in-cost to maturity 4.2%
  
- **Estimated new money issuance in 2015**
  - \$400 million in the second quarter
  - \$400 million in the fourth quarter
  - Outstanding authorization is \$600 million
    - Request for increase in authorization expected mid-year



# Savings Opportunities - Refund/Redeem Traditional Fixed Rate Bonds

- **Recent refunding bond issues (Series 2013B-1, 2014A, 2014D) have produced PV savings of \$90.3M (9% of Refunded Bonds)**
  
- **Savings opportunities in 2015**
  - **Optionally redeem \$36.8 million Series 2005A Bonds**
    - 5.0% bonds maturing 1/1/16 and redeemable beginning 7/1/15
    - Savings from early redemption – approximately \$900 thousand
  
  - **Advance refund \$350 million Series 2008B Bonds**
    - 5.5% bonds maturing 1/1/33 and redeemable beginning 1/1/18
    - Savings dependent on market conditions; current estimate of PV savings is approximately \$35 million, or 10% of refunded bonds



# Management of Synthetic Fixed Rate Bonds

## ■ Monitor for refunding opportunities

- ❑ To reduce variable rate risk and risks related to credit/liquidity providers, bond insurers and swap counterparties
- ❑ Estimated cost to refund into traditional fixed rate

SERIES	CURRENT COST	COST TO REFUND
1998B	4.8%	5.4%
2007A	4.5%	5.4%
2008A	4.3%	5.3%

Finance to consider refunding if cost to refund within 0.50% of current cost

## ■ Renew or replace credit/liquidity facilities expiring first quarter 2016

- ❑ \$287 million Series 2008A-1a & 2008A-2 (JPMorgan)
- ❑ \$191 million Series 2008A-1b (Bank of America)
- ❑ \$175 million Series 2007A-1b (Mizuho)

*Terms of the other six credit/liquidity facilities expire in 2017*



---

# APPENDIX



# Fixed Rate Portion of Debt Portfolio

## Current Fixed-Rate Debt

Series	Type	Issued (\$000s)	Outstanding (\$000s)
1998A	Fixed	202,035	12,200
2005A	Fixed	770,000	36,810
2008B	Fixed	350,000	350,000
2009A	Fixed	500,000	500,000
2009B	Fixed	280,000	280,000
2010A-1	Fixed	279,300	279,300
2013A	Fixed	500,000	500,000
2013B-1	Fixed	217,390	217,390
2014A	Fixed	378,720	378,720
2014B	Fixed	500,000	500,000
2014C	Fixed	400,000	400,000
2014D	Fixed	264,555	264,555
<b>Total</b>			<b>3,718,975</b>





# Synthetic Fixed Rate Portion of Debt Portfolio

## Current Synthetic Fixed Rate Debt

Series	Type	Liquidity / Credit Facility Provider (Expiration Date of Facility)	Insurer	Swap Counter Party(ies)	Bonds/Swaps Outst. (\$000s)	Estimated 12/31/14 Swap Valua- tion (\$000s)
1998B	Variable	Landesbank Hessen Thuringen Girozentrale, aka Helaba (1/1/2017)	AGMC	Goldman Sachs Mitsui JP Morgan Chase Bank	123,100	(7,390)
2007A-1	Variable	Citibank (1/31/2017) Mizuho Bank (3/18/2016)	None	Goldman Sachs Bank Citibank	350,000	(77,344)
2007A-2	Variable	Bank of Tokyo-Mitsubishi (3/17/2017) Harris N.A. (3/18/2017) Northern Trust Company (3/17/2017) Royal Bank of Canada (3/17/2017)	None	Bank of America Wells Fargo Bank	350,000	(78,155)
2008A-1	Variable	JPMorgan Chase Bank (2/5/2016) Bank of America (2/5/2016)	AGMC	The Bank of New York Deutsche Bank AG	383,100	(75,519)
2008A-2	Variable	JPMorgan Chase Bank (2/5/2016)	AGMC	Bank of America	95,800	(18,774)
<b>Total</b>					<b>1,302,000</b>	<b>(257,182)</b>





---

**THANK YOU**