

Austin Energy Revenue Bond Advance Refunding

September 19, 2016





Austin Energy Debt Funding

Commercial Paper (CP)

- CP is unsecured, short-term debt
- City of Austin Treasury maintains \$450M limit for AE and Water
- CP is utilized to fund capital projects
- Issued for both taxable and non-taxable financing

Bonds: Refunding of CP

- Bonds are used to refund CP on a periodic basis (every 2-3 years)
- Bonds are secured by the revenues of the utility and longterm (up to 30 years)
- Both taxable and non-taxable bonds are issued

Bonds: Refunding of Bonds

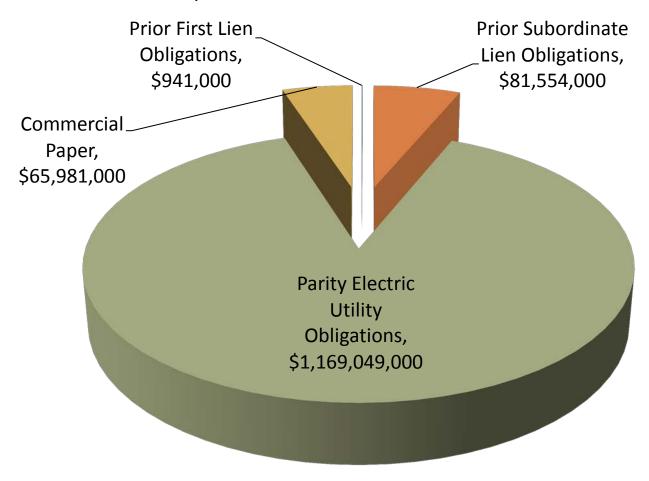
- Bonds are used to refund prior issued debt, when financially feasible
- Used to lower debt costs
- Available when a bond becomes "callable" or in advance with an escrow

Credit Rating Agency	Rate Range Default/Highest RiskHighest Credit Quality	Austin Energy's Rating
Fitch Inc.	D, C, CC, CCC, B, BB, BBB, A, AA, AAA + or – indicates strength or weakness in the assigned rating	AA-
Moody's	B3, B2, B1, Ba3, Ba2, Ba1, Baa3, Baa2, Baa1, A3, A2, A1, Aa3, Aa2, Aa1, Aaa	A1
Standard & Poor's	D, C, CC, CCC, B, BB, BBB, A, AA, AAA + or – indicates strength or weakness in the assigned rating	AA-



Austin Energy Current Debt Levels

Austin Energy currently has \$1.252 Billion of principal in long-term debt and \$66 Million in short-term Commercial Paper debt.



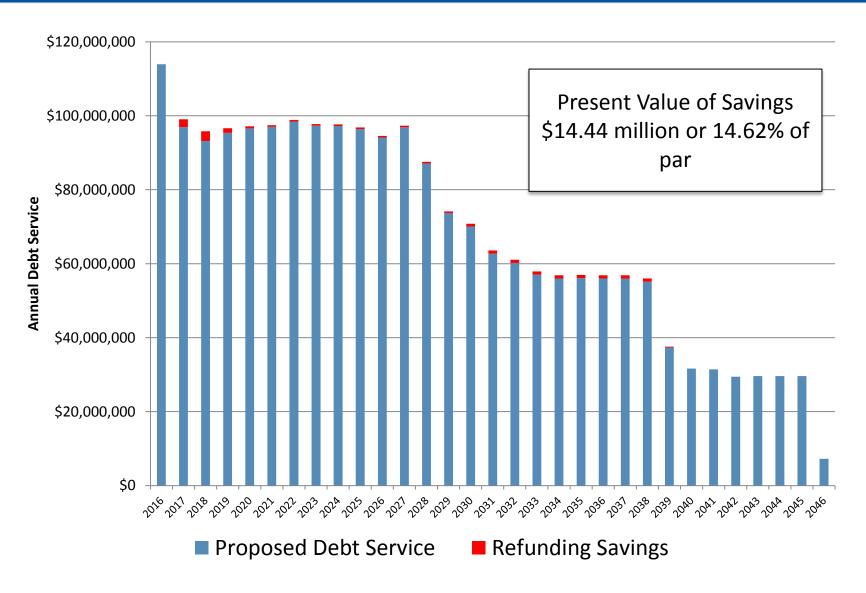


Revenue Bond Advanced Refunding

- Austin Energy can reduce its debt service requirements by taking advantage of lower interest rates and advance refund its 2008A Revenue Refund Bonds of \$100.43 million in principal
- City of Austin's General Financial Policy 16 Debt Refinancing, requires that an "advance refunding of outstanding debt shall only be considered when present value savings of at least 4.25% of the principal amount of the refunded bonds are produced"
- Current savings estimates from a potential refunding of the 2008A bonds would produce a 14.62% present value savings of the principal amount (par)



Potential Savings in Debt Service





Revenue Bond Advanced Refunding

Proposed Timeline

- ➤ Week of October 3rd Submit ratings package to rating agencies
- ➤ October 6th Request for City Council to approve Parameter Ordinance
- ➤ Week of October 10th Meet with rating agencies
- ➤ October 25th Receive ratings
- ➤ Week of November 9th Meet with investors
- ➤ November 16th Price bonds
- ➤ December 6th Closing and delivery