



DEBT FINANCING PROGRAM

Taking Advantage of Opportunities While They Last

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A History of Innovative Financing

- Commercial paper allowed financing projects prior to collection of 2009 Measure A
- Use of swaps to hedge against potential interest rate increases
- Financing structures that integrate toll and sales tax revenues to minimize sales tax requirement
- RCTC is one of TIFIA's most active participants



Municipal Bonds Basics

Promise to repay principal borrowed from investors

- Debt service paid in installments

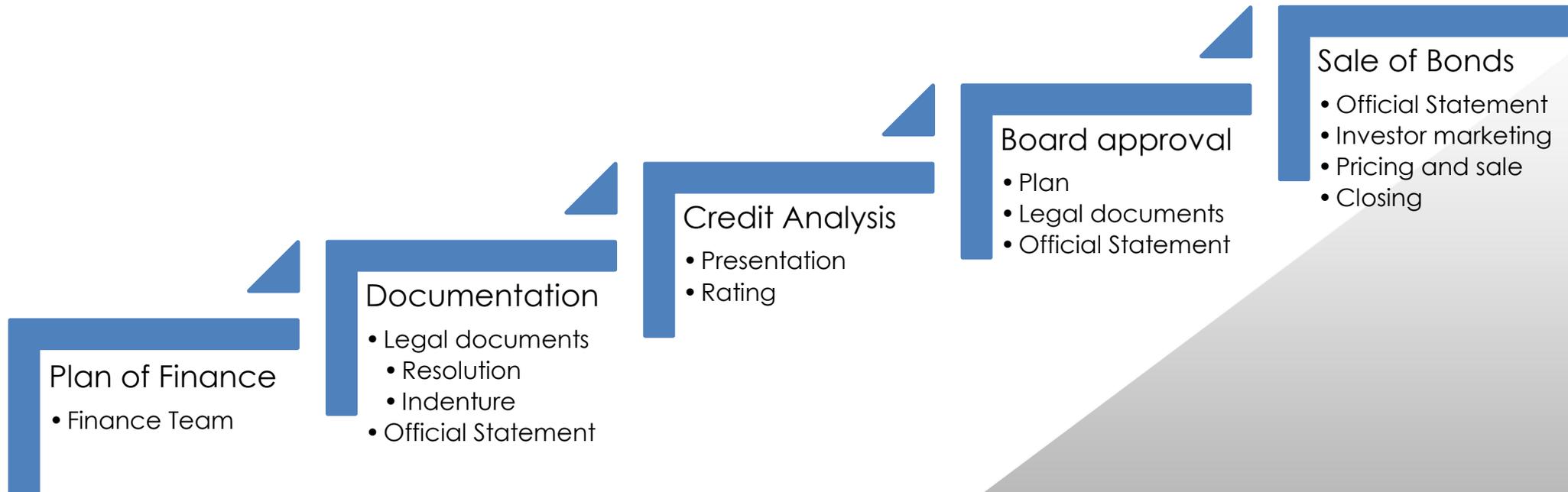
Sold in public capital markets to many investors

- Different maturities and interest rates appeal to various investors
- Generally results in lowest cost of capital
- Tax-exempt or taxable

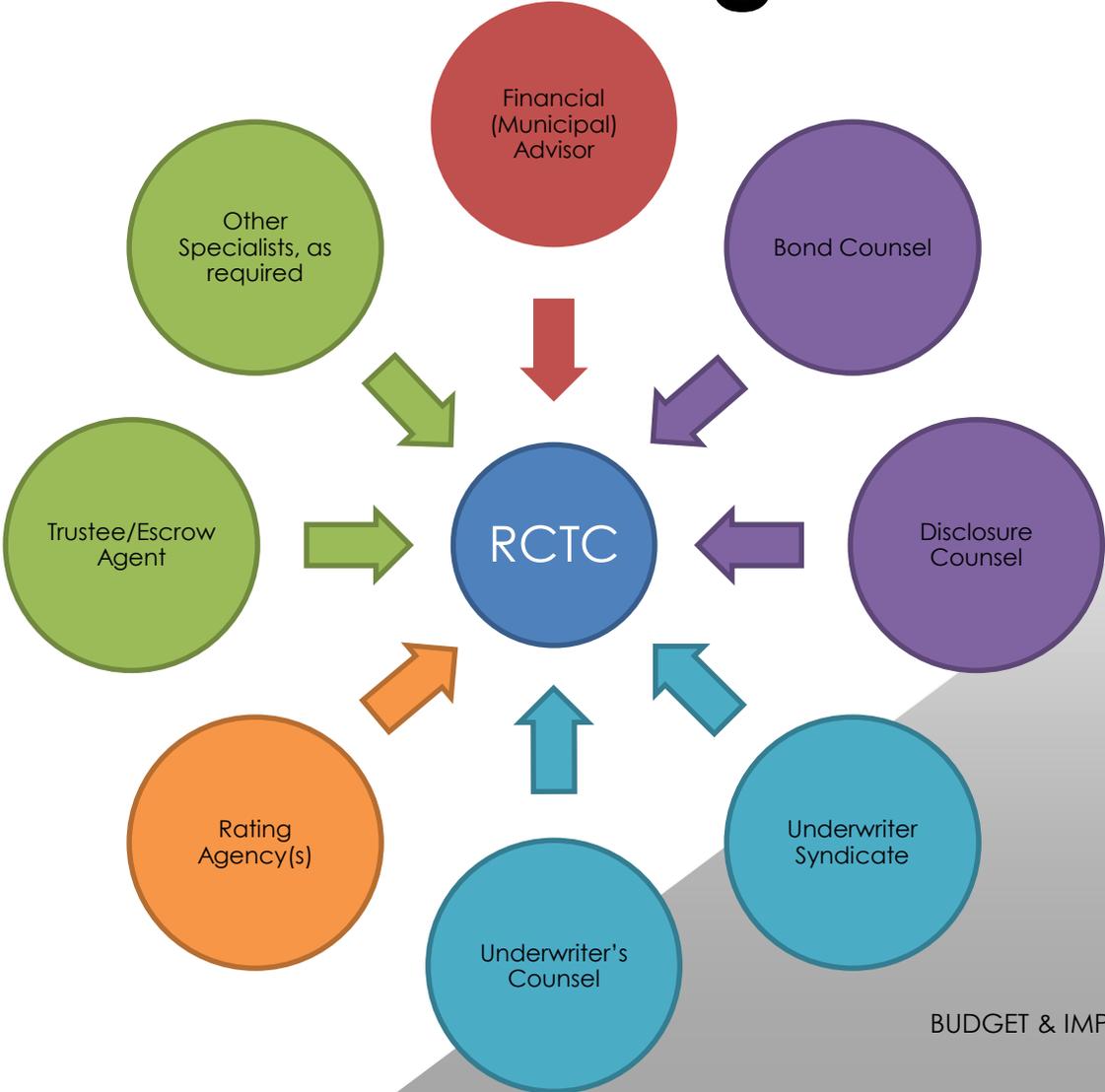
Vocabulary

- **Principal:** par amount or face value
- **Bond:** legal security of debt service obligations, often sold in \$5,000 denominations
- **Coupon:** interest rate issuer pays to bondholders
- **Yield:** investment return over time accounting for purchase premium/discount
- **Maturity:** date principal payments due
- **Debt Service:** sum of principal and interest

What Are the Steps to Issue Bonds?



Who's Who on Financing Team?



Plan of Finance: Use of Bond Proceeds

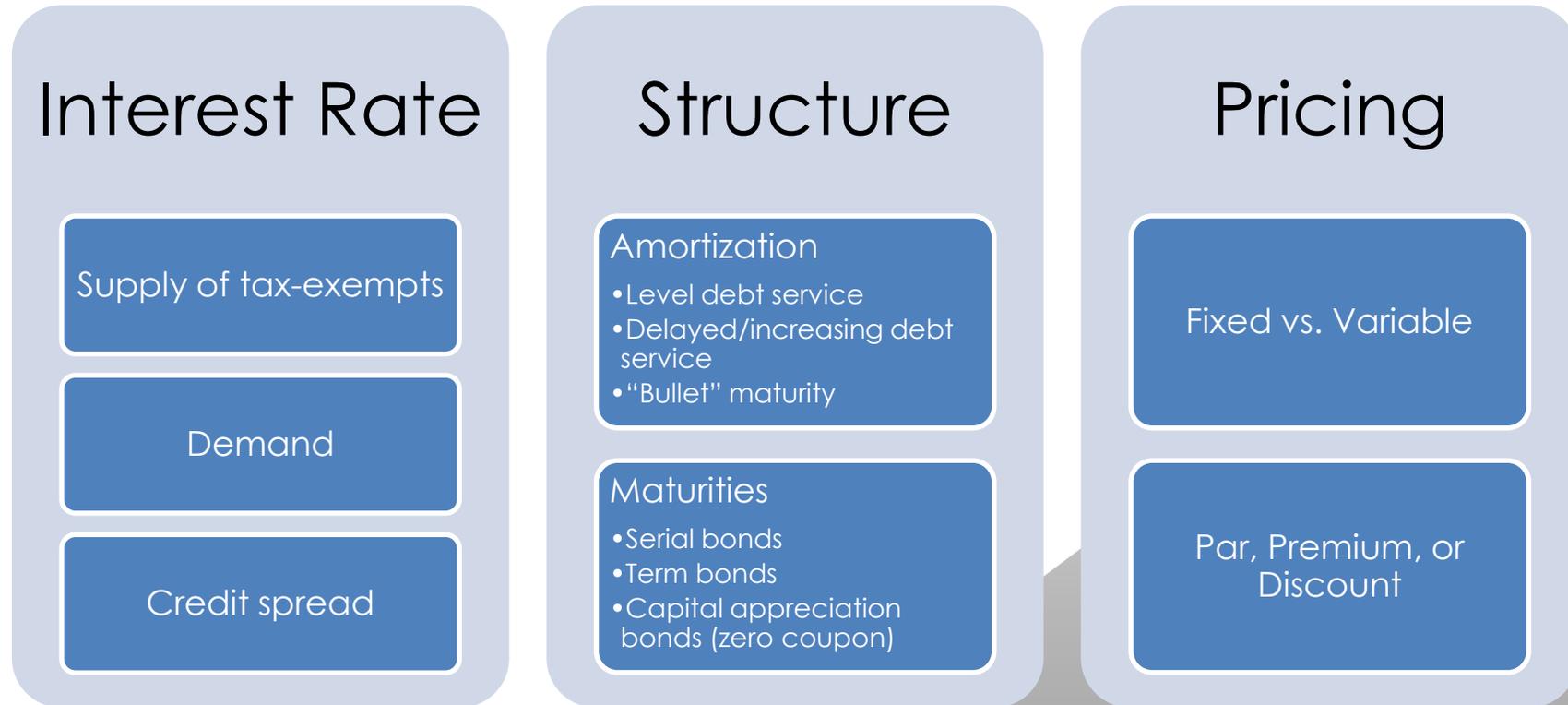
New Money

- Capital projects
- Costs of bond issuance
- Retire short-term debt like CP
- Debt service reserve fund
- Prefunded or “capitalized” interest

Refundings

- Applicable to callable tax-exempt bonds
 - Often after 10 years or escrow to refund in advance of call
 - Call option can increase initial interest rates
- Usually at lower interest rates
 - Generate cash flow
 - Result in present value savings
- Less frequently to restructure debt service or modify terms/covenants

Bond Issue Considerations





Bond Issue Examples

\$462,200,000

Sales Tax Revenue Bonds, Series 2013A

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond	6/1/2018	\$ 22,960,000	5.000%	1.900%	\$114.468
	6/1/2019	12,090,000	5.000%	2.230%	115.259
	6/1/2020	12,690,000	5.000%	2.550%	115.432
	6/1/2021	13,325,000	5.000%	2.880%	114.900
	6/1/2022	13,995,000	5.000%	3.190%	113.940
	6/1/2023	14,695,000	5.000%	3.390%	113.454
	6/1/2024	15,425,000	5.250%	3.590%	113.738 *
	6/1/2025	16,235,000	5.250%	3.720%	112.582 *
	6/1/2026	17,090,000	5.250%	3.860%	111.354 *
	6/1/2027	17,985,000	5.250%	4.000%	110.141 *
	6/1/2028	18,930,000	5.250%	4.130%	109.030 *
	6/1/2029	19,925,000	5.250%	4.240%	108.100 *
	6/1/2030	20,970,000	5.250%	4.330%	107.346 *
	6/1/2031	22,070,000	5.250%	4.390%	106.847 *
	6/1/2032	23,230,000	5.250%	4.440%	106.433 *
	6/1/2033	24,450,000	5.250%	4.490%	106.021 *
			<u>286,065,000</u>		
Term Bond Due 6/1/2039		176,135,000	5.250%	4.670%	104.555 *

* Priced to call on June 1, 2023

\$158,760,000

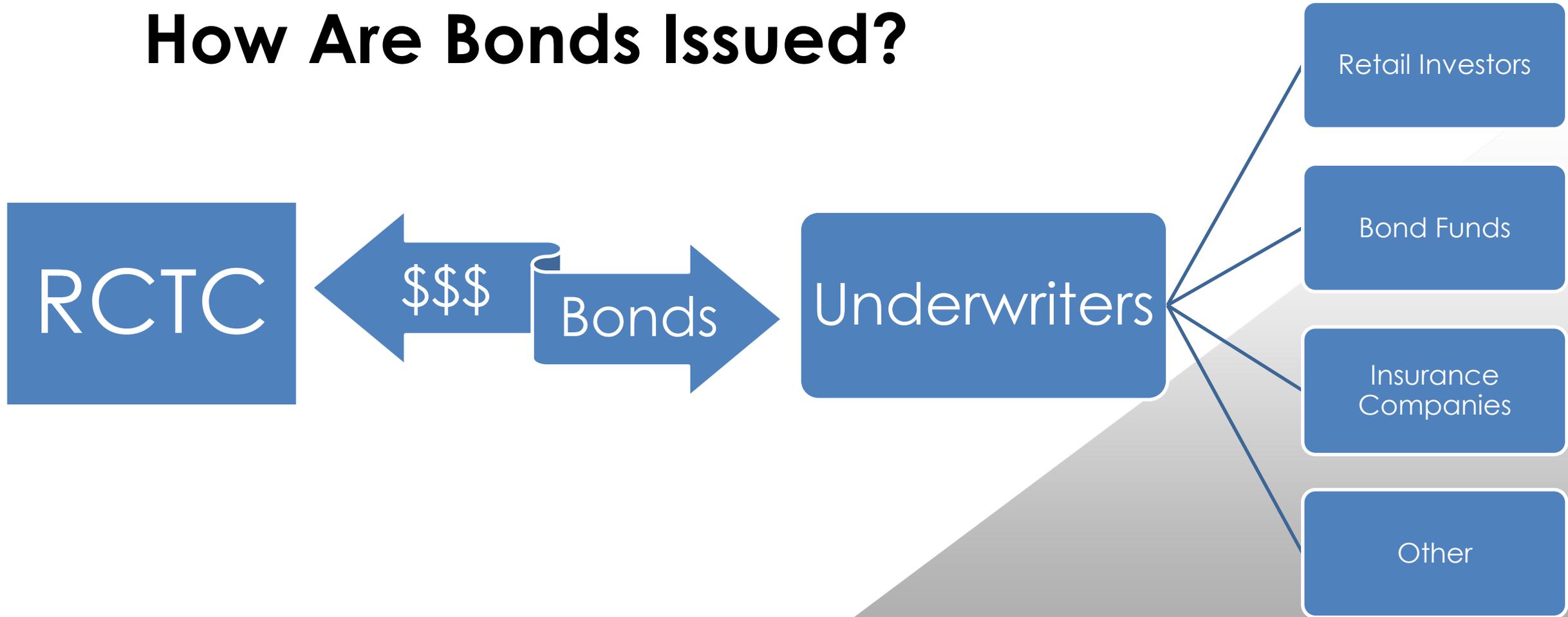
Sales Tax Revenue Bonds, Series 2017A

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond	6/1/2018	\$ 3,710,000	5.000%	0.820%	\$103.601
	6/1/2019	4,470,000	5.000%	0.970%	107.435
	6/1/2020	4,690,000	3.000%	1.070%	105.433
	6/1/2021	4,835,000	5.000%	1.160%	114.477
	6/1/2022	5,075,000	4.000%	1.290%	112.742
	6/1/2023	5,280,000	5.000%	1.420%	120.081
	6/1/2024	5,540,000	5.000%	1.550%	122.388
	6/1/2025	5,820,000	5.000%	1.690%	124.284
	6/1/2026	6,110,000	5.000%	1.860%	125.555
	6/1/2027	6,415,000	5.000%	2.050%	126.228
	6/1/2028	6,735,000	5.000%	2.230%	124.408 *
	6/1/2029	7,075,000	5.000%	2.410%	122.620 *
	6/1/2030	7,425,000	5.000%	2.550%	121.250 *
	6/1/2031	7,800,000	5.000%	2.650%	120.282 *
	6/1/2032	1,650,000	3.000%	3.100%	98.813 *
	6/1/2032	6,535,000	5.000%	2.710%	119.706 *
	6/1/2033	8,565,000	5.000%	2.760%	119.229 *
	6/1/2034	8,990,000	5.000%	2.820%	118.658 *
	6/1/2035	1,570,000	3.125%	3.260%	98.180 *
	6/1/2035	7,870,000	5.000%	2.860%	118.280 *
6/1/2036	9,885,000	5.000%	2.890%	117.997 *	
6/1/2037	10,380,000	5.000%	2.910%	117.809 *	
6/1/2038	10,895,000	5.000%	2.950%	117.434 *	
6/1/2039	11,440,000	5.000%	2.970%	117.247 *	

* Priced to call on June 1, 2027



How Are Bonds Issued?



What Happens After Bonds Are Issued?



Debt Proceeds	<ul style="list-style-type: none">• Issuance costs• Capital expenditures• Refund outstanding debt	
Debt Service	<ul style="list-style-type: none">• Annual principal• Interest (monthly/semiannually)	
Continuing Disclosure	<ul style="list-style-type: none">• Material events• Annual report• Other reporting	
Analysis	<ul style="list-style-type: none">• Ratings• Market conditions• Regulatory environment	

Tax Reform Risks

Private activity bonds

- No current impact to capital projects

Sequestration

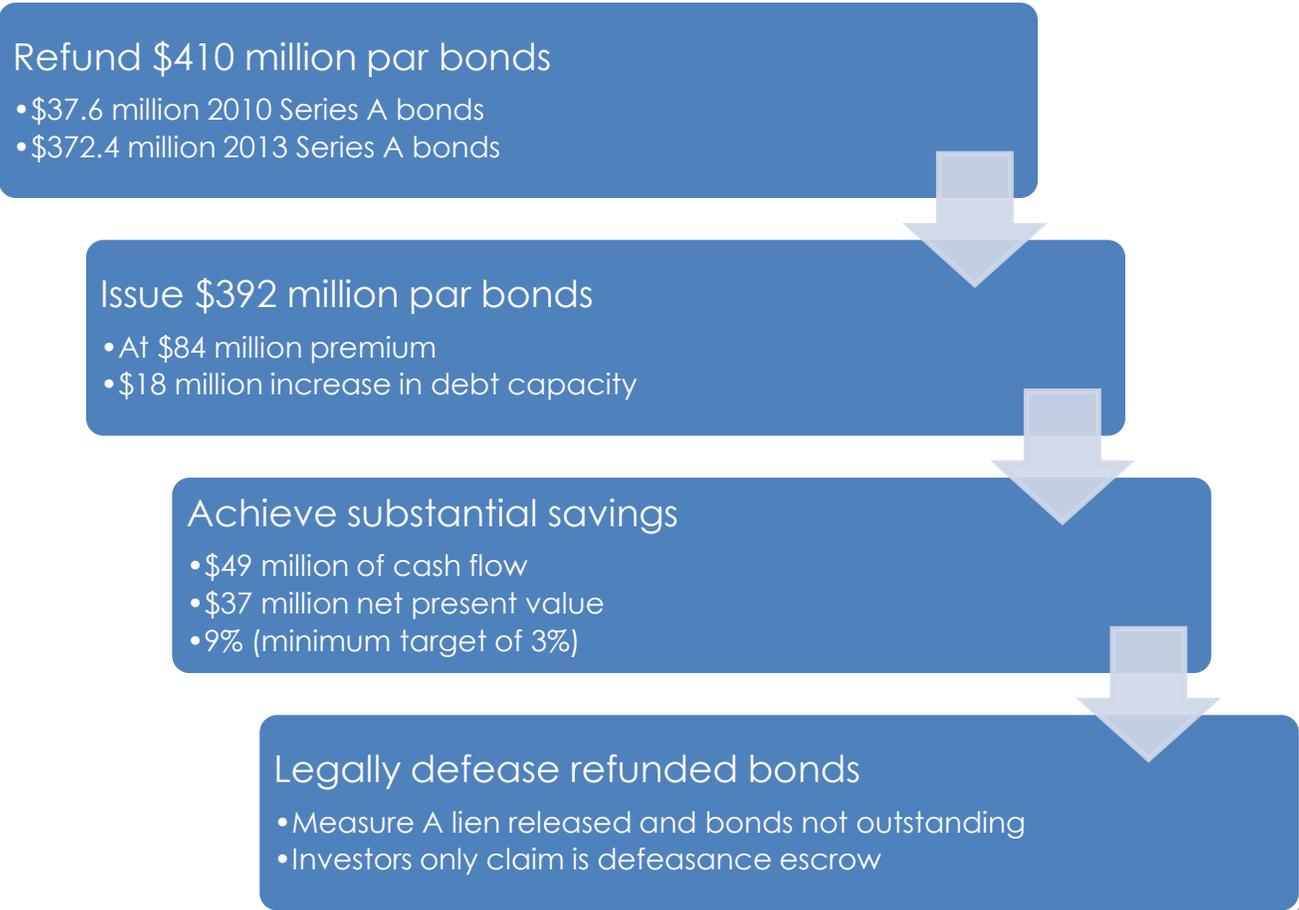
- Possible additional reduction or elimination of 2010 Series B Build America Bond subsidy

Advance Refundings

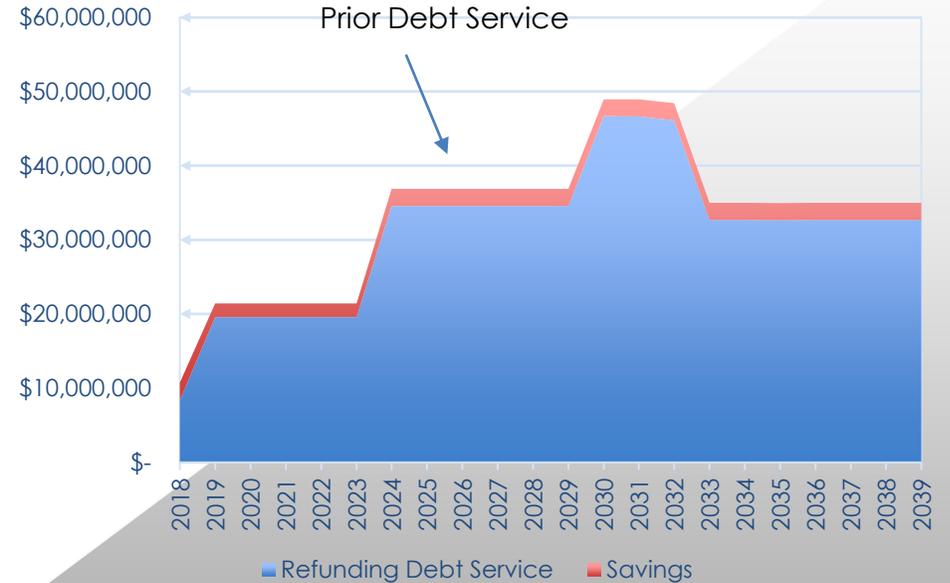
- Potential elimination would minimize ability to lower interest rate and capture debt service savings



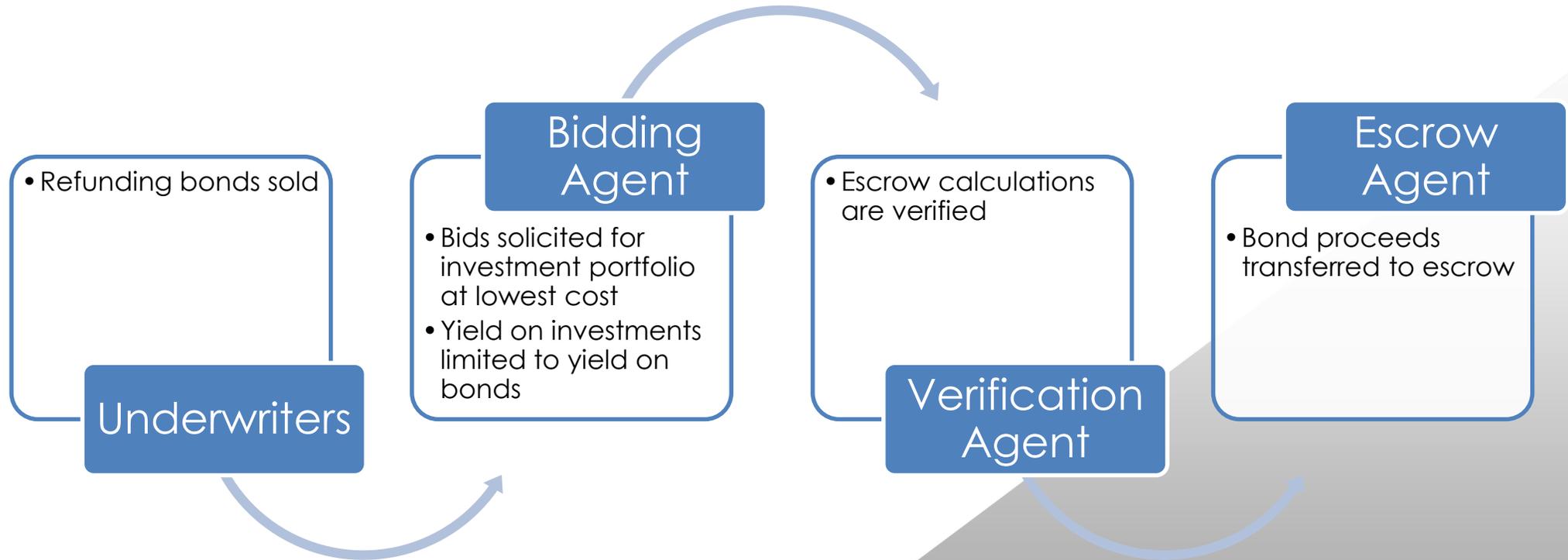
Advance Refunding Opportunity



Advance Refunding of 2010 Series A and 2013 Bonds



Advance Refunding Escrows





Financing Documents

Resolution 17-015

- Authorizes issuance and refunding
- Authorizes execution and delivery of documents and other actions

Official Statement

- Summarizes sales tax financing and risks
- Provides information on RCTC, Measure A, and projects

Continuing Disclosure

- Sets forth RCTC reporting requirements
- Assists underwriter compliance with SEC regulation

8th Supplemental Indenture

- Describes terms and conditions of 2017 Series B Refunding Bonds

Bond Purchase Agreement

- Establishes contract for underwriter syndicate purchase of bonds

Escrow Agreement Form

- Provides for transfer and deposit of bond proceeds to pay refunded bonds debt service



Advance Refunding Accelerated Timeline

