



2022 Series A and 2022 Series B Bonds
\$150 Million Revolving Line of Credit
Replacing \$150 Million Commercial Paper Program

2022 Series A & B Bonds: \$150 Million Revolving Line of Credit

- This transaction generates no new outstanding debt
- The proposed \$150 million revolving line of credit replaces existing authorized but unissued commercial paper lines
 - \$125 million tax-exempt commercial paper program
 - \$25 million taxable commercial paper program

2022 Series A & B Bonds: \$150 Million Revolving Line of Credit

- GRU's liquidity structure is vital to our financial profile
- Liquidity programs provide access to resources to address unforeseen financial events or to assist in funding short-term capital needs.
- They are central to maintaining GRU's financial and operational flexibility

2022 Series A & B Bonds: \$150 Million Revolving Line of Credit

- The current liquidity structure is strategically laddered to provide funding for potential events of short-term through long-term duration
 - \$50 million taxable and \$25 million tax-exempt lines of credit with Truist Bank. These funds can be accessed within 24 hours.
 - \$125 million in tax-exempt and \$25 million in taxable authorized but unissued commercial paper lines. It traditionally takes 30-45 days to issue commercial paper and therefore have access to these funds.
 - For events of longer duration, the ability exists to fix out this commercial paper through debt issuance.

2022 Series A & B Bonds: \$150 Million Revolving Line of Credit

- The proposed transaction effectively replaces GRU's current commercial paper lines with a revolving line of credit.
- GRU's financial advisor, PFM LLC. Distributed a Request For Information soliciting proposals on February 7. Five banks responded.
- Through an evaluation based on facility amount, term, commitment fee, and rate, US Bank National Association was selected as the highest rated proposal.

2022 Series A & B Bonds: \$150 Million Revolving Line of Credit

- The proposed revolving line of credit features:
 - Daily access to funds vs. the 30-45 day time frame of commercial paper issuance
 - The ability to designate draws on the line of credit as taxable or tax-exempt dependent on the proposed use of the funds. This provides similar flexibility to the existing commercial paper lines to address capital or O & M needs.
 - An unused facility fee of 17 basis points, as compared to 43 basis points on the tax-exempt commercial paper line and 70 basis points on the taxable commercial paper line.
 - Flexibility to designate any portion of the \$150 million available as either tax-exempt or taxable.

2022 Series A & B Bonds: \$150 Million Revolving Line of Credit

- The 17 basis point unused facility fee translates to a savings of \$457,500 per year for switching to the revolving line of credit with US Bank
- In discussions with rating agencies, they have indicated they will treat the proposed revolving line of credit in a similar fashion to the current commercial paper lines when evaluating GRU's liquidity metrics.
- This is critical because GRU's strong liquidity metrics mitigate GRU's leverage and GFT challenges in terms of developing GRU's overall credit rating.