Replacement and Renewal of Credit Facilities: 2008 Series B , 2012 Series B, and Commercial Paper Notes Series D

Item #170041

May 17, 2017

- GRU has a mix of fixed and variable rate issues in its debt portfolio
- We are required, both by investors and our indenture, to maintain credit facilities to secure our variable rate debt
- These credit facilities provide cash to pay investors that tender their bonds in the event of a market disruption or in the event that GRU is unable to provide the necessary cash
- Generally have two options as a credit facility approaches expiration:
  - Renew the facility with the current bank
  - Utilize a competitive process to consider replacement

- 2008 Series B credit facility expires 7/7/2017; current provider is exiting the business
- Distributed a Request For Information (RFI) to 25 banks and received 9 responses. Proposals were evaluated on:
  - Fees
  - Proposed term
  - Bank ratings
  - Trading history
  - Past performance
- Barclays PLC evaluated as best responder

- Two other credit facilities expire within the next nine months – 2012 Series B Bonds and Commercial Paper Notes Series D
- Based on favorable pricing during 2008 Series B process determined it would be in our best interest to explore replacing these facilities prior to their formal expiration
- By replacing these three facilities at the same time we avoid legal and disclosure related costs associated with three separate processes
- Held discussions with institutions that responded to the Series 2008 Series B RFI regarding the potential for replacing or renewing the 2012 Series B and Commercial Paper Notes Series D credit facilities

- Based on these discussions staff is recommending that:
  - Citi Bank replace SMBC as the provider of the Series 2012 B credit facility
  - State Street be extended as provider of the Commercial Paper Program Series D credit facility
- These recommendations result in annual savings of just under $65,000 compared to the current providers
  - Does not include significant savings from avoided legal, disclosure and other transactional costs associated with one process vs. three

	Current			Proposed			
Issue	Principal	Rate	Annual Fee	Principal	Rate	Annual Fee	Savings
2008 Series B	$ 90,000,000	0.275%	$ 247,500	$ 90,000,000	0.29%	$ 261,000	$ (13,500)
2012 Series B	100,470,000	0.43%	432,021	100,470,000	0.33%	331,551	100,470
Series D Taxable CP	25,000,000	0.33%	82,500	25,000,000	0.42%	105,000	(22,500)
Credit Facility Savings							64,470
Reduction in Remarketing Fees							26,000
Total Annual Savings							$ 90,470

GRU More than Energy

QUESTIONS?