

FY17 Commercial Paper Issuance

Item #160562

December 1, 2016



Commercial Paper Program (CP)

- Currently have a total tax exempt Commercial Paper program of \$85M
 - Have \$45.9M outstanding
 - Have \$39.1M available to draw on
- Have total taxable Commercial Paper program of \$25M with \$13M available
 - Last Commercial Paper was issued in December 2014 when we issued \$8M of Taxable CP for GRUCom

Commercial Paper for Water and Wastewater Capital

- GRU Plans to Issue Commercial Paper in FY17, timed as system needs require
- Total Commercial Paper issuance approved in FY17 Budget is \$20,250,000 for the Water & Wastewater systems
 - Water: \$ 5,250,000
 - Wastewater: \$15,000,000
- Will also use equity (UPIF) for capital needs
 - Water: \$10,750,000
 - Wastewater: \$12,000,000

Why Commercial Paper instead of Bonds?

- Low interest rates and issuance costs
- Cash need of \$20,250,000 is relatively small so CP is more cost effective than issuing bonds
- Issuance can occur on much shorter schedule with fewer documents, therefore less legal and financial staff time and expense

Planning Horizon

- Plan to roll CP into bond issuance
- Timing will be driven by
 - Need for cash for capital projects
 - Market conditions

Recommendation

- Receive presentation from staff
- Approve resolution to issue Commercial Paper