

# LIPA 2017 Plan of Finance

July 26, 2017



# LIPA 2017 Plan of Finance

# LIPA Overall 2017 Plan of Finance

LIPA’s financings in the Fall 2017 to include:

### Financing Capital Budget for Infrastructure Projects:

- Issuance of up to \$350 million par amount to fund long-life system improvements
- Approved by Board with Capital Budget expenditures in December 2016
- Consistent with Three-Year Rate Plan and Board’s Policy on Borrowing

### Reissue of Variable-Rate General Revenue (GR) Notes:

- Eliminate requirement that no GR Notes have a maturity of less than 271 days to reduce cost
- Replace Subordinate Lien Commercial Paper with GR Notes at lower cost
- Renew of expiring Bank Letters of Credit expiring in 2017 and 2018 with new facilities expiring in 2020 and 2021

Type	Capacity (Mils)	Broker-Dealer	Provider	Expiration	Status
GR-2	100	Wells Fargo	State Street	2021	New LOC
GR-4	200	RBC	RBC	2021	New LOC
GR-5	100	Citi	Citi	2020	New LOC
GR-6	100	Barclays	Barclays	2021	New Dealer & LOC
Total	\$500				

### Refinance Fixed Rate LIPA Bonds for Savings with UDSA Bonds:

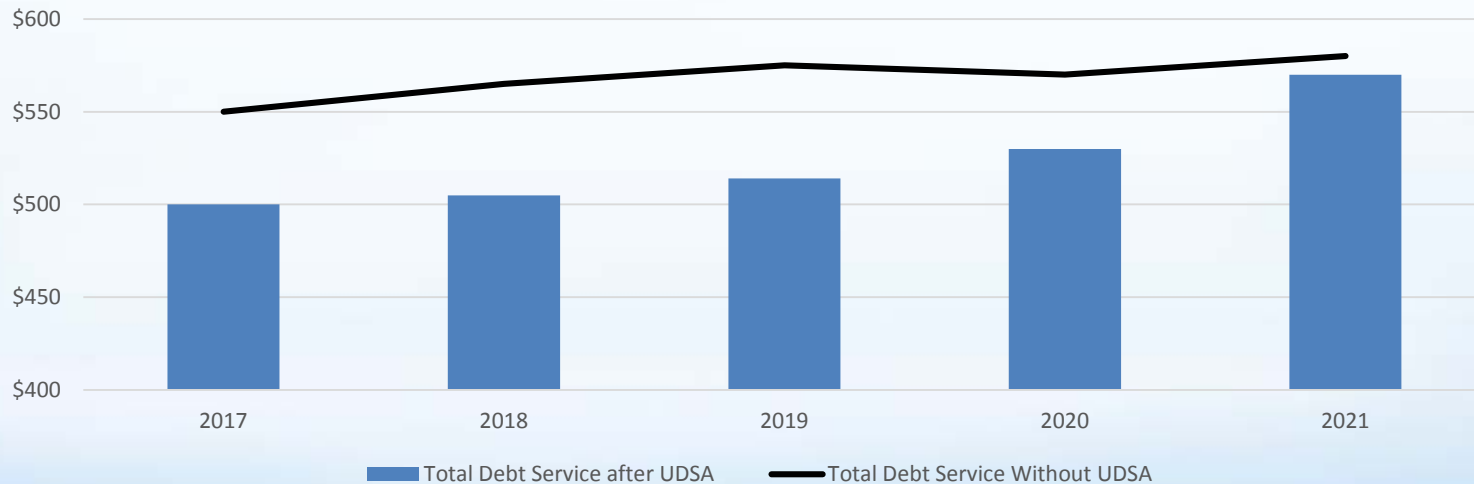
- Issue up to \$369 million of UDSA bonds pursuant to Financing Order #5
- Refund LIPA General Revenue Bonds, Series 2009A and 2011A bonds
- Estimated present value savings of \$38 million

- UDSA has \$369 million of remaining capacity to refund LIPA bonds for savings
- LIPA Board approval required for Financing Order #5 authorizing issuance of restructuring bonds
- This UDSA Financing would be the final issuance in the \$4.5 billion UDSA statutory bond authorization
- LIPA currently has two series of bonds that are candidates for refinancing using UDSA bond authorization
  - \$181,550,000 of Series 2009A Bonds and \$195,590,000 of Series 2011A Bonds provide \$37 million of present value savings in current market conditions

# Summary of UDSA Financing Plan

	Series 2013	Series 2015	Series 2016A	Series 2016B	*Series 2017A	Total
Bond Par Amount	\$2,022,324,000	\$1,002,115,000	\$636,770,000	\$469,320,000	\$356,255,000	<b>\$4,486,784,000</b>
All-in TIC	4.21%	3.4%	2.7%	2.0%	3.57%	
Average Life	14 Years	16 Years	12 Years	7 Years	17 Years	
Average Coupon of Refunded Bonds	4.6%	5.5%	5.2%	4.6%	5.0%	
Net PV Savings	\$131,608,713	\$127,977,538	\$115,238,294	\$71,647,250	\$37,972,199	<b>\$484,443,995</b>
Percentage Savings of Refunded Bonds	6.7%	12.2%	15.8%	11.8%	10.1%	<b>10.4%</b>

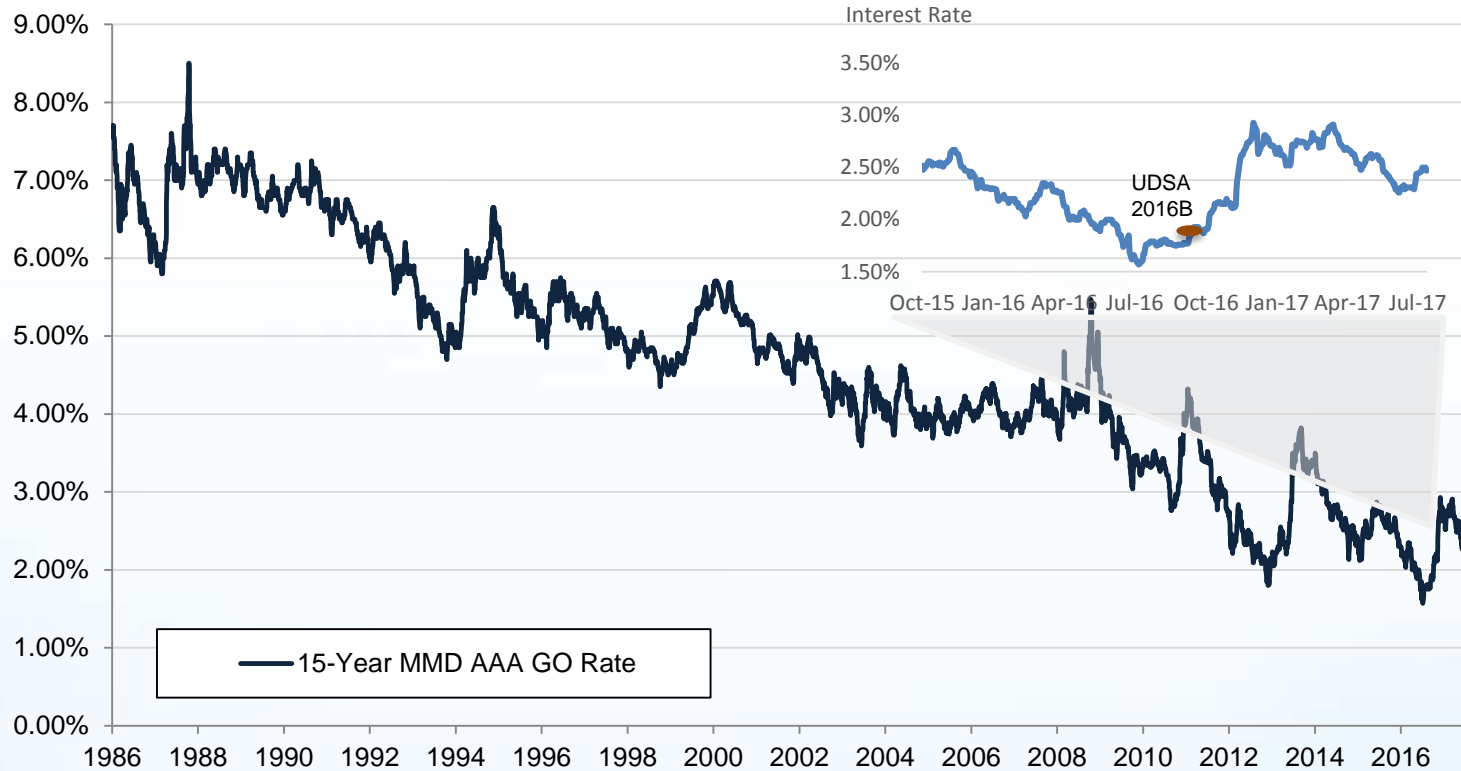
## Debt Service After 2015-2017 UDSA Transactions



\* Preliminary

# Interest Rates Are Volatile and Could Impact Refinancing Savings

15 Year MMD AAA GO: 1986 - Present



Current Rate	2.47%
Minimum Rate	1.57%
Maximum Rate	8.50%
Average Rate 2015-Present	2.38%
Average Rate 2010-Present	2.75%

# Financing Schedule

- July 20, 2017 – UDSA Public Hearing
- July 26, 2017 – LIPA Board of Trustees Meeting
- August 2017 – PACB & UDSA Board Meetings
- September 2017 – UDSA \$369 million Bond Refinancing
- October 2017 – LIPA \$350 million Bond Sale
- November 2017 – General Revenue Note Program Reissued