



**Status of the
2005A/2006A Refunding**

June 27, 2013

Refunding Series 2005A / 2006A

- **Resolution #19886 authorized up to \$1 billion bonds to advance refund Series 2005A/2006A**
 - ❑ \$701,550,000 Series 2005A callable 7/1/15
 - ❑ \$291,660,000 Series 2006A callable 7/1/16

- **Refunding considerations**
 - ❑ Interest rate on most of 2005A/2006A = 5 percent, compared to current yields for similar maturities ranging from roughly 2 to 4 percent
 - ❑ However, rates increased 60 bps between June 18 and June 25
 - ❑ Market reaction to Federal Reserve Bank comments, large municipal supply and recent outflow from investors have impacted municipal rates
 - ❑ Negative arbitrage reduces savings significantly

Sharp Increases in Municipal Interest Rates Have Impacted Refunding Savings

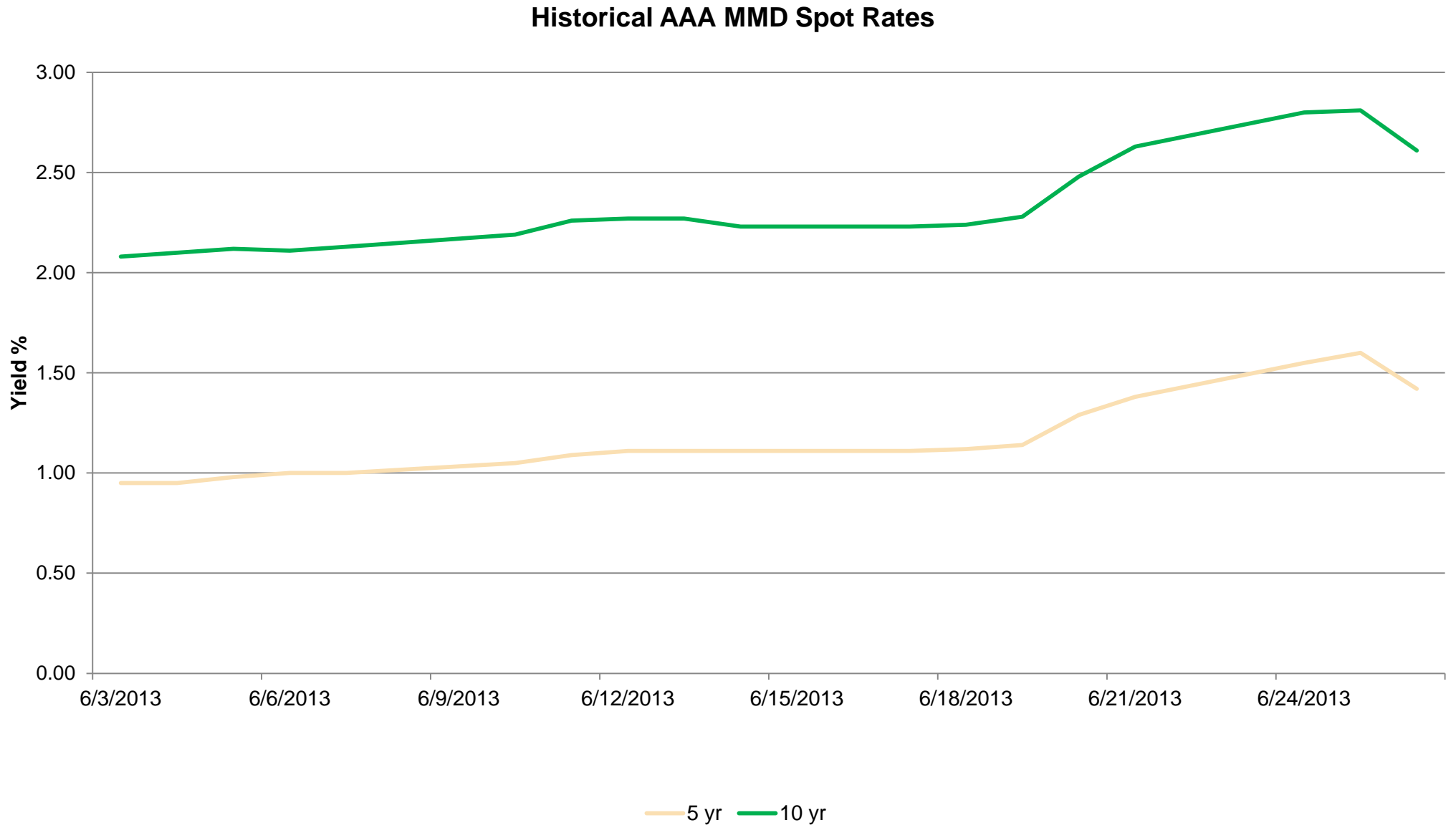
- Early last week, anticipated market rates for Tollway bonds would have produced about \$35 million of present value savings from refunding five of eight Series 2005A callable maturities, totaling approximately \$525 million
- Assuming June 24 interest rates, refunding the same 2005A maturities would produce present value savings of approximately \$13 million
- Savings are impacted significantly by an “inefficient” refunding escrow, producing negative arbitrage of approximately \$27 million

5-Year History of 10-Year Municipal Market Data Index

- Tax-exempt, 10-year maturity, AAA credit quality
- Rates during 2013 have been favorable by historical standards, but have increased sharply in the past week



Historical Municipal Spot Rates



Higher Interest Rates and Negative Arbitrage Reduce Savings



Series 2005A Advance Refunding Statistics

INVESTMENT BANKING
DIVISION

(\$000)

Jefferies

Series	Maturity	Par	Gross Savings ¹ (\$)	Negative Arb (\$)	PV Savings (\$)	PV Savings (%)	Savings Ratio ²
2005A	1/1/2016	\$ 36,810	\$ 568	\$ 665	\$(97)	(0.26)%	(0.17)
2005A	1/1/2017	38,650	1,773	993	780	2.02	0.44
2005A	1/1/2018	92,460	6,159	3,144	3,016	3.26	0.49
2005A	1/1/2019	97,085	7,627	4,081	3,546	3.65	0.46
2005A	1/1/2020	101,935	5,039	4,951	88	0.09	0.02
2005A	1/1/2021	106,140	9,067	5,846	3,221	3.03	0.36
2005A	1/1/2022	111,450	9,277	6,721	2,555	2.29	0.28
2005A	1/1/2023	117,020	8,858	7,687	1,171	1.00	0.13

Interest Rate Assumptions

Maturity	MMD	Spd	Yield
2016	0.94	65	1.59
2017	1.27	75	2.02
2018	1.64	80	2.44
2019	1.93	88	2.81
2020	2.20	93	3.13
2021	2.46	95	3.41
2022	2.72	98	3.70
2023	2.85	100	3.85

Note: Interest Rates as of 6/24/2013, assumes closing date of 8/6/2013

¹Gross Savings assumes a "perfect escrow". PV savings is net of negative arbitrage

²Savings ratio is calculated as PV savings divided by gross savings



Refinancing Closer to Call Dates Likely to Reduce Negative Arbitrage



Series 2005A Advance Refunding Statistics

INVESTMENT BANKING
DIVISION

Assumes Interest Rates as of June 24, 2013 and Delivery Date of July 1, 2015

Jefferies

(\$000)

Series	Maturity	Par	Gross Savings ¹ (\$)	Negative Arb (\$)	PV Savings (\$)	PV Savings (%)	Savings Ratio ²
2005A	1/1/2016	\$ 36,810	\$ 662	\$ -	\$ 662	1.80 %	1.00
2005A	1/1/2017	38,650	2,311	-	2,311	5.98	1.00
2005A	1/1/2018	92,460	8,370	-	8,370	9.05	1.00
2005A	1/1/2019	97,085	10,962	-	10,962	11.29	1.00
2005A	1/1/2020	101,935	8,909	-	8,909	8.74	1.00
2005A	1/1/2021	106,140	13,618	-	13,618	12.83	1.00
2005A	1/1/2022	111,450	14,105	-	14,105	12.66	1.00
2005A	1/1/2023	117,020	14,207	-	14,207	12.14	1.00

Note: Interest Rates as of 6/24/2013, assumes closing date of 7/1/2015 and "roll down" yield curve from today's rates

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Presented by Mike Colsch on June 27, 2013



Underwriting Group and Timing

■ Update – Underwriting Group

- Senior Managers: Goldman Sachs; and Jefferies.
- Co-Senior Managers: Merrill Lynch; and Siebert Brandford Shank.
- Co-Managers: Duncan-Williams; George K. Baum; Janney Montgomery; Robert W. Baird; and The Williams Capital Group.

■ Anticipated schedule as of June FAO Committee

- 6/25/2013 (completed) Receive ratings
- 6/25/2013 (tbd) Post preliminary Official Statement
- 7/02/2013 (tbd) Price bonds (timing market dependent)
- 7/16/2013 (tbd) Close bonds (timing market dependent)



THANK YOU