

City of Richardson, Texas

\$5,600,000 Adjustable Rate Combination Tax and Revenue Certificates of Obligation, Series 2014A

Transaction Summary

Within the structure of this financing, the City has two main objectives:

1. Tax rate management – the ability to either accelerate or defer principal repayment
2. Interest rate exposure based on the short end of the yield curve – typically lower than longer term rates

Certificates are structured as a single maturity

- City has the ability to prepay them on June 15th of each year

The interest rate on the Certificates will reset on June 15th of each year based upon a predetermined spread to 12 Month LIBOR

The Certificates were sold without a rating

The City requested bids from numerous financial institutions

- City received five bids as shown on the next page
- Bank of Texas proposed the lowest spread to the 12 Month LIBOR index for both the 10 and 15 year requested terms

It is recommended that the City approve the issuance and award sale of the Certificates to Bank of Texas's offer to purchase the Certificates based on 15 year term – June 15, 2029 final maturity

- **65% of 12 Mo. LIBOR plus .94%**
- Based on today's 12 month LIBOR rate of 0.5636%, the indicative effective 1st year borrowing cost for the City is 1.31% (actual rate to be determined August 25, 2014, preceding closing/delivery of Certificates)

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Bid Results

<u>Bidder</u>	<u>10 Year Term 6/15/2024</u>	<u>15 Year Term 6/15/2029</u>	<u>20 Year Term 6/15/2034</u>
Bank of Texas	(65% of 12 Mo LIBOR) + 0.88%	(65% of 12 Mo LIBOR) + 0.94%	no bid
Regions Capital Advantage Nonconforming Bid - Level Debt Service - Callable in 7 years	(65.001% of 12 Mo LIBOR) + 1.08%	(65.001% of 12 Mo LIBOR) + 1.30%	no bid
BBVA Compass	(65% of 12 Mo LIBOR) + 1.475%	no bid	no bid
Capital One Public Funding LLC	(65% of 12 Mo LIBOR) + 1.20%	(65% of 12 Mo LIBOR) + 1.30%	(65% of 12 Mo LIBOR) + 1.40%
Frost Bank Nonconforming Bid - Quarterly Rate Resets	(79% of 12 Mo LIBOR) + 1.60%	no bid	no bid