



**Synthetic Fixed Rate
Restructuring/Refunding**

August 18, 2011

A.C. Advisory, Inc.

Purpose:

- Determine the appropriate triggers for refunding/restructuring the \$1.302 billion synthetic variable rate bonds (Series 1998B, 2007A and 2008A), which will include the termination of the associated swaps
 - ❑ Present potential objectives of refunding/restructuring the various bond series
 - ❑ Establish a criteria to guide decisions of when the Tollway should refund/restructure

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Work Performed:

- Evaluation of the debt portfolio
- Impact of new and projected regulatory environment
- Considerations for refunding/restructuring the bond portfolio
- Criteria for refunding/restructuring
- Refunding/restructuring alternatives

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Summary of Recommendations:

- Establish a criteria to consider terminating swaps if the increase in cost to the Tollway to refund the variable rate bonds and terminate the swaps is not more than 50 bp
 - Currently the increase in cost of funds to terminate swap positions is approx 80-95 bp
 - No action is recommended at this time
- Monitor the trading levels of the those bonds (Series 1998B and 2007A1) which have Helaba and Citibank as credit providers and assured guaranty as an insurance provider
- Consider the impact of Basel III and the Dodd-Frank Act on pricing and availability of bank credit facilities in the near future





THANK YOU