Legal Structure of General Obligation
Commercial Paper

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The City’s various capital purchases were assigned to a particular series of commercial paper, each of which was backed by a letter of credit from a financial institution.

- **Prior to 2008**
  - Voter Authorized
    - Series D – Depfa Bank
    - Series G – Dexia Credit Local
  - Drainage
    - Series F – Depfa Bank
  - Equipment
    - Series E-1 – BBVA
    - Series E-2 – LBBW

* This presentation constitutes the written recommendation of the Finance Working Group.
As a result of the 2008 financial crisis, all of the banks needed to be replaced. The new series were structured as multi-purpose to provide flexibility in case any of the banks faced further financial difficulties.

- **Current** *
  - Voter Authorized
    - Series G-1 – Comerica
    - Series G-2 – Sumitomo
  - Multi-Purpose
    - Series H-2 – U.S. Bank
    - Series J – State Street
    - Series E-1 – J.P. Morgan
    - Series E-2 – Wells Fargo

* Excludes Series H-1, which will expire in Feb. 2013 and Series K-1 and K-2 which is intended for appropriation use only.
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Voter Authorization

• Council approves commercial paper authority to be used for voter authorized debt.
• This authority is still assigned to a particular series of commercial paper.
• A legal structure that is both multi-purpose and series specific at the same time has made it difficult to track remaining authority by series.

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Purpose of Requested Council Action

• Complete the transition to a multi-purpose legal structure for the General Obligation Commercial Paper Program
  – Make Series G-1 and G-2 multi-purpose
  – Allocate the Council approved voter authority to all commercial paper series, rather than specific series

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Purpose of Requested Council Action

- Proposed New Legal Structure of the GO Commercial Paper Program
  - Multi-Purpose
    - Series G-1 – Comerica
    - Series G-2 – Sumitomo
    - Series H-2 – U.S. Bank
    - Series J – State Street
    - Series E-1 – J.P. Morgan
    - Series E-2 – Wells Fargo

* Series K-1 and K-2 is not presented here since it is intended for appropriation use only.
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