

Commercial Paper Program

November 28, 2006

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Dallas County
Community College District

IT ALL BEGINS HERE.

Commercial Paper Program

- What is it?
 - A form of interim capital financing; a cash management tool for the Capital Improvement Program
 - Works like a line of credit, eventually repaid with General Obligation Bond proceeds
 - Provides for “just in time” cash to meet contractor invoices
 - Can be accessed with one day notice
- Authorization
 - State law (Texas Gov. Code Ch. 1371) allows community colleges to issue commercial paper

Structure of Process

- Paper is issued as needed for 1 to 270 days in duration
- Succeeding issue captures principal from previous issue(s)
- When issue(s) reach right market or appropriate level, permanent bonds issued
- Authorization reset occurs as issued paper is permanently financed



Advantages

- Flexibility in forecasting
- No forced milestones for arbitrage profits
- Lower interest costs – short-term tax exempt rate
- Once established, issuance is straightforward and simple



Steps to Setup CP Program

- Obtain Board authorization
- Determine program size/structure
- Select Dealer/Remarketing Agent
- Select Liquidity, Issuing and Paying Agents
- Meet with rating agencies – obtain ratings
- Obtain Board approvals
- Implement program



Expected Board Agenda Date

If given the “green light” by the Board Planning and Budget Committee, we would like to bring an authorization request to the January 16, 2007 Board meeting.



The End

