



Credit Rating and Debt Overview

April 15, 2015

City of Providence, Rhode Island

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Credit Rating Overview

Tab A



Current City, PPBA, and PRA Ratings

- The City has used all 3 major rating agencies to rate its General Obligation (“GO”) bonds.
- Moody’s and Standard & Poor’s (“S&P”) have rated Providence Public Buildings Authority (“PPBA”) and Providence Redevelopment Agency (“PRA”) City appropriation-backed bonds.
- The PPBA bonds issued through RIHEBC for school projects have the RIHEBC Public School Program rating of A1.
- The current credit ratings are:

City GO Ratings/Outlook

Moody's	Baa1
Standard & Poor's	BBB/Positive
Fitch Ratings	BBB/Negative

PPBA Ratings/Outlook

Moody's	Baa2
Standard & Poor's	BBB-/Positive
Fitch Ratings	Not Rated

PRA Ratings/Outlook*

Moody's	Baa2
Standard & Poor's	BBB-/Positive
Fitch Ratings	Not Rated

Manchester Street Station TIF

Moody's	Not Rated
Standard & Poor's	BB/Positive
Fitch Ratings	BBB+/Stable

*On City appropriation-supported debt only.

The Rating Scales

- The rating agencies rate, or grade, long-term debt using the following scales:

Long Term Ratings		
	Moody's	S&P/Fitch
	AAA	AAA
	Aa1	AA+
	Aa2	AA
	Aa3	AA-
	A1	A+
	A2	A
	A3	A-
	Baa1	BBB+
	Baa2	BBB
	Baa3	BBB-
	Ba1	BB+
	Ba2	BB
	Ba3	BB-
	B1	B+
	B2	B

Higher Credit Quality ↑

Investment Grade

Speculative Grade

History of the City's Ratings

- The City's General Obligation rating history since 2010:

CITY OF PROVIDENCE, RHODE ISLAND GO BOND RATING

	Fitch	Moody's	Standard & Poor's
Aug 2010	AA-/stable	A1/ no outlook	A/negative outlook
Nov-Dec 2010	AA-/stable	A1/no outlook	A-/negative outlook
rating action	no change	no change-affirmation	downgrade
Mar 2011	A/negative outlook	A3/negative outlook	BBB+/negative outlook
rating action	downgrade	downgrade	downgrade
June 2011	A/negative outlook	A3/Review for downgrade	BBB+/negative outlook
rating action	no change	watchlist	no change
Nov-Dec 2011	A/negative outlook	A3/negative outlook	BBB+/negative outlook
rating action	no change	removed from watchlist	affirmation
March-May 2012	BBB/negative outlook	Baa1/negative outlook	BBB/negative outlook
rating action	downgrade	downgrade	downgrade
February 2013	BBB/negative outlook	Baa1/negative outlook	BBB/negative outlook
rating action	affirmation	affirmation	no change
September 2013	BBB/negative outlook	Baa1/stable outlook	BBB/stable outlook
rating action	no change	outlook revised upward	outlook revised upward
June 2014	BBB/negative outlook	Baa1/stable outlook	BBB/positive outlook
rating action	no change	affirmation	outlook revised upward

Providence Compared to its Rhode Island Peers

- The following Moody's MFRA shows Providence and other Baa1/A3 RI municipalities:

Moody's Municipal Financial Ratio Analysis

	Statistics for ALL Baa1 and A3 Municipalities			Rhode Island Baa1 and A3 Rated Municipalities			
	Medians	Min	Max	Providence, RI	East Providence, RI	Johnston, RI	North Providence, RI
Current Senior Most Rating*	A3	Baa1	A3	Baa1	Baa1	A3	A3
Financial Data : Debt Statistics & Ratios							
Direct Net Debt Outstanding (\$000)	10,954	0	960,736	531,794	47,902	27,597	21,493
Direct Net Debt as % of Full Value	2.1	0	20.5	5.0	1.3	1.1	0.9
Direct Net Debt Per Capita (\$)	1,224	0	86,805	2,980	1,016	959	670
Debt Service as % of Operating Expenditures	9.7	0	67.9	9.2	3.7	3.0	17.9
Payout, 10 Years, All Tax-Supported Debt (%), Current Value	72.8	23.1	100	80.0	85.3	85.7	92.7
Payout, 10 Years, General Obligation Debt (%), Current Value	74.8	20.7	100	74.1	85.3	85.7	N/A
Financial Data : Demographic Statistics							
Population 2010 Census	9,824	1,327	343,829	178,042	47,037	28,769	32,078
Financial Data : Financial Statistics & Ratios							
Total General Fund Revenues (\$000)	9,158	418	690,832	452,552	107,312	84,202	74,226
Unassigned Fund Balance (General Fund)	1,067	-13,314	24,022	-8,672	10,771	11,494	5,483
Unassigned Fund Balance as % of Revenue (General Fund)	12.8	-21	102.5	-1.9	10.0	13.7	7.4
Financial Data : Governmental Activities Statistics and Ratios							
Net Pension Obligation (Including Current Portion) (\$000)	3,568	0	196,341	154,399	52,500	31,776	3,568
Net OPEB Obligation (Including Current Portion) (\$000)	6,644	-2	424,169	258,003	9,537	70,766	13,500
Financial Data : Tax Base Statistics and Ratios							
Total Full Value (\$000)	629,429	47,268	60,945,038	10,742,964	3,560,135	2,461,436	2,497,269
Full Value Per Capita (\$)	54,864	20,870	423,823	60,208	75,508	85,559	77,850
Average Annual Increase in Full Value (%)	1.5	-11.4	14	-2.6	-4.7	-3.4	-2.8
Top Ten TaxPayers as % of Total	12.8	1.5	107.6	4.6	4.9	6.6	4.2

* The information displayed in the MFRA is the most recent information issued by Moody's Investors Service, Inc.

Providence Compared to Selected New England Peers

- The following Moody's MFRA shows Providence and other Baa1/A3 New England municipalities with a population of over 50,000:

Moody's Municipal Financial Ratio Analysis

Statistics for ALL Baa1 and A3 Municipalities New England Baa1 and A3 Rated Municipalities with a Population over 50,000

Selected Financials and other Datapoints	Medians	Min	Max	Providence, RI	Hamden, CT	Lawrence, MA	New Britain, CT	New Haven, CT	West Haven, CT
Current Senior Most Rating*	A3	Baa1	A3	Baa1	Baa1	A3	Baa1	A3	Baa1
Financial Data : Debt Statistics & Ratios									
Direct Net Debt Outstanding (\$000)	10,954	0	960,736	531,794	146,563	114,970	265,838	548,602	159,238
Direct Net Debt as % of Full Value	2.1	0	20.5	5.0	2.7	2.8	7.6	6.4	4.1
Direct Net Debt Per Capita (\$)	1,224	0	86,805	2,980	2,407	1,629	3,639	4,227	2,893
Debt Service as % of Operating Expenditures	9.7	0	67.9	9.2	7.8	5.7	18.4	11.7	11.1
Payout, 10 Years, All Tax-Supported Debt (%), Current Value	72.8	23.1	100	80	46.1	82.1	85.4	79.7	86.5
Payout, 10 Years, General Obligation Debt (%), Current Value	74.8	20.7	100	74.1	46.1	86.9	85.4	79.7	86.5
Financial Data : Demographic Statistics									
Population 2010 Census	9,824	1,327	343,829	178,042	60,960	76,377	73,206	129,779	55,564
Financial Data : Financial Statistics & Ratios									
Total General Fund Revenues (\$000)	9,158	418	690,832	452,552	208,953	234,354	241,610	529,517	156,660
Unassigned Fund Balance (General Fund)	1,067	-13,314	24,022	-8,672	2,216	N/A	4,965	22	-13,314
Unassigned Fund Balance as % of Revenue (General Fund)	12.8	-21	102.5	-1.9	1.1	N/A	2.1	0	-8.5
Financial Data : Governmental Activities Statistics and Ratios									
Net Pension Obligation (Including Current Portion) (\$000)	3,568	0	196,341	154,399	196,341	N/A	1,062	13,718	N/A
Net OPEB Obligation (Including Current Portion) (\$000)	6,644	-2	424,169	258,003	136,849	N/A	994	132,075	27,046
Financial Data : Tax Base Statistics and Ratios									
Total Full Value (\$000)	629,429	47,268	60,945,038	10,742,964	5,513,136	4,168,300	3,498,494	8,567,372	3,861,226
Full Value Per Capita (\$)	54,864	20,870	423,823	60,208	90,528	59,073	47,888	65,525	70,145
Average Annual Increase in Full Value (%)	1.5	-11.4	14.0	-2.6	-3.7	12.8	-3.9	6.1	-3.4
Top Ten TaxPayers as % of Total	12.8	1.5	107.6	4.6	6.8	4.9	7.0	16.6	3.3

CITY OF PROVIDENCE, RHODE ISLAND

* The information displayed in the MFRA is the most recent information issued by Moody's Investors Service, Inc.

Current Debt Position

Tab B



Overview of Outstanding Debt – City, PPBA, PRA, and TIF

Outstanding Debt as of June 30, 2014

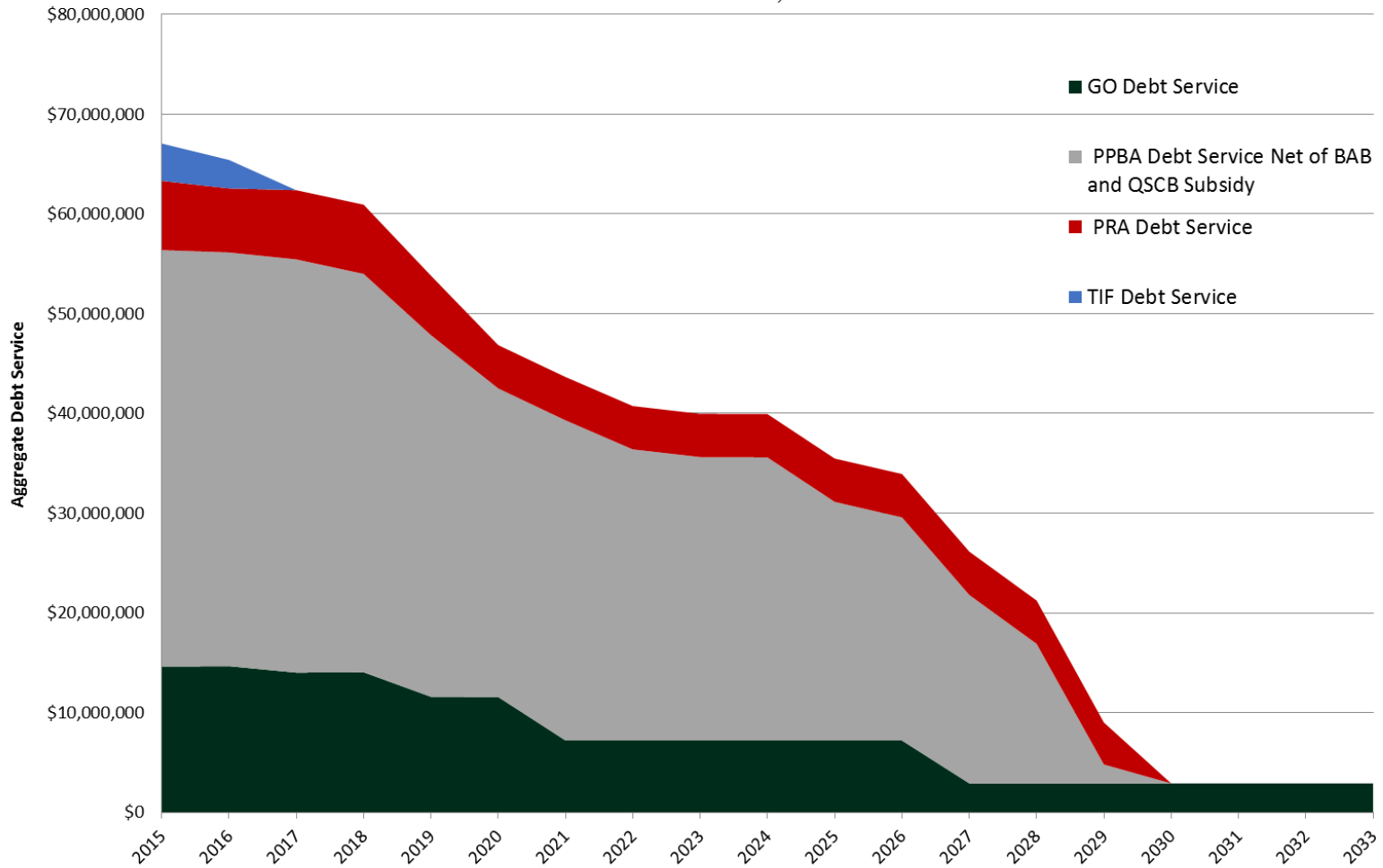
City GO Debt	\$ 108,375,000
PPBA Non-School Debt	53,564,000
PPBA School Debt ¹	276,122,125
PRA Tax-Supported Debt	56,403,000
PRA Conduit Debt ²	24,239,000
TIF Debt	<u>6,170,000</u>
Total Outstanding	\$ 524,873,125
Less Non Tax-Supported	(24,239,000)
TOTAL TAX-SUPPORTED	\$ 500,634,125

1. Debt service on approved school projects reimbursed by RIDE at approximately 80%.

2. PRA Conduit Debt paid from leases with private companies for whom debt was issued.

Overview of Outstanding Tax-Supported Debt

City of Providence, Rhode Island
All Outstanding Tax Supported Debt
As of June 30, 2014



CITY OF PROVIDENCE, RHODE ISLAND

Overview of Tax-Supported Debt Service

BOND DEBT SERVICE

Aggregate Debt Service

All Tax-Supported Debt

As of June 30, 2014

Period Ending	Principal	Interest	Debt Service	BAB Subsidy	QSCB Subsidy	Net Debt Service
6/30/2015	\$ 44,647,788	\$ 24,828,158	\$ 69,475,946	\$ (2,205,181)	\$ (168,497)	\$ 67,102,268
6/30/2016	45,288,001	22,960,332	68,248,332	(2,114,901)	(147,286)	65,986,146
6/30/2017	43,641,664	20,931,496	64,573,160	(2,024,621)	(124,707)	62,423,833
6/30/2018	44,017,323	18,985,987	63,003,309	(1,934,341)	(100,690)	60,968,279
6/30/2019	40,899,683	16,923,957	57,823,640	(1,844,061)	(75,114)	55,904,465
6/30/2020	37,002,167	14,986,585	51,988,752	(1,753,781)	(47,903)	50,187,068
6/30/2021	31,944,167	13,265,384	45,209,550	(1,663,501)	(18,947)	43,527,103
6/30/2022	30,469,167	11,717,573	42,186,739	(1,573,221)	-	40,613,519
6/30/2023	31,119,167	10,203,669	41,322,836	(1,482,941)	-	39,839,895
6/30/2024	32,499,167	8,705,138	41,204,304	(1,390,221)	-	39,814,084
6/30/2025	29,489,167	7,160,246	36,649,413	(1,297,501)	-	35,351,912
6/30/2026	29,309,167	5,694,219	35,003,386	(1,204,781)	-	33,798,605
6/30/2027	22,944,167	4,281,525	27,225,692	(1,204,781)	-	26,020,911
6/30/2028	19,079,167	3,250,675	22,329,842	(1,204,781)	-	21,125,061
6/30/2029	7,664,167	2,422,656	10,086,823	(1,204,781)	-	8,882,042
6/30/2030	2,510,000	398,250	2,908,250	-	-	2,908,250
6/30/2031	2,605,000	304,125	2,909,125	-	-	2,909,125
6/30/2032	2,700,000	206,438	2,906,438	-	-	2,906,438
6/30/2033	2,805,000	105,188	2,910,188	-	-	2,910,188
	\$ 500,634,125	\$ 187,331,600	\$ 687,965,724	\$ (24,103,388)	\$ (683,145)	\$ 663,179,192

Key Debt Ratios

- The City of Providence's key debt ratios are in line with other New England "Baa" rated communities:

	City of Providence (as of 6/30/2014)		Moody's Medians*	
	<u>General Obligation</u>	<u>All Tax-Supported</u>	<u>RI "Baa"</u>	<u>New England "Baa"</u>
Debt Per Capita	\$609	\$2,813	\$990	\$3,515
Debt as % of Full Value	1.06%	4.89%	1.30%	5.40%

*Most recent available (as of 6/30/2013) from Moody's Investors Service, Municipal Financial Ratio Analysis.

Debt Capacity & Issuance Considerations

Tab C



Overview of General Obligation Debt

All Transactions Through April 1, 2015

As of June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Existing Long-Term Bonds										
General Obligation Bonds - Dated 8/1/00 ¹	\$ 1,295,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation Taxable Bonds 2001 SeriesB	8,950,000	8,435,000	7,885,000	7,300,000	6,680,000	6,020,000	5,315,000	4,565,000	3,765,000	2,915,000
General Obligation Refunding Bonds, 2004 SeriesA ¹	16,705,000	-	-	-	-	-	-	-	-	-
General Obligation Taxable Refunding Bonds, 2004 SeriesB ¹	6,065,000	-	-	-	-	-	-	-	-	-
General Obligation Infrastructure Lease, Dated 6/30/10	8,875,000	6,815,000	4,655,000	2,385,000	-	-	-	-	-	-
General Obligation Refunding Bonds, Series 2010A	28,715,000	26,810,000	24,845,000	22,820,000	20,705,000	18,505,000	16,205,000	13,805,000	11,300,000	8,680,000
General Obligation Bonds, Series 2013A	37,770,000	36,425,000	35,040,000	33,610,000	32,125,000	30,580,000	28,955,000	27,250,000	25,460,000	23,580,000
General Obligation Refunding Bonds, Series 2014A	-	14,350,000	11,080,000	8,355,000	5,495,000	2,770,000	-	-	-	-
General Obligation Refunding Bonds, Series 2014B	-	6,240,000	5,110,000	4,020,000	2,915,000	1,505,000	-	-	-	-
Total General Obligation Debt	\$108,375,000	\$ 99,075,000	\$ 88,615,000	\$ 78,490,000	\$ 67,920,000	\$ 59,380,000	\$ 50,475,000	\$ 45,620,000	\$ 40,525,000	\$ 35,175,000
Providence Public Building Authority										
Revenue Bonds, 1998 SeriesA	\$ 1,230,000	\$ 1,010,000	\$ 775,000	\$ 530,000	\$ 270,000	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, 1999 SeriesA	1,385,000	1,185,000	970,000	745,000	510,000	260,000	-	-	-	-
Revenue Bonds, 2001 SeriesA	1,210,000	1,085,000	950,000	810,000	665,000	510,000	350,000	180,000	-	-
RIHEBC Revenue Bonds, 2006 SeriesA	45,955,000	43,360,000	40,630,000	37,775,000	34,775,000	31,620,000	28,305,000	24,830,000	21,180,000	17,350,000
RIHEBC Revenue Bonds, 2007 SeriesA	61,245,000	58,105,000	54,820,000	51,355,000	47,715,000	43,885,000	39,865,000	35,640,000	31,215,000	26,565,000
RIHEBC Revenue Bonds, 2007 SeriesB	9,135,000	7,970,000	6,760,000	5,495,000	4,185,000	2,820,000	1,400,000	-	-	-
RIHEBC Revenue Bonds, 2007 Series C	60,845,000	57,695,000	54,400,000	50,940,000	47,340,000	43,555,000	39,585,000	35,420,000	31,045,000	26,450,000
Revenue Bonds, 2009 SeriesA (Build America Bonds)	8,052,000	7,105,000	6,097,000	5,025,000	3,883,000	2,668,000	1,375,000	-	-	-
RIHEBC QSCB Bonds, Series 2009A	16,400,000	14,920,000	13,440,000	11,960,000	10,480,000	9,000,000	7,520,000	6,040,000	4,560,000	3,040,000
Revenue Bonds, 2010 Series	11,732,000	9,317,000	6,797,000	4,166,000	1,419,000	-	-	-	-	-
RIHEBC QSCB Bonds, Series 2010A	10,233,000	9,550,778	8,868,556	8,186,334	7,504,112	6,821,890	6,139,668	5,457,446	4,775,224	4,093,002
RIHEBC QZAB Bonds, Series 2010B	8,054,000	7,517,056	8,054,000	8,590,944	9,127,889	9,664,833	10,201,778	9,664,833	9,127,889	8,590,944
Revenue Bond, 2011 SeriesA	29,955,000	28,070,000	26,120,000	24,070,000	21,915,000	19,650,000	17,270,000	14,770,000	12,145,000	9,365,000
RIHEBC, Revenue Refunding Bonds, Series 2013A	64,255,000	55,725,000	47,210,000	38,405,000	30,725,000	22,870,000	17,010,000	12,770,000	8,320,000	4,255,000
Total PPBA Debt	\$329,686,000	\$302,614,834	\$275,891,556	\$248,053,278	\$220,514,001	\$193,324,723	\$169,021,446	\$144,772,279	\$122,368,113	\$99,708,946
Providence Redevelopment Agency										
Revenue Refunding Bonds, 2005 SeriesA	48,380,000	-	-	-	-	-	-	-	-	-
Taxable Lease Revenue Bonds, 2010 Series 1	8,023,000	6,366,000	4,640,000	2,841,000	967,000	-	-	-	-	-
Revenue Refunding Bonds, 2015 SeriesA	-	44,910,000	42,550,000	39,615,000	36,590,000	33,440,000	30,770,000	27,965,000	25,025,000	21,940,000
Total PRA Debt	\$ 56,403,000	\$ 51,276,000	\$ 47,190,000	\$ 42,456,000	\$ 37,557,000	\$ 33,440,000	\$ 30,770,000	\$ 27,965,000	\$ 25,025,000	\$ 21,940,000
Special Obligation Bond										
Special Obligation Tax Increment Refunding Bonds, Series E	\$ 6,170,000	\$ 2,725,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Special Obligation TIF Bonds	\$ 6,170,000	\$ 2,725,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL TAX SUPPORTED DEBT	\$500,634,000	\$455,690,834	\$411,696,556	\$368,999,278	\$325,991,001	\$286,144,723	\$250,266,446	\$218,357,279	\$187,918,113	\$156,823,946

CITY OF PROVIDENCE, RHODE ISLAND

1. Series 2000, 2004A, and 2004B refunded by the General Obligation Refunding Bonds, Series 2014 A & B.

Debt Capacity Model

All Transactions Through April 1, 2015

As of June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total General Obligation Debt	\$108,375,000	\$ 99,075,000	\$ 88,615,000	\$ 78,490,000	\$ 67,920,000	\$ 59,380,000	\$ 50,475,000	\$ 45,620,000	\$ 40,525,000	\$ 35,175,000
Total PPBA Debt	329,686,000	302,614,834	275,891,556	248,053,278	220,514,001	193,324,723	169,021,446	144,772,279	122,368,113	99,708,946
Total PRA Debt	56,403,000	51,276,000	47,190,000	42,456,000	37,557,000	33,440,000	30,770,000	27,965,000	25,025,000	21,940,000
Total Special Obligation TIF Bonds	<u>6,170,000</u>	<u>2,725,000</u>	-	-	-	-	-	-	-	-
TOTAL TAX SUPPORTED DEBT	\$500,634,000	\$ 455,690,834	\$ 411,696,556	\$368,999,278	\$ 325,991,001	\$286,144,723	\$250,266,446	\$ 218,357,279	\$ 187,918,113	\$156,823,946
Proposed City Debt¹	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000,000</u>	<u>\$ 18,325,000</u>	<u>\$ 16,651,625</u>	<u>\$ 14,976,525</u>	<u>\$ 13,301,625</u>	<u>\$ 11,628,850</u>	<u>\$ 9,955,125</u>
TOTAL Existing and Proposed City Debt	\$500,634,000	\$ 455,690,834	\$ 411,696,556	\$388,999,278	\$ 344,316,001	\$302,796,348	\$265,242,971	\$ 231,658,904	\$ 199,546,963	\$166,779,071

Key Ratios on Existing General Obligation Debt:										
Debt Per Capita	\$ 608.87	\$ 556.62	\$ 497.85	\$ 440.97	\$ 381.59	\$ 333.61	\$ 283.58	\$ 256.30	\$ 227.68	\$ 197.62
Debt as a Percentage of Full Value ²	1.06%	0.92%	0.82%	0.73%	0.63%	0.55%	0.47%	0.42%	0.38%	0.33%

Key Ratios on General Obligation and Proposed City Debt:										
Debt Per Capita	\$ 608.87	\$ 556.62	\$ 497.85	\$ 553.33	\$ 484.54	\$ 427.16	\$ 367.72	\$ 331.03	\$ 293.01	\$ 253.55
Debt as a Percentage of Full Value ²	1.06%	0.92%	0.82%	0.92%	0.80%	0.71%	0.61%	0.55%	0.49%	0.42%

Key Ratios on Existing Total Tax-Supported Debt:										
Debt Per Capita	\$ 2,812.65	\$ 2,560.15	\$ 2,312.98	\$ 2,073.10	\$ 1,831.47	\$ 1,607.61	\$ 1,406.04	\$ 1,226.77	\$ 1,055.76	\$ 881.06
Debt as a Percentage of Full Value ²	4.89%	4.24%	3.83%	3.43%	3.03%	2.66%	2.33%	2.03%	1.75%	1.46%

Key Ratios on Existing and Proposed Total Tax-Supported Debt:										
Debt Per Capita	\$ 2,812.65	\$ 2,560.15	\$ 2,312.98	\$ 2,185.46	\$ 1,934.42	\$ 1,701.16	\$ 1,490.18	\$ 1,301.50	\$ 1,121.09	\$ 936.99
Debt as a Percentage of Full Value ²	4.89%	4.24%	3.83%	3.62%	3.21%	2.82%	2.47%	2.16%	1.86%	1.55%

Moody's Medians (as of 6/30/2013)	<u>RI "Baa"</u>	<u>New England "Baa"</u>
Debt Per Capita	\$ 990.00	\$ 3,513.00
Debt as a Percentage of Full Value	1.30%	5.40%

Population (2010 Census) = 177,994

Full Value (as of 6/30/2012 for FY 2014) = \$ 10,231,682,760
 Assessed Value (as of 12/31/2012 for FY 2014) = \$ 11,828,534,984
 Full Value (as of 6/30/2013 for FY 2015) = \$ 10,742,964,381
 Assessed Value (as of 12/31/2013 for FY 2015) = \$ 10,962,208,553

1. Projected Series 20__ debt service assume 5.50% rate, 20 year final maturity, and level debt service. These are preliminary projections as of _____ and are subject to change with market movement.

2. Full Value of \$10,742,964,381 used for FY 2016 through 2023.

Financial Factors to Consider When Planning to Issue New Debt

Big Picture

- How proposed debt will impact the City's overall debt profile:
 - Total outstanding debt.
 - Debt per Capita.
 - Debt as a percent of Full Value.

- How proposed debt will impact the City's budget:
 - Total debt service as a percent of the budget.
 - RIDE reimbursement on qualified school projects.
 - Timing of debt service payments on proposed debt (impact on cash flow).

Issue Specific

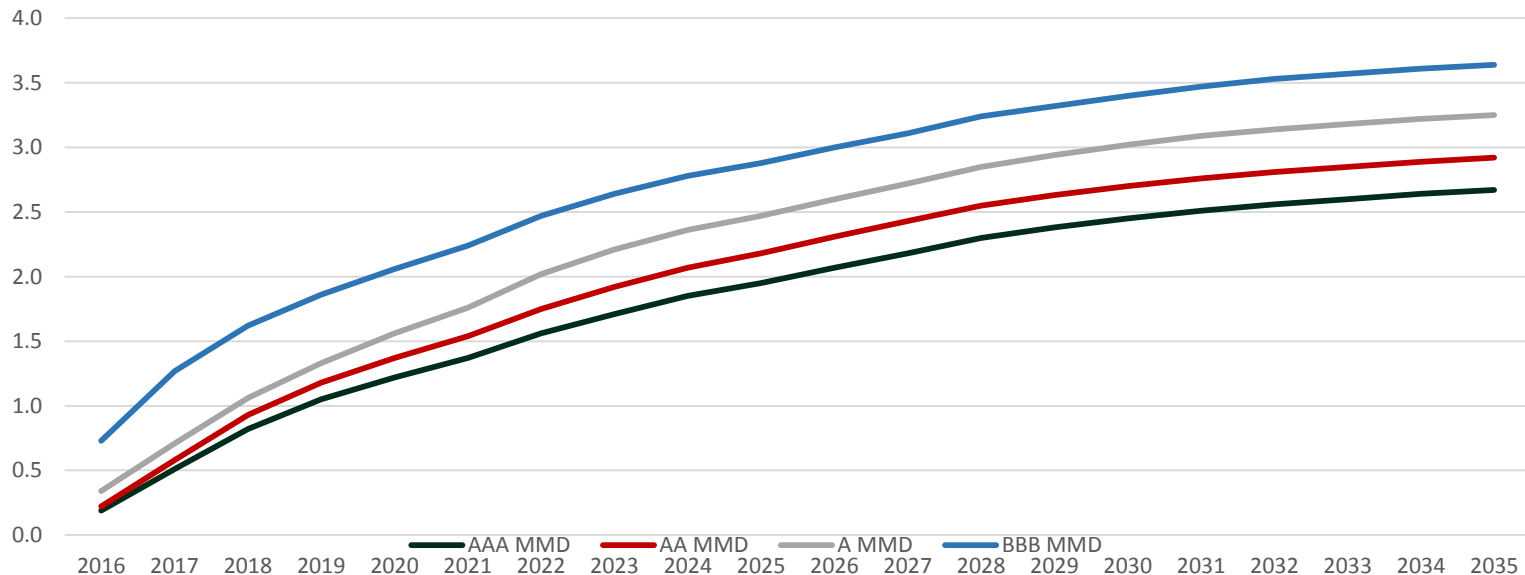
- Structure of proposed bond issue:
 - Term (10, 15, or 20 years)
 - Level debt service, level principal payments, or wrap around existing debt

Cost Factors to Consider When Planning to Issue New Debt

- Interest is the largest cost the City will pay on the bonds:
 - Debt with a 10-year term will have higher annual payments than debt with a 20-year term, but overall lifetime debt service will be less. For example:
 - A \$1,000,000 bond with level debt service amortized over 10 years at 5.00% will have annual debt service of \$129,500 and lifetime interest of \$295,000.
 - A \$1,000,000 bond with level debt service amortized over 20 years at 5.00% will have annual debt service of \$80,275 and lifetime interest of \$605,500.
 - The interest cost is directly related to the credit rating. Following is a graph of credit spreads:

Credit Spreads as of April 14, 2015

Source: Municipal Market Data

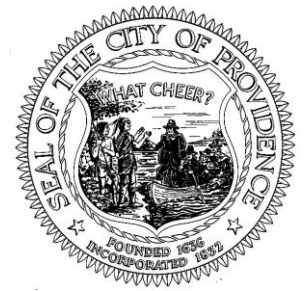


Cost Factors to Consider When Planning to Issue New Debt (continued)

- Other costs of issuance are usually paid from bond proceeds. For a public offering, the following parties are typically involved:
 - Bond Counsel
 - Financial Advisor
 - Rating Agencies
 - Financial Printer
 - Paying Agent or Trustee and Paying Agent or Trustee’s Counsel
 - Underwriter and Underwriter’s Counsel
 - Escrow Agent (for Refundings)
 - Verification Agent (for Refundings)

2015 Refundings

Tab D



2015 Refundings

- PRA Refunding of the Series 2005A Bonds:
 - Closed March 31, 2015.
 - \$44,910,000 issued.
 - \$48,380,000 refunded.
 - Net Present Value (“NPV”) savings of \$3,918,759
 - Budgetary savings of \$3,823,700 in FY 2015.
 - Budgetary savings of \$528,000 in FY 2016.
 - NPV Savings as a % of refunded bonds was 8.10%.
 - Retained same payment dates.
 - No extension of final maturity.

- Proposed PPBA Refunding through RIHEBC of school bonds planned for April 14, 2015:
 - Plan to refund economically feasible maturities of Series 2006A, 2007A, and 2007C.
 - Issue size could be up to \$155,000,000.
 - Savings currently projected to be \$2,800,000 in FY 2015 and \$2,400,000 in FY 2016.
 - Will retain same payment dates.
 - Will not extend final maturity.

Disclosure

Disclosure: First Southwest Company, LLC (FirstSouthwest) is providing the information contained in the document for discussion purposes as financial advisor to the City on its current transactions. Information in this document portrays projected interest rates based on data current as of the week of April 13, 2015 and is subject to change with market movement. Future interest rates are dependent upon many factors such as, but not limited to, interest rate trends, tax rates, supply, changes in laws, rules and regulations, as well as changes in credit quality and rating agency considerations. The effect of such changes in such assumptions may be material and could affect the projected results. These results should be viewed with these potential changes in mind as well as the understanding that there may be interruptions in the market or no market may exist at all.