



Item 8.3.1: Timing of Subchapter M Refinancing

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Finance and Audit Committee Meeting

ERCOT Public

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Overview

- **Purpose**

- To provide the Finance and Audit (F&A) Committee a high-level view of the Subchapter M Refinancing timing

- **Voting Items / Requests**

- No action is requested of the F&A Committee or Board; for discussion only

- **Key Takeaway**

- The Texas Stabilization Series 2021 M Bonds (M Bonds) were issued to the Texas Treasury Safekeeping Trust Company (TTSTC) on November 12, 2021. Key components of the agreement, including the interest rate and redemption rights, are tied to the third anniversary of the issuance which occurs later this year

High-Level Timeline

November
12, 2021

- M Bonds issued to TTSTC (*original amount \$800 million*)
- 2.97% rate until Conversion Date

November
12, 2024

- M Bonds three-year anniversary (*approximately \$400 million*)
- M Bonds redeemable without penalty or premium until this date and so long thereafter as owned by TTSTC

January
31, 2025

- M Bonds Conversion Date
- Interest rate resets to the then current index rate plus a 2.5% adder and TTSTC can transfer the M Bonds without consent

Key Takeaway: Not refinancing the M Bonds prior to the Conversion Date likely results in a higher interest rate and a Make-Whole Premium. Therefore, ERCOT staff, with the advice of its outside counsel and financial advisor, is recommending refinancing before January 31, 2025