# CDFA // BNY MELLON DEVELOPMENT FINANCE WEBCAST SERIES

## Muni Market Rebound or Retreat? Forecasting 2014

The Broadcast will Begin at 1:00pm EST

- Submit your questions in advance using the GoToWebinar control panel
- View previous webcast recordings online at www.cdfa.net

CDFA // BNY MELLON DEVELOPMENT FINANCE WEBCAST SERIES

cdfa Council of Development Finance Agencies

BNY MELLON

Hello! Welcome to the webcast.

# Erin Tehan

Director of Advancement
Council of Development Finance Agencies
Columbus, OH

**Are you a CDFA Member?**

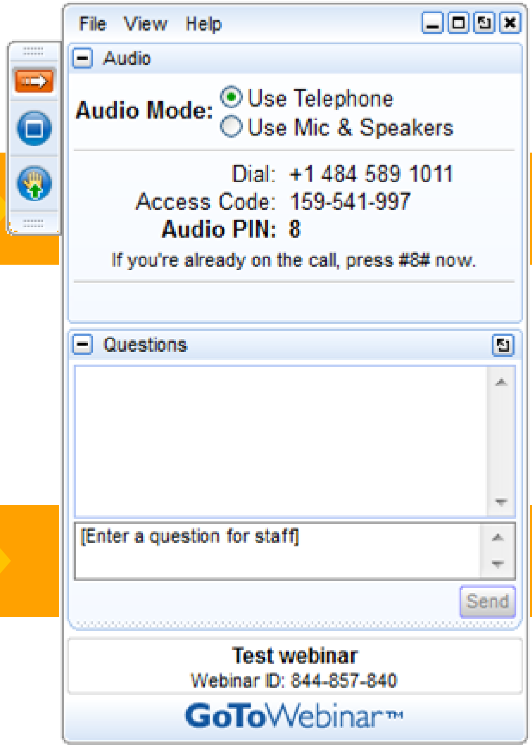
Members receive exclusive access to thousands of resources in the CDFA Online Resource Database.

Create your unique login today at www.cdfa.net

# Join the Conversation

Listen through the telephone for best audio quality.

Submit your questions to the panelists here.




CDFA // BNY MELLON
DEVELOPMENT FINANCE
WEBCAST SERIES

cdfa Council of Development Finance Agencies

BNY MELLON




**CDFA Training Institute**

11 courses in development finance designed for all skill levels. Learn more and register today at www.cdfa.net

# Panelists

**David Safer, *Moderator***
BNY Mellon

**George Friedlander**
Citigroup, Inc.

**Amy Laskey**
Fitch Ratings

**Tom Weyl**
Barclays

# David Safer

Vice President
BNY Mellon
New York, NY

# George Friedlander

Managing Director, Chief Muni Strategist
Citigroup Inc.
New York, NY

**Join CDFA Today**

Members receive discounts to all CDFA events, including training courses and the National Summit. Join at www.cdfa.net , and start saving today.

8 January 2014 │ 31 pages

Global

# US Municipal Strategy Special Focus

## US Municipals 2014 Outlook: The best of times after the worst of times?

George Friedlander
+1-212-723-4451
george.friedlander@citi.com

Mikhail Foux
+1-212-723-9353
mikhail.foux@citi.com

Vikram Rai
+1-212-723-1834
vikram.rai@citi.com

- Maybe not. But, after the worst year for total returns since 1994, we expect 2014 will enable municipal investors to generate modest positive total returns despite a trend towards overall higher yields. In our view, the municipals should perform relatively well in comparison with taxable bonds, with fund outflows finally beginning to ease, and with long-term muni yields already very close to levels at which direct retail demand is likely to strengthen further.

- In our base case scenario, we believe that in 2014 tax-exempt rates will trend higher, but remain range bound. The factors that will likely maintain upward pressure on MMD yields in 2014 are higher Treasury yields (due to strengthening economic fundamentals) and an overall decline in demand for duration. However, Fed policy and muted gross duration supply will keep a lid on rates.

- Even with the expectation for higher overall rates in 2014, the current cheapness of municipal yields provides a decent cushion to protect against negative total returns in the event of a sell-off. We expect a flattening of the 5s10s AAA MMD curve and also lower AAA MMD Treasury ratios for longer dated tenors.

- New issue volume is likely to be down, but only modestly—most of the impact of the spike in municipal yields is already evident in refunding issuance patterns from May 2013 onward.

- We remain cautiously positive on our outlook for municipal credit over the next year though some issuers will face their share of challenges. The removal of some uncertainties, as some special credit situations play out during the year and also the exit of weaker issuers from the market due to competitive pressure, should serve as a cathartic influence on the municipal credit landscape.

- The taxable muni market ended the year very close to our target - 15bp tighter. Going forward we see little room for upside due to very rich valuations. We project marginal spread tightening, but feel the least confident about prospects of this asset class going into 2014.

- Taxable issuance was $38bn, and we forecast a 10+% increase in supply in 2014. We feel especially strong about the prospects of taxable issuance from non-profit healthcare and higher education.

- Trading volume for muni derivatives increased by 15% year-over-year in 2013. The need for hedging should continue to support volume due to threats of higher rates and Puerto Rico’s downgrade.

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

# Amy Laskey

Managing Director
Fitch Ratings
New York, NY

**Need expert assistance?**

Consider CDFA's Research & Advisory Services – offering customized and tailored technical assistance for all of your development finance needs. Learn more at www.cdfa.net.

FitchRatings

# 2014 Local Government Credit Outlook

**Amy Laskey**
Managing Director, U.S. Public Finance

January 21, 2014

# Key Credit Issues

- Sector Fundamentals Remain Strong
- Moderate But Uneven Revenue Recovery
- Federal Funding Uncertainty Appears to have Abated
- Reduced Spending Flexibility
- Pension Reforms and Pressures Continue
- Significance of Potential Pension Litigation Rulings
- Other Post-Employment Benefit Flexibility Questioned
- Shifting Incentives to Pay

# Sector Fundamentals Remain Strong

- Sector encompasses a vast array of special tax bonds including those supported by sales, gas, utility, and hotel taxes; tax increment revenues; and special assessments.

- The most common security is the full faith and credit, general obligation (GO) pledge.

- The GO pledge usually includes a requirement to levy ad valorem taxes unlimited as to rate or amount for debt service.

- The average GO rating of ‘AA’ reflects local governments’ inherent strengths:
  - The authority to levy property taxes, nonpayment of which can result in property foreclosures
  - Additional taxing power that can include sales, utility, and income taxes
  - The ability to control spending to at least a moderate degree
  - The essentiality of and lack of competition for services provided by local governments
  - Moderate debt service requirements (averaging about 10% of spending)

# Moderate But Uneven Revenue Recovery

- Outlook for revenue is more positive than it has been, but some risk remains and varies by revenue type and geographic location.
- Assessed valuation in fiscal 2014 held steady or increased, and housing market trends remain strong in most areas of the country.
- Growth in economically-sensitive revenues, including sales taxes, is expected to continue at a moderate pace.
- State aid has stabilized and in some cases moderately improved

# Federal Funding Uncertainty Appears to have Abated

- Large reductions to state funding, which would likely result in an additional round of cuts to local governments, are not expected.

- However, federal healthcare reform creates uncertainty for states, which in turn affects local governments
  - Local entities that are responsible for public hospitals face particular uncertainty.

# Pressure on the Spending Side

- Labor is the big-ticket item for local governments, so personnel spending will continue to drive budgets

- Many entities will be faced with growing pension costs as the tail end of the phase-in of market losses still affects annual contributions
  - In the not-too-distant future, governments that have been making actuarially-based contributions are likely to see stability or even improvement
  - Others still have a long way to go to catch up given years of underfunding

- The direction of healthcare costs is uncertain

- Wage pressure is becoming evident as workers expect a reversal of the minimal to no salary increases they have seen over the last several years.

- There is likely additional pent-up demand for non-personnel spending, including deferred maintenance and equipment/supply purchases

# Pension Reforms and Pressures Continue

- State and local pension plan reform efforts are encouraging.
- Reforms have mainly affected new employees, with minimal impact on unfunded liabilities in the near term.
  - However, some reforms have affected active employees and retirees, through increased employee contributions and reduced cost of living increases.
- Hurdles to implementing reforms have mainly been legal rather than political.
- New GASB standards to appear in FY 2014 audits (for plans) and FY 2015 (for employers) should enhance transparency and comparability of pension plans.

# Outcome of Litigation in Pension Cases will Inform Future Direction of Reforms

- We expect Detroit bankruptcy ultimately to result in landmark ruling
  - Initial ruling on pensions was relatively favorable for bondholders
  - Appeals could be lengthy
- Bankruptcy cases in Stockton and San Bernardino remain unresolved
- Central Falls, RI, pension payments were reduced dramatically and GO bond priority was strengthened
  - Appears to have had an impact on labor relations throughout the state
- Litigation ongoing for San Diego; we expect appeals in San Jose
  - San Jose require increased employee contributions for the same benefit
  - San Diego plan froze amount of pay used to calculate benefit
  - Both reduced benefit for new employees
  - Recent ruling in San Jose was mixed; judge ruled that the city could not increase employee contributions but could reduce salaries to offset pension costs
- Proposed ballot initiative for a constitutional amendment in California could be significant
  - Would limit vesting to benefits already earned but require better funding levels

# Other Post-Employment Benefit Flexibility Questioned

- Detroit bankruptcy proposal equates pension and OPEB liabilities; not likely to be resolved in the near term
- Recent ruling affecting a small group of employees in Los Angeles supports the assertion that OPEB is vested right in California
  - Likely to be appealed
- Carve-out of transit workers from statewide changes to OPEB provides another, albeit limited, data point for this trend
  - Based on specific federal law related to transit authorities
- On the other hand, Stockton's bankruptcy judge ruled that OPEB could be impaired in bankruptcy.
- Many entities nationally have reduced benefits without negotiation, but these events give pause
- As for pensions, outcomes are likely to be state-specific

# Shifts in Incentives to Pay

- Local governments' demonstrated willingness to repay debts has been a hallmark of the municipal credit market.
- Evidence in a limited number of bankruptcy cases of management's failure to prioritize debt service payments, much less treat them as mandatory, is worrisome.
- The introduction of techniques more common in corporate bankruptcies, such as aggregating disparate classes of creditors into one category and employing Debtor in Possession financing, also cause concern
- We would not be surprised to see a small number of additional municipalities file for bankruptcy
- Even if it were possible to identify municipalities likely to file, the proposed and eventual actual resolutions are unpredictable.
- Ongoing bankruptcy cases will likely set important precedents for other distressed municipalities

# Disclaimer

 In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion is based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

**New York**
One State Street Plaza
New York, NY 10004

**London**
30 North Colonnade
Canary Wharf
London E14 5GN

# Tom Weyl

Director, Municipal Research
Barclays
New York, NY

Municipal Research

**Thomas Weyl**
+1 212 526 0751
thomas.weyl@barclays.com

# Council of Development Finance Agencies
# Muni Market Rebound or Retreat?

January 2014

# Key Issues

- **Legislative and Regulatory Issues**

- **Detroit**

- **Puerto Rico**

Source: Barclays Research

# Legislative and Regulatory Issues

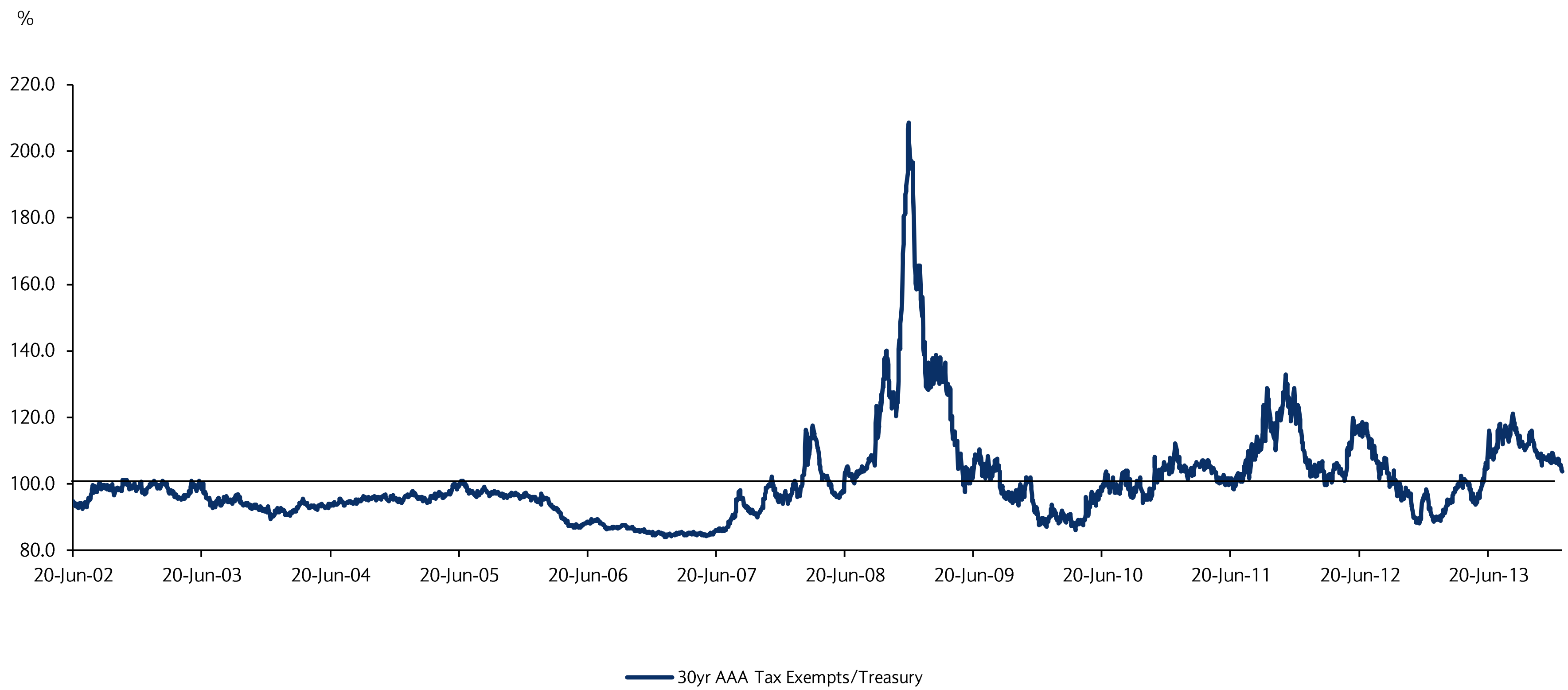
# Legislative and Regulatory Issues

- **Volker Rule**
- **Bank Liquidity Coverage Ratio**
- **Tax Reform**

Source: Barclays Research

# Current High Municipal Ratios

## 30y Tax-exempt Muni Ratios (%)




Source: Barclays Research

# Detroit

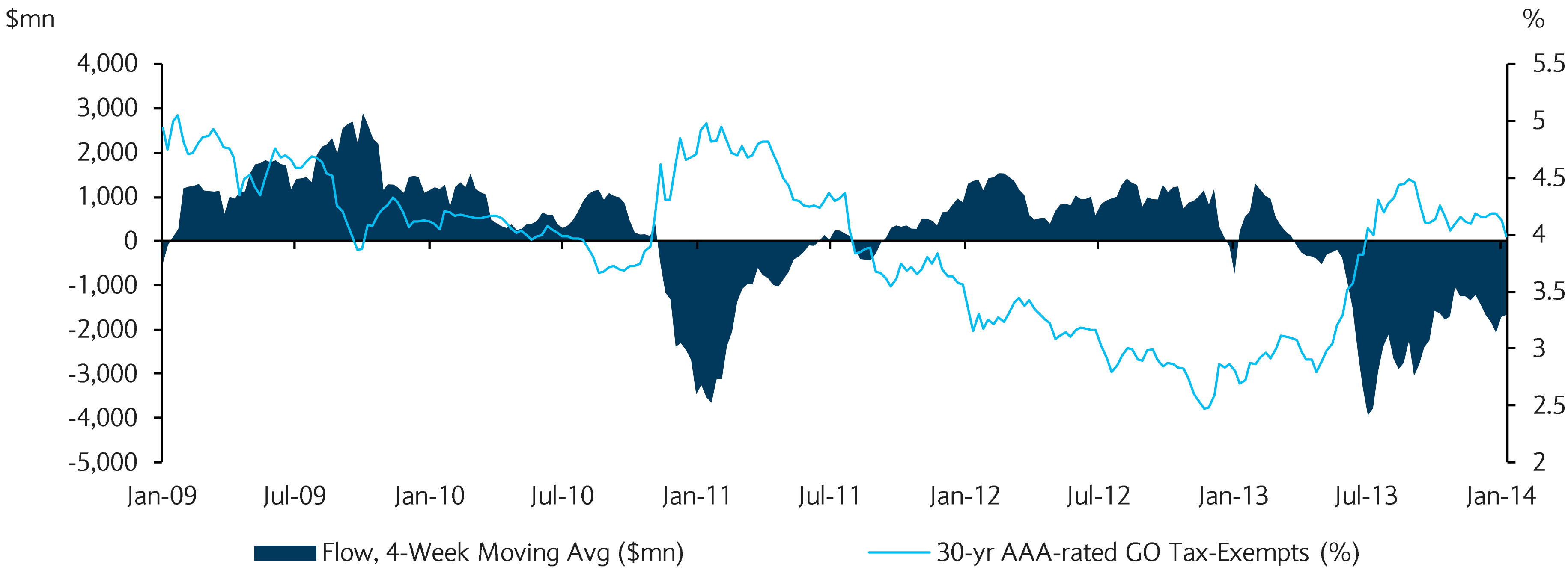
# Detroit

- **Debt Structure**
- **Rule of Bond Insurance**
- **Important Rulings**
  - **Pensions**
  - **GO**
  - **Swap Transaction**

Source: Barclays Research

# Muni Fund Outflows Led Muni Yields Higher

## Municipal Fund Flows and 30y AAA Tax-Exempts




Source: Barclays Research

# Uninsured versus Insured Debt in Detroit

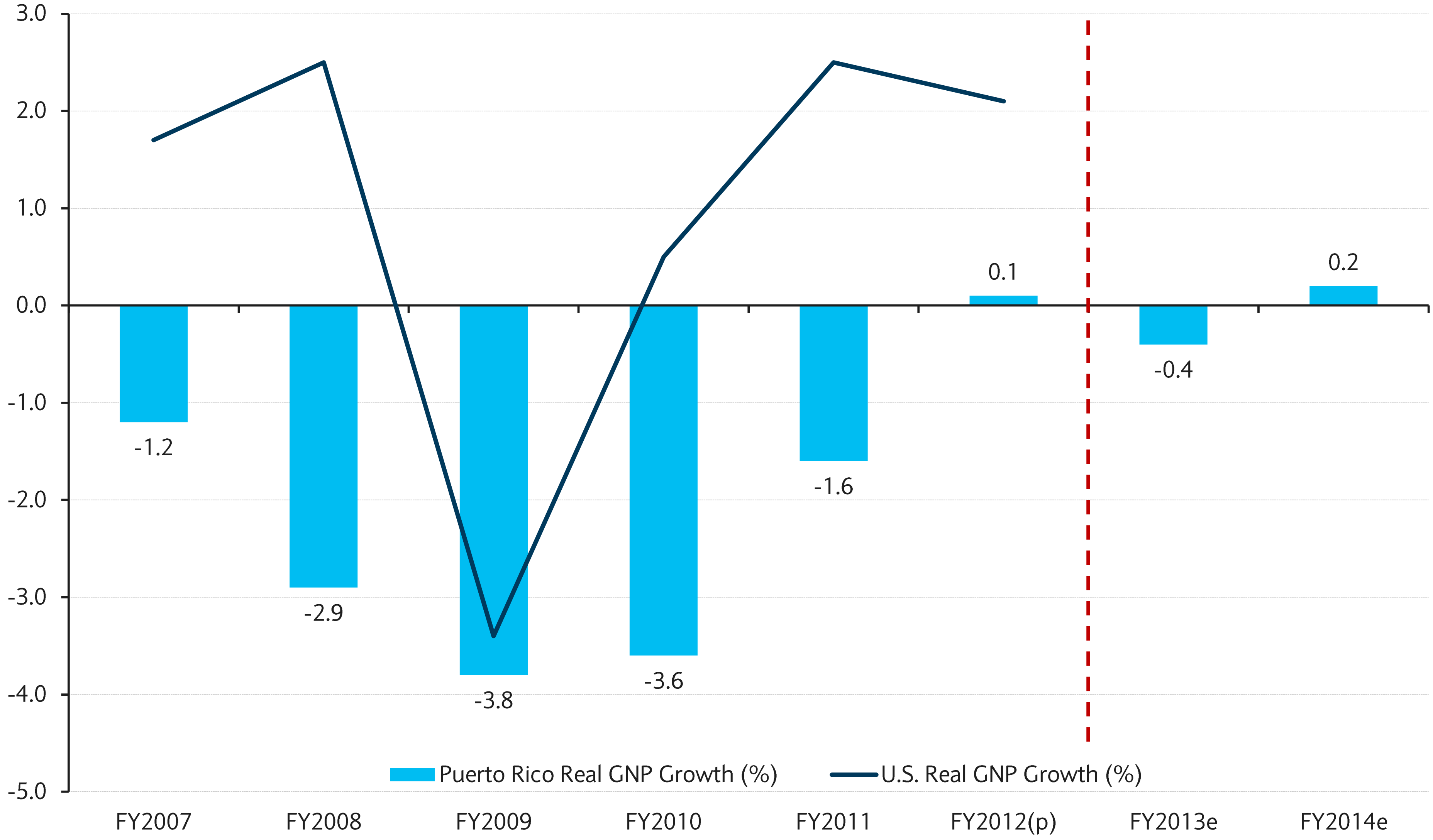
| Debt | Uninsured ($mn) | Insured ($mn) |
|---|---|---|
| Water Revenue Bonds | 501 | 2,056 |
| Sewer Revenue Bonds | 0 | 2,864 |
| UTGO State Aid | 100 | 0 |
| UTGO Standalone | 0 | 369 |
| LTGO State Aid | 379 | 0 |
| LTGO Standalone | 68 | 93 |
| POC | 0 | 1,452 |
| | 1,048 | 6,833 |

* The amount outstanding and enhanced amounts shown for Detroit Water & Sewer Bonds are as of June 30, 2012; all other amounts outstanding have been adjusted for issuance and principal payments through June 30, 2013. Source: City of Detroit June 14 Proposal for Creditors, Official Statements, Barclays Research

# Puerto Rico

# Puerto Rico Economic Growth

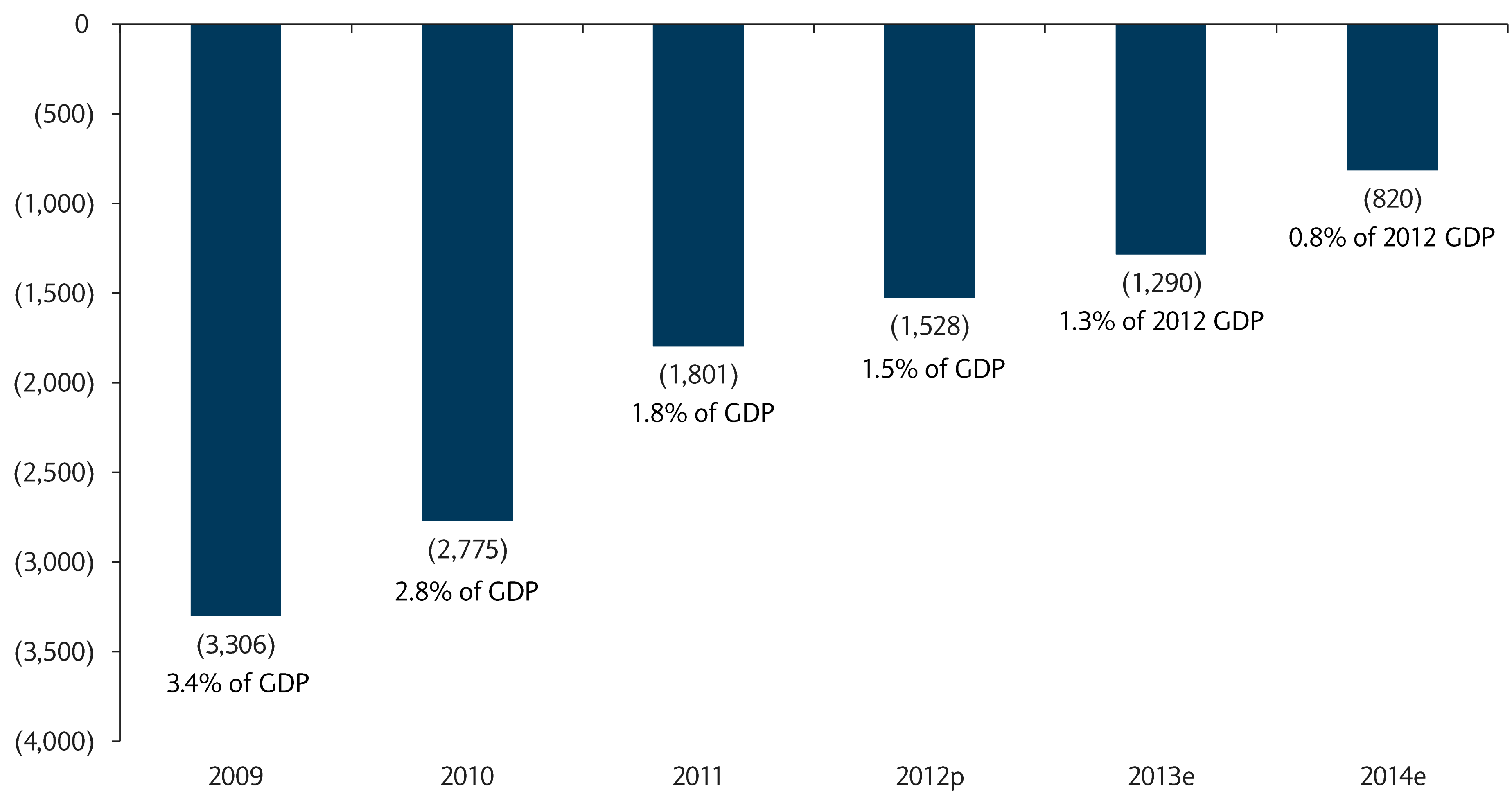
## Puerto Rico and U.S. Real GNP Growth (%)




Source: Government Development Bank for Puerto Rico, Puerto Rico Economic Report to the Governor 2012, Barclays Research

# Puerto Rico's Deficits

## Puerto Rico Historical and Projected Deficit ($mn)




Source: Government Development Bank for Puerto Rico, Barclays Research

# Fiscal Issues Spring 2013

- **FYE 2013 Mid-Year Budget Deficit**
- **FYE 2014 Proposed Budget Deficit**
- **Underfunded Pension**
- **Agency Credits**

Source: Barclays Research

# Puerto Rico Debt Structure

## Outstanding Debt Public Sector Debt – March 31, 2013

| General Fund related debt | $mn |
|---|---|
| **Direct full faith and credit obligations** | **10,599** |
| **Puerto Rico guaranteed debt, including …**[1] | **5,617** |
| *PBA …… 4,293* | |
| *PRASA …… 651* | |
| *Port of the Americas Authority …… 220* | |
| *State Revolving Fund Loans …… 452* | |
| **TOTAL PUBLIC DEBT** | **16,216** |
| Debt supported by Puerto Rico appropriations or taxes, including …[2] | 4,047 |
| *PFC …… 1,091* | |
| Tax and Revenue Anticipation Notes | 900 |
| Pension Obligation Bonds | 2,948 |
| **Total General Fund related debt** | **24,111** |

| Non-General Fund related debt | $mn |
|---|---|
| Sales Tax debt | 15,224 |
| Public corporation and agencies, including …[3] | 25,142 |
| *PREPA …… 8,798* | |
| *HTA …… 7,060* | |
| *PRASA …… 3,546* | |
| *PRIFA …… 2,305* | |
| Municipal debt | 3,795 |
| Limited obligations/non-recourse debt | 2,178 |
| **Total Non-General Fund related debt** | **46,339** |
| **Total Public Sector Debt** | **70,450** |

(1) Excludes $267 million of GDB bonds payable from available moneys of GDB.
(2) Represents bonds and notes payable from the Commonwealth General Fund and Public Improvement Fund. Includes Public Finance Corporation bonds.
(3) Excludes $4.7 billion of notes issued by GDB, the proceeds of which have been principally used to fund loans to the Commonwealth, public corporations, agencies and municipalities. Loans made by GDB to the Commonwealth, public corporations, agencies and municipalities are included in the table.

Source: Commonwealth of Puerto Rico, Government Development Bank for Puerto Rico

# Puerto Rico Debt Structure

## Insurance Exposure

| Insurance Exposure | |
|---|---|
| AGM | $5.3bn |
| National | $4.1bn |
| AMBAC | $2.9bn |
| FGIC | $2.6bn |
| AGC | $500mn |
| XL | $375mn |
| CIFG | $250mn |
| FSA | $30mn |

*Represents roughly 24% of debt*

Source: Orrick

# Analyst Certifications and Important Disclosures

**Analyst Certification(s)**

I, Tom Weyl hereby certify (1) that the views expressed in this research report accurately reflect my personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

**Important Disclosures:**

Barclays Research is a part of the Corporate and Investment Banking division of Barclays Bank PLC and its affiliates (collectively and each individually, "Barclays"). For current important disclosures regarding companies that are the subject of this research report, please send a written request to: Barclays Research Compliance, 745 Seventh Avenue, 17th Floor, New York, NY 10019 or refer to http://publicresearch.barclays.com or call 212-526-1072.

Barclays Capital Inc. and/or one of its affiliates does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that Barclays may have a conflict of interest that could affect the objectivity of this report. Barclays Capital Inc. and/or one of its affiliates regularly trades, generally deals as principal and generally provides liquidity (as market maker or otherwise) in the debt securities that are the subject of this research report (and related derivatives thereof). Barclays trading desks may have either a long and / or short position in such securities, other financial instruments and / or derivatives, which may pose a conflict with the interests of investing customers. Where permitted and subject to appropriate information barrier restrictions, Barclays fixed income research analysts regularly interact with its trading desk personnel regarding current market conditions and prices. Barclays fixed income research analysts receive compensation based on various factors including, but not limited to, the quality of their work, the overall performance of the firm (including the profitability of the investment banking department), the profitability and revenues of the Fixed Income, Currencies and Commodities Division and the potential interest of the firm's investing clients in research with respect to the asset class covered by the analyst. To the extent that any historical pricing information was obtained from Barclays trading desks, the firm makes no representation that it is accurate or complete. All levels, prices and spreads are historical and do not represent current market levels, prices or spreads, some or all of which may have changed since the publication of this document. Barclays produces various types of research including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research may differ from recommendations contained in other types of research, whether as a result of differing time horizons, methodologies, or otherwise. Unless otherwise indicated, Barclays trade ideas are provided as of the date of this report and are subject to change without notice due to changes in prices. In order to access Barclays Statement regarding Research Dissemination Policies and Procedures, please refer to https://live.barcap.com/publiccp/RSR/nyfipubs/disclaimer/disclaimer-research-dissemination.html.

# Disclaimer

This publication has been prepared by the Corporate and Investment Banking division of Barclays Bank PLC and/or one or more of its affiliates (collectively and each individually, "Barclays"). It has been issued by one or more Barclays legal entities within its Corporate and Investment Banking division as provided below. It is provided to our clients for information purposes only, and Barclays makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this publication. Barclays will not treat unauthorized recipients of this report as its clients. Prices shown are indicative and Barclays is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. Without limiting any of the foregoing and to the extent permitted by law, in no event shall Barclays, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this publication or its contents.

Other than disclosures relating to Barclays, the information contained in this publication has been obtained from sources that Barclays Research believes to be reliable, but Barclays does not represent or warrant that it is accurate or complete. Barclays is not responsible for, and makes no warranties whatsoever as to, the content of any third-party web site accessed via a hyperlink in this publication and such information is not incorporated by reference.

The views in this publication are those of the author(s) and are subject to change, and Barclays has no obligation to update its opinions or the information in this publication. The analyst recommendations in this publication reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of Barclays and/or its affiliates. This publication does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the clients who receive it. The securities discussed herein may not be suitable for all investors. Barclays recommends that investors independently evaluate each issuer, security or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This communication is being made available in the UK and Europe primarily to persons who are investment professionals as that term is defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005. It is directed at, and therefore should only be relied upon by, persons who have professional experience in matters relating to investments. The investments to which it relates are available only to such persons and will be entered into only with such persons. Barclays Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange.

The Corporate and Investment Banking division of Barclays undertakes U.S. securities business in the name of its wholly owned subsidiary Barclays Capital Inc., a FINRA and SIPC member. Barclays Capital Inc., a U.S. registered broker/dealer, is distributing this material in the United States and, in connection therewith accepts responsibility for its contents. Any U.S. person wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of Barclays Capital Inc. in the U.S. at 745 Seventh Avenue, New York, New York 10019.

Non-U.S. persons should contact and execute transactions through a Barclays Bank PLC branch or affiliate in their home jurisdiction unless local regulations permit otherwise.

Barclays Bank PLC, Paris Branch (registered in France under Paris RCS number 381 066 281) is regulated by the Autorité des marchés financiers and the Autorité de contrôle prudentiel. Registered office 34/36 Avenue de Friedland 75008 Paris.

This material is distributed in Canada by Barclays Capital Canada Inc., a registered investment dealer and member of IIROC (www.iiroc.ca).

Subject to the conditions of this publication as set out above, Absa Capital, the Investment Banking Division of Absa Bank Limited, an authorised financial services provider (Registration No.: 1986/004794/06. Registered Credit Provider Reg No NCRCP7), is distributing this material in South Africa. Absa Bank Limited is regulated by the South African Reserve Bank. This publication is not, nor is it intended to be, advice as defined and/or contemplated in the (South African) Financial Advisory and Intermediary Services Act, 37 of 2002, or any other financial, investment, trading, tax, legal, accounting, retirement, actuarial or other professional advice or service whatsoever. Any South African person or entity wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of Absa Capital in South Africa, 15 Alice Lane, Sandton, Johannesburg, Gauteng 2196. Absa Capital is an affiliate of Barclays.

In Japan, foreign exchange research reports are prepared and distributed by Barclays Bank PLC Tokyo Branch. Other research reports are distributed to institutional investors in Japan by Barclays Securities Japan Limited. Barclays Securities Japan Limited is a joint-stock company incorporated in Japan with registered office of 6-10-1 Roppongi, Minato-ku, Tokyo 106-6131, Japan. It is a subsidiary of Barclays Bank PLC and a registered financial instruments firm regulated by the Financial Services Agency of Japan. Registered Number: Kanto Zaimukyokucho (kinsho) No. 143.

# Disclaimer (continued)

Barclays Bank PLC, Hong Kong Branch is distributing this material in Hong Kong as an authorised institution regulated by the Hong Kong Monetary Authority. Registered Office: 41/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

This material is issued in Taiwan by Barclays Capital Securities Taiwan Limited. This material on securities not traded in Taiwan is not to be construed as 'recommendation' in Taiwan. Barclays Capital Securities Taiwan Limited does not accept orders from clients to trade in such securities. This material may not be distributed to the public media or used by the public media without prior written consent of Barclays.

This material is distributed in South Korea by Barclays Capital Securities Limited, Seoul Branch.

All equity research material is distributed in India by Barclays Securities (India) Private Limited (SEBI Registration No: INB/INF 231292732 (NSE), INB/INF 011292738 (BSE), Registered Office: 208 | Ceejay House | Dr. Annie Besant Road | Shivsagar Estate | Worli | Mumbai - 400 018 | India, Phone: + 91 22 67196363). Other research reports are distributed in India by Barclays Bank PLC, India Branch.

Barclays Bank PLC Frankfurt Branch distributes this material in Germany under the supervision of Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

This material is distributed in Malaysia by Barclays Capital Markets Malaysia Sdn Bhd.

This material is distributed in Brazil by Banco Barclays S.A.

This material is distributed in Mexico by Barclays Bank Mexico, S.A.

Barclays Bank PLC in the Dubai International Financial Centre (Registered No. 0060) is regulated by the Dubai Financial Services Authority (DFSA). Principal place of business in the Dubai International Financial Centre: The Gate Village, Building 4, Level 4, PO Box 506504, Dubai, United Arab Emirates. Barclays Bank PLC-DIFC Branch, may only undertake the financial services activities that fall within the scope of its existing DFSA licence. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority.

Barclays Bank PLC in the UAE is regulated by the Central Bank of the UAE and is licensed to conduct business activities as a branch of a commercial bank incorporated outside the UAE in Dubai (Licence No.: 13/1844/2008, Registered Office: Building No. 6, Burj Dubai Business Hub, Sheikh Zayed Road, Dubai City) and Abu Dhabi (Licence No.: 13/952/2008, Registered Office: Al Jazira Towers, Hamdan Street, PO Box 2734, Abu Dhabi).

Barclays Bank PLC in the Qatar Financial Centre (Registered No. 00018) is authorised by the Qatar Financial Centre Regulatory Authority (QFCRA). Barclays Bank PLC-QFC Branch may only undertake the regulated activities that fall within the scope of its existing QFCRA licence. Principal place of business in Qatar: Qatar Financial Centre, Office 1002, 10th Floor, QFC Tower, Diplomatic Area, West Bay, PO Box 15891, Doha, Qatar. Related financial products or services are only available to Business Customers as defined by the Qatar Financial Centre Regulatory Authority.

This material is distributed in the UAE (including the Dubai International Financial Centre) and Qatar by Barclays Bank PLC.

This material is distributed in Saudi Arabia by Barclays Saudi Arabia ('BSA'). It is not the intention of the publication to be used or deemed as recommendation, option or advice for any action (s) that may take place in future. Barclays Saudi Arabia is a Closed Joint Stock Company, (CMA License No. 09141-37). Registered office Al Faisaliah Tower, Level 18, Riyadh 11311, Kingdom of Saudi Arabia. Authorised and regulated by the Capital Market Authority, Commercial Registration Number: 1010283024.

This material is distributed in Russia by OOO Barclays Capital, affiliated company of Barclays Bank PLC, registered and regulated in Russia by the FSFM. Broker License #177-11850-100000; Dealer License #177-11855-010000. Registered address in Russia: 125047 Moscow, 1st Tverskaya-Yamskaya str. 21.

This material is distributed in Singapore by the Singapore branch of Barclays Bank PLC, a bank licensed in Singapore by the Monetary Authority of Singapore. For matters in connection with this report, recipients in Singapore may contact the Singapore branch of Barclays Bank PLC, whose registered address is One Raffles Quay Level 28, South Tower, Singapore 048583.

Barclays Bank PLC, Australia Branch (ARBN 062 449 585, AFSL 246617) is distributing this material in Australia. It is directed at 'wholesale clients' as defined by Australian Corporations Act 2001.

IRS Circular 230 Prepared Materials Disclaimer: Barclays does not provide tax advice and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties; and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

# Audience Questions

Submit your questions to the panel now by using the GoToWebinar control panel.

# Upcoming Events at CDFA


## Register Online at www.cdfa.net

**Fundamentals of Economic Development Finance WebCourse**
January 29-30, 2014
Daily: 12-5pm EST

**CDFA Short Courses**
March 6-7, 2014
Washington, DC

**Intro Bond Finance WebCourse**
April 30 – May 1, 2014
Daily: 12-5pm EDT

# Join Us for Future Webcasts

- **CDFA // BNY MELLON DEVELOPMENT FINANCE WEBCAST SERIES**
  Tuesday, February 18 @ 1:00 pm EST

# Contact Us

**David Safer**
Vice President
212-815-4959
david.safer@bnymellon.com

**Erin Tehan**
Director of Advancement
614-224-1323
etehan@cdfa.net