

### Commercial Paper Program

Austin Independent School District, (the “District”), uses commercial paper as an interim source of funding for voter-approved school district projects. The District developed this \$150 million program to fund projects during construction, benefit from low short-term interest rates, and provide the flexibility of instant access to the capital markets. Once the outstanding commercial paper reaches a significant amount (generally \$100-125 million), the District then issues long-term debt to retire the outstanding commercial paper.

The District’s commercial paper notes are fixed-rate, short-term instruments with maturity dates of not more than 270 days. The program was developed as an integral part of the District’s overall financing plan and has allowed the District to enjoy low short-term interest rates during construction while mitigating negative arbitrage.

On June 25<sup>th</sup>, 2021, the District entered into a new liquidity agreement with Sumitomo Mitsui Banking Corporation (SMBC). The District’s Series A notes are now backed by a Standby Letter of Credit from SMBC in the full amount of \$150M.

### Advantages of the Commercial Paper Program

The commercial paper program has several advantages. As indicated above, issuance of commercial paper can be accomplished relatively quickly, allowing the District to draw funds as needed. It also provides the District with the maximum flexibility when scheduling its long-term bond issuances. Finally, commercial paper lowers the District’s cost of borrowing as needed funds can be closely matched to the cash flow requirements of the school district.

<b>Series</b>	<b>Amount (millions)</b>	<b>Line of Credit Banks</b>	<b>Dealer</b>
Series A	\$150	Sumitomo Mitsui Banking Corporation	JPMorgan