

NARUC  Winter
Policy Summit

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Washington Renaissance Hotel



NARUC
National Association of Regulatory
Utility Commissioners

Presentation for NARUC

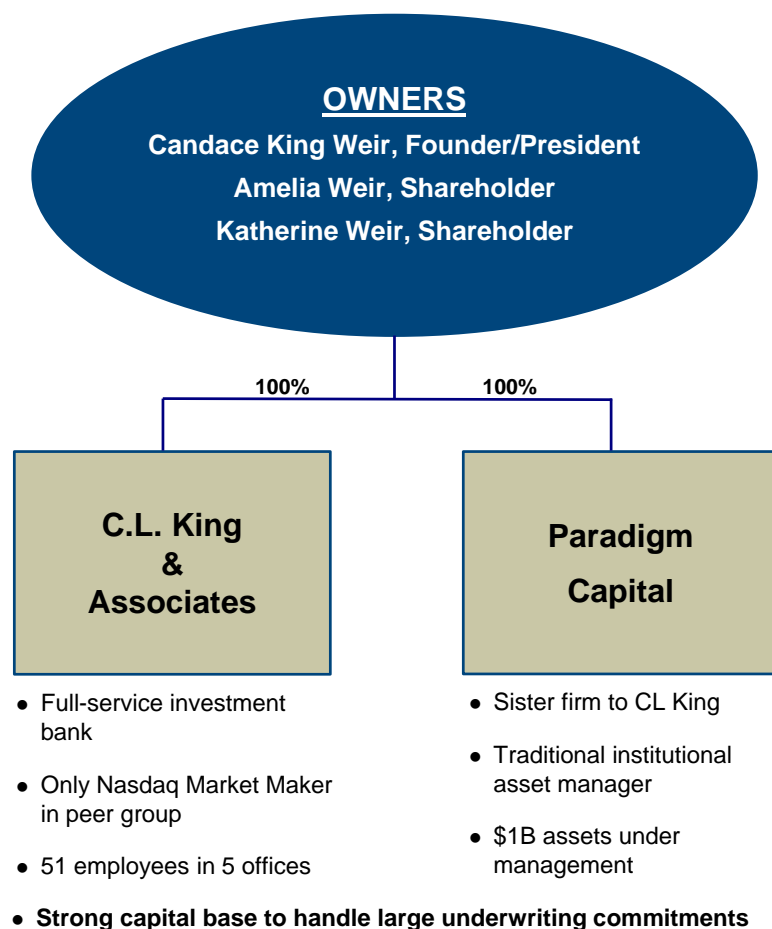
National Association of Regulatory Utility Commissioners

February 2020

CL King is the Pre-eminent Women-Owned Broker/Dealer

100% Women-Owned Since Founding in 1972

- ◆ Headquartered in Albany with major presence in New York City



CL King Overview – 4 Divisions

Investment Banking

- ◆ Capital Markets
- ◆ Share Repurchase
- ◆ Advisory

Fixed Income

- ◆ Sales & Trading
- ◆ New Issue Syndicate
- ◆ Substantial Inventory

Equities

- ◆ Fundamental Research
- ◆ Sales & Trading
- ◆ New Issue Syndicate

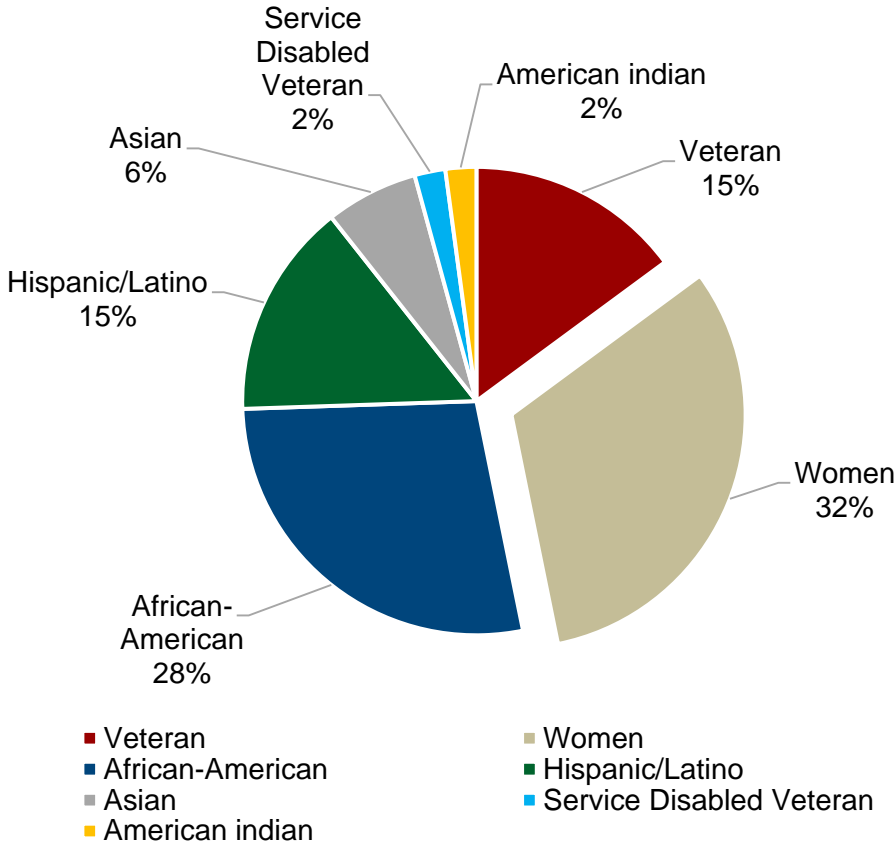
Operations

- ◆ Clearing through Hilltop Securities
- ◆ Strong Back Office Team Experience
- ◆ Robust Compliance

Diversity-Owned Financial Services Firms

One Third of Firms are Women-Owned

Share and Types of Diversity-Owned Financial Services Firms¹



- ▶ Obtaining minority-owned business enterprise (MBE) or woman-owned business enterprise (WBE) certification could open many new doors for business growth.
- ▶ These certifications can connect you with larger corporations looking to work with your business, since many big companies — as well as government agencies at every level — set spending goals or targets for businesses owned by minorities and/or women.

1. Diversity Broker-Dealer Coalition, as of October 2019

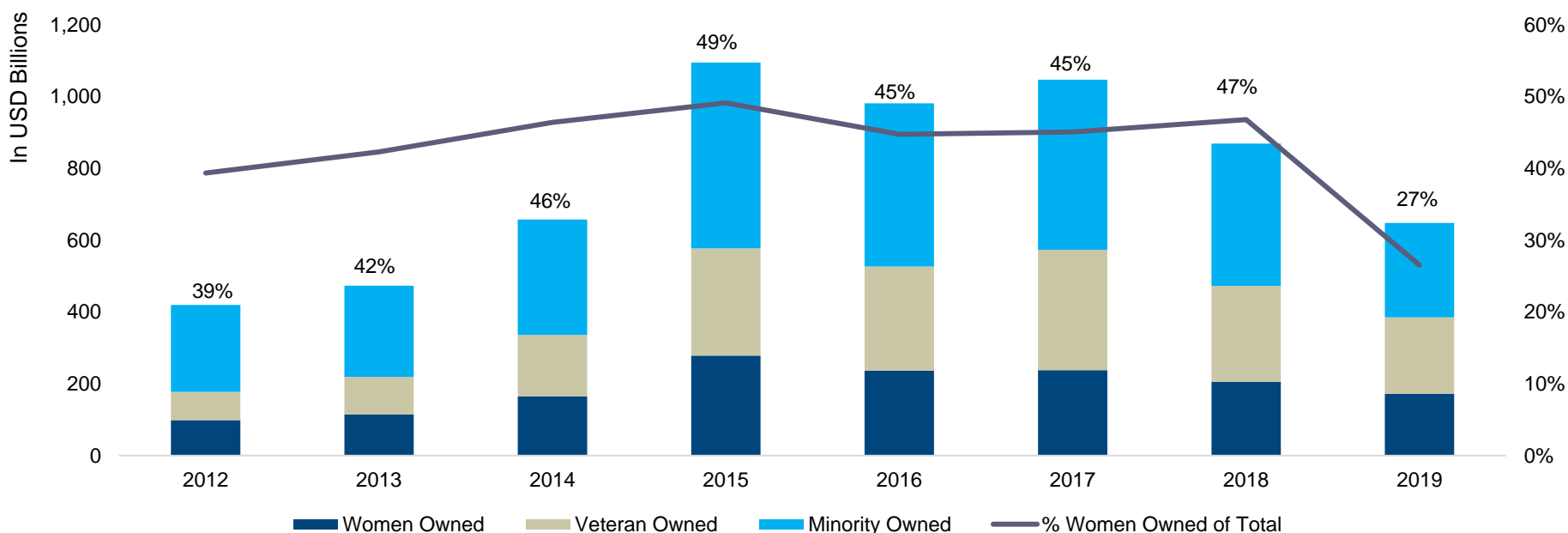
Certifying Organizations

- **Women's Business Enterprise National Council (WBENC)**
 - WBENC is the largest third-party certifier of businesses owned, controlled, and operated by women in the United States. WBENC partners with 14 Regional Partner Organizations (RPOs) to provide its world-class standard of certification to women-owned businesses throughout the country. WBENC is also the nation's leading advocate of women-owned businesses and entrepreneurs. → www.wbenc.org
- **National Minority Supplier Development Council (NMSDC)**
 - The NMSDC is the only national minority business development organization providing certification throughout the United States where MBEs are genuinely minority-owned and operated. The NMSDC Network includes 23 Regional Councils across the country and 1,750 corporate Members. → www.nmsdc.org
- **Disadvantaged Business Enterprise (DBE)**
 - DBEs are for-profit small business concerns where socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations. African Americans, Hispanics, Native Americans, Asian-Pacific and Subcontinent Asian Americans, and women are presumed to be socially and economically disadvantaged. → www.mwbe-enterprises.com
- **Hispanic-Owned Business Enterprise (HOBE)**
 - As an economically disadvantaged segment of the U.S., Hispanic business owners can take advantage of several helpful resources that help with the growth and promotion of their business within Corporate America. → www.usbcc.com
- **Service-Disabled Veteran-Owned Small Business (SDVOSB)**
 - The Department of Defense (DoD) has undertaken an outreach effort to identify small businesses owned and controlled by veterans and service-disabled veterans. The DoD outreach effort aims to improve prime and subcontracting opportunities for veteran and service-disabled veteran-owned small businesses. → www.sba.gov
- **Hispanic Chamber of Commerce (USHCC)**
 - The USHCC connects Hispanic business owners with corporations and local chambers of commerce throughout the U.S. With over 4.2 million Hispanic-owned businesses in the country, this organization serves as a bridge between small businesses and large corporations looking to diversify their supply chain. → www.usbcc.com
- **Veteran Chamber of Commerce (USVCC)**
 - The United States Veterans Chamber of Commerce (USVCC) is a 501c3 and 501c6 veteran organization connecting corporate America, government, and small businesses to our Nation's veterans and veteran owned businesses. → www.vccsd.org

The Increasing Place of Women-Owned Banks in Bond Issuance Trend

- ▶ The emergence of minority underwriters has its roots in the 1980s- and 90s-era municipal bond boom; cities and states began requiring a portion of their bond offerings to be sold by minority-owned banks. Those rules encouraged under-represented groups to found their own firms, spurring the creation of brokerages including African American-owned firms such as Williams Capital and Loop Capital, and adding new business opportunities to already established firms such as C. L. King (founded in 1972).
- ▶ In 2017 when Microsoft Corp. issued \$10 billion in a 7-part deal, lead underwriters Barclays Plc and HSBC Holdings Plc each sold \$960 million of bonds. Firms owned by minorities, women and veterans, including Blaylock Van and Drexel Hamilton, were left with \$10 million each. While many of the diversity firms cannot take on more because of their limited capital size, a few diversity-owned and women-owned firms have grown their capital base. For the past decade, the software company has partnered with minority-owned banks in every bond and commercial paper sale.

Women-Owned underwriters' participation in new debt issuance grows consistently over the years



Source: Bloomberg as of December 31, 2019

CL King's Commitment to Utility Sector

NORTH CAROLINA

\$200 million




FRN Senior Notes

Joint Book-Running Manager

Nov 2019

FLORIDA

\$1 billion



Debenture

Jr. Co-Manager

Oct 2019

MISSOURI

\$330 million




First Mortgage Bonds

Co-Manager

Sep 2019

GEORGIA

\$750 million



Sr. Notes

Co-Manager

Sep 2019

ARIZONA

\$300 million




Sr. Notes

Co-Manager

Aug 2019

CALIFORNIA

\$1.2 billion



First and Refunding Mortgage Bonds

Co-Manager

Aug 2019

ILLINOIS

\$109.5 million



An Exelon Company

Pollution Control Revenue Bonds for Municipalities

Underwriter

Jun 2019

MISSOURI

\$250 million




Preferred Stock

Co-Manager

May 2019

FLORIDA

\$2.7 billion




Sr. Notes

Jr. Co-Manager

Mar 2019

NORTH CAROLINA

\$1 billion




Depository Shares of 5.75% Series A Preferred Stock

Jr. Co-Manager

Mar 2019

FLORIDA

\$600 million



Jr. Subordinated Deb.

Underwriter

Mar 2019

NORTH CAROLINA

\$600 million



First Mortgage Bonds Green Bond

Jr. Co-Manager

Mar 2019

WEST VIRGINIA

\$400 million



Sr. Notes

Co-Manager

Mar 2019

FLORIDA

\$600 million




First Mortgage Bonds

Jr. Co-Manager

Feb 2019

TEXAS

\$700 million



General Mortgage Bonds

Co-Manager

Jan 2019

Duke Energy Florida Issues 2yr FRN

\$200 million



FRN Senior Notes

Joint Book-Running Manager

Nov 2019

Book Building:

- At pricing books were 5 x oversubscribed with \$1.032B orders from 61 accounts
- Final books were 10 x oversubscribed and total orders reached \$1.7B
- CL King received \$91.78M total orders at IPT, \$19.53M at guidance and \$19.53M at launch

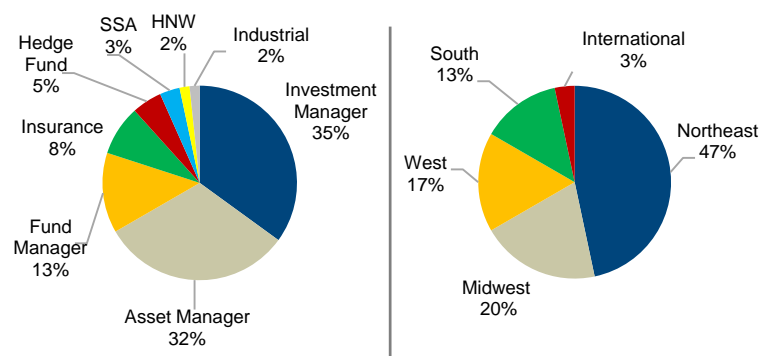
16.6% / 33.2M
CL King Underwriting

\$19.53M
CL King Orders

Transaction details

Issuer	Duke Energy Florida, LLC
Issue Date	November 21, 2019
Ratings¹	A3 (Moody's) / A- (S&P)
Security Description	Series A Floating Rate Senior Notes
Issue Currency / Size	\$200M
Tenor	2 year
Maturity Date	November 26, 2021
Coupon	3mL + 25bps
Benchmark	Three-month LIBOR
Use of proceeds	To fund storm restoration costs related to Hurricane Dorian and General Corporate Purposes
CL King Role	Joint Book-Running Manager
CL King Orders	\$19.53M

Investor Analysis




Transaction highlights

- On Friday Nov 15th, Book-Running Managers first thought pricing at 3mL+35-40bps, using the trading upper band of DUK F 03/11/22 for relative value.
- On Monday Nov 18th and Tuesday Nov 19th, markets were supportive, no headline risk and spreads were slightly tighter. Long-end utility papers were expected that week so investors factored in long term papers coming later in the week. Three main utility deals came to market on Monday:
 - Ameren Illinois – 2.3x subscribed / 3bps concession;
 - Arizona – 2.10x subscribed / 2bps concession;
 - Dominion Gas (3 part) – 3.3x - 9x oversubscribed.
- The deal's good performance confirmed joint Book-Running Managers pricing range of 35 to 40 bps.
- On Wednesday November 20th, there was a softer tone. Given weaker market, pricing was pushed to the wider end of the pricing range with IPT at 3mL+50a and launch at 3mL+40a, allowing to move 15bps tighter as floaters tend to do (we referred to Florida P&L US\$1B 3NC6mo FRN which priced at 3mL+40 back in May 2019, tightening 15-20bps from IPT 3mL+55-60).
- Duke Energy Florida hit the bond market on Thursday Nov 21st 2019 following an S&P outlook revision on Duke Energy Corp and their subsidiaries to "stable" from "negative" the day prior.
- On Thursday November 21st markets opened with a softer tone but better conditions. The 2yr floater was announced to the market at IPT Libor+50a.
- Guidance emerged later at +27 bps causing some investors to drop (about \$700M) but the books remain healthy, standing at \$1B after drops.
- The deal priced at 3mL+25 at par with books more than 10x oversubscribed.

1. Security ratings. The ratings are subject to change or withdrawal at any time by the respective credit rating agencies

Citi Marks the First Deal of 2020 for CL King

\$2.25 billion



2.666% Fixed to Floating Rate Senior Notes
Jr. Co-Manager
Jan 2020

- ◆ Market conditions supportive for borrowers, with spreads at nearly 2yr lows and Treasury yields at levels not seen in six weeks
- ◆ 93 IG borrowers raised \$130.29B by January 22, 2020; 45.7% more than 2019

0.5%/\$11.25M
CL King Underwriting

\$26.5M
CL King Orders

\$5M + \$7.5M
\$5M Allocations +
\$7.5M Designation

Transaction details

Issuer	Citigroup Inc.
Issue Date	January 22, 2020
Ratings¹	A3 (Moody's) / BBB+ (S&P) / A (Fitch)
Security Description	2.666% fixed rate / floating rate callable senior notes due 2031
Issue Currency / Size	\$2.25B
Tenor	11NC10
Maturity Date	January 29, 2031
Benchmark Treasury	1.750% due November 15, 2029
Spread to Benchmark Treasury	T ₁₀ +90bps
Use of proceeds	General corporate purposes, including funding its operating units and subsidiaries, financing possible acquisitions or business expansion and refinancing or extending the maturity of existing debt obligations.
CL King Role	Junior Co-Manager
CL King Orders	\$26.5M
CL King Allocations	\$5M Allocations \$7.5M Designation

CL King's orderbook details

- ◆ Orders from 7 accounts and one CL King designated order from large public fund
- ◆ CL King accounts included Family Offices, Proprietary Trading Firms, Wealth Managers and Insurance Companies
- ◆ The final books were 2x oversubscribed, at \$4.5B

Transaction highlights

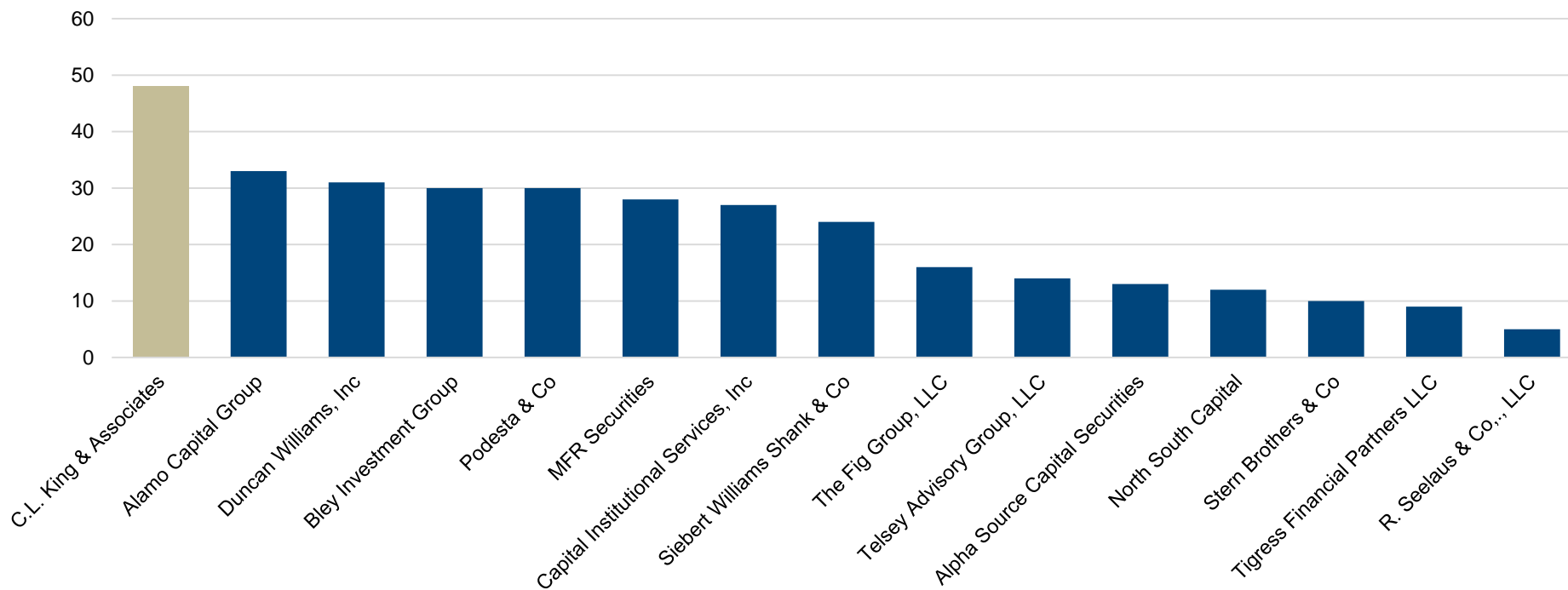
- ◆ Corporate borrowers continued issuance in US high-grade primary market on January 22, 2020 and were greeted with enthusiasm from investors that led to oversubscribed books, upsized deals and super-tight pricing levels
- ◆ \$9.65B were raised by seven issuers that day
- ◆ On Citi deal, initial price thoughts emerged at T+105 area, guidance was later tightened to T+90bps
- ◆ The deal priced at \$2.25bln 2.666% 1/29/31 100.00 2.666% T+90 (Back end - SOFR+114.6)
- ◆ Comparable transactions used for relative value included:
 - C 2.976% 11NC10 Nov 2030 at G+91bp
 - MS 11NC10 (A3/BBB+) 2.699% Jan 2031 at G+90bp
- ◆ The new issue concession was flat versus recent Morgan Stanley deal, priced on January 16th 2020
- ◆ Other participating diversity firms included American Veterans Group, Blaylock Van, Loop Capital Markets, R. Seelaus & Co. and Roberts & Ryan Investments

1. Security ratings. The ratings are subject to change or withdrawal at any time by the respective credit rating agencies

Length of Ownership of Women-Owned Financial Service Firms

- ▶ C.L. King & Associates (CL King) was founded by Candace King Weir in 1972 and is the oldest continually 100% women-owned financial services firm in the United States.
- ▶ Since inception, CL King has evolved from an institutional equity research boutique to a leading diversity full service investment bank.
- ▶ CL King's 48 year history has allowed the firm to develop strong relationships with corporate clients but also to forge synergetic relationships with other women-owned firms.

Number of Years under Women Ownership¹



1. From Company websites

Thank You!

Do You Have Any Questions?

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Founded 1972
100% Women-Owned
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