Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

March 4th 2014

Presented By:
Jennifer Olenick, CFA - Assistant Director
Agenda

• Public Improvement Refunding Bonds, Series 2014

• Convention & Entertainment Facilities Revenue Refunding Bonds, Series 2014

* This presentation constitutes the written recommendation of the Finance Working Group.
• Commercial paper (CP) has provided an expedient, cost-effective method of accessing cash and providing interim financing. The CP notes are later refinanced into fixed rate bonds that match the useful life of the project or equipment being financed.

• This transaction represents the normal refunding of these commercial paper notes.

• Additionally, last year the City issued $9 million in Qualified Energy Conservation Bonds (QECBs) and received a below market interest rate. As a result, possibilities for additional qualified projects are being explored.

* This presentation constitutes the written recommendation of the Finance Working Group.
Public Improvement Refunding Bond Series 2014

- Below is a breakdown of proposed components:

<table>
<thead>
<tr>
<th>Component being Refunded</th>
<th>Up To</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refund CP Series G, H, J</td>
<td>$100,000,000</td>
<td>Infrastructure</td>
</tr>
<tr>
<td>Refund CP Series E</td>
<td>$50,000,000</td>
<td>Equipment</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$150,000,000</strong></td>
<td></td>
</tr>
<tr>
<td>Qualified Energy Conservation Bonds</td>
<td>$14,000,000</td>
<td></td>
</tr>
<tr>
<td>Advance Refundings</td>
<td>$100,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$114,000,000</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$264,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

- As standard course of business, in conjunction with this transaction, the FWG will review possibilities to refinance existing debt if prudent opportunities to achieve present value savings exists.

- An RCA is expected to be brought before Council in April.

* This presentation constitutes the written recommendation of the Finance Working Group.
The issuance of the proposed Convention and Entertainment Facilities Department Hotel Occupancy Tax (HOT) and Special Revenue Refunding Bonds, Series 2014 are in response to current favorable market conditions.

The FWG recommends issuing the Series 2014 Bonds to refinance the currently outstanding bonds at lower current market interest rates and produce an estimated $1.8 million of present value savings, which constitutes an estimated 4.3% saving.

An RCA is expected to be brought before Council in April.

* This presentation constitutes the written recommendation of the Finance Working Group.
Finance Department

Questions?