Presentation to the City of Houston
Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

January 12\textsuperscript{th} 2015

Presented By:
Jennifer Olenick, CFA - Assistant Director
Agenda

- Convention and Entertainment Facility Hotel Occupancy Tax and Special Revenue Refunding Bonds, Series 2015
- Proposed Use of the CUS General Purpose Fund as Appropriation Mechanism for CUS CIP

* This presentation constitutes the written recommendation of the Finance Working Group.
• The City has identified approximately $66 million of the City’s Convention & Entertainment Facilities Department Hotel Occupancy Tax (HOT) and Special Revenue Refunding Bonds, Series 2011B that can be refinanced at attractive present value savings.

• The current proposed transaction is in response to current favorable market conditions.

• The FWG recommends issuing the Series 2015 Bonds to refinance the currently outstanding bonds at lower current market interest rates and produce an estimated $6.9 million or 9.7% in present value savings.

* This presentation constitutes the written recommendation of the Finance Working Group.
• In September of 2013 City Council approved a $75 million multi-advancing private placement structure that functioned similar to a commercial paper program.

• This transaction will replace this variable rate structure with fixed rate bonds that matches the useful life of the assets.

• This proposed transaction will have a total not to exceed amount of $160 million.

• An RCA is expected to be submitted late January.

* This presentation constitutes the written recommendation of the Finance Working Group.
The Water and Wastewater (W&W) CIP primarily utilizes a commercial paper line (CP) to appropriate capital projects. Current appropriation capacity includes:

- Commercial paper line is $700M
- Self-funded appropriation of $100M
- Pay-Go of $65M

As of 12/31/14, the CUS had $806M appropriated and unspent for CUS capital projects.

The CUS requires more appropriation capacity to accommodate the CIP.

* This presentation constitutes the written recommendation of the Finance Working Group.
The CUS proposes to add an additional self-funded appropriation of up to $100M (for total of up to $200M) from the CUS General Purpose Fund to support the ongoing Water & Wastewater CIP

- The funds will be for additional appropriation capacity
- The CUS proposes to self-fund needed appropriation capacity vs. expanding the commercial paper line
  - Additional commercial paper would cost the CUS a minimum of $200k per year

- This item will be brought to City Council in February 2015.
Questions?