Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

August 2\textsuperscript{nd} 2016

Presented By:
Tantri Emo - Deputy Director
Agenda

• Combined Utility System
  A. Texas Water Development Board (TWDB) SWIRFT Loan
  B. TWDB SWIRFT Board Participation Financing for Coastal Water Authority (CWA)

Note: This presentation constitutes the written recommendation of the Finance Working Group.
Background:

- Projects being financed: Northeast Plant Expansion & Second Source Transmission Lines
  - SWIRFT Application originally approved by Council May 2015, and TWDB Board approved Application July 2015
  - The SWIRFT financing is a multi-year commitment to the City of Houston over a period of six years, 2015 through 2020
  - The loan reflects TWDB’s expected AAA rated financing cost, as well as a 22% subsidy

Note: This presentation constitutes the written recommendation of the Finance Working Group.
SWIRFT – State Water Implementation Revenue Fund for Texas
Texas Water Development Board (TWDB) SWIRFT Loan

Next Steps:

• 2016 loan installment of $63.02 Million will require two (2) Council Actions
  • Council Approval of Financing Agreement in August
    – TWDB relies on Financing Agreement when selling its TWDB bonds in September, and imposes financial penalties for terminating close to, or after TWDB’s sale of bonds
  • Council Approval of Loan documents in October
    – Loan scheduled to close in November

Note: This presentation constitutes the written recommendation of the Finance Working Group. SWIRFT – State Water Implementation Revenue Fund for Texas
**Texas Water Development Board (TWDB) SWIRFT Loan**

<table>
<thead>
<tr>
<th>System:</th>
<th>Combined Utility System</th>
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<tbody>
<tr>
<td>New Money or Refunding?:</td>
<td>New Money</td>
</tr>
<tr>
<td>Par Amount:</td>
<td>$63.02 Million</td>
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<td>Use of the Debt Proceeds:</td>
<td>NE Plant Expansion &amp; Transmission Lines</td>
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<td>Revenue Source Securing Debt:</td>
<td>Net revenues of the Combined Utility System</td>
</tr>
<tr>
<td>Estimated Weighted Average Life of the Debt Being Refunded (Years):</td>
<td>N/A</td>
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<td>Estimated Change to the Weighted Average Life of Debt Being Refunded:</td>
<td>N/A</td>
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<td>Estimated Present Value Savings:</td>
<td>N/A</td>
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<tr>
<td>Estimated Percentage Savings:</td>
<td>N/A</td>
</tr>
<tr>
<td>Estimated True Interest Cost (%):</td>
<td>22% discount from the market rate</td>
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<td>Anticipated Council Agenda Date:</td>
<td>August/October</td>
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<td>Anticipated Date of Pricing:</td>
<td>October</td>
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<td>Anticipated Date Closing:</td>
<td>November</td>
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TWDB SWIRFT Board Participation Financing for Coastal Water Authority (CWA)

Background:

• **Projects being financed:** Luce Bayou Interbasin Transfer
  - CWA actually enters into the financing agreements with TWDB

Next Steps:

  - Approve contract amendment related to CWA’s next funding from TWDB of $136.46 Million
    - Expect to present the contract amendment to Council for consideration in September 2016

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Questions?