Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

January 8th 2019

Presented By:
Melissa Dubowski – Assistant Director
Agenda

• Convention & Entertainment System (C&E)
  a) Interim Financing Facility

• General Obligation (GO)
  a) Commercial Paper Program Series K-2

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

• The City’s Convention and Entertainment Facilities Department has recently expressed the need for capital expenditures, in light of the recent flooding due to Hurricane Harvey. Additionally, there is a planned refresh of the Hilton Americas upcoming.

• The City Plans to issue a request for proposals for the following by early 2019:
  – Interim Financing Facility of up to $50 million

Next Steps:

• The Finance Working Group will issue the solicitation and review proposals from qualified financial institutions to provide credit facilities early January.

• An RCA is expected to be brought before Council in February 2019.

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## GO Variable Rate Exposure Summary

<table>
<thead>
<tr>
<th>Liquidity Type</th>
<th>Series</th>
<th>Size ($ millions)</th>
<th>Bank</th>
<th>Expiration</th>
<th>Requires Bank Facility</th>
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</thead>
<tbody>
<tr>
<td>Commercial Paper</td>
<td>E-1</td>
<td>100</td>
<td>Citigroup</td>
<td>7/13/2021</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>E-2</td>
<td>100</td>
<td>Wells Fargo</td>
<td>4/26/2019</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>G-1</td>
<td>75</td>
<td>Toronto Dominion</td>
<td>2/12/2021</td>
<td>Y</td>
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<tr>
<td></td>
<td>G-2</td>
<td>125</td>
<td>Barclays</td>
<td>11/28/2022</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>H-2</td>
<td>100</td>
<td>Barclays</td>
<td>11/21/2021</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>J</td>
<td>125</td>
<td>State Street</td>
<td>5/20/2020</td>
<td>Y</td>
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<tr>
<td></td>
<td>K-1</td>
<td>200</td>
<td>RBC(^{(1)})</td>
<td>2/2/2022</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>K-2</td>
<td>100</td>
<td>Citibank</td>
<td>11/30/2021</td>
<td>Y</td>
</tr>
</tbody>
</table>

|                | Total  | 925               |                    |                |                        |

| Total Debt Outstanding\(^{(2)}\) | $3,882.02 |
| Total Commercial Paper Outstanding\(^{(2)}\) | $95.00 |

Total Current Variable Rate Exposure 2.45%

\(^{(1)}\) The RBC facility K-1 is a Forward Purchase Agreement.


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GO Commercial Paper Program
Series K-2

Background:

- The Series K-2 facility is approximately $100 million in size and is utilized to support the dedicated pay-as-you-go fund to help maintain and improve the City's drainage and street infrastructure. It has proven to be a cost-effective method of providing appropriation capacity and back-up interim financing for the Re-Build Houston capital improvement program.

Next Steps:

- On November 16, 2018, the City issued a request for term sheet proposals from qualified financial institutions to provide credit facilities.

- Upon review of all submitted proposals, including potential alternative financial instruments to be used for the same purposes. The FWG recommends proceeding with a Forward Bond Purchase Agreement (FBPA) for the Series K-2 line with RBC Capital Markets in an amount not to exceed $100 million.

- An RCA is expected to be brought before Council later this month.

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Finance Department

Questions?