



City of Houston

Annual Investor Conference

April 25, 2019



Tantri Emo – Chief Business Officer/Director of Finance



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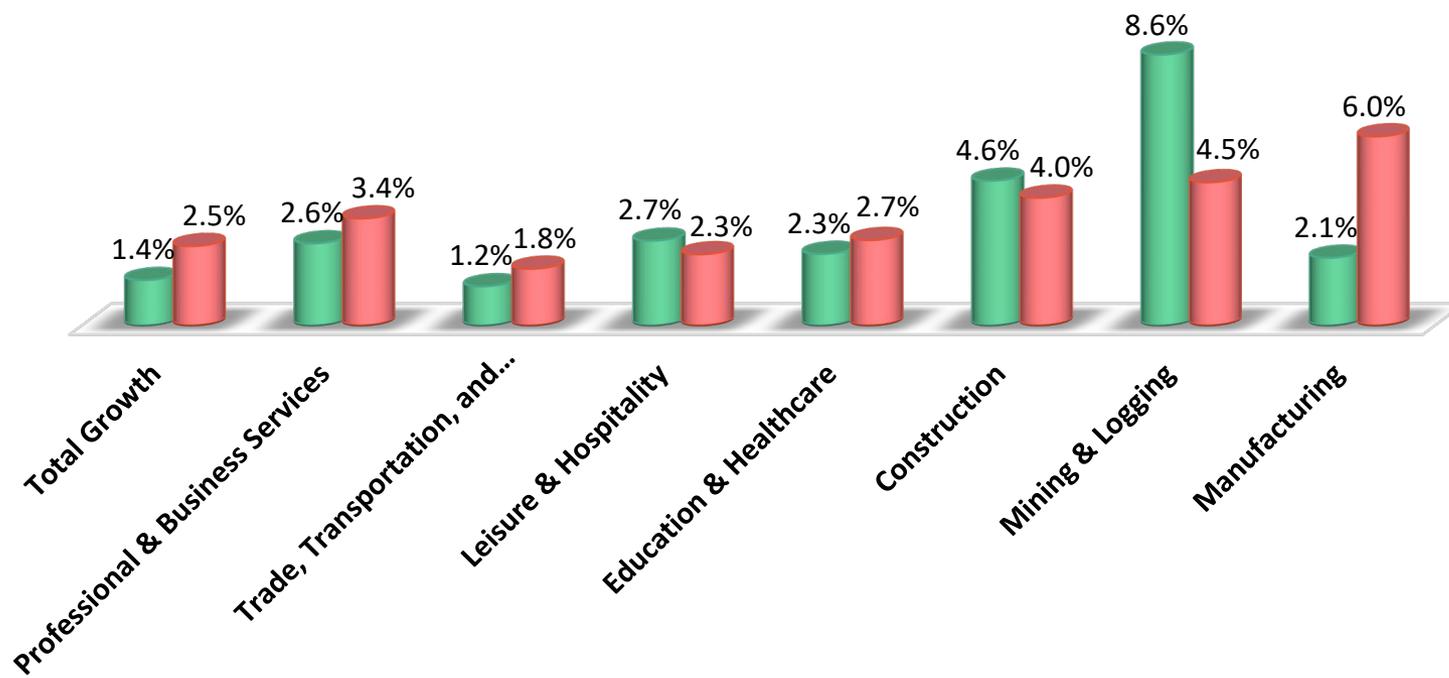


Houston's Diversified Economy

Change in Employment by Sector

January 2018-January 2019

■ United States ■ Houston

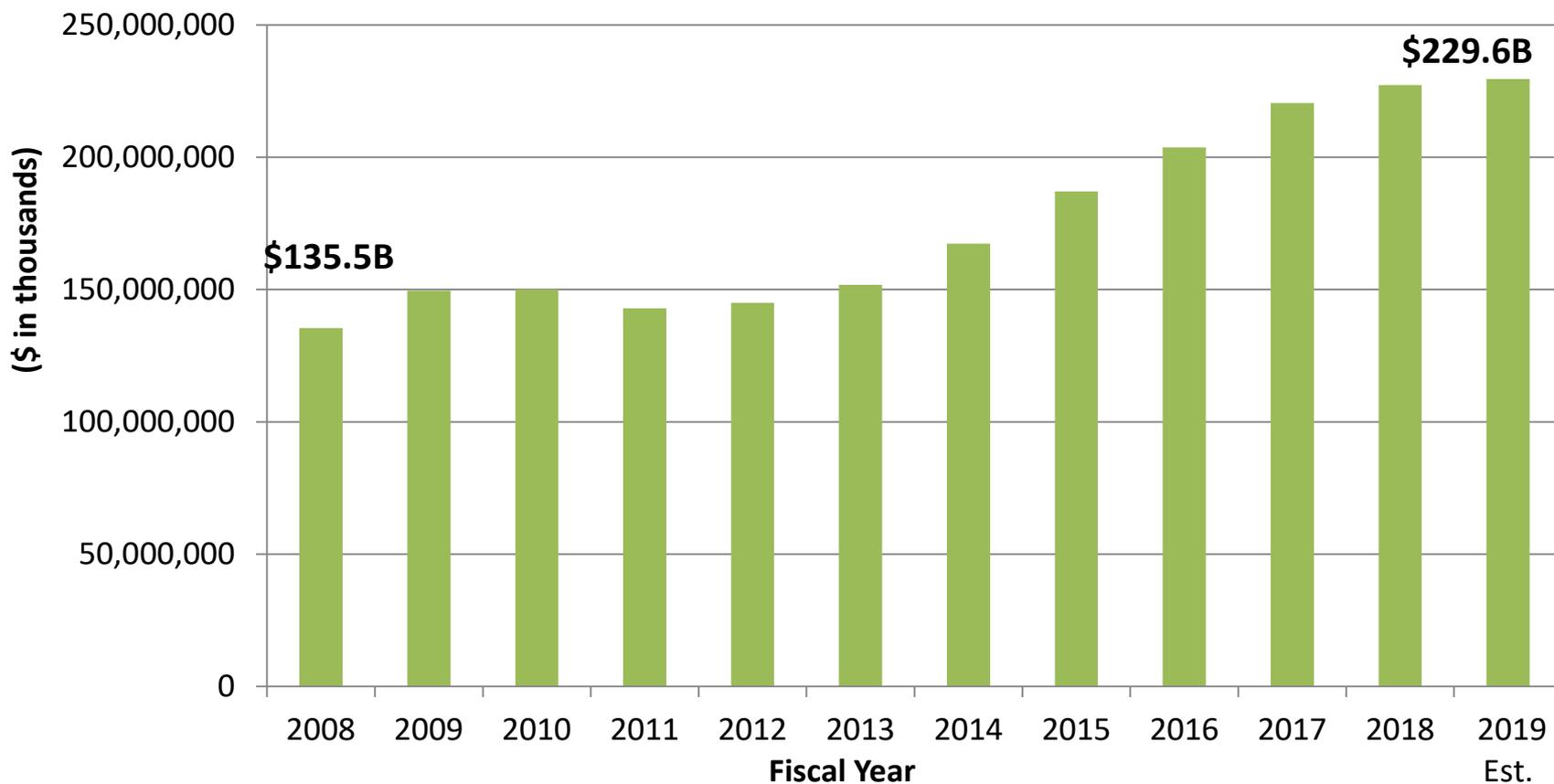


Source: Bureau of Labor Statistics

City of Houston



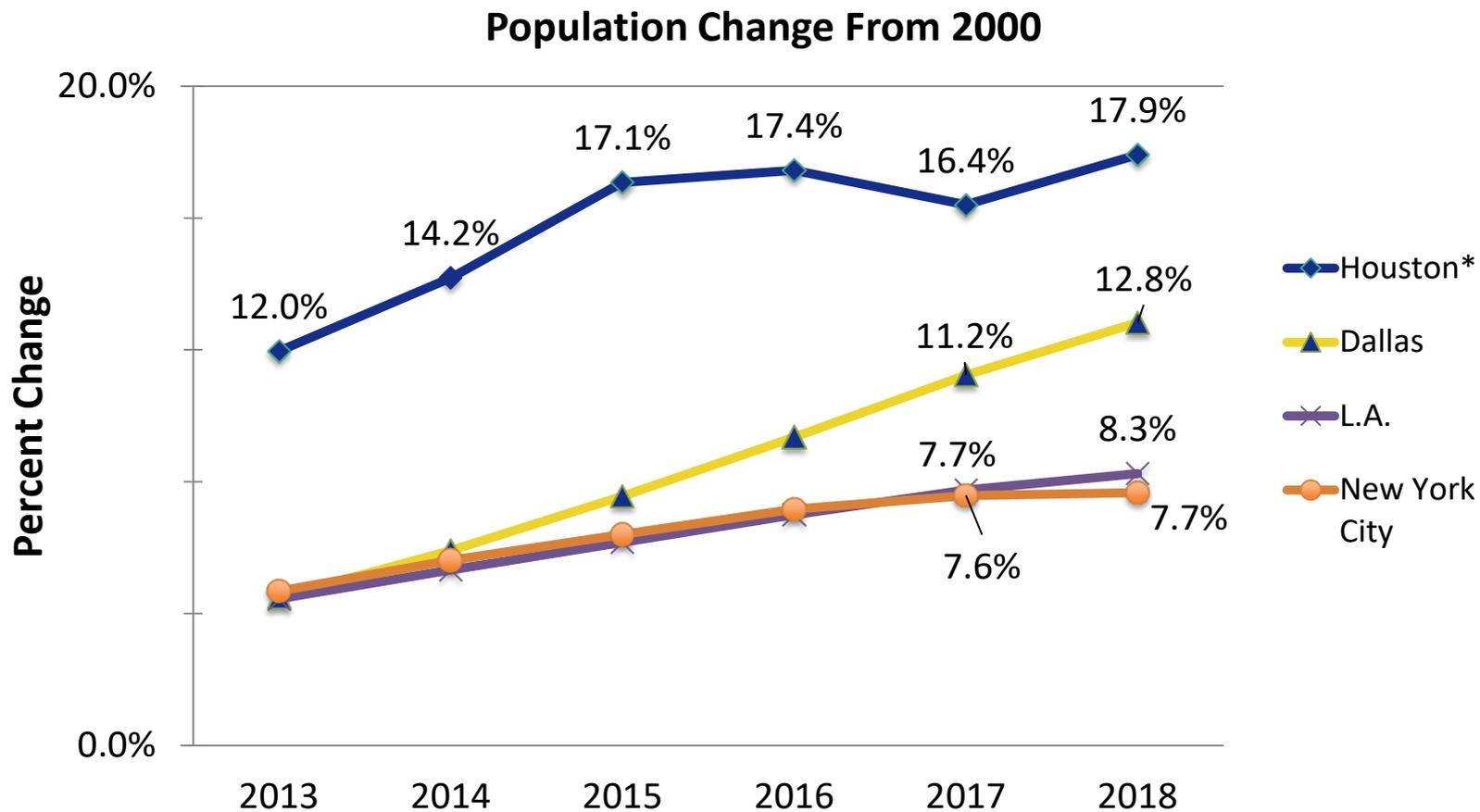
Certified Taxable Values



Source: Harris, Montgomery, and Fort Bend County Appraisal Districts



Population Growth



*Metropolitan area includes cities like Sugarland & the Woodlands

Source: U.S. Census Bureau



City Finances:

Fund Balance, Revenue Estimates, and Proposition B



Financial Policies

Transparency

Special Revenue
Funds

Pensions

Fund Balance of
at least 7.5%

Structural
Balanced

Debt Review

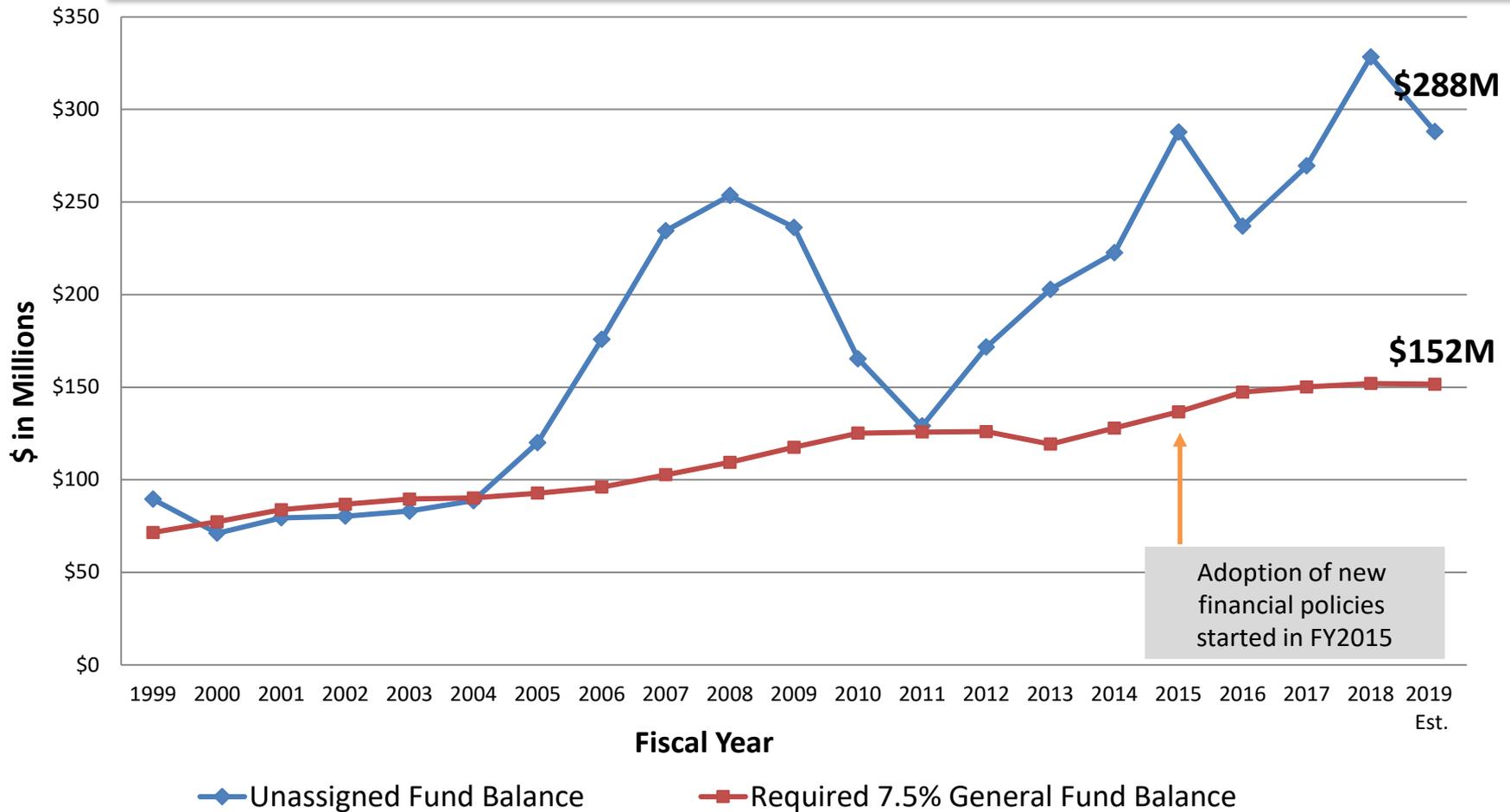
Annual Five Year
Forecast

Perform Regular
Compensation
Studies

Review Fees &
Rates

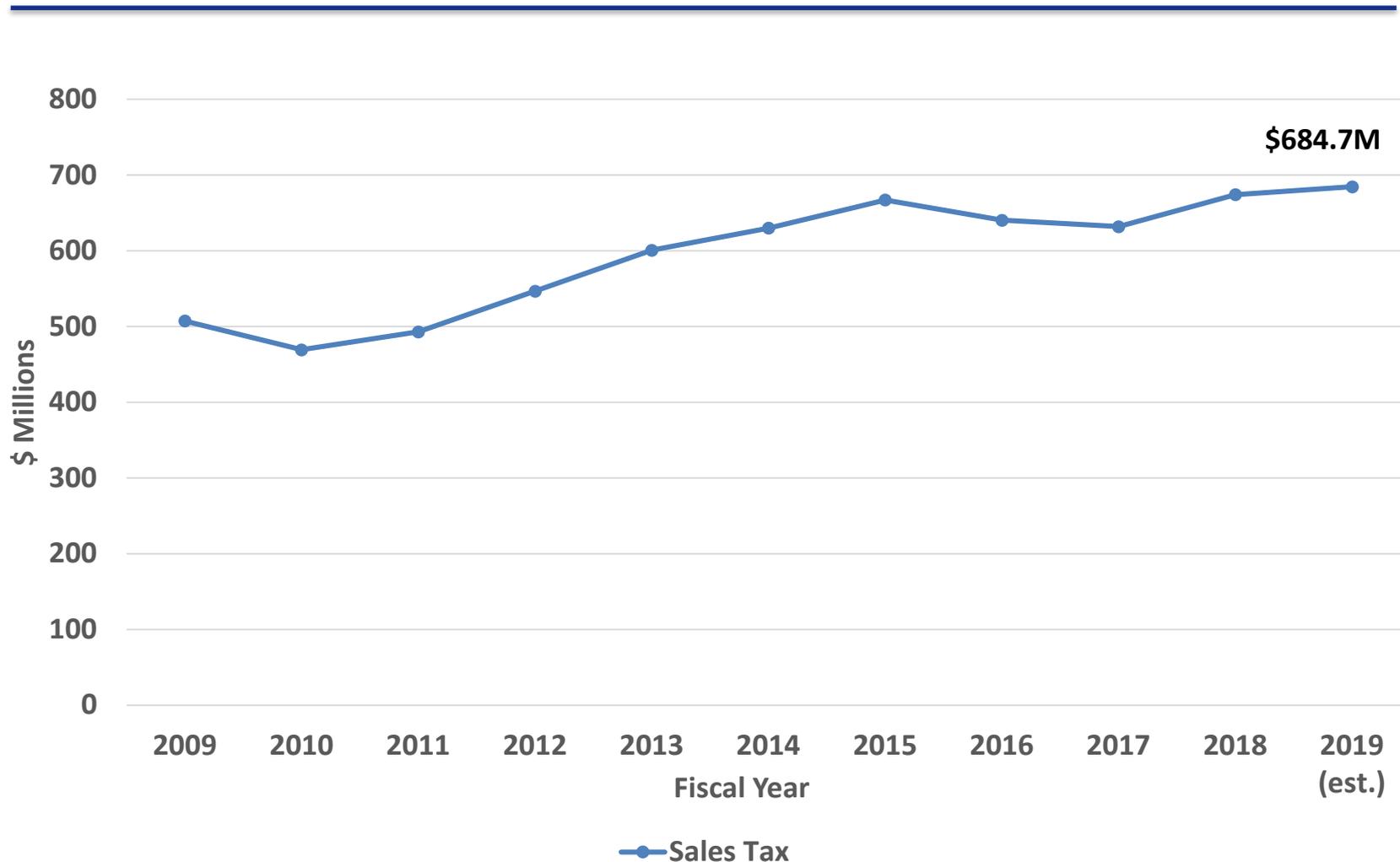


General Fund Balance





Sales Tax Revenue





Proposition B

- Generated by a petition circulated by the Fire Fighter Union
 - Voters approved on November 6, 2018
 - Pay that is “at least equal and comparable by rank and seniority” to the City’s police officers.
 - No funding source
 - Impact is approximately \$80 million annually based on current assumptions.
-



Proposition B

- The City is exploring a number of options, including:
 - reducing overall general fund budgetary spending,
 - phasing in compensation parity over multiple Fiscal Years,
 - creating additional revenue sources to increase available revenues,
 - reaching an agreement with the Fire Fighter Union,
 - or some combination of these options
- Cost of implementing Proposition B is shown in the City's March MOFR
 - January 1, 2019 - June 30, 2019 estimated at \$31M in FY2019, with \$11.6M coming from budgeted contingency and \$19M being drawn from fund balance



General Obligation Bond Rating History

Fiscal Year	2010*	2011	2012	2013	2014	2015	2016	2017	2018	2019
S&P	AA	AA	AA	AA	AA+	AA+	AA	AA	AA	AA
Moody's	Aa2*	Aa2	Aa2	Aa2	Aa2	Aa2	Aa3	Aa3	Aa3	Aa3
Fitch	AA*	AA	AA							

Notes:

* Recalibration of rating based on migration to Global Scale Rating



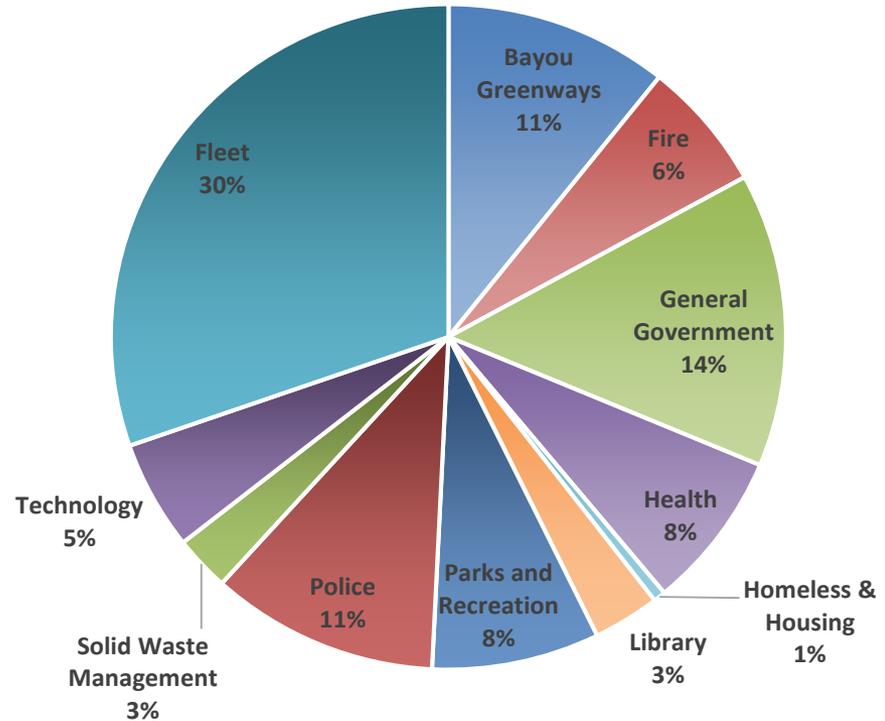
Debt & Capital Improvement Plan



FY 2019 – FY 2023: Capital Improvement Plan

CIP Projected Expenditures Total \$755 Million*

Adopted Capital Improvement Plan (\$ Millions)	
	2019-2023
Public Improvement Programs	
Bayou Greenways	81.10
Fire	47.56
General Government	107.82
Health	57.94
Homeless & Housing	4.40
Library	24.15
Parks and Recreation	60.72
Police	82.69
Solid Waste Management	20.22
Subtotal	\$ 486.60
Citywide Programs	
Technology	40.03
Fleet	228.96
Subtotal	\$ 269.00
City Programs Total	\$ 755.59



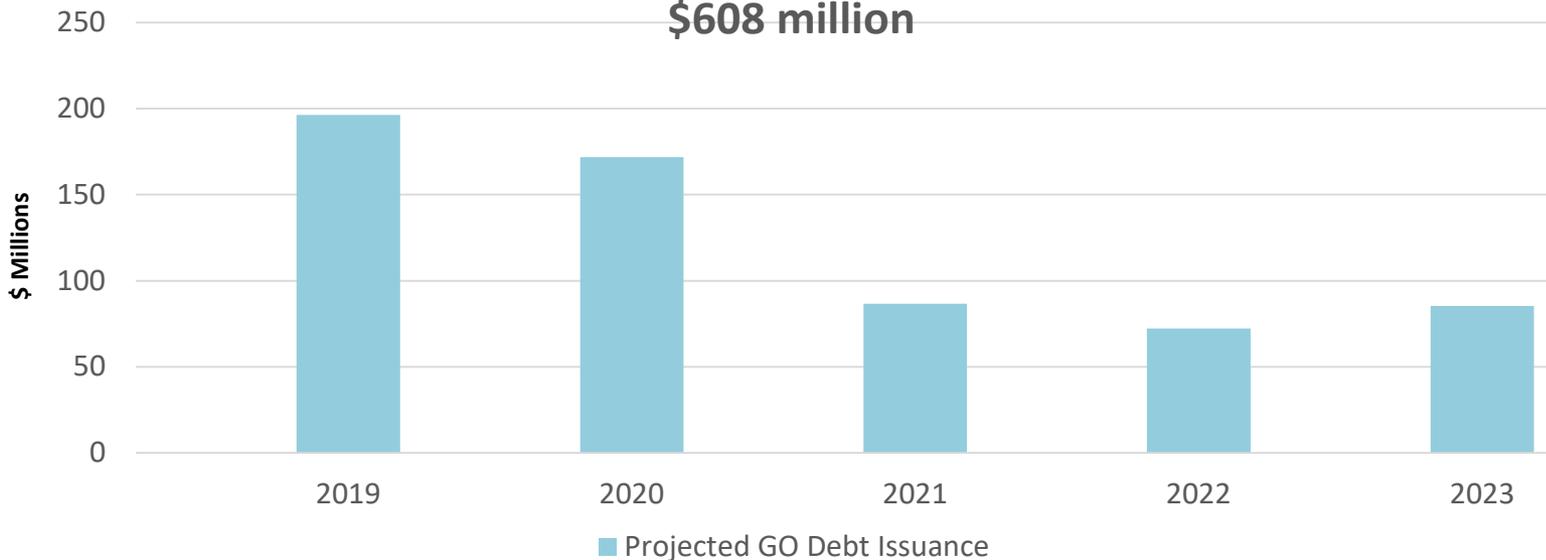
* Excludes Enterprise Programs, Component Units and Overlap Between Component Units and Public Improvement Programs



FY 2019 – FY 2023: Capital Improvement Plan

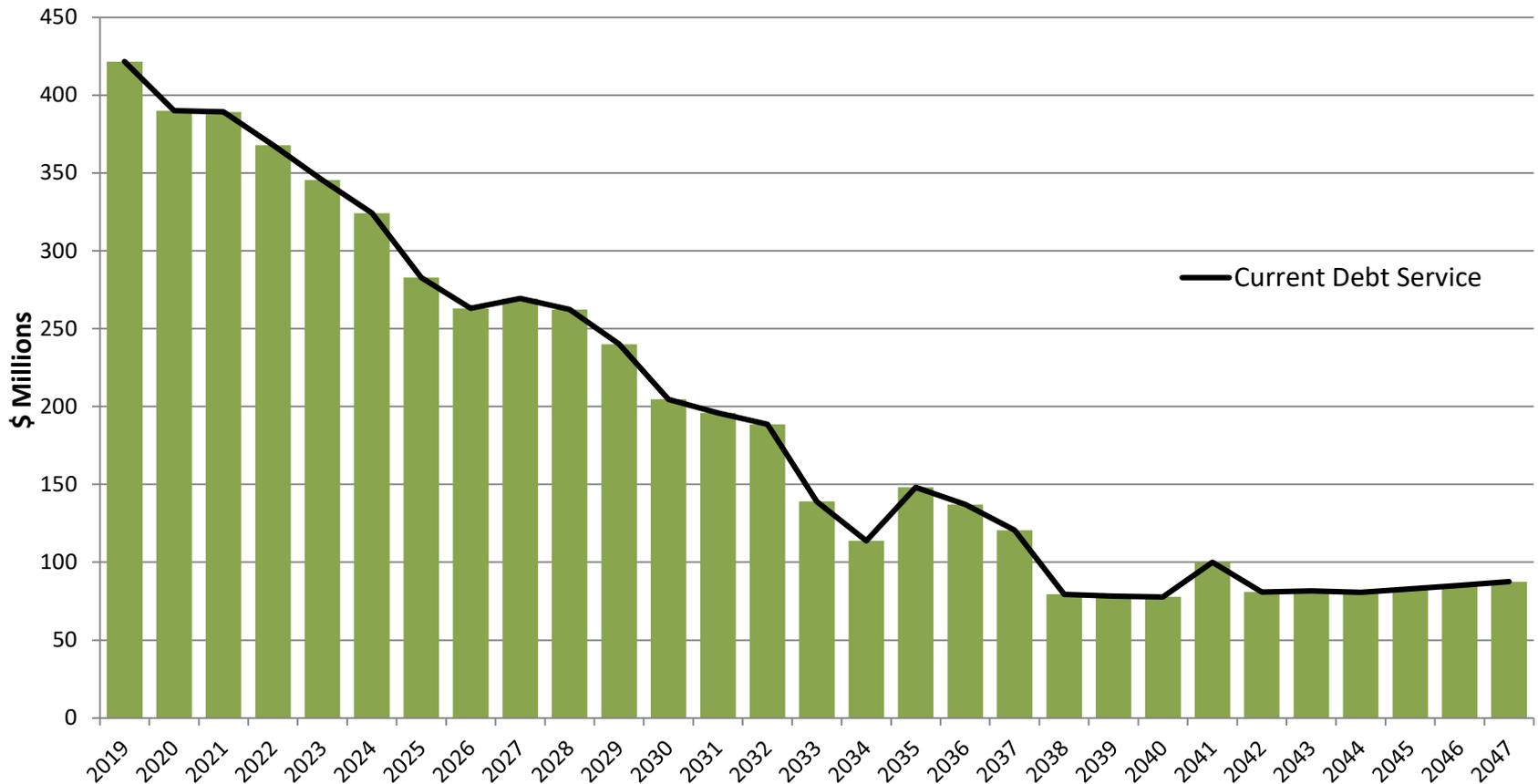
- **81% of the FY 2019 – FY 2023 CIP is expected to be funded with general obligation debt**
- **The remainder of the CIP is financed through grants, private fund raising, special revenue funds, TIRZ funding, and donations**

Appropriations tied to Projected GO Debt Issuances Totals
\$608 million





General Obligation Debt Service





Upcoming Financial Transactions

Credit	Series	Anticipated Size	Type	Anticipated Closing Date
General Obligation	Tax and Revenue Anticipation Notes 2019	\$150-300M	Competitive Auction	July 2019
	Annual Commercial Paper Refunding	\$150-200M	Negotiated	FY 2019
Combined Utility System	First Lien Revenue Refunding Bonds	Up to \$770M	Negotiated	FY 2019

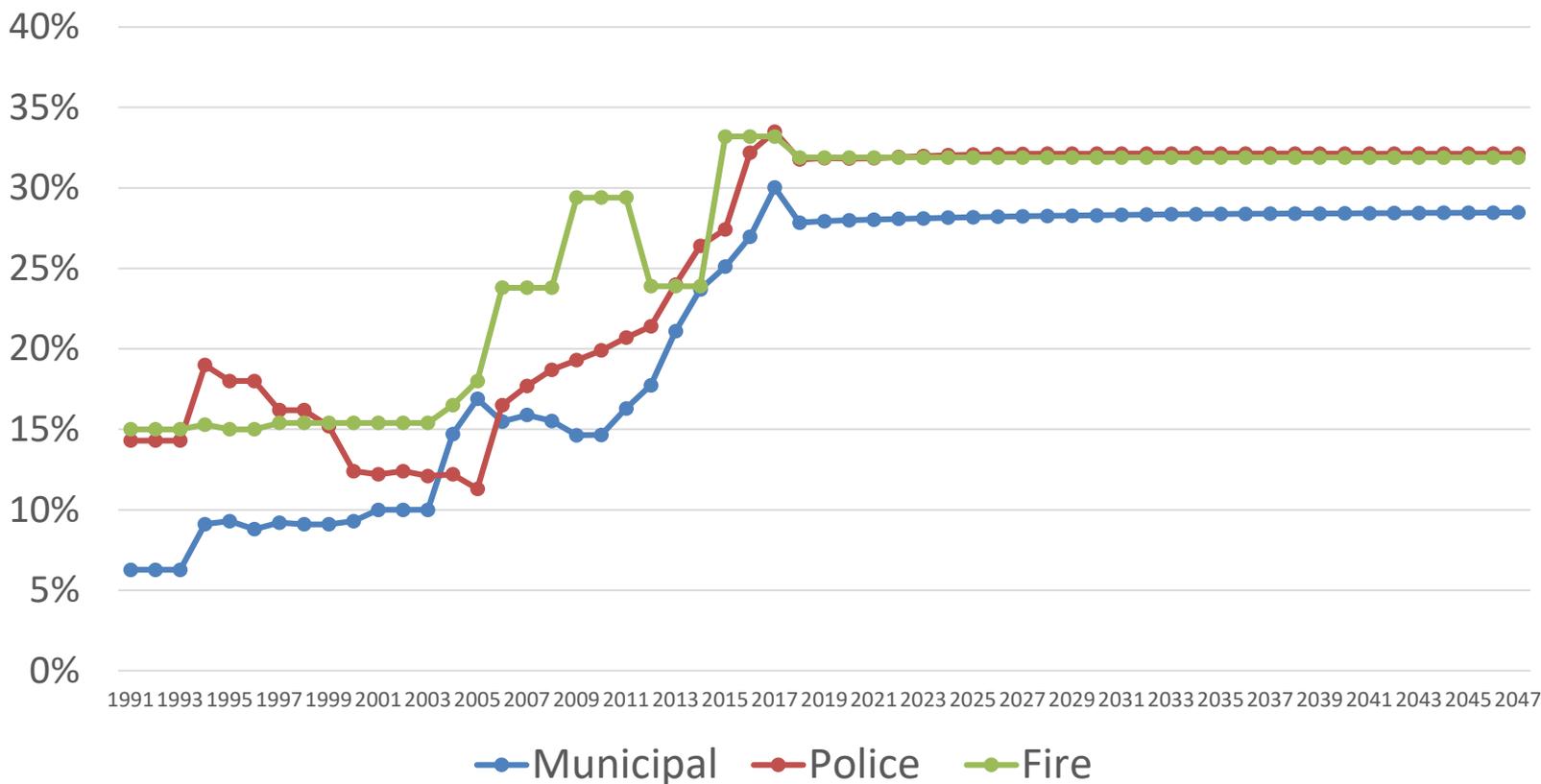


Thank You!



Pensions

Historical Contribution Rates and Corridor Midpoints



...Next unfunded liability to address: OPEB...



General Obligation Debt Service

