

Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

February 1st, 2022

Presented By: Melissa Dubowski - Deputy Director





• Combined Utility System

- Variable Rate Demand Bonds, Series 2004 B-2 & B-5



CUS Variable Rate Exposure Summary

B-1 100.00 Bank of America 8/19/2027 Y B-2 75.00 Morgan Stanley 3/13/2022 N B-3 75.00 Sumitomo 1/10/2025 Y B-4 100.00 PNC Bank 7/12/2022 Y B-5 250.00 Morgan Stanley 3/1/2023 N B-6 100.00 Bank of America 8/19/2027 Y B-6 100.00 Bank of America 8/19/2027 Y B-6 100.00 Bank of America 8/19/2027 Y Subtotal 700.00 Bank of America 8/19/2027 Y 2004B-2 100.00 Citibank 3/31/2022 Y 2004B-3 75.00 Sumitomo 1/28/2025 Y 2004B-4 75.00 PNC Bank 6/19/2023 Y 2004B-5 100.00 Wells Fargo 4/4/2022 Y 2012A 125.00 TD Bank 4/18/2025 Y 2012B 100.00 TD Ban	Liquidity Type	Series	Size (\$ millions)	Bank / Dealer	Expiration	Requires Bank Facility
Commercial Paper ⁽¹⁾ B-3 75.00 Sumitomo 1/10/2025 Y B-4 100.00 PNC Bank 7/12/2022 Y B-5 250.00 Morgan Stanley 3/1/2023 N B-6 100.00 Bank of America 8/19/2027 Y Subtotal 75.00 Sumitomo 1/10/2025 Y 2004B-2 100.00 Bank of America 8/19/2027 Y 2004B-2 100.00 Citibank 3/31/2022 Y 2004B-3 75.00 Sumitomo 1/28/2025 Y 2004B-4 75.00 PNC Bank 6/19/2023 Y 2004B-5 100.00 Wells Fargo 4/4/2022 Y 2004B-6 78.33 Sumitomo 1/28/2025 Y 2012A 125.00 TD Bank 4/18/2025 Y 2012B 100.00 TD Bank 5/24/2024 Y 2012B 2018C 249.08 Barclays 7/28/2025 Y	Commercial Paper ⁽¹⁾	B-1	100.00	Bank of America	8/19/2027	Y
B-4 100.00 PNC Bank 7/12/2022 Y B-5 250.00 Morgan Stanley 3/1/2023 N B-6 100.00 Bank of America 8/19/2027 Y Demand Bonds 2004B-2 100.00 Citibank 3/31/2022 Y Variable Rate 2004B-3 75.00 Sumitomo 1/28/2025 Y 2004B-4 75.00 PNC Bank 6/19/2023 Y 2004B-5 100.00 Weils Fargo 4/4/2022 Y 2004B-6 78.33 Sumitomo 1/28/2025 Y 2012A 125.00 TD Bank 4/18/2025 Y 2012B 100.00 TD Bank 5/24/2024 Y		B-2	75.00	Morgan Stanley	3/13/2022	N
B-4 100.00 PNC Bank 7/12/2022 Y B-5 250.00 Morgan Stanley 3/1/2023 N B-6 100.00 Bank of America 8/19/2027 Y Subtotal 700.00 Citibank 3/31/2022 Y 2004B-2 100.00 Citibank 3/31/2022 Y 2004B-3 75.00 Sumitomo 1/28/2025 Y 2004B-4 75.00 PNC Bank 6/19/2023 Y 2004B-5 100.00 Wells Fargo 4/4/2022 Y Demand Bonds 2004B-6 78.33 Sumitomo 1/28/2025 Y 2012A 125.00 TD Bank 4/18/2025 Y Y 2012B 100.00 TD Bank 5/24/2024 Y Y 2012B 20100 TD Bank 5/24/2024 Y Y 2018C 249.08 Barclays 7/28/2025 Y		B-3	75.00	Sumitomo	1/10/2025	Y
B-6 100.00 Bank of America 8/19/2027 Y Subtotal 700.00 Subtotal 3/31/2022 Y 2004B-2 100.00 Citibank 3/31/2022 Y 2004B-3 75.00 Sumitomo 1/28/2025 Y 2004B-4 75.00 PNC Bank 6/19/2023 Y 2004B-5 100.00 Wells Fargo 4/4/2022 Y Demand Bonds 2004B-6 78.33 Sumitomo 1/28/2025 Y 2012A 125.00 TD Bank 4/18/2025 Y 2012B 100.00 TD Bank 5/24/2024 Y 2018C 249.08 Barclays 7/28/2025 Y		B-4	100.00	PNC Bank	7/12/2022	Y
Subtotal 700.00 2004B-2 100.00 Citibank 3/31/2022 Y 2004B-3 75.00 Sumitomo 1/28/2025 Y 2004B-4 75.00 PNC Bank 6/19/2023 Y 2004B-5 100.00 Wells Fargo 4/4/2022 Y Demand Bonds 2004B-6 78.33 Sumitomo 1/28/2025 Y 2012A 125.00 TD Bank 4/18/2025 Y Y 2012B 100.00 TD Bank 5/24/2024 Y 2018C 249.08 Barclays 7/28/2025 Y		B-5	250.00	Morgan Stanley	3/1/2023	N
2004B-2100.00Citibank3/31/2022Y2004B-375.00Sumitomo1/28/2025Y2004B-475.00PNC Bank6/19/2023Y2004B-5100.00Wells Fargo4/4/2022YDemand Bonds2004B-678.33Sumitomo1/28/2025Y2012A125.00TD Bank4/18/2025Y2012B100.00TD Bank5/24/2024Y2018C249.08Barclays7/28/2025Y		B-6	100.00	Bank of America	8/19/2027	Y
Variable Rate 2004B-3 75.00 Sumitomo 1/28/2025 Y Demand Bonds 2004B-4 75.00 PNC Bank 6/19/2023 Y Demand Bonds 2004B-5 100.00 Wells Fargo 4/4/2022 Y 2012A 78.33 Sumitomo 1/28/2025 Y 2012B 100.00 TD Bank 4/18/2025 Y 2012B 100.00 TD Bank 5/24/2024 Y 2018C 249.08 Barclays 7/28/2025 Y		Subtotal	700.00			
Variable Rate 2004B-4 75.00 PNC Bank 6/19/2023 Y Demand Bonds 2004B-5 100.00 Wells Fargo 4/4/2022 Y 2004B-6 78.33 Sumitomo 1/28/2025 Y 2012A 125.00 TD Bank 4/18/2025 Y 2012B 100.00 TD Bank 5/24/2024 Y 2018C 249.08 Barclays 7/28/2025 Y		2004B-2	100.00	Citibank	3/31/2022	Y
Variable Rate 2004B-5 100.00 Wells Fargo 4/4/2022 Y Demand Bonds 2004B-6 78.33 Sumitomo 1/28/2025 Y 2012A 125.00 TD Bank 4/18/2025 Y 2012B 100.00 TD Bank 5/24/2024 Y 2018C 249.08 Barclays 7/28/2025 Y		2004B-3	75.00	Sumitomo	1/28/2025	Y
Demand Bonds 2004B-6 78.33 Sumitomo 1/28/2025 Y 2012A 125.00 TD Bank 4/18/2025 Y 2012B 100.00 TD Bank 5/24/2024 Y 2018C 249.08 Barclays 7/28/2025 Y		2004B-4	75.00	PNC Bank	6/19/2023	Y
2012A 125.00 TD Bank 4/18/2025 Y 2012B 100.00 TD Bank 5/24/2024 Y 2018C 249.08 Barclays 7/28/2025 Y		2004B-5	100.00	Wells Fargo	4/4/2022	Y
2012B 100.00 TD Bank 5/24/2024 Y 2018C 249.08 Barclays 7/28/2025 Y		2004B-6	78.33	Sumitomo	1/28/2025	Y
2018C 249.08 Barclays 7/28/2025 Y		2012A	125.00	TD Bank	4/18/2025	Y
		2012B	100.00	TD Bank	5/24/2024	Y
Subtotal 902.41		2018C	249.08	Barclays	7/28/2025	Y
505(6(d) 502.41		Subtotal	902.41			

Total Debt Outstanding ⁽²⁾	\$6,976.0	
Total Commercial Paper Outstanding ⁽²⁾	\$0.0	
Total Unhedged Variable Rate Debt ⁽²⁾	0%	

 $^{(1)}$ The Series B-2 and B-5 are an Extendible Commercial Paper product.

⁽²⁾ As of November 30, 2021 Monthly Financial Report.

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



CUS Variable Rate Demand Bonds, Series 2004 B-2 & B-5

Background:

- The 2004B-2 & B-5 bonds are tax-exempt variable rate demand bonds (VRDBs) supported by bank letters of credit.
- VRDBs are long term bonds, which are remarketed on a weekly basis, at short interest rates. In order to be marketable, the VRDBs require a liquidity facility provided by a highly rated bank.
- The underlying bank facilities, supporting the 2004B-2 & B-5 bonds are scheduled to expire on March 31st, 2022 and April 4th, 2022.



CUS Variable Rate Demand Bonds, Series 2004 B-2 & B-5

Next Steps:

- The City has released a request for term sheet proposals from qualified financial institutions to provide liquidity facilities and/or financial alternatives.
- The Finance Working Group has reviewed proposals and agreed to move forward with Sumitomo and UBS for series 2004B-2 and B-5 respectively.
- An RCA is expected to be presented to City Council in Spring 2022.





Questions?