



Finance
Department



Upcoming Financial Transactions

Finance Department
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* This presentation constitutes the written recommendation of the Finance Working Group.



Annual Financing Plan



Department	Series	Size (\$ millions)	Anticipated Closing	PV Savings (\$ millions)	True Interest Cost (%)
HAS	2012A,B,C	504	April 5, 2012	55.6	4.07
GO	2012A,B	370	May 22, 2012	16.5	2.27
HAS	Prepayment	9	June 2012	0.54	N/A
GO	TRANS 2012	180	July 1, 2012	N/A	0.15
CEF	2012A	42	August 15, 2012	1.9	4.79
CUS	2012D	175	Sept. 13, 2012	---	3.66
CUS	TWDB* 2012E	50	Sept. 27, 2012	---	1.5
Subtotal		\$1,330		\$74.54	2.90%
CUS	2012F	132	Dec. 2012	---	---
Subtotal		\$132		---	---
Total		\$1,462		\$74.54	2.90%

* Texas Water Development Board



CUS Series 2012F

Taxable to Tax-Exempt Refunding



- The City has identified approximately \$132 million of Series 2008D-1 Variable Rate Demand Bonds with a December 1, 2012 mandatory tender date that are eligible to be converted from taxable to tax-exempt.
- The current historically low interest rates provide for an optimal environment to proceed with this fixed rate transaction.
- As standard course of business, in conjunction with this transaction, the Finance Working Group (FWG) will review possibilities to refinance other existing debt if prudent opportunities to achieve present value savings exist.
- A specific Request for Council Action will be brought before City Council later this month.
 - The bond pricing is projected to take place in late October or early November
 - Closing to occur in early December



CUS Variable Rate Exposure Summary



Liquidity Type	Series	Size (\$ millions)	Bank	Expiration	Requires Bank Letter of Credit
Commercial Paper	B-1	250.00	JPMorgan Chase	12/16/2013	Y
	B-2	75.00	Wells Fargo	12/14/2012	Y
	B-3	75.00	Bank of Tokyo-Mitsubishi	1/20/2015	Y
	B-4	100.00	Barclay's	7/15/2013	Y
	B-5	100.00	BBVA	5/27/2015	Y
	B-6	100.00	Citibank	7/15/2013	Y
Subtotal		700.00			
Variable Rate Demand Bonds	2004B-2	100.00	State Street	4/5/2013	Y
	2004B-3	75.00	Sumitomo	4/3/2015	Y
	2004B-4	75.00	JPMorgan Chase	4/6/2013	Y
	2004B-5	100.00	Lloyd's	4/6/2013	Y
	2004B-6	78.33	Sumitomo	4/3/2015	Y
	2008D-1	132.01	JPMorgan Chase	12/31/2012	Y
Subtotal		560.34			
Total		\$1,260.34			
SIFMA Index Floater	2012A	125.00	Loop Capital Markets	6/1/2015	N
	2012B	100.00	Wells Fargo Securities	6/1/2017	N
	2012C	249.08	RBC	8/1/2016	N
Subtotal		474.08			
Total		\$1,734.42		Total Debt Outstanding \$6,017,166	
				Total Current Variable Rate Exposure 19.4%*	

* This calculation includes bonds which have a synthetic fixed rate.



CUS Series B-2

Commercial Paper Program



- The existing letter of credit that supports the Series B-2 CP program has an upcoming expiration date of December 14, 2012.
- The Series B-2 CP currently supports the CUS's CIP and has proven to be a cost-effective method of financing the System's capital improvement program; saving the System millions of dollars in debt service.
- The Finance Working Group recommends we explore alternatives to renew or replace the existing letter of credit with a highly rated bank for an aggregate amount of \$75 million to support the Series B-2 CP program.



General Obligation Variable Rate Exposure Summary



Liquidity Type	Series	Size (\$ millions)	Bank	Expiration	Requires Bank Letter of Credit
Commercial Paper	G-1	75.00	Comerica	11/28/2014	Y
	G-2	125.00	Sumitomo	11/28/2014	Y
	H-1	100.00	JP Morgan Chase	2/11/2013	Y
	H-2	100.00	US Bank	8/14/2014	Y
	E-1	100.00	JP Morgan Chase	4/28/2013	Y
	E-2	150.00	Wells Fargo	4/28/2013	Y
	J	125.00	State Street	5/20/2013	Y
	K-1	100.00	BBVA	12/26/2014	Y
	K-2	100.00	Citibank	12/28/2012	Y
Total		975.00			
Total Debt Outstanding		\$3,434,360	Total Current Variable Rate Exposure 6.6%		



General Obligation Series K-2 Commercial Paper Program



- The existing letter of credit that supports the Series K-2 CP program has an upcoming expiration date of December 28, 2012.
- The Series K-2 CP currently supports the pay-as-you-go Dedicated Drainage and Street Renewal Fund (DDSRF) which helps maintain and improve the City's drainage and street infrastructure. This CP program is intended for appropriation capacity only.
- The Finance Working Group recommends we explore alternatives to renew or replace the existing letter of credit with a highly rated bank for an aggregate amount of \$100 million to support the Series K-2 CP program.



HAS Variable Rate Exposure Summary



Liquidity Type	Series	Size (\$ millions)	Bank	Expiration	Requires Bank Letter of Credit
Commercial Paper	A&B	150	BAML	12/23/2013	Y
Variable Rate Demand Bonds	2010A	93.63	Barclays	12/21/2012	Y
Auction Rate Securities	2000 P-1	41.650	N/A	N/A	N
	2000 P-2	41.425			N
	2002C	88.850			N
	2002D1	67.725			N
	2002D2	65.775			N
Total		549.055			
Total Debt Outstanding \$2,295,830 Total Current Variable Rate Exposure 17.4%					



HAS Series 2010A

Variable Rate Demand Bonds



- The preference of the FWG is to keep the existing VRDB structure.
 - The current variable rate exposure is below the City's target of 20%
- Availability and cost of replacing the required letter of credit is a concern.
 - At subordinate lien level
 - Pending new bank regulations (BASEL III)



HAS Series 2010A

Variable Rate Demand Bonds



- The FWG is currently exploring the market for a replacement letter of credit.
 - If liquidity is available at a reasonable price then the FWG recommends maintaining the variable rate structure.
 - If liquidity is not available or cost effective then the FWG recommends converting to a fixed rate structure.
- An RCA with the final recommendation will be presented to Council in the next month or two.

