



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

October 1st 2013

Presented By:

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Agenda

- Combined Utility System (CUS)
 - Commercial Paper Program Series B1 & B5
 - 2004A Refunding



CUS Variable Rate 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 | 12/15/2014 | Y |
| | B-3 | 75.00 | Bank of Tokyo-Mitsubishi | 1/20/2015 | Y |
| | B-4 | 100.00 | Barclay's | 7/15/2016 | Y |
| | B-5 | 100.00 | BBVA | 3/27/2015 | Y |
| | B-6 | 100.00 | Citibank | 7/15/2016 | Y |
| Subtotal | | 700.00 | | | |
| Variable Rate Demand Bonds | 2004B-2 | 100.00 | Bank of New York Mellon | 4/4/2016 | Y |
| | 2004B-3 | 75.00 | Sumitomo | 4/3/2015 | Y |
| | 2004B-4 | 75.00 | Bank of Tokyo | 4/6/2016 | Y |
| | 2004B-5 | 100.00 | Wells | 4/6/2016 | Y |
| | 2004B-6 | 78.33 | Sumitomo | 4/3/2015 | Y |
| | Subtotal | | 428.33 | | |
| Total | | \$1,128.33 | | | |
| 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 Debt Outstanding \$6,147,689 | | |
| Total | | \$1,602.41 | Total Current Variable Rate Exposure 14.7%* | | |

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



CP Program Series B1 & B5

- Commercial Paper Series B-1
 - Expires 12/16/2013
 - The Finance Working Group recommends renewing with the current provider, J.P. Morgan, but to reduce the size from \$250 million to \$100 million.
- Commercial Paper Series B-5
 - An alternative financial instrument, a Forward Bond Purchase Agreement, has been proposed by RBC Capital Markets to provide the same service as the existing commercial paper program at a lower cost.
 - Expires 3/27/2015, but can be terminated at no cost.
 - FWG recommendation:
 - Replace the \$100 million Series B-5 with the Forward Bond Purchase Agreement now and
 - Subsequently increase the size to \$250 million to offset the reduced size of the Series B-1.
- Separate RCAs will be presented to City Council in October and November.



CUS 2004A Refunding

- The City has identified approximately \$1.4 billion of fixed rate CUS First Lien Revenue Bonds that can be refunded to provide attractive present value savings.
- The Finance Working Group may recommend the bonds be refunded with more than one transaction due to potential size, complexity of each deal, and existing market conditions.
- The transactions come with a variety of tax implications that need to be clarified before a final structure can be determined.
- An RCA will be presented to City Council in mid to late October.



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Questions?