



# Finance Department

## Presentation to the City of Houston Budget and Fiscal Affairs Committee

### Upcoming Financial Transactions

January 12<sup>th</sup> 2015

Presented By:  
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# Agenda

- Convention and Entertainment Facility Hotel Occupancy Tax and Special Revenue Refunding Bonds, Series 2015
- Proposed Use of the CUS General Purpose Fund as Appropriation Mechanism for CUS CIP



# Convention & Entertainment Facilities Series 2015

- The City has identified approximately \$66 million of the City's Convention & Entertainment Facilities Department Hotel Occupancy Tax (HOT) and Special Revenue Refunding Bonds, Series 2011B that can be refinanced at attractive present value savings.
- The current proposed transaction is in response to current favorable market conditions.
- The FWG recommends issuing the Series 2015 Bonds to refinance the currently outstanding bonds at lower current market interest rates and produce an estimated \$6.9 million or 9.7% in present value savings.



# Convention & Entertainment Facilities Series 2015

- In September of 2013 City Council approved a \$75 million multi-advancing private placement structure that functioned similar to a commercial paper program.
- This transaction will replace this variable rate structure with fixed rate bonds that matches the useful life of the assets.
- This proposed transaction will have a total not to exceed amount of \$160 million.
- An RCA is expected to be submitted late January.



# Proposed CUS CIP Appropriation Mechanism

- The Water and Wastewater (W&W) CIP primarily utilizes a commercial paper line (CP) to appropriate capital projects. Current appropriation capacity includes:
  - Commercial paper line is \$700M
  - Self-funded appropriation of \$100M
  - Pay-Go of \$65M
- As of 12/31/14, the CUS had \$806M appropriated and unspent for CUS capital projects
- The CUS requires more appropriation capacity to accommodate the CIP



# Proposed CUS CIP Appropriation Mechanism

- The CUS proposes to add an additional self-funded appropriation of up to \$100M (for total of up to \$200M) from the CUS General Purpose Fund to support the on-going Water & Wastewater CIP
  - The funds will be for additional appropriation capacity
  - The CUS proposes to self- fund needed appropriation capacity vs. expanding the commercial paper line
    - Additional commercial paper would cost the CUS a minimum of \$200k per year
- This item will be brought to City Council in February 2015.



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Questions?