



Finance
Department



Upcoming Financial Transactions



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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 (%)
GO	TRANS 2012	180	July 1, 2012	N/A	0.15
CEF	2012A	42	August 15, 2012	1.93	4.79
CUS	2012D	175	Sept. 13, 2012	---	3.66
CUS	TWDB ⁽¹⁾ 2012E	50	Sept. 27, 2012	---	1.50
CUS	2012F ⁽²⁾	132	Dec. 2012	0.44	3.39
Subtotal		\$579		\$2.37	
CUS	TWDB ⁽¹⁾ 2013A	50	May 2013	---	---
GO	PIB 2013	450	May 2013	---	---
CUS	2013B	200	June 2013	---	---
HAS	S. Facility	41	June 2013	---	---
GO	TRANS 2013	150-250	July 1, 2013	---	---
Subtotal		\$891-991		---	
FY2013	Total	\$1,470-1,570		\$2.37	
FY2012	Total	\$2,229		\$162.74	

1. Texas Water Development Board
2. Savings based on a \$3.575 million portion of the 2012F bonds issued for bond refunding.



CUS Series 2013B

Commercial Paper Conversion



- Since 1993, the City has used the issuance of commercial paper to provide an expedient, cost-effective method of accessing cash and providing interim financing. The commercial paper notes are later refinanced to fixed rate bonds that match the useful life of the project or equipment being financed.
- This transaction represents the normal refunding of these commercial paper notes held by the Combined Utility System. The anticipated size of the Series 2013B Bonds will be in an amount not to exceed \$200 million.
- As standard course of business, in conjunction with this transaction, the FWG will review possibilities to refinance existing debt if prudent opportunities to achieve present value savings exists.
- An RCA will be presented to City Council in mid April.

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Houston Airport Rental Car Facility Bonds Series 2013



- The City has identified approximately \$41 million of Series 2001 Rental Car Facilities Bonds that are currently callable at attractive present value savings.
- The current historically low interest rates provide for an optimal environment to proceed with this fixed rate transaction.
- These bonds are structured as special facility bonds where the primary pledged revenue source are customer facility charges (CFCs).
- The refunding would not provide any benefit to the City but should allow the CFCs to be reduced thus benefitting the consumers who are renting the vehicles.
- An RCA will be presented to City Council in mid to late April.

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Tax and Revenue Anticipation Notes Series 2013



- Each year the City sells Tax and Revenue Anticipation Notes (TRANS) to help manage working capital needs during the year. This need for working capital is caused by the timing difference between the collections of revenues versus expenditures. The major revenue source for the General Fund is ad valorem taxes, which are largely collected during December, January and February.
- The TRANS provides an efficient, cost effective way to address this temporary cash shortfall. The actual sale of the notes is done on a competitive basis through an electronic auction intended to give the City access to a large scope of potential purchasers and provides efficient pricing.



Tax and Revenue Anticipation Notes Series 2013



- Historically, the TRANS are structured to potentially allow additional supplemental issuances, separated in time from the initial issuance, enabling the City to comply with tax laws and arbitrage regulations. The initial borrowing is based on an estimated monthly cash flow analysis prepared prior to the beginning of the fiscal year, which projects the cash flows (and predicts the maximum shortfall) during the fiscal year.
- The first TRANS issue is sized conservatively because it is based on an early estimate of cash flows. If the City's initial borrowing does not cover its shortfall, it may elect to borrow additional funds through the issuance of supplemental notes. The supplemental borrowing has only been used once in the past 7 years for unexpected Ike related expenditures in FY 2009.



Tax and Revenue Anticipation Notes Series 2013



- For FY 2014, the TRANS primary borrowing in July 2013 will be approximately \$150 to \$250 million. The total authorized size (primary and supplemental) of the TRANS will be approximately \$300 million.
- An RCA will be presented to City Council in early May 2013 for authorization of the sale, and approval of the Preliminary Official Statement (POS), Notice of Sale, and distribution of the POS. The competitive auction is expected to occur in June and the results will be presented to City Council for a motion to accept the winning bid or bids.

