



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

December 8th 2015

Presented By:
Jennifer Olenick, CFA – Deputy Director



Agenda

- Combined Utility System
 - First Lien Revenue Bonds, Series 2016A (Texas Water Development Board)
 - First Lien Revenue and Refunding Bonds, Series 2016B



Annual Financing Plan

Department	Series	Size (\$ Millions)	Anticipated Closing	PV Savings (\$ Millions)	True Interest Cost (%)
GO	TRANS 2015	210	July 2, 2015	N/A	0.29
CUS	2015D & 2007A Exchange Bonds	119	July 9, 2015	10.12	3.71
Subtotal		\$329		\$10.12	1.53
CUS	2016A	64 ⁽¹⁾	January 2016	N/A	---
GO	PIB 2015	510 ⁽¹⁾	February 2016	28 ⁽¹⁾	---
CUS	2016B	450-700 ⁽¹⁾	February 2016	74 ^{(1), (2)}	---
HAS	2016	TBD	May 2016	---	---
Subtotal		\$1,024-1,275		\$102.00	
FY2016	Total	\$1,353-1,603		\$112.12	
FY2015	Total	\$1,353		\$44.13	
FY2014	Total	\$2,390		\$209.23	

(1) Estimated. Preliminary, subject to change.

(2) Primarily refunding commercial paper (no savings), but will also refund bonds for economic savings depending on market conditions.

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



Texas Water Development Board Bonds

- The Texas Water Development Board administers a program that provides below market, low-interest loans to communities that assist in meeting clean water standards. This program is known as the Clean Water State Revolving Fund (“CWSRF”) and is open to political subdivisions that own and operate a wastewater system.
- The FWG recommends issuing the CUS First Lien Revenue Bonds, Series 2016A. The proceeds would be used for approved projects in the City’s adopted CIP and redemption of commercial paper not to exceed a total of \$64 million.
- An RCA will be presented to City Council on December 16, 2015.



Combined Utility System, TWDB Bonds

System:	Combined Utility System
New Money or Refunding?:	New Money
Par Amount:	\$64 Million
Use of the Debt Proceeds:	Clean Water Projects

Revenue Source Securing Debt:	Net revenues of the Combined Utility System
Estimated Weighted Average Life of the Debt Being Refunded(Years):	N/A
Estimated Change to the Weighted Average Life of Debt Being Refunded:	N/A
Estimated Present Value Savings:	N/A
Estimated Percentage Savings:	N/A
Estimated True Interest Cost (%):	subsidy of 120 basis points off the entity's underlying credit rating
Anticipated Council Agenda Date:	December
Anticipated Date of Pricing:	December
Anticipated Date Closing:	January



Combined Utility System, Series 2016B

- 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 projects and/or equipment being financed.
- This transaction represents the normal refunding of these commercial paper notes held by the Combined Utility System, along with additional funds for near-term projects. The total anticipated size of the commercial paper and new money portion of the Series 2016B Bonds will be approximately \$245 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 exist. The total potential size of the 2016B Bonds (approximately \$450-700 million) includes between \$205-455 million for this purpose, subject to market conditions and further due diligence.
- An RCA is expected to be brought before Council in mid January.



Combined Utility System, Series 2016B

System: Utility System

New Money or Refunding?: Both

Par Amount: \$450-700 Million

Use of the Debt Proceeds: Capital Improvement Program and Refunding

Revenue Source Securing Debt: Net revenues of the Combined Utility System

Estimated Weighted Average Life of the Debt Being Refunded (Years): 14.999 years

Estimated Change to the Weighted Average Life of Debt Being Refunded: 0.28 years

Estimated Present Value Savings: \$74,383,079

Estimated Percentage Savings: 11.314%

Estimated True Interest Cost (%): 3.60%

Anticipated Council Agenda Date: January

Anticipated Date of Pricing: February

Anticipated Date Closing: February

All figures are subject to market adjustments.

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Questions?