



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

August 1st 2017

Presented By:
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Agenda

- Combined Utility System
 - a) Texas Water Development Board (TWDB) SWIRFT Loan
 - b) TWDB SWIRFT Board Participation Financing for Coastal Water Authority (CWA)
- General Obligation
 - a) Commercial Paper Program Series H-2 and G-2



Texas Water Development Board (TWDB) SWIRFT Loan

Background:

- Projects being financed: Northeast Plant Expansion & Second Source Transmission Lines
 - SWIRFT Application originally approved by Council May 2015, and TWDB Board approved Application July 2015
 - The SWIRFT financing is a multi-year commitment from TWDB to the City of Houston over a period of six years, 2015 through 2020
 - The loan reflects TWDB's expected AAA rated financing cost, as well as a 22% subsidy.

Note: This presentation constitutes the written recommendation of the Finance Working Group.
SWIRFT – State Water Implementation Revenue Fund for Texas



Texas Water Development Board (TWDB) SWIRFT Loan

Next Steps:

- 2017 loan installment of approximately \$83.170 million will require two (2) Council Actions
 - Council Approval of Financing Agreement in August
 - TWDB relies on Financing Agreement when selling its TWDB bonds in September, and imposes financial penalties for terminating close to, or after TWDB's sale of bonds
 - Council Approval of Loan documents, expected in October
 - Loan scheduled to close in November

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Texas Water Development Board (TWDB) SWIRFT Loan

System:	Combined Utility System
New Money or Refunding?:	New Money
Par Amount:	\$83.170 million
Use of the Debt Proceeds:	NE Plant Expansion & Transmission Lines

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 (%):	22% discount from the market rate
Anticipated Council Agenda Date:	August/October
Anticipated Date of Pricing:	October
Anticipated Date Closing:	November



TWDB SWIRFT Board Participation Financing for Coastal Water Authority (CWA)

Background:

- Projects being financed: Luce Bayou Interbasin Transfer
 - CWA actually enters into the financing agreements with TWDB

Next Steps:

- Approve contract amendment related to CWA's next funding from TWDB of approximately \$96.975 Million
 - Expect to present the contract amendment to Council for consideration in September 2017

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GO Variable Rate Exposure Summary

Liquidity Type	Series	Size (\$ millions)	Bank	Expiration	Requires Bank Facility
Commercial Paper	E-1	100	Citigroup	7/13/18	Y
	E-2	100	Wells Fargo	4/26/2019	Y
	G-1	75	Mizuho	2/19/2018	Y
	G-2	125	Sumitomo	11/28/2017	Y
	H-2	100	Mizuho	10/13/2017	Y
	J	125	State Street	5/20/2020	Y
	K-1	150	RBC	2/2/2022	N
	K-2	100	Citibank	12/27/2018	Y
Total		875			
Total Debt Outstanding⁽¹⁾ \$2,940,440					
Total Commercial Paper Outstanding⁽¹⁾ \$209,900			Total Current Variable Rate Exposure 7.14%		

⁽¹⁾ As of May 31, 2017 Monthly Financial Report.



GO Commercial Paper Program Series H-2 and G-2

Background:

- Commercial paper (CP) has provided an expedient, cost-effective method of accessing cash and providing interim financing.
- General Obligation Commercial Paper Program, Series H-2 and G-2 supports the City's capital improvement program.
- The current liquidity facilities for Series H-2 and G-2 CP programs are set to expire on Oct. 13, 2017 and Nov. 28, 2017, respectively.

Next Steps:

- In July, the City issued a request for proposals from qualified financial institutions to provide credit facilities.
- The Finance Working Group recommends we explore renewal or replacement of the existing letter of credit as they come due.

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Questions?