



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

December 12th 2017

Presented By:
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Agenda

A. General Obligation (GO)

- i. Commercial Paper Program Series G-1

B. Combined Utility System (CUS)

- i. Commercial Paper Program Series B-3



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	Barclays	11/28/2022	Y
	H-2	100	Barclays	11/21/2021	Y
	J	125	State Street	5/20/2020	Y
	K-1	200	RBC ⁽¹⁾	2/2/2022	N
	K-2	100	Citibank	12/27/2018	Y
Total		875			
Total Debt Outstanding⁽²⁾ \$2,985.44					
Total Commercial Paper Outstanding⁽²⁾ \$254.9			Total Current Variable Rate Exposure 8.54%		

⁽¹⁾ The RBC facility K-1 is a Forward Purchase Agreement.

⁽²⁾ As of October 31, 2017 Monthly Financial Report.

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



GO Commercial Paper Program Series G-1

Background:

- Commercial paper (CP) has provided an expedient, cost-effective method of accessing cash and providing interim financing.
- General Obligation Commercial Paper Program, Series G-1 supports the City's capital improvement program.
- The current liquidity facility is set to expire on Feb. 19, 2018.



GO Commercial Paper Program Series G-1

Next Steps:

- In November, the City issued a request for proposals and received responses from qualified financial institutions.
- The City is examining all submitted proposals, including potential alternative financial instruments to be used for the same purposes.
- An RCA is expected to be brought before Council in January 2018.



CUS Variable Rate Exposure Summary

Liquidity Type	Series	Size (\$ millions)	Bank / Dealer	Expiration	Requires Bank Facility
Commercial Paper	B-1	100.00	Bank of America	1/8/2019	Y
	B-2	75.00	Morgan Stanley ⁽¹⁾	3/13/2022	N
	B-3	75.00	Bank of Tokyo-Mitsubishi	1/16/2018	Y
	B-4	100.00	State Street	7/12/2019	Y
	B-5	250.00	RBC ⁽²⁾	10/30/2018	N
	B-6	100.00	Bank of America	7/12/2019	Y
Subtotal		700.00			
Variable Rate Demand Bonds	2004B-2	100.00	Citigroup	3/29/2019	Y
	2004B-3	75.00	Sumitomo	4/3/2018	Y
	2004B-4	75.00	Bank of Tokyo	4/4/2019	Y
	2004B-5	100.00	Wells Fargo	4/4/2019	Y
	2004B-6	78.33	Sumitomo	4/3/2018	Y
	Subtotal		428.33		
SIFMA Index Floater	2012A	125.00	Bank of America	5/1/2020	N
	2012B	100.00	State Street	6/1/2021	N
	2016C	249.08	Bank of America	8/1/2019	N
Subtotal		474.08	Total Debt Outstanding⁽³⁾	\$6,428.57	
			Total Commercial Paper Outstanding⁽³⁾	\$45.00	
			Total Unhedged Variable Rate Debt⁽³⁾	0.70%	

⁽¹⁾ The Morgan Stanley B-2 is an Extendible Commercial Paper product.

⁽²⁾ The RBC facility B-5 is a Forward Purchase Agreement.

⁽³⁾ As of October 31, 2017 Monthly Financial Report.

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



CUS Commercial Paper Program Series B-3

Background:

- Commercial paper (CP) has provided an expedient, cost-effective method of accessing cash and providing interim financing.
- Commercial Paper Program Series B-3 supports the Combined Utility System's capital improvement program.
- The current liquidity facility is set to expire on Jan. 16, 2018.



CUS Commercial Paper Program Series B-3

Next Steps:

- In November, the City issued a request for proposals and received responses from qualified financial institutions.
- The City examined all submitted proposals, including potential alternative financial instruments to be used for the same purposes.
- The Finance Working Group is recommending the City proceed with Sumitomo Bank.
- An RCA is on Council agenda on December 13, 2017.

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Questions?