



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

March 6th 2018

Presented By:
Melissa Dubowski – Assistant Director



Agenda

A. Combined Utility System (CUS)

- i. Subordinate Lien Revenue Bonds, Series 2018B (Texas Water Development Board SWIRFT Loan)



CUS Subordinate Lien Revenue Bonds, Series 2018B

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 originally over a period of six years, 2015 through 2020
 - The loan reflects TWDB's expected 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



CUS Subordinate Lien Revenue Bonds, Series 2018B

Next Steps:

- 2018 loan installment of approximately \$107 million will require two (2) Council Actions
 - Council Approval of Financing Agreement in March
 - TWDB relies on Financing Agreement when selling its TWDB bonds in April, and imposes financial penalties for terminating close to, or after TWDB's sale of bonds
 - Council Approval of Loan documents, expected in May
 - Loan scheduled to close in June

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CUS Subordinate Lien Revenue Bonds, Series 2018B

System:	Combined Utility System
New Money or Refunding?:	New Money
Par Amount:	\$107 million approx.
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:	March/May
Anticipated Date of Pricing:	April
Anticipated Date Closing:	June



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Questions?