



CITY OF HOUSTON

Finance Department

Interoffice

Correspondence

To: Budget and Fiscal Affairs
Committee

From: Michelle Mitchell, Director
Finance Department

Date: October 5, 2010

Subject: **Convention and Entertainment
Facility Subordinate Lien Hotel
Occupancy Tax and Parking
Revenue Commercial Paper Notes,
Series A**

The purpose of this memorandum is to summarize an upcoming transaction to replace liquidity support for the City's Convention and Entertainment Facilities (CEF) Subordinate Lien Commercial Paper Note Program. A specific Request for Council Action is expected to be brought before Council later in October.

Starting in 1993, City Council began authorizing commercial paper (CP) programs to provide appropriation capacity and "on time" funding for various capital expenditures of the City. The issuance of commercial paper has provided an expedient, cost-effective method of accessing cash and providing interim financing.

Currently, the credit agreement for CEF Subordinate Lien Hotel Occupancy and Parking Revenue Commercial Paper Notes, Series A (CEF CP Series A) is scheduled to expire January 16, 2011. The Finance Working Group (FWG) recommends the replacement of the CEF CP Series A credit agreement for up to \$50 million.

Recommendation

The FWG recommends approval of this transaction.