



# Finance Department

## Presentation to the City of Houston Budget and Fiscal Affairs Committee

### Upcoming Financial Transactions

January 8<sup>th</sup> 2019

Presented By:  
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# Agenda

- Convention & Entertainment System (C&E)
  - a) Interim Financing Facility
- General Obligation (GO)
  - a) Commercial Paper Program Series K-2



# Convention & Entertainment Facilities

## Background:

- The City's Convention and Entertainment Facilities Department has recently expressed the need for capital expenditures, in light of the recent flooding due to Hurricane Harvey. Additionally, there is a planned refresh of the Hilton Americas upcoming.
- The City Plans to issue a request for proposals for the following by early 2019:
  - Interim Financing Facility of up to \$50 million

## Next Steps:

- The Finance Working Group will issue the solicitation and review proposals from qualified financial institutions to provide credit facilities early January.
- An RCA is expected to be brought before Council in February 2019.



# GO Variable Rate Exposure Summary

Liquidity Type	Series	Size (\$ millions)	Bank	Expiration	Requires Bank Facility
Commercial Paper	E-1	100	Citigroup	7/13/2021	Y
	E-2	100	Wells Fargo	4/26/2019	Y
	G-1	75	Toronto Dominion	2/12/2021	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 <sup>(1)</sup>	2/2/2022	N
	K-2	100	Citibank	11/30/2021	Y
<b>Total</b>		<b>925</b>			
<b>Total Debt Outstanding<sup>(2)</sup> \$3,882.02</b>					
<b>Total Commercial Paper Outstanding<sup>(2)</sup> \$95.00</b>			<b>Total Current Variable Rate Exposure 2.45%</b>		

<sup>(1)</sup> The RBC facility K-1 is a Forward Purchase Agreement.

<sup>(2)</sup> As of October 31, 2018 Monthly Financial Report.

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



# GO Commercial Paper Program

## Series K-2

### Background:

- The Series K-2 facility is approximately \$100 million in size and is utilized to support the dedicated pay-as-you-go fund to help maintain and improve the City's drainage and street infrastructure. It has proven to be a cost-effective method of providing appropriation capacity and back-up interim financing for the Re-Build Houston capital improvement program.

### Next Steps:

- On November 16, 2018, the City issued a request for term sheet proposals from qualified financial institutions to provide credit facilities.
- Upon review of all submitted proposals, including potential alternative financial instruments to be used for the same purposes. The FWG recommends proceeding with a Forward Bond Purchase Agreement (FBPA) for the Series K-2 line with RBC Capital Markets in an amount not to exceed \$100 million.
- An RCA is expected to be brought before Council later this month.



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**Questions?**