



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

February 1st, 2022

Presented By:
Melissa Dubowski - Deputy Director



Agenda

- Combined Utility System
 - Variable Rate Demand Bonds, Series 2004 B-2 & B-5



CUS Variable Rate Exposure Summary

Liquidity Type	Series	Size (\$ millions)	Bank / Dealer	Expiration	Requires Bank Facility
Commercial Paper ⁽¹⁾	B-1	100.00	Bank of America	8/19/2027	Y
	B-2	75.00	Morgan Stanley	3/13/2022	N
	B-3	75.00	Sumitomo	1/10/2025	Y
	B-4	100.00	PNC Bank	7/12/2022	Y
	B-5	250.00	Morgan Stanley	3/1/2023	N
	B-6	100.00	Bank of America	8/19/2027	Y
Subtotal		700.00			
Variable Rate Demand Bonds	2004B-2	100.00	Citibank	3/31/2022	Y
	2004B-3	75.00	Sumitomo	1/28/2025	Y
	2004B-4	75.00	PNC Bank	6/19/2023	Y
	2004B-5	100.00	Wells Fargo	4/4/2022	Y
	2004B-6	78.33	Sumitomo	1/28/2025	Y
	2012A	125.00	TD Bank	4/18/2025	Y
	2012B	100.00	TD Bank	5/24/2024	Y
	2018C	249.08	Barclays	7/28/2025	Y
Subtotal		902.41			
Total Debt Outstanding⁽²⁾				\$6,976.0	
Total Commercial Paper Outstanding⁽²⁾				\$0.0	
Total Unhedged Variable Rate Debt⁽²⁾				0%	

⁽¹⁾ The Series B-2 and B-5 are an Extendible Commercial Paper product.

⁽²⁾ As of November 30, 2021 Monthly Financial Report.

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



CUS Variable Rate Demand Bonds, Series 2004 B-2 & B-5

Background:

- The 2004B-2 & B-5 bonds are tax-exempt variable rate demand bonds (VRDBs) supported by bank letters of credit.
- VRDBs are long term bonds, which are remarketed on a weekly basis, at short interest rates. In order to be marketable, the VRDBs require a liquidity facility provided by a highly rated bank.
- The underlying bank facilities, supporting the 2004B-2 & B-5 bonds are scheduled to expire on March 31st, 2022 and April 4th, 2022.



CUS Variable Rate Demand Bonds, Series 2004 B-2 & B-5

Next Steps:

- The City has released a request for term sheet proposals from qualified financial institutions to provide liquidity facilities and/or financial alternatives.
- The Finance Working Group has reviewed proposals and agreed to move forward with Sumitomo and UBS for series 2004B-2 and B-5 respectively.
- An RCA is expected to be presented to City Council in Spring 2022.



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Questions?