



# CITY OF HOUSTON

Finance Department

## Interoffice

Correspondence

To: Budget and Fiscal Affairs Committee

From: Michelle Mitchell, Director  
Finance Department

Date: February 2, 2009

CC:

Subject: **Combined Utility System First  
Lien Revenue Refunding  
Bonds, Series 2010C**

The purpose of this memorandum is to summarize an upcoming transaction, the City's Combined Utility System First Lien Revenue Refunding Bonds, Series 2010C (the "Series 2010C Bonds"). A specific Request for Council Action will be brought before City Council later this month. The bond pricing is projected to take place in early March and the closing a couple weeks later.

The City has identified approximately \$250 million of Junior Lien Revenue Bonds that can be refunded to achieve present value savings in the current interest rate environment. The projected savings are expected to be between 5-6% or \$10-16 million. This transaction is contingent on market conditions remaining favorable.

The Finance Working Group recommends the Series 2010C Bonds be issued through a negotiated financing with an underwriting and legal team to be named in the Request for Council Action.

### **Recommendation**

The Finance Working Group recommends that the City proceed with this transaction.