Upcoming Financial Transactions

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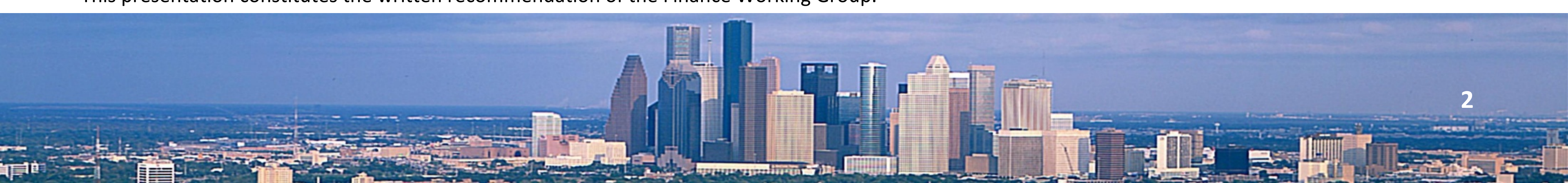
* This presentation constitutes the written recommendation of the Finance Working Group.



CUS Variable Rate Exposure Summary

Liquidity Type	Series	Size ($ millions)	Bank	Expiration	Requires Bank Letter of Credit
Commercial Paper	B-1	250.00	JPMorgan Chase	12/16/2013	Y
	B-2	75.00	Wells Fargo	12/15/2014	Y
	B-3	75.00	Bank of Tokyo-Mitsubishi	1/20/2015	Y
	B-4	100.00	Barclay's	7/15/2013	Y
	B-5	100.00	BBVA	5/27/2015	Y
	B-6	100.00	Citibank	7/15/2013	Y
	Subtotal	**700.00**			
Variable Rate Demand Bonds	2004B-2	100.00	State Street	4/5/2013	Y
	2004B-3	75.00	Sumitomo	4/3/2015	Y
	2004B-4	75.00	JPMorgan Chase	4/6/2013	Y
	2004B-5	100.00	Lloyd's	4/6/2013	Y
	2004B-6	78.33	Sumitomo	4/3/2015	Y
	Subtotal	**428.33**			
	Total	**$1,128.33**			
SIFMA Index Floater	2012A	125.00	Loop Capital Markets	6/1/2015	N
	2012B	100.00	Wells Fargo Securities	6/1/2017	N
	2012C	249.08	RBC	8/1/2016	N
	Subtotal	**474.08**	**Total Debt Outstanding $6,067,231**		
	Total	**$1,602.41**	**Total Current Variable Rate Exposure 15.2%***		

* This calculation includes bonds which have a synthetic fixed rate.

CUS Series 2004B
Variable Rate Demand Bonds

- The 2004B-2, B-4, B-5 bonds are three of six (6) tranches of tax-exempt variable rate bonds supported by bank letters of credit.
- The City is exploring renewal options with current liquidity providers.
- The City has also issued a request for proposals from qualified financial institutions to provide a credit facility.
- An RCA can be expected to be presented to City Council in March.

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General Obligation
Variable Rate Exposure Summary

Liquidity Type	Series	Size ($ millions)	Bank	Expiration	Requires Bank Facility
Commercial Paper	E-1	100.00	JP Morgan Chase	4/28/2013	Y
	E-2	150.00	Wells Fargo	4/28/2013	Y
	G-1	75.00	Comerica	11/28/2014	Y
	G-2	125.00	Sumitomo	11/28/2014	Y
	H-1	100.00	JP Morgan Chase	2/11/2013	Y
	H-2	100.00	US Bank	8/14/2014	Y
	J	125.00	State Street	5/20/2013	Y
	K-1	100.00	BBVA	12/26/2014	Y
	K-2	100.00	Citibank	12/2/2013	Y
	Total	**975.00**			
Total Debt Outstanding		**$3,469,360**	**Total Current Variable Rate Exposure 7.55%**		

General Obligation
Commercial Paper Program

- The City is exploring renewal options with current liquidity providers.
- Based on renewal responses, the City may issue request for proposals as needed.
- The City will examine potential alternative financial instruments to be used for the same purposes, such as callable Commercial Paper and Direct Purchase alternatives.
- The Finance Working Group recommends we explore renewal or replacement of existing letters of credit as they come due.

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Annual Financing Plan

Department	Series	Size ($ millions)	Anticipated Closing	PV Savings ($ millions)	True Interest Cost (%)
FY2012	**Total**	**$2,229**		**$162.74**	
GO	TRANS 2012	180	July 1, 2012	N/A	0.15
CEF	2012A	42	August 15, 2012	1.93	4.79
CUS	2012D	175	Sept. 13, 2012	---	3.66
CUS	TWDB[1] 2012E	50	Sept. 27, 2012	---	1.50
CUS	2012F[2]	132	Dec. 2012	0.44	3.39
	Subtotal	**$579**		**$2.37**	
CUS	TWDB[1] 2013A	50	April 2013	---	---
GO	PIB 2013	200	May 2013	---	---
HAS	S. Facility	41	May 2013	---	---
CUS	2013B	175	May 2013	---	---
GO	TRANS 2013	180	July 1, 2013	---	---
	Subtotal	**$646**		**---**	
FY2013	**Total**	**$1,225**		**$2.37**	

1. Texas Water Development Board
2. Savings based on a $3.575 million portion of the 2012F bonds issued for bond refunding.

Public Improvement Refunding Bond Series 2013

- Commercial paper (CP) has provided an expedient, cost–effective method of accessing cash and providing interim financing. The CP notes are later refinanced into fixed rate bonds that match the useful life of the project or equipment being financed. This transaction represents the normal refunding of these commercial paper notes.
- As standard course of business, in conjunction with this transaction, the FWG will review possibilities to refinance existing debt if prudent opportunities to achieve present value savings exists.
- On June 16, 2010, City Council approved the issuance of the City of Houston Certificates of Obligation (Demolition Program) Series 2010. The issuance was to provide funding for an intended 3 years. The amount that is represented in the subsequent table is intended to continue uninterrupted operation of the program.
- Qualified Energy Conservation Bonds (QECBs) were first authorized by Congress in 2008. Bonds provide low cost financing with interest rates from approximately 0.25% to 1.25% to fund qualified projects.

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Public Improvement Refunding Bond Series 2013

- Below is a breakdown of proposed components:

Component being Refunded	Up To	Use
Refund CP Series G, H, J	$75,000,000	**CIP/Street & Traffic**
Refund CP Series E	$50,000,000	**EAP**
Total	**$125,000,000**	
Certificate of Obligation Series 2013	$9,000,000	**Demolition Program**
Qualified Energy Conservation Bonds	$23,000,000	
Advance Refundings	$200,000,000	
Total	**$232,000,000**	
Grand Total	**$357,000,000**	

- An RCA will be presented to City Council in late February or early March.

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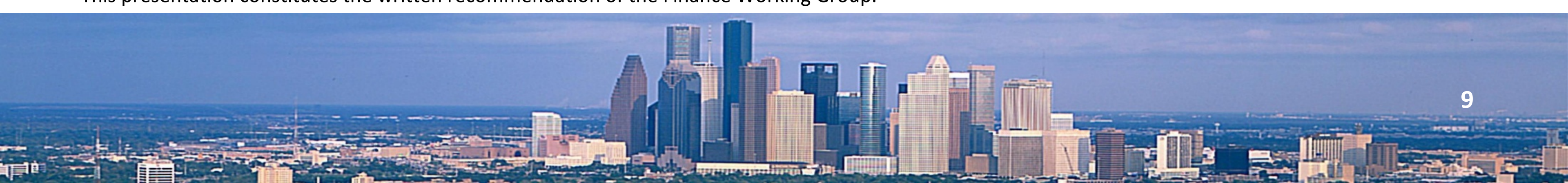

CUS Series 2013A
Texas Water Development Board Bonds

- The Texas Water Development Board administers a program that provides below market, low-interest loans to communities that assist in meeting clean water standards. This program is known as the Clean Water State Revolving Fund ("CWSRF") and is open to political subdivisions that own and operate a wastewater system.
- The FWG recommends issuing the CUS First Lien Revenue Bonds, Series 2013A. The proceeds would be used for CUS projects in the CIP and redemption of commercial paper issued for those projects, not to exceed $50 million.
- An RCA will be presented to City Council in late February or early March.

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