



# Finance Department

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

### Upcoming Financial Transactions

July 30<sup>th</sup> 2013

Presented By:

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# Agenda

- General Obligation (GO)
  - Qualified Energy Conservation Bonds
- Houston Airport System (HAS)
  - Special Facilities Revenue Refunding Bonds
- Convention and Entertainment Facilities (CEF)
  - Multi-Advancing Private Placement



# GO Qualified Energy Conservation Bonds

- In 2008, Congress authorized the issuance of Qualified Energy Conservation Bonds (QECBs) to finance qualified energy conservation projects.
- The State of Texas was allocated a total \$252 million in capacity, of which \$23 million was further allocated to the City of Houston.
- The QECB's currently provide low cost financing with interest rates from approximately 0.25% to 1.25% to fund these qualified projects.



# GO Qualified Energy Conservation Bonds

- The Finance Working Group is evaluating responses to a request for proposal to purchase up to \$23 million of QECBs.
- The City anticipates funding approximately \$8 million for Library Energy Efficiency Projects (E-000164), as listed in the current CIP.
- Additional tranches, up to the \$23 million, can be utilized to fund qualifying projects in the current CIP as they are identified.
- An RCA will be presented to City Council in mid to late August.



# HAS Special Facilities Revenue Refunding Bonds

- The City has identified approximately \$304.5 million of Series 2001 Special Facilities Revenue Bonds (United Airlines, Inc. Terminal E Project) that are currently callable at attractive present value savings.
- The City is not pledged to repay associated debt, under the lease agreement, United Airlines lease payments are pledged to repay the debt obligation.
- The refunding will not provide a direct benefit to the City, but will provide a reduction in lease cost to United Airlines.
- An RCA will be presented to City Council in mid to late August.



# CEF Multi-Advancing Private Placement

- The current liquidity facility for the Convention and Entertainment Facilities Department is set to expire on December 19<sup>th</sup> 2013.
- The City has examined potential alternative financial instruments to be used for the same purposes.
- The proposed replacement structure is a \$75 million, five year direct placement.
- An RCA will be presented to City Council in mid September.



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**Questions?**