



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

August 2nd 2016

Presented By:
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Agenda

- Combined Utility System
 - A. Texas Water Development Board (TWDB) SWIRFT Loan
 - B. TWDB SWIRFT Board Participation Financing for Coastal Water Authority (CWA)



Texas Water Development Board (TWDB) SWIRFT Loan

Background:

- Projects being financed: Northeast Plant Expansion & Second Source Transmission Lines
 - SWIRFT Application originally approved by Council May 2015, and TWDB Board approved Application July 2015
 - The SWIRFT financing is a multi-year commitment to the City of Houston over a period of six years, 2015 through 2020
 - The loan reflects TWDB's expected AAA rated financing cost, as well as a 22% subsidy

Note: This presentation constitutes the written recommendation of the Finance Working Group.
SWIRFT – State Water Implementation Revenue Fund for Texas



Texas Water Development Board (TWDB) SWIRFT Loan

Next Steps:

- 2016 loan installment of \$63.02 Million will require two (2) Council Actions
 - Council Approval of Financing Agreement in August
 - TWDB relies on Financing Agreement when selling its TWDB bonds in September, and imposes financial penalties for terminating close to, or after TWDB's sale of bonds
 - Council Approval of Loan documents in October
 - Loan scheduled to close in November

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Texas Water Development Board (TWDB) SWIRFT Loan

System:	Combined Utility System
New Money or Refunding?:	New Money
Par Amount:	\$63.02 Million
Use of the Debt Proceeds:	NE Plant Expansion & Transmission Lines

Revenue Source Securing Debt:	Net revenues of the Combined Utility System
Estimated Weighted Average Life of the Debt Being Refunded(Years):	N/A
Estimated Change to the Weighted Average Life of Debt Being Refunded:	N/A
Estimated Present Value Savings:	N/A
Estimated Percentage Savings:	N/A
Estimated True Interest Cost (%):	22% discount from the market rate
Anticipated Council Agenda Date:	August/October
Anticipated Date of Pricing:	October
Anticipated Date Closing:	November



TWDB SWIRFT Board Participation Financing for Coastal Water Authority (CWA)

Background:

- Projects being financed: Luce Bayou Interbasin Transfer
 - CWA actually enters into the financing agreements with TWDB

Next Steps:

- Approve contract amendment related to CWA's next funding from TWDB of \$136.46 Million
 - Expect to present the contract amendment to Council for consideration in September 2016

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Questions?