Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

November 2, 2021

Presented By:
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Agenda

- # General Obligation(GO)

  a)   Commercial Paper Program Series K-1 and K-2

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

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GO Variable Rate Exposure Summary

Liquidity Type	Series	Size ($ millions)	Bank	Expiration	Requires Bank Facility
Commercial Paper	E-1	100	State Street	7/10/2026	Y
	E-2	100	Wells Fargo	4/22/2022	Y
	G-1	75	TD Bank	4/11/2024	Y
	G-2	125	Barclays	11/19/2025	Y
	H-2	100	TD Bank	11/8/2023	Y
	J	125	State Street	5/20/2023	Y
	K-1	200	RBC[1]	2/2/2026	N
	K-2	100	RBC[1]	2/2/2026	N
Total		**925**			

Total Debt Outstanding[2] **$3,452.2**

Total Commercial Paper Outstanding[2] **$41.3**   **Total Current Variable Rate Exposure 1.20%**

[1] The RBC facilities K-1 and K-2 are Forward Bond Purchase Agreements.
[2] As of September 30, 2021 Monthly Financial Report.

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

GO Forward Bond Purchase Agreement Series K-1 and K-2

Background:

- The Series K-1 and K-2 facilities are utilized to support the dedicated pay-as-you-go fund to help maintain and improve the City's drainage and street infrastructure. It has proven to be a cost-effective method of providing appropriation capacity and back-up interim financing for the Build Houston Forward capital improvement program.

- The Series K-1 is approximately $200 million, and the Series K-2 is approximately $100 million.

- The City has reached out to the current liquidity provider and recommends amending the existing Series K-1 and K-2 programs as follows:

  - Extending the term from 2026 to 2030 for both Series K-1 and K-2

  - Increase the size from $100 million to $200 million for Series K-2

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GO Forward Bond Purchase Agreement, Series K-1 and K-2

Next Steps:

- An RCA is expected to be brought before Council in mid November 2021.

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Questions?