




CITY OF HOUSTON

Finance Department

Interoffice

Correspondence

To: Budget and Fiscal Affairs Committee

From: Kelly Dowe, Interim Director 
Finance Department

Jennifer Olenick, Division Manager
Finance Department

CC:

Date: February 25, 2011

Subject: **General Obligation Series E
Commercial Paper Liquidity
Replacement**

The purpose of this memorandum is to summarize an upcoming transaction to replace liquidity support for the General Obligation Series E Commercial Paper Program. A specific request for Council Action is expected to be brought before Council later in March.

Starting in 1993, City Council began authorizing commercial paper (CP) program to provide appropriation capacity and "on time" funding for various capital expenditures of the City. The issuance of commercial paper has provided an expedient, cost-effective method of accessing cash and providing interim financing.

Currently, the two credit agreements for the General Obligation Series E CP Program are scheduled to expire April 29th, 2011. The Finance Working Group is currently reviewing bids and will recommend two or more banks to replace the credit agreements at City Council.

Recommendation

The Finance Working Group recommends replacement of the General Obligation Series E CP Program credit agreements for up to \$325 million of principal plus appropriate interest coverage.

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