

The Financial Management-Debt section is responsible for the issuance of the County's long-term and short-term debt instruments such as general obligation bonds, certificates of obligation, revenue bonds, and commercial paper. These debt instruments are issued to fund capital improvement projects such as road construction, flood control projects, parks, county buildings and facilities, countywide technology and purchase of vehicles and equipment.

The Financial Management-Debt section is also responsible for monitoring and tracking arbitrage yield restriction and rebate compliance for the County, Toll Road Authority and Flood Control District.

## TYPES OF DEBT

### Long-Term Debt

**1. General Obligation (GO) Bonds and Certificates of Obligation (CO)** are direct obligations backed by the full faith and credit of the County and secured by the receipt of annual ad valorem taxes. The County issues both voter authorized and non-voter GO bonds. The County issues the following GO bonds to finance capital assets:

- Road Bonds
- Permanent Improvement Bonds
- Flood Control Bonds
- Toll Road Tax & Subordinate Lien Bonds <sup>(a)</sup>
- Hotel Occupancy Tax Bonds <sup>(b)</sup>
- Certificates of Obligation

<sup>(a)</sup> Although the bonds are secured by ad valorem taxes, the County's policy and practice is to pay debt service on the bonds solely from toll revenues. To-date no ad valorem taxes have been collected to provide for such debt service payment.

<sup>(b)</sup> Although the bonds are secured by ad valorem taxes, the County's policy and practice is to provide debt service payment from its hotel occupancy tax revenues. To-date no ad valorem taxes have been collected to provide for such debt service payment. If, in any year, revenues from hotel occupancy tax are insufficient to pay debt service on the bonds, Commissioner's Court will levy ad valorem taxes at a sufficient rate to pay debt service for that year.

**2. Revenue Bonds** are generally payable from the pledged revenue generated by the respective activity for which the bonds are issued. The County issues the following revenue bonds:

- Toll Road Senior Lien Revenue Bonds
- Toll Road First Lien Revenue Bonds
- HOT Senior Lien Revenue Bonds

## **Short-Term Debt**

**1. General Obligation (GO) Commercial Paper** is a general obligation of the County secured by ad valorem taxes to provide interim financing for various short-term assets and long-term capital assets. The following are the GO commercial paper programs:

<b>Series</b>	<b>Program Size</b>	<b>Purpose for which notes are authorized for</b>
A-1	\$100 million	Technology improvements
B	\$40 million	Parks and libraries
C	\$360 million	Road and bridges
C-2	\$200 million	Road and bridges
D	\$200 million	Construction of public works, purchase of vehicles, equipment and machinery, materials and supplies, professional services and other various projects and purposes of the County including road and bridges
D-2	\$300 million	
D-3	\$200 million	
H	\$500 million	Flood control projects
H-2	\$200 Million	Flood control projects
J-1	\$75 million	CDBG-DR authorized disaster recovery programs

**2. Revenue Commercial Paper** is payable from pledged revenue of the Harris County Toll Road Authority to provide interim financing of capital asses. The following are the County's revenue commercial paper programs:

<b>Series</b>	<b>Program Size</b>	<b>Purpose for which notes are authorized for</b>
K	\$200 million	Toll road projects
K-2	\$150 million	Toll road projects

**3. Tax Anticipation Notes (TANs)** pursuant to the provision of Chapter 1477, Texas Government Code, as amended, the County may issue tax anticipation notes to borrow money to pay current expenses prior to the collection of ad valorem taxes in the current fiscal year. Since fiscal year 2017, the County has not had the need to issue tax anticipation notes.

## **PORT OF HOUSTON AND HOSPITAL DISTRICT BONDS**

Harris County Commissioners Court sets tax rates for the Port of Houston Authority and the Harris County Hospital District, but these bonds are not Harris County's obligations:

- Port of Houston Authority Bonds
- Harris County Hospital District Certificates of Obligation

## **2018 FLOOD CONTROL BOND PROGRAM**

On August 25, 2018, Harris County voters authorized \$2.5 billion in bonds to finance flood damage reduction projects. For detailed information regarding the 2018 flood bond program please click

on the link <https://www.hcfcd.org/2018-bond-program> and you will be redirected to Harris County Flood Control District website to see the progress and update on the bond program.

To-date, Harris County Flood Control District issued \$1,008,225,000 in bonds out of \$2.5 billion voted authority.