



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

October 7, 2025

Presented By:
Melissa Dubowski – Finance Director



Agenda

- **General Obligation (GO)**
 - a) Public Improvement Bonds, Series 2025 sale summary
 - b) Commercial Paper Program, Series G-2



GO Public Improvement Bonds, Series 2025

Sale Summary:

- The week prior to pricing was a good week for issuers in the municipal market. Interest rates moved downward approximately fifteen to thirty basis points over the week, based on investor expectations about a coming rate cut from the Federal Reserve.
- The City's public improvement bonds were the largest Texas deal in the municipal market during the week of September 15 and the second largest deal nationally.
- This strong interest allowed yields to be reduced up to ten basis points after the order period.
- After the initial revised pricing proposal from the Underwriter, the City asked for additional yield adjustments in targeted maturities. Hilltop Securities was able to reduce yields in two maturities which reduced debt service over \$55,000 over the life of the bonds.
- The all in true interest cost for the PIB Series 2025A was 3.47% with a debt service savings of over \$3 million for the City over the life of the bonds achieved over the course of the pricing process.

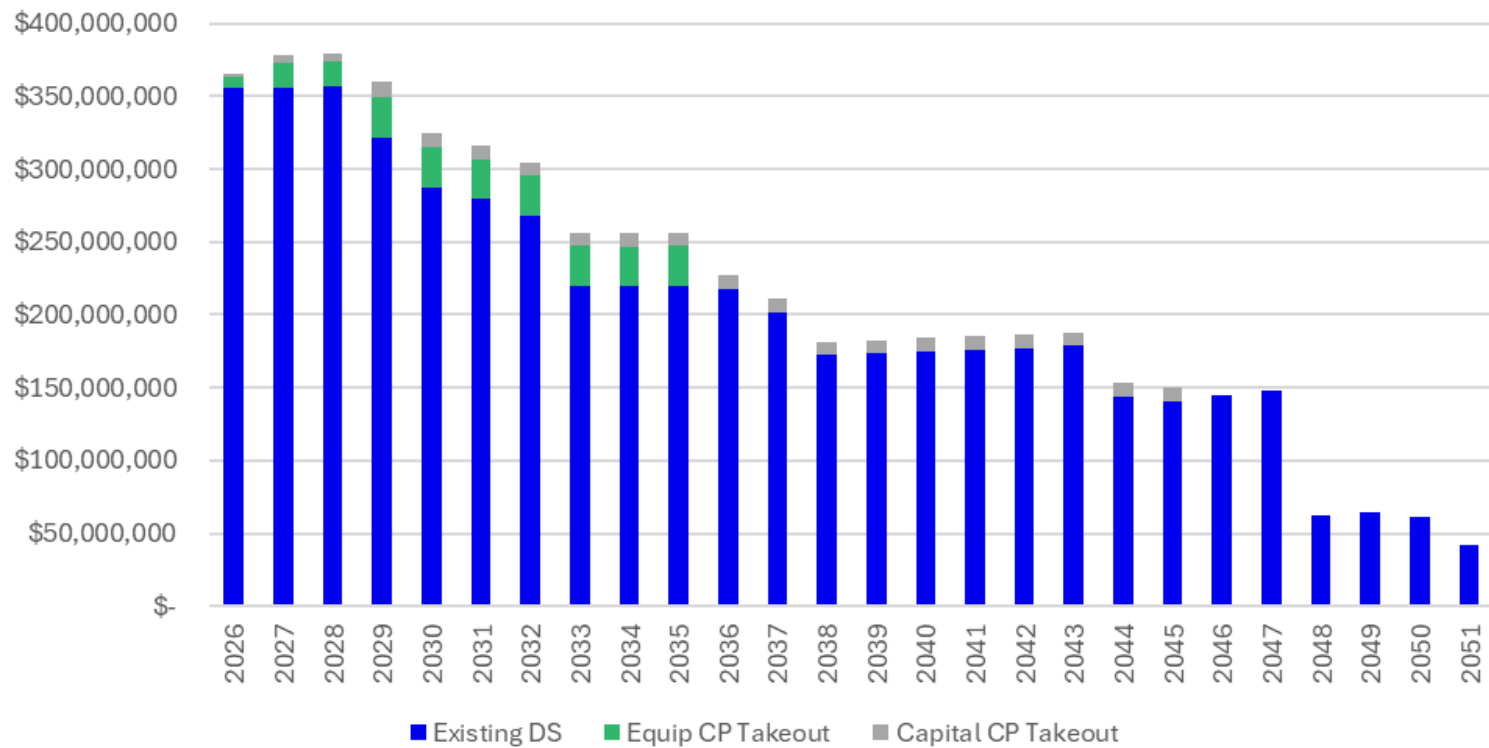


GO Public Improvement Bonds, Series 2025

System:	General Obligation
New Money or Refunding?:	Commercial Paper Refunding
Par Amount:	\$284,530,000
Use of the Debt Proceeds:	Capital Improvement Program
Revenue Source Securing Debt:	Ad Valorem Property Taxes
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
True Interest Cost (%):	3.41%
Average Life of Bonds:	8.4 Years
Average Annual Debt Service:	\$20,820,664



Overall Aggregate GO Debt Service





GO Variable Rate Exposure Summary

Liquidity Type	Series	Size (\$ millions)	Bank	Expiration	Requires Bank Facility
Commercial Paper	E-1	100	State Street	07/10/2026	Y
	E-2	100	Wells Fargo	04/22/2027	Y
	G-1	75	TD Bank	04/09/2027	Y
	G-2	125	Barclays	11/19/2025	Y
	H-2	100	TD Bank	09/27/2028	Y
	J	125	State Street	05/21/2026	Y
	K-1	200	RBC ⁽¹⁾	02/02/2030	N
	K-2	200	RBC ⁽¹⁾	02/02/2030	N
Total		1,025			
Total GO Debt Outstanding ⁽²⁾ \$3,608.1					
Total GO Commercial Paper Outstanding ⁽²⁾ \$170.0			GO Current Variable Rate Exposure 4.7%		

⁽¹⁾ The RBC facilities K-1 and K-2 are Forward Bond Purchase Agreements.

⁽²⁾ As of August 31, 2025, Monthly Financial Report.



GO Commercial Paper Program, Series G-2

Background:

- Commercial Paper (CP) has provided an expedient, cost-effective method of accessing cash and providing interim financing.
- General Obligation CP Program, Series G-2 (Series G-2) supports the City's capital improvement program.
- The underlying bank facility supporting the Series G-2 program of \$125 million provided by Barclays is scheduled to expire on November 19, 2025.

Next Steps:

- In August, the City issued a request for proposals from qualified financial institutions to provide credit facilities.
- The Finance Working Group has reviewed proposals and is recommending a bank facility with Bank of America, National Association in the amount of \$125 million with a 3-year term.
- An RCA is expected to be presented to City Council on October 8, 2025.



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Questions?