



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions & Financial Disclosure Policy

December 9, 2025

Presented By:
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Agenda

- **Financial Disclosure Policy**
- **Convention and Entertainment Facilities (CEF)**
 - a) GRB South Expansion Master Financing Plan Update



Financial Disclosure Policies

- The City's financial policies provide for a written disclosure policy, which will be updated periodically
- K. Accounting, Auditing, and Financial Reporting Policies
 - *"7. At least every two years, the Finance Working Group shall develop and update a written disclosure policy consistent with federal securities law and the City's continuing disclosure undertakings with respect to the City's outstanding debt."*



Financial Disclosure Policies

- It is the objective of the City of Houston (the “City”) to
 - i. Ensure that the City’s financial disclosures for and relating to debt obligations are fair and accurate and comply with all applicable federal and state securities laws,
 - ii. Satisfy in a timely manner all contractual obligations undertaken by the City pursuant to continuing disclosure undertakings entered into upon the issuance of debt obligations, and
 - iii. Promote best practices relating to financial disclosures by the City
- The document titled *Amended and Restated Financial Disclosure Procedures and Policies* lays out the General Principles, Representatives, Duties of the Disclosure Committee, Annual Filing Requirements, Event Notices, Document Retention and other Processes for Compliance



Financial Disclosure Policies

- These procedures apply to all disclosures in City debt offering, unless specifically exempted by federal securities law
- They include procedures for the preparation, review, revision, updating and approval of any disclosure prior to any filing with EMMA (Electronic Municipal Market Access), the preparation of an offering document pertaining to the issuance of debt, or other dissemination to the public or to a rating agency
- The policies operate as a living document in that recommendations and suggestions for improvement are solicited and considered regularly
- In conclusion, the Finance Working Group has reviewed and has determined no updates are needed at this time
- In accordance with the financial disclosure policy, the Finance Working Group will continue to review and update as necessary, every two (2) years



Executive Summary

The team has been working to engineer a viable financing plan to fund the GRB Expansion. The steps of this process have included:

- Financing Challenges
- Financing Tools
- Solution – Plan of Finance
- Next Steps

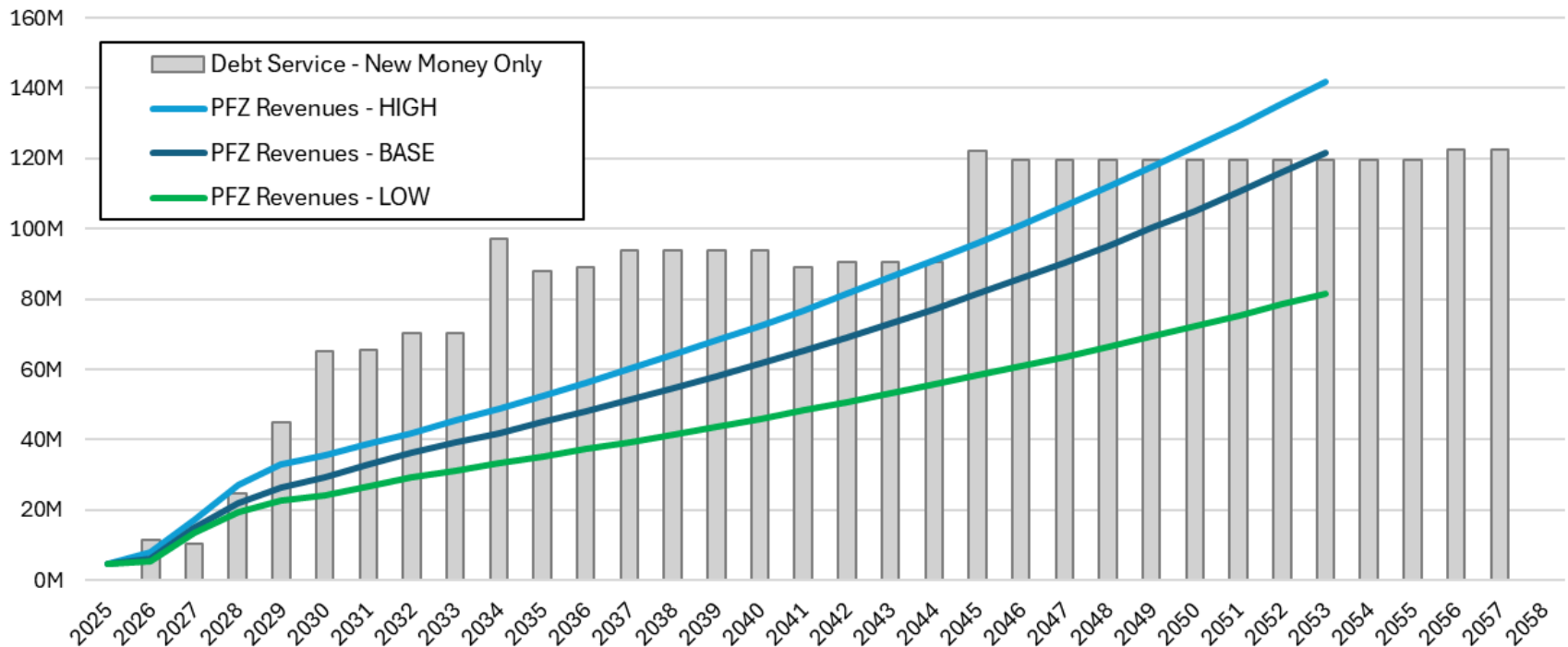


Financing Challenges – Timing of PFZs

Estimated project costs = \$1.143 billion **needed today**

Projected PFZ Revenue = \$1.292 - \$2.079 billion over 30 years

Total New Debt Service = \$2.642 billion



Note: Projected PFZ revenues provided by Hunden Partners as of October 2025 for LOW and BASE scenarios. HIGH scenario as of July 2025.

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

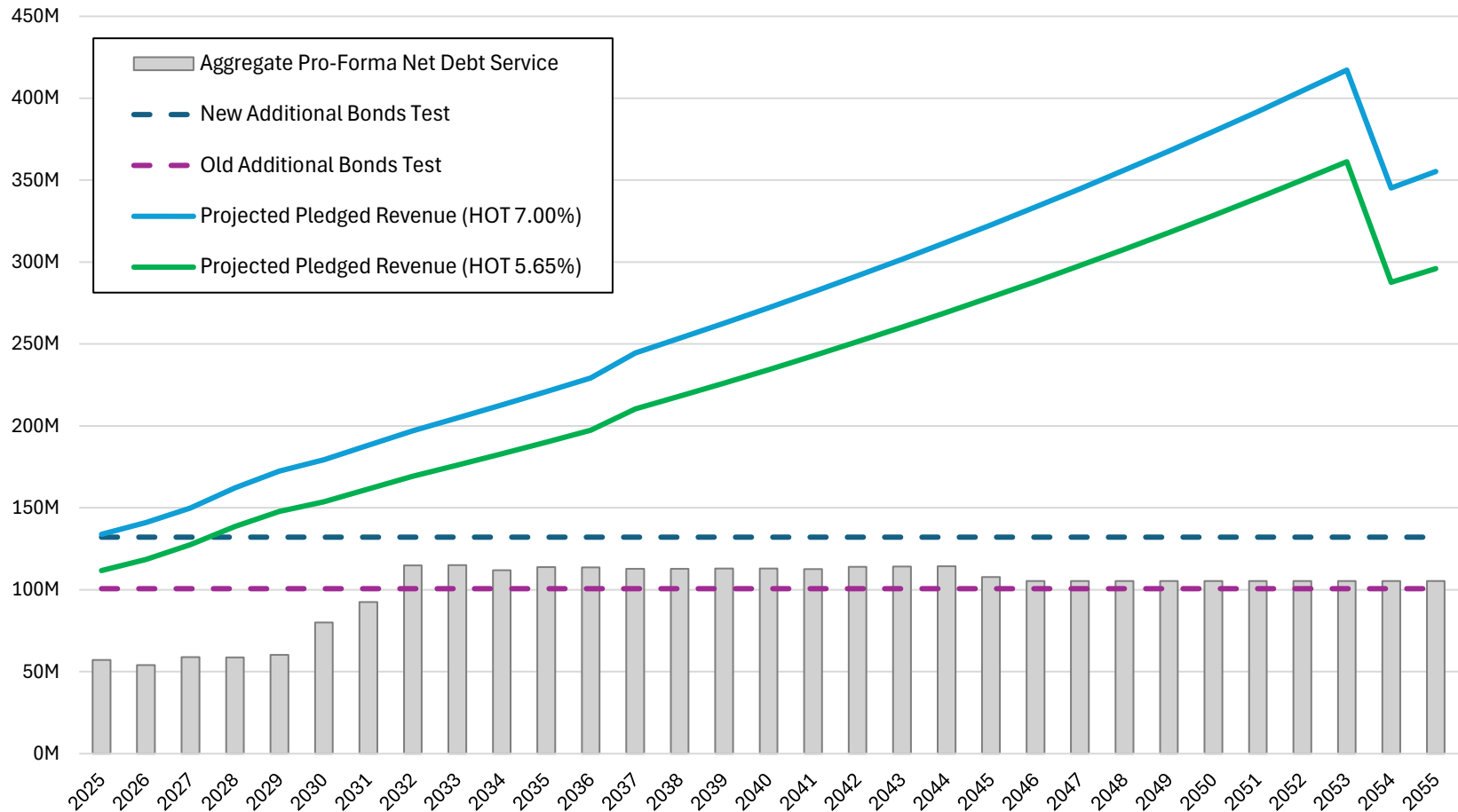


Financing Tools Deployed to Achieve Full Funding

- Restructure existing Senior Lien Bonds to create new money capacity
- Modernize with new, multiple lien Master Ordinance (decreasing additional bonds test requirement)
 - 2026 First Lien Supplemental Ordinance
 - 2026 Second Lien Supplemental Ordinance
- Pledged Revenue Enhancements
- Include capital appreciation bonds
- Capitalize interest
- Use PFZ revenues to offset debt service



The Solution – Plan of Finance



Notes: Pledged Revenues include: Parking Revenue, Projected PFZ Revenues (these are NOT Pledged), Projected HOT Revenue (7% or 5.65%)
Projected PFZ revenues assumes LOW growth scenario and HOT Revenue assumes BASE growth scenario provided by Hunden Partners.
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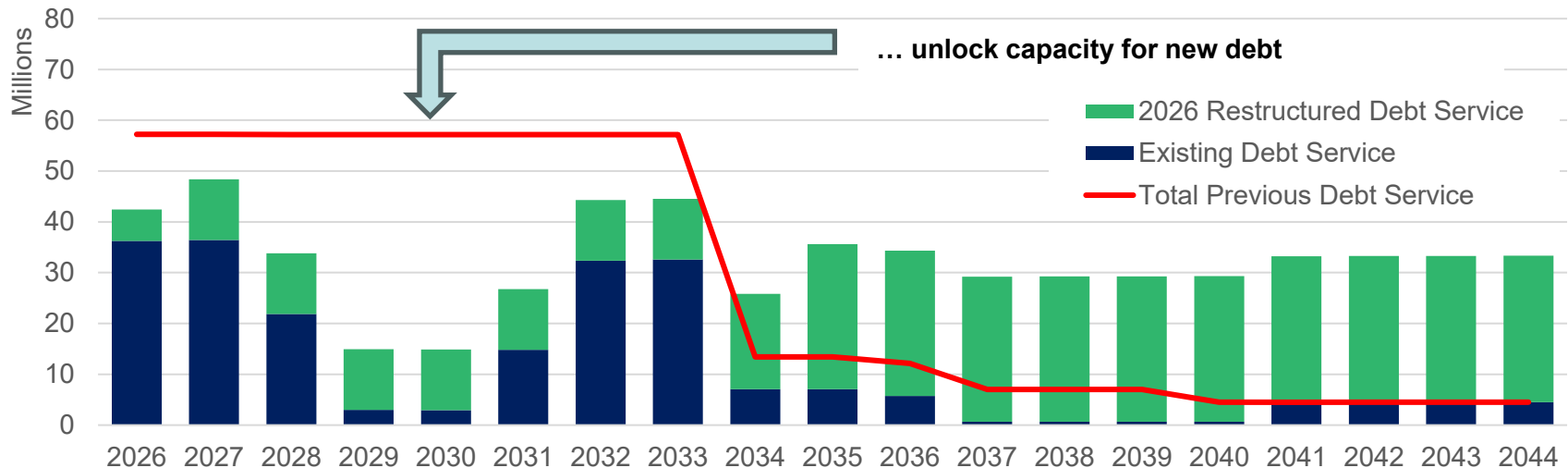
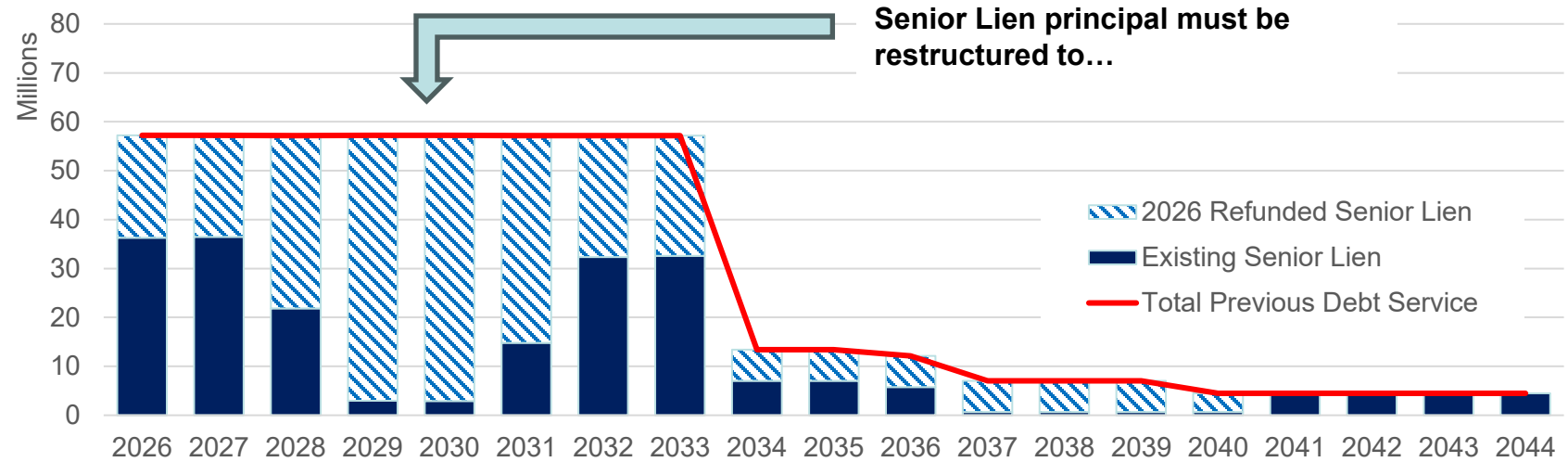


Considerations

- Restructuring of existing Senior Lien debt service
 - Extends weighted average maturity (WAM) and useful life by approximately 8.7 years to create an overall level debt service profile, including the new project debt service
 - Net Present Value of dis-savings estimated at approximately \$6 million
- Maximizing Pledged Revenues
 - Legally pledging more of existing (but unpledged) revenues to create more bonding capacity
 - Maintain ability to pledge PFZ revenues in the future, when they have risen to higher levels



Restructure Existing Senior Lien to Create Debt Capacity





CEF GRB Expansion

System:	Convention and Entertainment Facilities	
New Money or Refunding?:	New Money	Refunding
Par Amount:	\$1,186,000*	\$230,205,000*
Use of the Debt Proceeds:	GRB Expansion Project	Restructure of existing debt
Revenue Source Securing Debt:	HOT/PFZ/Parking Revenue	
True Interest Cost (%):	5.53%	
Estimated Weighted Average Life of the Debt Being Refunded(Years):	N/A	5.6 Years
Estimated Change to the Weighted Average Life of Debt Being Refunded:	N/A	+ 8.7 Years
Estimated Present Value Savings:	N/A	(\$6.0) Million
Estimated Percentage Savings:	N/A	-2.5%
Anticipated Council Agenda Date:	January 7, 2026	
Average Life of Bonds:	18.0 Years	
Average Annual Debt Service:	\$106.8 Million	

*Preliminary, subject to change.

Note: Current market rates plus 50 bps.

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Questions?