



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

February 3, 2025

Presented By:
Melissa Dubowski – Finance Director



Agenda

- General Obligation (GO)
 - a) Commercial Paper Program, Series E-2
- Combined Utility System (CUS)
 - a) Variable Rate Demand Bonds, Series 2018C
 - b) Commercial Paper Program, Series B-4
 - c) Commercial Paper Program, Series B-7



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	4/22/2025	Y
	G-1	75	TD Bank	4/09/2027	Y
	G-2	125	Barclays	11/19/2025	Y
	H-2	100	TD Bank	9/27/2028	Y
	J	125	State Street	5/21/2026	Y
	K-1	200	RBC ⁽¹⁾	2/2/2030	N
	K-2	200	RBC ⁽¹⁾	2/2/2030	N
Total		1,025			
Total GO Debt Outstanding⁽²⁾ \$3,725.9					
Total GO Commercial Paper Outstanding⁽²⁾ \$65.0			GO Current Variable Rate Exposure 1.74%		

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

⁽²⁾ As of December 31, 2024, Monthly Financial Report.



GO Commercial Paper Program, Series E-2

Background:

- The Series E commercial paper program was created in 2002 and had operated as two separate programs (E-1 and E-2) under one combined ordinance since 2011.
- The Finance Working Group (FWG) recommended in 2023 that the Series E-1 and Series E-2 be bifurcated and operate under standalone ordinances rather than one combined ordinance.
- The underlying bank facility supporting the Series E-2 program of \$100 million provided by Wells Fargo is scheduled to expire on April 22, 2025.

Next Steps:

- The City is expecting to issue a request for term sheet in February 2025.
- An RCA is expected to be presented to City Council in Spring 2025.



CUS Variable Rate Exposure Summary

Liquidity Type	Series	Size (\$ millions)	Bank / Dealer	Expiration	Requires Bank Facility
Commercial Paper	B-1	100.00	Bank of America	8/19/2027	Y
	B-2	275.00	Morgan Stanley ⁽¹⁾	12/15/2039	N
	B-3	75.00	Sumitomo	1/31/2029	Y
	B-4	100.00	PNC Bank	7/12/2025	Y
	B-5	250.00	Morgan Stanley ⁽¹⁾	2/1/2030	N
	B-6	100.00	Bank of America	8/19/2027	Y
	B-7	100.00	JP Morgan	5/30/2025	Y
Subtotal		1000.00			
Variable Rate Demand Bonds	2004B-2	100.00	Sumitomo	3/31/2026	Y
	2004B-3	75.00	Sumitomo	3/28/2025	Y
	2004B-4	75.00	JP Morgan	6/12/2026	Y
	2004B-5	100.00	RBC	10/22/2027	Y
	2004B-6	78.33	Sumitomo	3/28/2025	Y
	2012A	125.00	TD Bank	4/18/2025	Y
	2012B	100.00	TD Bank	5/21/2027	Y
	2018C	249.08	Barclays	7/28/2025	Y
Subtotal		902.41			
Total Debt Outstanding⁽²⁾				\$6,338.9 Million	
Total Commercial Paper Outstanding⁽²⁾				\$0.0	
Total Unhedged Variable Rate Debt⁽²⁾				0%	

⁽¹⁾ The Series B-2 and B-5 are an Extendible Commercial Paper product.

⁽²⁾ As of December 31, 2024, Monthly Financial Report.



CUS Variable Rate Demand Bonds, Series 2018C

Background:

- Variable Rate Demand Bonds (VRDB) are long term bonds, which are remarketed on a weekly basis, at short term interest rates. In order to be marketable, the VRDBs require liquidity facilities provided by a highly rated bank.
- The underlying bank facility supporting the Series 2018C program of approximately \$249.08 million provided by Barclays is scheduled to expire on July 28, 2025.

Next Steps:

- The City is expecting to issue a request for term sheet in Spring 2025.
- An RCA is expected to be presented to City Council in June 2025.



CUS Commercial Paper Program, Series B-4

Background:

- Commercial Paper program has provided a cost-effective method of accessing cash and providing interim financing for the Combined Utility System's (CUS) capital Improvement program (CIP).
- The underlying bank facility supporting the Series B-4 program of \$100 million provided by PNC is scheduled to expire on July 12, 2025.
- There are no commercial paper notes outstanding on Series B-4.

Next Steps:

- The City is awaiting a renewal proposal from the current liquidity provider.
- Depending on the terms of the renewal proposal, a future request for term sheet or Council action may be needed in late Spring 2025.



CUS Commercial Paper Program, Series B-7

Background:

- The underlying bank facility supporting the Series B-7 program of \$100 million provided by JP Morgan is scheduled to expire on May 30, 2025.
- There are no commercial paper notes outstanding on Series B-7.

Next Steps:

- The City is expecting to issue a request for term sheet in February 2025.
- An RCA is expected to be presented to City Council in April 2025.



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Questions?