



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

June 2, 2026

Presented By:
Melissa Dubowski – Finance Director



Agenda

- **General Obligation (GO)**
 - a) Tax and Revenue Anticipation Notes (TRANS), Series 2026
- **Combined Utility System (CUS)**
 - a) Commercial Paper (CP) Expansion



General Obligation Tax and Revenue Anticipation Notes (TRANS), Series 2026

Background:

- The City sells Tax and Revenue Anticipation Notes (TRANS) to help manage working capital needs during the year. This need for working capital is caused by the timing difference during the City's fiscal year between the collections of revenues versus expenditures. The major revenue source for the General Fund is ad valorem taxes, which are largely collected during December, January, and February. The last TRANS issue was on October 23, 2025.
- The TRANS provides an efficient, cost-effective way to address this temporary cash shortfall. The actual sale of the notes is done on a competitive basis through an auction intended to give the City access to a large scope of potential purchasers and provides efficient pricing.



General Obligation Tax and Revenue Anticipation Notes (TRANS), Series 2026

Next Steps:

- For FY2027, total authorized size (primary and supplemental) of the TRANS is currently being calculated.
- An RCA will be presented to City Council for authorization of the sale in July 2026.
- The competitive sale process is expected to occur in early August 2026. The results will be presented to City Council by the Controller's office on the date of sale as part of a motion to accept the winning bid or bids.
- The closing is planned for late-August 2026.



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	08/19/2027	Y
	B-2	275.00	Morgan Stanley ⁽¹⁾	12/15/2039	N
	B-3	75.00	Sumitomo	12/31/2029	Y
	B-4	100.00	PNC Bank	07/12/2028	Y
	B-5	250.00	Morgan Stanley ⁽¹⁾	02/01/2030	N
	B-6	100.00	Bank of America	08/19/2027	Y
	B-7	100.00	JP Morgan	06/01/2027	Y
Subtotal		1,000.00			
Variable Rate Demand Bonds	2004B-2	100.00	Wells Fargo	05/15/2029	Y
	2004B-3	75.00	Sumitomo	01/25/2030	Y
	2004B-4	75.00	JP Morgan	06/12/2028	Y
	2004B-5	100.00	RBC	10/22/2027	Y
	2004B-6	78.33	Sumitomo	01/25/2030	Y
	2012A	125.00	TD Bank	04/17/2028	Y
	2012B	100.00	TD Bank	05/21/2027	Y
	2018C	249.08	Bank of America	07/24/2029	Y
Subtotal		902.41			
Total Debt Outstanding⁽²⁾				\$6,278.5 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 April 30, 2026, Monthly Financial Report.



Combined Utility System Commercial Paper (CP) Expansion

Background:

- The City has used the issuance of commercial paper to provide an expedient, cost-effective method of accessing cash and providing interim financing and appropriation capacity. If used, the commercial paper (CP) notes are later refinanced into fixed rate bonds that match the useful life of the projects and/or equipment being financed.
- The CUS anticipates that appropriations and spending will increase as projects continue in order to comply with the Capital Improvement Plan's needs.
- To implement the projects timely, additional capacity is needed for both appropriations and drawn purposes.



Combined Utility System Commercial Paper (CP) Expansion

Next Steps:

- In April 2026, the City issued a Request for Term Sheets to seek proposals for up to \$500 million in additional capacity.
- The proposals were evaluated by the Finance Working Group and Morgan Stanley was selected as the CP Dealer for a multi-modal CP program, initially \$500 million of extendible commercial paper, which does not require a bank facility.
- An RCA will be presented to City Council in July 2026.



Finance Department

Questions?