Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

November 2, 2026

Presented By:
Melissa Dubowski – Finance Director

Agenda

- **Combined Utility System (CUS)**
  - a) Texas Water Development Board (TWDB) State Revolving Fund (SRF) Loan Application
  - b) Water Infrastructure Finance and Innovation Act (WIFIA) Loan Application
- **Houston Airport System (HAS)**
  - a) Commercial Paper Expansion
- **Convention & Entertainment (C&E)**
  - a) Note Purchase Facility

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

CUS TWDB SRF Loan Application

Background:

- Project being financed: Northbelt Wastewater Treatment Plant Improvements and Expansion Project.
- The project increases the ability to treat wastewater while modernizing aging equipment and processes to maintain compliance with permit requirements and reliable operations.
- Interest rate is up to 35% reduction from the Municipal Market Data (MMD) rate.
- The loan commitment from the TWDB is for a one-year period.

Next Steps:

- CUS will be submitting an application with the TWDB in an amount not-to-exceed $76 million.
- A resolution will be brought to City Council on November 18.
- The loan is expected to close in Fall 2027.

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

CUS WIFIA Application

Background:

- The Water Infrastructure Finance and Innovation Act (WIFIA) program provides federal credit assistance for large drinking water, wastewater, and stormwater infrastructure projects. It is administered by the U.S. Environmental Protection Agency (EPA).
- We will be applying to WIFIA for the East Water Purification Plant (EWPP) Enhancement Project.
- The project is intended to provide additional treatment capacity at the EWPP facilities to supply the future water needs of Houston's residential, commercial, and industrial customers.
- New facilities capable of treating up to 360 million gallons per day (MGD) will be designed and constructed.
- The new facilities will be built within the overall EWPP property to the west of the existing three EWPP facilities

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

CUS WIFIA Application

Next Steps:

- The City will submit it's WIFIA loan application to the EPA for approximately $2.4 billion. Because this funding is not a grant or bond issuance, no authorizing ordinance is necessary for submission of the application.
- The WIFIA loan process will require the EPA and the City to execute a loan/credit agreement. That agreement will govern the borrowing parameters and repayment terms.
- That agreement will authorize the loan borrowing and will be brought forward for Council action in the future, most likely in calendar year 2027.

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

HAS Commercial Paper Expansion

Background:

- The City has used the issuance of commercial paper (CP) to provide an expedient, cost-effective method of accessing cash and providing interim financing and appropriation capacity. If used, the CP notes are later refinanced into fixed rate bonds that match the useful life of the projects and/or equipment being financed.
- The HAS anticipates that appropriations and spending will increase as it continues to administer and finance the Capital Improvement Plan.
- To implement the projects timely, additional capacity is needed.

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

HAS Commercial Paper Expansion

Next Steps:

- In September 2026, the City issued a Request for Term Sheets to seek proposals for up to $200 million in additional capacity to complement the existing $350 million CP program.
- The proposals were evaluated by the Finance Working Group and TD Bank was selected as the credit facility provider for an expanded CP program, initially $425 million of commercial paper, which will replace the existing $350 million program.
- An RCA will be presented to City Council in late December or early January.

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

C&E Note Purchase Facility

Background:

- Houston First has recently expressed the need for additional interim financing capacity.
- The uses may include required cyclical renovations of the Hilton Americas-Houston, capital improvements to facilities, and potential future phases of the convention district transformation.
- Furthermore, as in the past, Houston First would like to work with C&E to secure interim short-term financing for situations that may require emergency liquidity needs (Harvey).
- Capacity is needed for both appropriations and drawn purposes.

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

C&E Note Purchase Facility

Next Steps:

- In September 2026, the City issued a Request for Term Sheets to seek proposals for up to $175 million for a short-term financing facility.
- The proposals were evaluated by the Finance Working Group and Truist was selected as the credit provider for a note purchase agreement in an amount of $175 million.
- An RCA will be presented to City Council in late December or early January.

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

Questions?