



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Upcoming Financial Transactions

September 29, 2026

Presented By:
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Agenda

- **Combined Utility System (CUS)**
 - a) First Lien Revenue Refunding Bonds, Series 2026B, C&D
- **Houston Airport System (HAS)**
 - a) Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2026B (AMT)



CUS First Lien Revenue Refunding Bonds, Series 2026B, C&D

Background:

- The City's Combined Utility System has \$1.77 billion first lien revenue bonds that are currently callable.
- The City is seeking to refinance certain bonds to evaluate present value and cash-flow impact.
- Furthermore, the City is seeking to modernize and update the master bond ordinance, [including limiting ROW transfer, adding additional bond holder protections].
- The FY2027 adopted budget included the largest structural changes this includes moving the Solid Waste Department into the Houston Public Works Department.
- Implement revenue source Right-of-Way fee.



Proposed Master Ordinance Amendments

Credit Positive?

Monthly Debt Service Deposits

- Require monthly transfers from the Revenue Fund to the Interest and Sinking Fund of the respective lien, i.e. 1/6th interest and 1/12th principal.



Add Bondholder Protections

- Limit Right of Way transfer from the General Purpose Fund to an amount which cannot exceed [xx]% of the Gross Revenues of the System for the immediately preceding Fiscal Year.



Extinguish Previous Ordinance & Update Master Ordinance

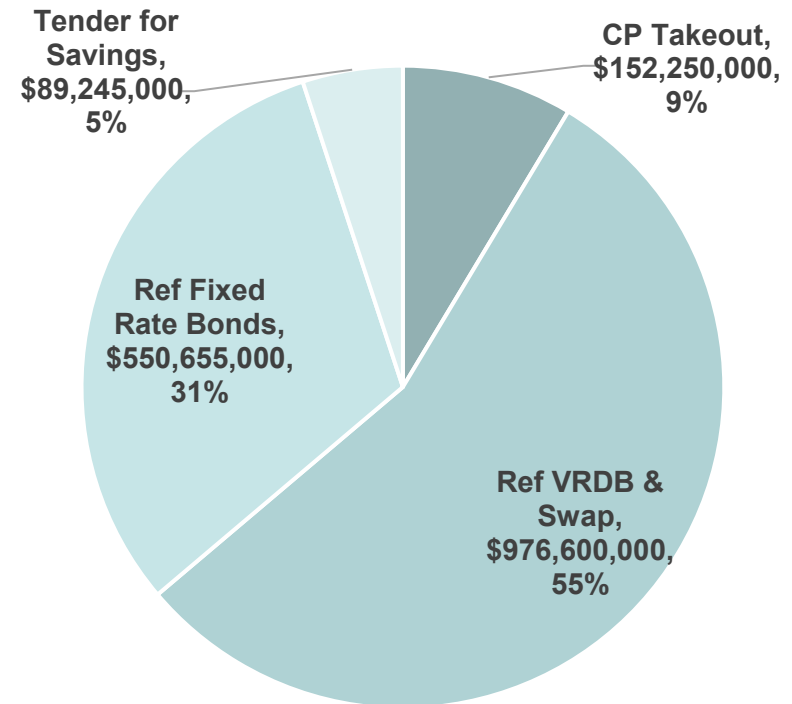
- Refund and defease remaining 1998 Previous Ordinance Bonds and all related references to such Previous Ordinance.





2026 Refunding Bonds Plan of Finance Overview

- Defease all outstanding Prior Lien Bonds (1998A)
- Refund currently callable, fixed rate bonds
 - \$56.1MM – Series 2007A
 - \$241.695MM – Series 2014D
 - \$38.075MM – Series 2015D
 - \$236.670MM – Series 2016B
- Refund variable rate demand bonds and terminate interest rate swaps
 - \$902.985MM – Series 2004B; 2012A&B, and 2018C Bonds
 - \$35-\$45MM Termination Cost (estimated, determined by interest rates at pricing)
- Refund any outstanding commercial paper (estimated at ~\$300MM)
- Potential tender of outstanding bonds that provide positive net present value savings





CUS First Lien Revenue Refunding Bonds, Series 2026B, C&D

Next Steps:

- The total size of the Series 2026 Refunding Bonds is anticipated to be approximately \$1.76 billion as follows:
 - Series 2026B – is anticipated to be approximately \$785 million
 - Consisting of refunding and tender for purchase of eligible existing bonds in order to produce debt service savings and refund approximately \$300 million of CP
 - Series 2026C&D is anticipated to be up to approximately \$975 million
 - Consisting of refunding all variable rate demand bonds into fixed rate bonds and terminating related interest rate hedge agreements (swaps)
- An RCA is expected to be presented to City Council in October 2026.



CUS First Lien Revenue Refunding Bonds, Series 2026B, C & D

System:	Combined Utility System
New Money or Refunding?:	Refunding
Series:	2026B, C&D
Par Amount:	\$1.76 Billion
Use of the Debt Proceeds:	Refunding; Tender & CP Refunding & Swap Termination
Revenue Source Securing Debt:	Net revenues of the Combined Utility System
Estimated Weighted Average Life of the Debt Being Refunded(Years):	5.785 years
Estimated Change to the Weighted Average Life of Debt Being Refunded:	(0.442 years)
Estimated Present Value Savings:	\$4.04 Million
Estimated Percentage Savings:	0.25% / \$4.04 MM
Estimated True Interest Cost (%):	4.25%
Anticipated Council Agenda Date:	October 14, 2026
Anticipated Date of Pricing:	November 2026
Anticipated Date Closing:	December 2026

All figures are as of September 15, 2026 and are subject to market adjustments.

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



HAS Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2026B (AMT)

Background:

- As previously presented, United is expanding Terminal B at IAH to handle expected incremental increase in passenger volume.
- On November 15, 2023, City Council approved a Memorandum of Agreement (MOA) between the City of Houston and United Airlines Inc.
 - The expansion will be financed with Special Facility Revenue Bonds (SFRB) and General Airport Revenue Bonds (GARB). The total anticipated size of these transactions is up to \$2.55 billion.
 - SFRBs capped at \$1.95 billion - \$1.1 billion issued in 2024
 - GARBs capped at \$624 million
- United is requesting that the City issue Special Facilities Revenue Bonds for this purpose in one or more series with an anticipated size not to exceed (NTE) \$850 million, representing the second tranche.
- The Special Facilities Revenue Bonds would not be supported by general airport revenues or any other City revenues, other than payments from United under the special facilities lease.



HAS Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2026B (AMT)

Next Steps:

- The City anticipates issuing Special Facilities Revenue Bonds in one or more series in November 2026.
- The issuance of the second tranche of Special Facility Revenue Bonds will require one or more Council actions:
 - Council Approval of Lease and Financing Agreement expected to be considered in October 2026
 - Council Approval of the term (principal amount, rated redemption provisions and amortization) of the Sale of the Special Facility Revenue Bonds, expected to be considered in November 2026



HAS Special Facilities Revenue Bonds

(United Airlines, Inc. Terminal Improvement Projects),

Series 2026B (AMT)

System:	Houston Airport System
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New Money or Refunding?:	New Money
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Par Amount:	\$850 Million (NTE)
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Use of the Debt Proceeds:	Terminal B Expansion
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Revenue Source Securing Debt:	United Special Facilities Lease Revenues
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Estimated Weighted Average Life of the Debt Being Refunded(Years):	N/A
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Estimated Change to the Weighted Average Life of Debt Being Refunded:	N/A
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Estimated Present Value Savings:	N/A
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Estimated Percentage Savings:	N/A
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Estimated True Interest Cost (%):	5.80 – 6.20%
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Anticipated Council Agenda Date:	Fall 2026 (October & November)
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Anticipated Date of Pricing:	November 3, 2026
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Anticipated Date Closing:	November 12, 2026
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All figures are as of September 3, 2026 and are subject to market adjustments.

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Questions?