



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 6/2/2020

Item Creation Date:

FIN - HAS - Special Facility Bond Refinancing 2020B-2

Agenda Item#: 15.

Summary:

ORDINANCE authorizing the issuance, sale and delivery of Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2020B-2 (AMT); authorizing certain designated officials to determine the obligations to be refunded consistent with certain procedures, provisions and agreements approved herein; ratifying the special facilities lease agreement; approving the form and substance, and authorizing the execution and delivery, of the Fourth Supplemental Terminal Trust Indenture and related transaction documents; approving the use and distribution of a Preliminary Official Statement and the use and distribution of an Official Statement; making certain findings with respect thereto and containing other provisions relating to the subject

Background:

RECOMMENDATION:

Approve an ordinance authorizing issuance, sale and delivery of Airport System Special Facilities Revenue Refunding Bonds Series 2020B-2 (AMT); authorizing certain designated officials to determine the obligations to be refunded consistent; ratifying the special facilities lease agreement; authorizing the execution and delivery of the fourth supplemental terminal trust indenture and related transaction documents; approving the use and distribution of a preliminary official statement and official statement; making certain with respect thereto and containing other provisions relating to the subject; and declaring an emergency.

SPECIFIC EXPLANATION:

Pursuant to the bond ordinances adopted by the City of Houston, Texas (the "City") authorizing the issuance of the City's outstanding airport system revenue bonds, the City reserves the right to issue certain airport system special facilities revenue bonds payable from receipts under net leases or loan agreements entered into with United Airlines, Inc. ("United"). Bonds issued secured by such rental or loan receipts are not secured by any other revenues of the Houston Airport System.

The proposed City of Houston, Texas Houston Airport System Special Facilities Revenue Bonds, Series 2020B-2 ("2020B-2 Special Facilities Bonds") will refinance United Airlines' Series 2015B-2 Bonds to refinance bonds originally issued for terminal improvement and updates to some terminal facilities in Terminals B and C. The anticipated size of the 2020B-2 Special facilities Bonds is currently estimated not to exceed \$60 million.

Pursuant to the existing amended and restated special facility lease relating to Terminal B, United has reserved the right to request the City to issue refunding bonds. Such refunding bonds would be issued under a supplemental indenture and the existing special facility lease. The special facilities lease relating to Terminal B will remain for as long as the bonds remain outstanding. United will be obligated to make net payments equal to all bond payments due on the 2020B-2 Special Facilities Bonds and parity bonds. Prompt payment of principal and interest on the 2020B-2 Special Facilities Bonds will be unconditionally guaranteed by United.

The 2020B-2 Special Facilities Bonds will not constitute an indebtedness of the City, nor will it be an obligation of the City secured by ad valorem taxes or net revenues of the Houston Airport System (other than those arising specifically from the special facilities loan agreement or lease agreement). As provided under Texas law, no holder of any 2020B-2 Special Facility Facilities Bonds shall have the right to demand payment of any funds raised or to be raised by taxation and may not be repaid in any circumstances from tax revenues. In addition, the 2020B-2 Special Facilities Bonds shall not constitute obligations of the City's Airport System, nor will revenues (other than receipts under the special facilities loan agreement or lease agreement) be pledged or made available to repay any of the 2020B-2 Special Facilities Bonds.

This transaction was presented to the Budget and Fiscal Affairs Committee on June 2, 2020.

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Tantri Emo

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Tantri Emo, Chief Business Officer/Director of Finance

DocuSigned by:

Chris Brown

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Chris B. Brown, Houston City Controller

Prior Council Action:

n/a


Amount of Funding:

n/a

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