



TO: Mayor via City Secretary REQUEST FOR COUNCIL ACTION

SUBJECT: Approve an ordinance supplementing the City of Houston, Texas, Airport System master ordinance; authorizing the issuance of City of Houston, Texas Airport System Inferior Lien Revenue Bonds in one or more series as may be further designated, in an aggregate principal amount not to exceed \$450 million.	Category #	Page 1 of <u>1</u>	Agenda Item #
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FROM (Department or other point of origin): Finance Department and Office of City Controller	Origination Date: October 14, 2015	Agenda Date
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DIRECTOR'S SIGNATURE: 	Council District Affected: All
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For additional information contact: Jennifer Olenick  Phone: 832-393-9112 Charisse Mosely  Phone: 832-393-3529	Date and identification of prior authorizing Council action: N/A
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RECOMMENDATION: Approve an ordinance supplementing the City of Houston, Texas, Airport System master ordinance; authorizing the issuance of City of Houston, Texas Airport System Inferior Lien Revenue Bonds in one or more series as may be further designated, in an aggregate principal amount not to exceed \$450 million, authorizing the Mayor, the City Controller and/or certain other designated City Officials to approve the amount, interest rates, prices, and terms; authorizing the execution and delivery of one or more bond purchase agreements and such other agreements relating to the Bonds or the Security.

Amount of Funding: N/A Not Applicable	Finance Dept Budget:
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Source of Funding: General Fund Grant Fund Enterprise Fund Other (Specify)

SPECIFIC EXPLANATION:

Over the next five years, the Airport System has capital funding requirements of approximately \$2.25 Billion in capital projects. These projects are projected to be funded with airport funds on hand, grants, passenger facility charges, and airport revenue bonds. The Airport System anticipates substantial appropriation needs related to the Intercontinental Terminal Redevelopment Program (ITRP) occurring in FY2016, which will require additional interim financing capacity.

The Finance Working Group recommends replacing the \$150 million inferior lien commercial paper facility that is currently in place with a Forward Bond Purchase Agreement with RBC Capital Markets in an amount not to exceed \$450 million (\$300 million of increased appropriations capacity and \$150 million to replace the existing inferior lien facility). The new structure will allow the City the flexibility to use the facility similarly to a commercial paper program, but at a reduced cost for undrawn purposes. The proposed agreement with RBC will have a term of 7 years.

This transaction was presented to the Budget and Fiscal Affairs Committee on September 29, 2015.

Recommendation

The Finance Working Group recommends approval of this transaction.

REQUIRED AUTHORIZATION

Finance Department Director:	Other Authorization:	Other Authorization:
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