



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 9/17/2024

Item Creation Date:

FIN - CUS Series 2004B-5

Agenda Item#: 17.

Summary:

ORDINANCE supplementing the City of Houston, Texas Master Ordinance No. 2004-299, supplementing the City of Houston, Texas Ordinance No. 2004-300, Ordinance No. 2008-252, Ordinance No. 2010-215, Ordinance No. 2013-0200; Ordinance No. 2016-213 and Ordinance No. 2019-377; authorizing the substitution of a Credit Facility, the execution and delivery of a Direct Pay Letter of Credit, Bank Fee Letter, and a Reoffering Memorandum for the City of Houston, Texas Combined Utility System First Lien Revenue Refunding Bonds, Series 2004B-5; and approving Reoffering Memoranda for the City of Houston, Texas Combined Utility System First Lien Revenue Refunding Bonds, Series 2004B-2, Series 2004B-3, Series 2004B-4, Series 2004B-6, Series 2012A, Series 2012B and Series 2012C

Background:

RECOMMENDATION:

An Ordinance supplementing the City of Houston, Texas, Master Ordinance; supplementing prior Ordinances as it relates to City of Houston, Texas, Combined Utility System First Lien Revenue Refunding Bonds, Series 2004B-5; authorizing the substitution of a credit facility, execution and delivery of a direct pay letter of credit agreement and related documents.

SPECIFIC EXPLANATION:

On April 8, 2008, the Combined Utility System (CUS) converted the Series 2004B Bonds, which were originally issued as auction rate securities, into variable rate demand bonds (VRDBs). VRDBs are long term bonds that are remarketed at regular intervals, with the interest rate reset at each remarketing. The VRDBs have provided a cost-effective method of financing a portion of the CUS Capital Improvement Program (CIP). In order to be marketable, the VRDBs require a liquidity facility provided by a highly rated bank.

The City is looking to replace the current VRDB 2004B-5 liquidity facility.

The Finance Working Group (FWG) recommends a letter of credit for the CUS Series 2004B-5 in an amount of \$100 million with RBC. The liquidity facility will have a 3-year term.

This transaction was presented to Budget & Fiscal Affairs Committee on July 30, 2024.

DocuSigned by:

76B46D915D404G7

Melissa Dubowski, Chief Business Officer/Director of Finance

Signed by:

58A54327117A4AE

Chris Hollins, Houston City Controller

Prior Council Action:

Ord. No. 2004-299, 2004-300, 2008-252, 2010-215, 2013-0200, 2016-213, 2019-377, 2022-0158

Contact Information:

Alma Tamborello

Vernon Lewis

^{DS}

Phone: 832-393-9099

Phone: 832-393-3470

^{DS}

ATTACHMENTS:

Description

Caption

Type

Other