



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 10/22/2024

Item Creation Date:

FIN - HAS Special Facilities 2024B

Agenda Item#: 26.

Summary:

ORDINANCE authorizing the issuance, sale and delivery of Airport System Special Facilities Revenue Bonds (United Airlines, INC. Terminal Improvement Projects), Series 2024B (AMT) and providing for the security thereof; approving and authorizing the execution and delivery of a Supplemental Terminal Trust Indenture, an Amendment to the Second Amended and Restated Special Facilities Lease Agreement, and other related or Ancillary Transaction Agreements; approving the form, use and distribution of a Preliminary Official Statement and an Official Statement

Background:

RECOMMENDATION:

Approve Ordinance authorizing the issuance, sale and delivery of Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects) Series 2024B (AMT) and providing for the security thereof; approving the form and substance, and authorizing the execution and delivery, of a supplemental terminal trust indenture and Amendment No. 4 to Second Amended and Restated Special Facilities Lease Agreement at George Bush Intercontinental Airport/Houston (IAH); approving and authorizing the execution and delivery of 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 and declaring an emergency

SPECIFIC EXPLANATION:

Pursuant to the master bond ordinance 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 special facility leases with United Airlines, Inc. ("United"). The Bonds issued are secured by special facility rental payments from United and are not secured by any other revenues of the Houston Airport System or the general revenues of the City. Pursuant to this special facility lease, the City has previously issued bonds in 1998, 2011, 2015, 2020, and 2021.

The proposed City of Houston, Texas Houston Airport System Special Facilities Revenue Bonds (United Airlines Inc. Terminal Improvement Projects), Series 2024B (AMT) ("2024B Special Facilities Bonds") will finance, along with other available funds of United, the Phase III Project (as further described below) and the cost of issuance. The anticipated size of the 2024B Special Facility Bonds is currently estimated not to exceed \$1.95 billion. The Phase III Project may be financed in one or more series; however, any future facility bonds would be subject to City Council approval at the time of issuance.

In connection with the issuance of the 2024B Special Facilities Bonds, United and the City will enter into an amendment to the existing special facilities lease between the City and United in order to provide security for the bonds. By authority of Ordinance No. 2011-899, the City of Houston, Texas and Continental Airlines, Inc. (United as successor-in-interest) entered into Second Amended and Restated Special Facilities Lease Agreement, dated as of November 17, 2011, for the redevelopment, expansion and operation of Terminal B at IAH. As part of Amendment No. 4, United will design and construct certain facilities in the Airport's Terminal B including (a) improvements to and expansion of the Terminal B central processing facility; (b) construction of the Terminal B North Concourse to replace the original circular flight stations on the north side of Terminal B to accommodate twenty-two (22) narrow-body aircraft equivalent gates with the ability to operate narrow-body or wide-body aircraft and other improvements in connection therewith; (c) replacement of the Terminal B baggage handling system and construction of a new baggage handling system makeup building; and (d) replacement of the regional gate configuration of Terminal B South Concourse to accommodate eighteen (18) large regional gates and add jet bridges and other improvements in connection therewith.

The 2024B 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 2024B 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 2024B Special Facilities Bonds shall not constitute obligations of the City's Airport System, nor will revenues (other than receipts under the special facilities Bonds loan agreement or lease agreement) be pledged or made available to repay any of the 2024B Special Facilities Bonds.

This transaction was presented to the Budget and Fiscal Affairs Committee on September 9, 2024

Signed by:



Melissa Dubowski, Chief Business Officer/Director of Finance

Signed by:



Chris Hollins, Houston City Controller

Contact Information:

Alma Tamborello
Vernon Lewis

^{DS}


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ATTACHMENTS:

Description

Caption

Type

Other

Certificate Of Completion

Envelope Id: 03F37443C1AA41CCA8F852328A97C0B6
Subject: Complete with DocuSign: Final - HAS Special Facility 2024B RCA 20241016.pdf
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Certificate Pages: 5
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Status: Completed
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611 Walker St.
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Houston, TX 77002
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IP Address: 50.58.210.12

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Location: DocuSign

Signer Events

Alma Tamborello
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City of Houston IT Services
Security Level: Email, Account Authentication (None)

Signature

Signature Adoption: Pre-selected Style
Using IP Address: 50.58.210.12

Timestamp

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Signed: 10/16/2024 1:15:36 PM

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Melissa Dubowski
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Chief Business Officer/Director of Finance
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Security Level: Email, Account Authentication (None)

DocuSigned by:
Signature Adoption: Uploaded Signature Image
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Signed: 10/17/2024 6:49:07 PM

Electronic Record and Signature Disclosure:

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Vernon M Lewis
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Deputy City Controller
City of Houston IT Services
Security Level: Email, Account Authentication (None)

Signature Adoption: Pre-selected Style
Using IP Address: 204.235.229.249

Sent: 10/17/2024 6:49:09 PM
Viewed: 10/18/2024 4:11:42 PM
Signed: 10/18/2024 4:12:10 PM

Electronic Record and Signature Disclosure:

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Chris Hollins
chris.hollins@houstontx.gov
City Controller
Security Level: Email, Account Authentication (None)

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Signature Adoption: Drawn on Device
Using IP Address: 12.104.110.19
Signed using mobile

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Signed: 10/24/2024 3:34:15 PM

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In Person Signer Events	Signature	Timestamp
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Eva Barrios Eva.Barrios@houston.tx.gov Administrative Coordinator COH Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Not Offered via DocuSign	COPIED	Sent: 10/16/2024 1:15:37 PM
Lillian Rodriguez Lillian.Rodriguez@houston.tx.gov Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Not Offered via DocuSign	COPIED	Sent: 10/17/2024 6:49:08 PM Viewed: 10/18/2024 9:30:53 AM
Witness Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Signing Complete	Security Checked	10/24/2024 3:34:15 PM
Completed	Security Checked	10/24/2024 3:34:15 PM
Payment Events	Status	Timestamps
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