TO: Mayor via City Secretary **REQUEST FOR COUNCIL ACTION**

SUBJECT: An Ordinance supplementing Ordinance No. 2009-1118 relating to the issuance of City of Houston, Texas Combined Utility System Commercial Paper Notes, Series B-1	**Category #**	**Page 1 of 1**	**Agenda Item#**

FROM (Department or other point of origin): Department of Finance and Office of the City Controller	**Origination Date:** 11/24/2015	**Agenda Date**
DIRECTOR'S SIGNATURE:	**Council District Affected:** All	
For additional information contact: Jennifer Olenick **Phone:** 832-393-9112 Charisse Mosely **Phone:** 832-393-3529	**Date and identification of prior authorizing Council action:** Ordinance 2009-1118	

RECOMMENDATION: (Summary)

An Ordinance supplementing Ordinance No. 2009-1118 Relating to the issuance of City of Houston, Texas Combined Utility System Commercial Paper Notes, Series B-1; authorizing the substitution of a credit facility, the execution and delivery of credit agreement, bank fee letter , a co-bond counsel agreement, and approving an updated offering memorandum.

Amount of Funding: Not Applicable	**Finance Budget:**

Source of Funding: [ ] General Fund [ ] Grant Fund [ ] Other (Specify) [X] Enterprise Fund

SPECIFIC EXPLANATION:

Starting in 1993, City Council began authorizing commercial paper programs to provide appropriation capacity and "on time" funding for various capital expenditures of the City funded with proceeds of general obligation debt. The issuance of commercial paper has provided an expedient, cost-effective method of providing interim financing. Commercial paper notes are later refinanced with fixed rate bonds with maturities matching the useful lives of the projects or equipment being financed.

The existing letter of credit that supports the current Series B-1 commercial paper (CP) program has an upcoming expiration date of January 15, 2015. This program currently supports capital expenditures related to the Combined Utility System's Capital Improvement Plan projects. The aggregate amount of commercial paper will not exceed $100 million, which will accommodate appropriations capacity.

Bank of America will provide liquidity for the Series B-1 program in the amount of $100 million, plus interest. The liquidity facility will have a 3-year term, with a commitment fee of 27 basis points per annum based on the Combined Utility System's current long-term ratings.

The Finance Working Group (the "FWG") also recommends U.S. Bank National Association as issuing/paying agent, along with Andrews Kurth and Bratton & Associates as co-note counsel. Barclays, Citigroup, JP Morgan, Ramirez & Co., Inc. and Rice Financial are recommended as dealers.

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

Recommendation:

The FWG recommends the approval of this item.

REQUIRED AUTHORIZATION

Finance Director:	**Other Authorization:**	**Other Authorization:**