

<b>SUBJECT:</b> An Ordinance supplementing the Master Ordinance relating to the issuance of the City of Houston, Texas Airport System Subordinate Lien Revenue Bonds, Revenue Refunding Bonds and/or exchange Bonds in one or more series; Authorizing the execution and delivery of one or more Bond Purchase Agreements, Paying Agent/Registrar Agreements, Escrow Agreements, and such other agreements relating to the Bonds or the security thereof;		<b>Category #</b>	<b>Page 1 of 1</b>	<b>Agenda Item #</b>
<b>FROM (Department or other point of origin):</b> Finance Department and Office of City Controller		<b>Origination Date:</b> May 24, 2016	<b>Agenda Date</b>	
<b>DIRECTOR'S SIGNATURE:</b>		<b>Council District Affected:</b> All		
<b>For additional information contact:</b> Jennifer Olenick <b>Phone:</b> 832-393-9112 Charisse Mosely <b>Phone:</b> 832-393-3529		<b>Date and identification of prior authorizing Council action:</b>		
<b>RECOMMENDATION:</b> An Ordinance supplementing the Master Ordinance relating to the issuance of the City of Houston, Texas Airport System Subordinate Lien Revenue Bonds, Revenue Refunding Bonds and/or exchange Bonds in one or more series; providing for the payment thereof; authorizing the Mayor, the City Controller and other designated City officials to approve the amount, interest rates, prices, redemption provisions and terms thereof; Determining and authorizing the redemption, defeasance or exchange of outstanding bonds or other obligations; approving other related procedures, provisions and agreements pertaining to such refunding, defeasance and/or exchange; Authorizing the execution and delivery of one or more Bond Purchase Agreements, Paying Agent/Registrar Agreements, Escrow Agreements, and such other agreements relating to the Bonds or the security thereof;				
<b>Amount of Funding:</b> <b>Not Applicable</b>			<b>Finance Dept Budget:</b>	
<b>Source of Funding:</b> [ <input type="checkbox"/> ] General Fund [ <input type="checkbox"/> ] Grant Fund [ <input checked="" type="checkbox"/> ] Enterprise Fund [ <input type="checkbox"/> ] Other (Specify)				
<b><u>SPECIFIC EXPLANATION:</u></b>  The Finance Working Group (the "FWG") is recommending refunding certain outstanding commercial paper notes, certain outstanding airport system bonds and financing all related costs of issuance.  The Houston Airport System Senior Lien Revenue and Refunding Bonds, Series 2016 ("HAS Series 2016 Bonds") will finance up to \$166 million relating to the buy-out of Southwest Airlines' investment in the Hobby International terminal and establish the Debt Service Reserve Account, as required by the HAS master bond ordinance.  Additionally, transaction includes the refunding of approximately \$100 million of commercial paper notes, \$73 million auction rate securities (ARS) and approximately \$41 million in existing debt. The combined not to exceed amount will be \$380 million.  <b><u>Recommendation</u></b>  This transaction was presented to the Budget and Fiscal Affairs Committee on April 5 <sup>th</sup> 2016.  The Finance Working Group recommends the HAS Series 2016A Bonds be issued through a negotiated financing with Bank of America serving as book running manager along with Citigroup and Ramirez & Co. as co-senior managers. Fidelity, Mesrirow Financial and Siebert Brandford Shank & Co. are recommended as co-managers. Bracewell LLP and Colon Law Firm are recommended as co-bond counsel along with Norton Rose Fulbright, LLP and West & Associates, LLP as co-disclosure counsel.				
<b>REQUIRED AUTHORIZATION</b>				
<b>Finance Director:</b>		<b>Other Authorization:</b>		<b>Other Authorization:</b>