

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-4 and Series B-6		Category #	Page 1 of <u>1</u>	Agenda Item#
FROM (Department or other point of origin): Department of Finance and Office of the City Controller		Origination Date: 6/14/2016	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		
<u>RECOMMENDATION: (Summary)</u> An Ordinance supplementing Ordinance No. 2009-1118 Relating to the issuance of City of Houston, Texas Combined Utility System Commercial Paper Notes, Series B-4 and Series B-6; authorizing the substitution of credit facilities, the execution and delivery of credit agreements, bank fee letters, a co-bond counsel agreement, and approving updated offering memoranda.				
Amount of Funding: Not Applicable			Finance Budget:	
Source of Funding: [<input type="checkbox"/>] General Fund [<input type="checkbox"/>] Grant Fund [<input type="checkbox"/>] Other (Specify) [<input checked="" type="checkbox"/>] Enterprise Fund				
<u>SPECIFIC EXPLANATION:</u> 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 to be funded with proceeds of 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 letters of credit that support the current Series B-4 and Series B-6 commercial paper (CP) programs both have an upcoming expiration date of July 15, 2016. These programs currently support capital expenditures related to the Combined Utility System’s Capital Improvement Plan projects. The aggregate amount of these two commercial paper programs will not exceed \$200 million. State Street will provide liquidity for the Series B-4 program in the amount of \$100 million, plus interest. Bank of America will provide liquidity for the Series B-6 program in the amount of \$100 million, plus interest. Both liquidity facilities will have a 3-year term agreement with the City. The Finance Working Group (the “FWG”) also recommends U.S. Bank National Association as issuing/paying agent, along with Andrews Kurth and The Chevalier Law Firm 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 June 7 th 2016. <u>Recommendation:</u> The FWG recommends the approval of this item.				
REQUIRED AUTHORIZATION				
Finance Director:	Other Authorization:		Other Authorization:	