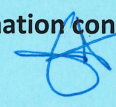
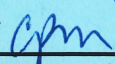


**TO: Mayor via City Secretary REQUEST FOR COUNCIL ACTION**

<b>SUBJECT:</b> Ordinance authorizing the issuance and sale of the Public Improvement Refunding Bonds, Series 2017A and such other series as may be required to refund and defease certain outstanding obligations of the City; authorizing a Preliminary Official Statement, Official Statement and related agreements pertaining to such bonds.	<b>Category #</b>	<b>Page</b> 1 of <u>2</u>	<b>Agenda Item #</b> 7
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<b>FROM (Department or other point of origin):</b> Finance Department and Office of City Controller	<b>Origination Date:</b> 10/24/2017	<b>Agenda Date</b> 11-14-17
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<b>DIRECTOR'S SIGNATURE:</b> 	<b>Council District Affected:</b> All
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<b>For additional information contact:</b> Melissa Dubowski  Phone: 832-393-9101 Charisse Mosely  Phone: 832-393-3529	<b>Date and identification of prior authorizing Council action:</b> N/A
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**RECOMMENDATION:** Approve an Ordinance authorizing the issuance and sale of the City of Houston, Texas, Public Improvement Refunding Bonds Series 2017A and such other series as may be determined, in an aggregate amount not to exceed \$645 million; authorizing certain designated city officials to approve the principal amount, interest rates, prices, terms and sale thereof; authorizing such officials to determine the outstanding obligations to be refunded and/or defeased. Approving the use of a preliminary official statement and authorizing the preparation and distribution of an official statement in connection with such offering.

<b>Amount of Funding:</b> N/A <b>Not Applicable</b>	<b>Finance Dept Budget:</b>
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**Source of Funding:**     General Fund     Grant Fund     Enterprise Fund     Other (Specify)

**SPECIFIC EXPLANATION:**  
 The Finance Working Group (the "FWG") is recommending refunding certain outstanding general obligation commercial paper notes, certain outstanding general obligation bonds and financing all related costs of issuance.

**Commercial Paper**

The City has been issuing short term commercial paper to fund its Capital Improvement Program and equipment procurements for over 20 years. Consistent with the City's financial policies, outstanding general obligation, commercial paper notes are refinanced with long term fixed rate bonds with a final maturity to match the useful life of the capital improvement project or equipment financed with such commercial paper. This transaction represents the normal refunding of these commercial paper notes with long term fixed rate refunding bonds. Based on current market conditions, the intent is to refund up to \$250 million of outstanding commercial paper notes.

**Current and Advance Bond Refunding**

In addition to the refunding of general obligation commercial paper, the City anticipates refunding certain outstanding public improvement bonds to achieve present value debt service savings on an aggregate basis. The FWG is reviewing current outstanding debt for refunding opportunities. All refundings would meet the parameters established under the City's adopted financial policies.

**REQUIRED AUTHORIZATION**

<b>Finance Department Director:</b>	<b>Other Authorization:</b>	<b>Other Authorization:</b>
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<b>Date:</b> 10/24/2017	<b>Subject:</b> Ordinance authorizing the issuance and sale of the Public Improvement Refunding Bonds Series 2017A and such other series as may be required to refund and defease certain outstanding obligations of the City; authorizing a Preliminary Official Statement and related agreements pertaining to such bonds.	<b>Originator's Initials</b>	<b>Page 2 of 2</b>
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**Summary**

The following table further summarizes the approximate allocation of the combined proposed transaction:

**Public Improvement Refunding Bonds Series 2017A**

	<b>Refunding Component</b>	<b>Up To</b>	<b>Use</b>
A.	Refund CP Series G, H, J	\$179,900,000	Capital Improvements
B.	Refund CP Series E	\$70,000,000	Equipment
C.	Current and Advance Refundings	\$395,100,000	Refunding and Cost of Issuance
	<b>Total</b>	<b><u>\$645,000,000</u></b>	

**Recommendation**

This transaction was presented to the Budget and Fiscal Affairs Committee on March 7, 2017.

The Finance Working Group recommends the PIB Series 2017A be issued through a negotiated financing with Goldman Sachs serving as book running manager along with Hutchinson, Shockey, Erley & Co. and Siebert Cisneros Shank & Co., L.L.C. as co-senior managers. The Williams Capital Group, George K. Baum and Fidelity Capital Markets are recommended as co-managers. Bracewell LLP and Baker Williams & Matthiesen LLP are recommended as co-bond counsel along with Greenberg Traurig LP and Burney & Foreman as co-disclosure counsel.