



CITY OF HOUSTON
Lead Underwriting Services
S67-I00451
NOTICE OF REQUEST FOR INFORMATION

**STRATEGIC
PURCHASING DIVISION**
901 Bagby Street, Concourse
Level
Houston, Texas 77002

SCOPE OF SERVICES

GENERAL

The City of Houston is requesting information for the purpose of assisting the Administration's consideration of firms to provide lead underwriting services for the proposed issuance of Combined Utility System First Lien Revenue Refunding Bonds Series 2015C ("Series 2015C Bonds").

BACKGROUND

The following is a selection of certain background information regarding the proposed issuance of the Bonds, which information may be of assistance in preparing a response to this RFI.

1. **The City** - The City of Houston (the "City") is a political subdivision of the State of Texas, located within Harris County, Texas, Fort Bend County, Texas, and Montgomery County, Texas, and is the fourth most populous city in the nation and the most populous city in Texas.
2. **Description** – The Series 2015C Bonds would be authorized by an ordinance adopted by the City Council of the City, and one more Officers' Pricing Certificates pursuant to the general laws of the State of Texas, particularly Chapters 1207, 1371, and 1502, Texas Government Code, as amended, and the City's Charter.
3. **The Issue** – Interest on the Series 2015C Bonds will accrue from the Date of Delivery and will be payable on each November 15 and May 15, until maturity or earlier redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
4. **Use of Proceeds** – Proceeds from the sale of the Series 2015C Bonds will be used to (i) refund and defease certain of the City's outstanding Combined Utility System bonds where the economics justifies such refunding and defeasance, and (ii) pay costs of issuance relating to the Series 2015C Bonds.
5. **Source of Payment** – The Series 2015C Bonds are special obligations of the City that are equally and ratably payable from and secured by a lien on Net Revenues collected and received by the City after Required Payments with respect to Previous Ordinance Bonds issued by the City and payment of all Maintenance and Operation Expenses of the Combined Utility System. See the official statement for the City's 2014D Combined Utility System First Lien Revenue and Refunding Bonds for a complete description.



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SERVICES

The lead underwriter will be required to lead the syndicate to market and sale of the 2015C Bonds to investors.

The City reserves the right to make decisions regarding the scope of services, the term of the agreement and related matters after receipt of responses to this RFI, and the City's decision on these matters is final.

The City reserves the right to revise any or all elements which comprise the information provided by an underwriter to ensure that the best possible consideration be afforded.

The City reserves the right to select an underwriter or underwriters for a specific purpose or purposes or for any combination of specific purposes, and to defer or not select any underwriter and use another method sale or use an alternative financing method, or execute the anticipated financing in one or more series at the City's choosing. If there is a refunding identified, the selected team will only be engaged to do that refunding with the sale of the commercial paper takeout. The City reserves the right to select another team in the future for the refunding of fixed rate bonds, if it so desires. Furthermore, the City reserves the right to select and determine syndicate composition and underwriting liabilities and designation policy at its choosing.

PROCESS

The review committee of the City's Administration arm will review the submissions to this RFI for the purpose of making a recommendation for Lead Underwriter for the issuance of Series 2015C Bonds. The review will be pursuant to the Review Criteria described below; however, the representatives will consider other factors such as the 2015-2016 RFI #S67-I00425 submission and a variety of criteria previously collected in making its recommendation for Lead Underwriter. The Administration will then consider the recommendation and coordinate with the City Controller for the final syndicate selection.

Based on market conditions, the City will continue to negotiate takedowns near the time of pricing. The Administration will consider takedowns submitted to this RFI to be a ceiling, unless notified by the City's financial advisors of an increase in market pricing.

By issuing this RFI, the City has not committed itself to employ an underwriter for any or all of the above-described matters. The City reserves the right to disregard submissions and/or to solicit additional information.



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REVIEW CRITERIA

The Administration's review committee will review the submissions based on the following criteria; however, other factors will be considered in the final selection of the Lead Underwriter Services.

1. The demonstrated competence, experience, knowledge and qualifications of the underwriters submitting responses,
2. The reasonableness of the proposed fee for underwriting services. Indicative yields are requested and will be taken under consideration but, due to their dependence on market drivers, will not be the primary focus of the Administration's assessment.

INSTRUCTIONS

Please submit the requested information by email to the City's Strategic Purchasing Department:

Brenda Chagoya at brenda.chagoya@houstontx.gov

SUBMISSION FORMAT

1. The Administration desires to minimize the submission of unnecessary RFI material. Interested firms are instructed to fill in their responses on the forms attached and email them to Brenda Chagoya. Include the identification number **S67-I00451** in the subject line.
2. The deadline for submissions in response to this request for information is **Tuesday, April 7, 2015 at 5:00 P.M. Central Time**. The City reserves the right to cancel, amend or extend the deadline for the RFI at its' sole discretion.
3. All costs directly or indirectly related to the preparation of a response to this RFI shall be the sole responsibility of and shall be borne by the underwriter responding.
4. Information submitted in response to this RFI will not be released by the City prior to the selection of a firm to provide lead underwriting services for the proposed Series 2015C Bonds.
5. Questions and comments regarding this RFI are to be emailed to brenda.chagoya@houstontx.gov. Deadline to submit questions to this RFI is **Friday, April 3, 2015 at 2:00 p.m.**

SUBMISSION FORMAT

MARKETING ESTIMATE

Please provide your firm's estimate of coupons, indicative yields, and takedowns reflecting rates as of Monday, April 6, 2015. The Administration will use at least two ratings from Standard & Poor's, Moody's or Fitch Ratings. Assume an "AA" rating from Standard & Poor's, an "Aa2" rating from Moody's, and an "AA" from Fitch Ratings without the use of insurance.



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City of Houston Combined Utility System Debt
 Preliminary; For Discussion Purposes Only

Maturity	Coupon	Indicative Yields	Takedown
11/15/2015			
11/15/2016			
11/15/2017			
11/15/2018			
11/15/2019			
11/15/2020			
11/15/2021			
11/15/2022			
11/15/2023			
11/15/2024			
11/15/2025			
11/15/2026			
11/15/2027			
11/15/2028			
11/15/2029			
11/15/2030			
11/15/2031			
11/15/2032			
11/15/2033			
11/15/2034			
11/15/2035			
11/15/2036			
11/15/2037			
11/15/2038			

*Assume the bonds maturing in 2026 and later are subject to optional call at par on March 1, 2025.



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ESTIMATED EXPENSES:

Expenses excluding underwriters' counsel (1)	\$
Estimated legal fees	\$
TOTAL	\$

(1) Assume total par size of \$100 million for this estimate, spread over 24 maturities

NARRATIVE:

1. Briefly describe (no more than one page) any other relevant thoughts, ideas or concerns you may have about the structure and marketing of the proposed Bond.