



CITY OF HOUSTON
Underwriting Services
NOTICE OF REQUEST FOR INFORMATION
Q24978

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

GENERAL INSTRUCTIONS, TERMS & CONDITIONS

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 Bonds Series 2014D ("Series 2014A Bonds"). **The principal amount of Bonds reflected herein is preliminary and subject to revision by the City.**

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 proposal in 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 2014D Bonds would be authorized as 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 2014D 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 2014D Bonds will be used to (i) refund and defease certain of the City's outstanding Combined Utility System commercial paper notes, (ii) refund and defease certain of the City's outstanding Combined Utility System bonds where the economics justifies such refunding and defeasance, and (iii) pay costs of issuance relating to the Series 2014D Bonds.
5. **Source of Payment** – The Series 2014D 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 2013B Combined Utility System First Lien Revenue and Refunding Bonds for a complete description.



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RFI INSTRUCTIONS

Please submit the requested information by email to Conley Jackson:

conley.jackson@houstontx.gov

SUBMISSION FORMAT

1. The City 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 Conley Jackson at conley.jackson@houstontx.gov. Include the identification number **Q24978** in the subject line.
2. The deadline for submissions in response to this request for information is **Wednesday April 2nd, 2014 2:00 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 2014D Bonds.
5. Questions and comments regarding this RFI are to be directed to:

Conley Jackson
Senior Procurement Specialist
conley.jackson@houstontx.gov
832-393-8733

PURPOSE OF THIS RFI

- To assist the Administration's consideration of underwriting firms based on, among other things, the demonstrated competence, experience, knowledge and qualifications of the underwriters submitting responses, and on 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.
- By 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. 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.



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- 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 secured by City ad valorem taxes, 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.



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QUESTIONS FOR UNDERWRITERS

GENERAL INFORMATION:

Firm Name:	
Address:	
Representative:	
Location of Main Office:	
Location of Houston Office and length of time open:	
Number of Personnel in Houston Office:	

UNDERWRITING EXPERIENCE:

Texas Utility System Revenue and Refunding Underwritings (Competitive and Negotiated) from 2011 to present, as reported by Thomson Reuters Securities Data Corporation ("SDC").

	# of Issues	Par Amount
Senior Manager (Full Credit to Book)		\$
Co Manager (Full Credit to Each)		\$



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MARKETING ESTIMATE:

Please provide your firm's estimate of coupons, indicative yields, and takedowns reflecting rates as of Friday March 28th. The City 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. This is the anticipated, subject to change amortization with respect to par amount and maturity and is exclusive of any refunding bonds.

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

Maturity	Principal (\$)(1)	Coupon	Indicative Yields	Takedown
11/15/2015	3,385,000			
11/15/2016	3,560,000			
11/15/2017	3,745,000			
11/15/2018	3,935,000			
11/15/2019	4,135,000			
11/15/2020	4,350,000			
11/15/2021	4,570,000			
11/15/2022	4,805,000			
11/15/2023	5,050,000			
11/15/2024	5,310,000			
11/15/2025	5,585,000			
11/15/2026	5,870,000			
11/15/2027	6,170,000			
11/15/2028	6,485,000			
11/15/2029	6,820,000			
11/15/2030	7,170,000			
11/15/2031	7,540,000			
11/15/2032	7,925,000			
11/15/2033	8,330,000			
11/15/2034	8,760,000			

1 The maturity beginning in 2025 is subject to optional redemption on March 1, 2024 at par.



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Maturity	Principal (\$)(1)	Coupon	Indicative Yields	Takedown
Term Bond 2039:				
11/15/2035	9,205,000			
11/15/2036	9,680,000			
11/15/2037	10,175,000			-
11/15/2038	10,695,000			
11/15/2039	11,245,000			
Term Bond 2043:				
11/15/2040	11,820,000			
11/15/2041	12,430,000			
11/15/2042	13,065,000			
11/15/2043	13,735,000			
TOTAL	215,550,000			

Estimated Compensation (Per Bond)

Average Takedown	\$
Expenses excluding underwriters' counsel	\$
TOTAL	\$

NARRATIVE:

1. Provide an organization chart and brief resumes on the person(s) who will represent your firm on this transaction. Additionally, provide a brief resume on the person(s) who will lead the actual underwriting effort. (No more than one-half page per resume)
2. 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.