



CITY OF HOUSTON
Lead Underwriting Services
RFI # S70-I00524
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 Public Improvement Bonds, expected to be sold in one or more series, starting with Series 2015A (collectively, "Series 2015A Bonds" or "the 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 2015A Bonds would be authorized by an ordinance adopted by the City Council of the City, and one or more Officers' Pricing Certificates pursuant to the general laws of the State of Texas, particularly Chapters 1201, 1207, 1371 and 1502, Texas Government Code, as amended, and the City's Charter. The Bonds are also subject to the approval of the Attorney General of the State of Texas.
3. **The Issue** – Interest on the Series 2015 Bonds will accrue from the Date of Delivery and will be payable on each March 1 and September 1, 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 2015A Bonds will be used to (i) refund certain outstanding commercial paper and/or fund new and/or ongoing projects, (ii) refund and defease certain of the City's outstanding public improvement bonds where the economics justifies such refunding and defeasance, and (iii) pay costs of issuance relating to the Series 2015A Bonds.
5. **Source of Payment** – The Series 2015A Bonds are secured by and payable from the receipts of an annual ad valorem tax levied, within legal limits, on taxable property within the City. See the official statement for the City's 2014A Public Improvement Refunding Bonds for a complete description.

SERVICES

The lead underwriter will be required to lead the syndicate to market and sale of the 2015A 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.



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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.

PROCESS

The review committee of the City's Administration will review the submissions to this RFI for the purpose of making a recommendation for Lead Underwriter for the issuance of the Series 2015A Bonds. The review will be pursuant to the Review Criteria described below. 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 leading up to 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.

REVIEW CRITERIA

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

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.

RFI INSTRUCTIONS

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

Ashley Alessandrini at Ashley.Alessandrini@houstontx.gov



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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 Ashley Alessandrini. Include the identification number **S70-I00524** in the subject line.
2. The deadline for submissions in response to this request for information is **Wednesday, September 16, 2015 at 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 2015A Bonds.
5. Questions and comments regarding this RFI must be emailed to Ashley.Alessandrini@houstontx.gov
Deadline to submit questions to this RFI is **Thursday, September 10, 2015 at 2:00 P.M. Central Time**.

SUBMISSION FORMAT

MARKETING ESTIMATE

Please provide your firm's estimate of coupons, indicative yields, and takedowns reflecting rates as of Tuesday, September 15th, 2015. The Administration expects to 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 Tax-Exempt General Obligation Debt
 Preliminary; For Discussion Purposes Only

Maturity	Coupon	Indicative Yields	Takedown
3/1/2016			
3/1/2019			
3/1/2020			
3/1/2021			
3/1/2022			
3/1/2023			
3/1/2024			
3/1/2025			
3/1/2026			
3/1/2027			
3/1/2028			
3/1/2029			
3/1/2030			
3/1/2031			
3/1/2032			
3/1/2033			
3/1/2034			
3/1/2035			
3/1/2036			

*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 \$225 million for this estimate, spread over 19 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 Bonds.