



**Port of Houston Authority of Harris County, Texas**  
**Debt Information**  
**As of June 30, 2015**

Port of Houston Authority of Harris County, Texas (the "Authority") is pleased to provide the following information as part of its commitment to financial transparency.

General Obligation Bonds

At June 30, 2015, the Authority had total debt outstanding of \$735.9 million (net of premiums/discounts), consisting of Unlimited Tax Port Improvement Bonds and Unlimited Tax Refunding Bonds (collectively, the "General Obligation Bonds"), for which debt service is funded from ad valorem taxes approved by Harris County taxpayers, levied by the Harris County Commissioners Court on behalf of the Authority and collected by the Harris County Tax Assessor-Collector.

The proceeds of such General Obligation Bonds have been used solely to fund the Authority's infrastructure investments and capital projects, as well as to refund prior bond issuances.

During the first half of 2015, the Authority issued no new debt. The Authority made a scheduled debt service payment of \$18.1 million on April 1, 2015, of which \$0.9 million was for principal and the balance for interest on the General Obligation Bonds.

Bond Refunding

On April 28, 2015, the Port Commission, as governing body of the Authority, adopted a "Resolution Finding Necessity for the Issuance of Bonds and Providing for Certification to Commissioners Court" regarding: (i) the issuance of refunding bonds to purchase or refund and defease all or a portion of the following outstanding bonds of the Authority: (a) \$4,980,000 par value of the Unlimited Tax Port Improvement Bonds, Series 2002A (Non AMT); (b) \$58,315,000 par value of the Unlimited Tax Refunding Bonds, Series 2005B (Non AMT); (c) \$9,160,000 par value of the Unlimited Tax Refunding Bonds, Series 2006C (Non AMT); (d) \$28,230,000 par value of the Unlimited Tax Refunding Bonds, Series 2005A (AMT); and (e) \$47,085,000 par value of the Unlimited Tax Refunding Bonds, Series 2006B (AMT); (ii) affirmatively find and declare that the best interests of the taxpayers of the Port Authority will be served by such a refunding; and that the Commissioners Court of Harris County, Texas, be petitioned to authorize the issuance thereof for and on behalf of the Port Authority; and

(iii) appoint Bracewell & Giuliani LLP as bond counsel and disclosure counsel, First Southwest Company as financial advisor, and Citigroup (senior manager), Backstrom McCarley Berry & Co., Coastal Securities, Morgan Stanley, Raymond James & Associates, Robert W. Baird & Co., and Wells Fargo Securities as underwriters, to assist in the bond issuances.

On June 23, 2015, the Port Commission approved an order authorizing the sale of Port of Houston Authority UNLIMITED TAX REFUNDING BONDS, SERIES 2015A (TAX EXEMPT NON-AMT); UNLIMITED TAX REFUNDING BONDS, SERIES 2015B (AMT); AND/OR UNLIMITED TAX REFUNDING BONDS, SERIES 2015C (TAXABLE) in an aggregate principal amount not to exceed \$147,770,000, to purchase or refund and defease all or a portion of various outstanding bonds of the Port Authority. A similar order is to be presented to the Harris County Commissioners Court for approval in July 2015.

The bond refunding transaction is expected to achieve debt service savings in excess of \$10 million, and should be completed by the end of August 2015.

#### Note Purchase Program

On August 28, 2012, the Port Commission directed staff to explore interim debt financing alternatives with various financial institutions, including discussions relating to terms and conditions for revolving credit facilities, bank loans, and equipment financing.

On September 24, 2013, the Port Commission approved affiliates of Bank of America Merrill Lynch as Agent and Administrative Agent for loan facilities in the form of direct purchase revolving note programs, up to an aggregate amount of \$300,000,000.

Since that time, Authority staff has been negotiating the terms and conditions of a three-year financing program with the Agent, and has obtained preliminary approval from the Texas Attorney General's office. The program will be secured from the Authority's net revenues, and not from ad valorem taxes. It will provide interim funding, while the Authority considers longer term financing solutions.

On May 19, 2015, the Port Commission approved the execution and adoption of a Master Resolution, a First Supplemental Resolution, agreements and other documents necessary to give effect to a \$300,000,000 Flexible Rate Revolving Note Program, including authorization to (a) draw under such financing, (b) incur borrowings thereunder, (c) incur agent fees, commitment fees, legal fees, paying agent fees and other costs relating to the program (Costs) in an amount not to exceed \$2,000,000 for the period through June 30, 2016, and (d) in addition to the Costs, incur applicable interest costs relating to borrowings thereunder.

The program is currently being syndicated to a group of lenders, and should be in place by August 2015.

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