



Port of Houston Authority of Harris County, Texas
Debt Information
As of July 28, 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.

Not for Investment Purposes

Information made available by the Authority, including information on its website (www.portofhouston.com), is not made available for investment purposes and does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, and it does not constitute an offering prospectus. Any such offer by the Authority can only be made by an official statement formally issued by the Authority.

Investors in Authority securities should rely on their own evaluation of the Authority and its securities, including the merits and risks involved.

General Obligation Bonds

At June 30, 2015, the Authority had total debt outstanding of \$735.7 million on its balance sheet (including unamortized premiums and 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 to (a) fund the Authority's infrastructure investments and capital projects, (b) refund prior bond issuances, and (c) cover the costs of such bond issuances and refundings.

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 was 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 was presented to and approved by the Harris County Commissioners Court on July 14, 2015.

The Preliminary Official Statement for the new Series 2015A, 2015B and 2015C refunding bonds was issued on July 15, 2015. The refunding bonds were priced on July 21, 2015. Note that only \$128,130,000 par value of current outstanding bonds would be refunded by the new refunding bonds.

The Official Statement for the refunding bonds, dated July 21, 2015, has been posted on the Authority’s website (www.portofhouston.com) as well as on the Municipal Securities Rulemaking Board’s EMMA system (<http://emma.msrb.org>).

The refunding bonds will be issued as follows:

Series 2015A (Tax Exempt Non-AMT)	\$ 62,805,000
Series 2015B (AMT)	\$ 25,905,000
Series 2015C (Taxable)	<u>\$ 27,260,000</u>
Total Par Value	\$115,970,000

The bond refunding transaction is scheduled to close on August 26, 2015, and is expected to achieve net present value debt service savings in excess of \$15 million.

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 Flexible Rate Revolving Note Program is currently being syndicated to a group of lenders, and should be in place by early September 2015.

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