



Port of Houston Authority of Harris County Texas
Debt Information
As of December 11, 2018

Port of Houston Authority of Harris County, Texas (“Port Houston” or 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 Port Houston, including information posted on its website (<http://porthouston.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 Port Houston can only be made by a registered broker-dealer and an official statement formally issued by Port Houston.

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

Ad Valorem Tax Bonds

At November 30, 2018, the Authority had total debt outstanding of \$650.9 million (net of premiums/discounts), consisting of Unlimited Tax Port Improvement Bonds and Unlimited Tax Refunding Bonds (collectively, the “Ad Valorem Tax Bonds”).

Debt service on the Ad Valorem Tax Bonds is funded entirely from ad valorem taxes approved by Harris County voters at duly held bond elections, plus any interest earnings on such debt service tax funds. Property taxes are levied annually by the Harris County Commissioners Court on behalf of Port Houston and collected by the Harris County Tax Assessor-Collector. Port Houston has no obligation to use any of its operating revenues or general funds to repay any of the Ad Valorem Tax Bonds.

The proceeds of Ad Valorem Tax Bonds have been used solely to fund the Authority’s infrastructure investments and capital projects, as well as to refund prior bond issuances. During 2018, the Authority issued no new tax-supported debt, and made total debt service payments of \$52.4 million on the Ad Valorem Tax Bonds, including funds that were escrowed to refund two series of tax bonds, as described in the Bond Refunding section below.

Bond Refunding

On April 16, 2018, 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.” The resolution authorized the issuance of refunding bonds to purchase or refund and defease all or a portion of the following outstanding bonds of the Authority:

- (a) \$19,640,000 par value of the Unlimited Tax Refunding Bonds, Series 2006B (AMT); and
- (b) \$182,045,000 par value of the Unlimited Tax Refunding Bonds, Series 2008A (AMT).

Declaring that the best interests of the taxpayers of the Authority would be served by such a refunding, the resolution called for the Commissioners Court of Harris County, Texas to be petitioned to authorize the issuance of such bonds on behalf of the Authority. In addition, Bracewell LLP was appointed as bond counsel and disclosure counsel, FirstSouthwest, a division of Hilltop Securities Inc. as financial advisor, and J.P. Morgan Securities LLC (senior manager), Drexel Hamilton, LLC, FTN Financial Capital Markets, Piper Jaffray & Co., and Siebert Cisneros Shanks & Co., LLC as underwriters, to assist in the bond issuances.

On May 17, 2018, the Port Commission approved an order authorizing the sale of Port of Houston Authority Unlimited Tax Refunding Bonds, Series 2018A (AMT) in an aggregate principal amount not to exceed \$201,685,000, to purchase or refund and defease all or a portion of various outstanding bonds of the Port Authority. On June 12, 2018, a similar order was approved by the Harris County Commissioners Court.

The new Series 2018A (AMT) refunding bonds were priced on June 19, 2018, and issued at a premium on July 18, 2018 for a par value of \$176,555,000. The official statement for the Series 2018A (AMT) bonds is available on the Authority’s website (<http://porthouston.com>) and the EMMA system (emma.msrb.org).

The bond refunding transaction achieved net present value debt service savings of \$47.7 million for the Authority’s taxpayers. The Series 2006B and Series 2008A bonds were redeemed on August 20, 2018 and October 1, 2018, respectively.

Credit Ratings

A summary of Port Houston’s credit ratings relating to its Ad Valorem Tax Bonds is provided in the table below:

<u>Moody's</u>	<u>S & P</u>	<u>Fitch</u>
Aaa	AAA	AA

Copies of the credit reports are available on the Authority’s website (<http://porthouston.com>).

Note Purchase Program

On September 3, 2015, Port Houston executed a three-year, \$300 million note purchase program (the “Flexible Rate Revolving Note Program”) with a group of banks to provide the capability for the Port Commission to continue to award capital projects, as operating cash flows were projected to be depleted. Affiliates of Bank of America Merrill Lynch served as Agent and Administrative Agent, with drawings secured from Port Houston’s net revenues, and not from ad valorem taxes. The Flexible Rate Revolving Note Program expired on September 2, 2018, with no draw-downs since inception.

On December 4, 2018, Port Houston executed a new five-year, \$100 million note purchase program (the “Senior Lien Variable Rate Revolving Note Program”) with Regions Commercial Equipment Finance, LLC (as taxable note lender) and Regions Capital Advantage, Inc. (as tax-exempt note lender) to provide additional liquidity for business opportunities, emergencies that may arise, or other unforeseen events. Drawings are secured from Port Houston’s net revenues, and not from ad valorem taxes. No borrowings under the Senior Lien Variable Rate Revolving Note Program have occurred to date.

For More Information

Contact the Authority’s Treasury Department at 713-670-2555 or Treasury@poha.com. General questions may also be directed to Questions@poha.com.

* * *