METRO Provides Essential Public Transportation Services
Chapter 451 of the Texas Transportation Code prescribes the agency’s governance and powers

METRO is a political subdivision of the State of Texas

1978 referendum by area voters created the agency and authorized a one-cent sales tax to support its operations

Commenced operation of the region’s bus system in 1979
The METRO Board consists of nine members

- Five members are nominated by the Mayor of Houston and approved by Houston City Council
- Two members are appointed by Harris County Commissioners Court
- Two members are appointed by the mayors of the other 14 Multi-cities

Multi-Cities
- Bellaire
- Bunker Hill Village
- El Lago
- Hedwig Village
- Hilshire Village
- Humble
- Hunters Creek
- Katy
- Missouri City
- Piney Point
- Southside Place
- Spring Valley
- Taylor Lake Village
- West University Place
METRO’s 1,303 square mile service includes the City of Houston, portions of unincorporated Harris County, and the 14 Multi-Cities
METRO Services

- Local Buses
- METRORail
- Park & Ride Buses
- METROLift
- METRO Star (Vanpool)
- Motorist Assistance Program (MAP)
- Transtar
- Bikes on Buses
**General Mobility Program**

- METRO shares 25% of its one-cent sales tax with the member jurisdictions (Houston, Harris County, and the 14 Multi-Cities)
- This pays for the construction and maintenance of streets, bridges, traffic control signals and other mobility projects
- Since its inception in 1988, METRO has contributed nearly $3 billion to these projects
How METRO is Funded

FY2014 - FY2016 Sources of Funds

- Sales Tax to METRO: 58%
- Sales Tax to GMP Partners: 14%
- Fare Revenue and Other Income: 9%
- Grants Capital & Operating to METRO: 19%
METRO IS FINANCIALLY SOUND
Historical Sales Tax Revenue

4.6% compound annual growth rate since 1996
Historical Sales Tax Revenue

( $ Millions )


* Excludes 25% GMP Allocation
Capital Grants declining as projects under the 2011 FTA FFGA are completed.
Fare Revenues holding steady in the $70 to $75 million range despite local economic downturn
Historical Comparison of Operating Expenses to Operating Revenues

($ Millions)


Operating Expenses
Operating Revenues
Historical Ratio of Operating Revenues to Operating Expenses

OR/OE*

*Operating Revenues divided by Operating Expenses
Total Debt amounted to $1.2 billion in FY2016
Historical Coverage of Maximum Annual Debt Service

### Maximum Annual Debt Service Coverage

- **2016***
  - METRO (Houston) 4.16x
  - LACMTA (Los Angeles) 3.87x
  - SDCRTA (San Diego) 3.33x
  - MARTA (Atlanta) 2.44x
  - Denver RTD 3.20x
  - MBTA (Boston) 2.20x
  - DART (Dallas) 2.63x

* Source: 2017 Hilltop Securities Inc.

Source: Public Financial Management, Inc.
METRO HAS TAKEN STEPS TO ENSURE IT REMAINS FINANCIALLY SOUND
Paydown of General Mobility Program Backlog

- Reduced by $61 million in FY2011
- Reduced by $39 million in FY2012
- Reduced by $18 million in FY2013
- Reduced to $0 in FY2014
• 2007 changed Retirement Plan from a defined benefit to a defined contribution plan for new non-union employees

• 2010 ended life-time retiree health insurance for new non-union employees

• 2013 changed retirement plan from a defined benefit to a defined contribution plan for new union employees.

• 2015/2016 adopted significantly more conservative actuarial assumptions related to expected return on investments, and life expectancy
Continuation of the GMP Program

2012 Referendum - passed overwhelmingly across our service area extending GMP program through 2025

70% of voters favored continuation
Adoption of Conservative Budget Parameters

- Conservative estimates of sales tax growth
- Presentation of a five-year cash forecast
- Limiting growth of baseline operating expenses to no more than 1.5% annually
- Maintaining fund balance of at least:
  - 15% of Operating Expenses (Debt Policy requirement), plus
  - 10% of Operating Expenses (Emergency Reserve), plus
  - $10,000,000 (Board directive)
METRO’S
RECENT
ACCOMPLISHMENTS
Red Line Extension

- 5.28 mile extension of the existing Red Line
- Additional eight stations
- Expansion of the METRO Rail Operation Center at Fannin South
- Opened December 21, 2013
• Completed May 2015 /January 2017

• 3.34 mile extension
• Additional six stations
• New METRO Service & Inspection Facility & Harrisburg Bridge Overpass
Southeast Line Extension

- 6.56 mile extension
- Additional 10 stations
- New METRO Storage Facility
- Completed May 2015
New Bus Network

- First top to bottom revision of the bus system since inception
- Enhanced 7-day a week service
- Added 22 frequent service bus routes
- Integrated local bus service with the new rail lines
- Made the local bus network more of a grid system – allowing connectivity across the entire city
Grand Parkway Parking Garage

- I-10 West and Grand Parkway
- New 1,700 space garage
- Completed February 2017
- Connecting commuter bus routes to downtown via the I-10 managed lanes
NEW PROJECTS ON THE HORIZON
El Dorado Park & Ride Lot

El Dorado Park & Ride lot is planned on a 24 acre tract and will have three canopied bus bays, one articulated bay, and 1,228 parking spaces.

Expands Park & Ride service along the I-45 South corridor

Completion expected Aug. 2017
Uptown Management District Project

- Express Busway on Post Oak Boulevard and I-610
- Connecting with commuter bus routes from Hwy 290, I-10, I-59, and Westpark Tollway
- Scheduled for completion in June 2019
US 90A Commuter Rail Project

- Request for Interest (RFI) issued in December 2016
- Improving regional connectivity in the US 90A corridor
- Connecting to METRO’s existing light rail system
- Bus, light rail, commuter rail or other technology
- Preliminary discussions underway – no completion date forecasted

Source: 2003 (Referendum) Special Election Ballot
FINANCING
## Recent and Upcoming Financings

### Recent Financings

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<tr>
<th>Series</th>
<th>Type</th>
<th>Date</th>
<th>Amount</th>
<th>Type</th>
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<tbody>
<tr>
<td>Series 2016A Sales and Use Tax Refunding Bonds (Construction &amp; Rail Cars)</td>
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<td>$126,245,000</td>
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<tr>
<td>Series 2016B Sales and Use Tax Refunding Contractual Obligations (Buses)</td>
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### Upcoming Financings

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<tbody>
<tr>
<td>Series 2017A Sales and Use Tax Contractual Obligations (Buses)</td>
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<td>Series 2018A Sales and Use Tax Contractual Obligations (Buses &amp; Equipment)</td>
<td>TBD</td>
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<td>Up to $76,000,000</td>
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Questions