



CITY OF HOUSTON

2ND ANNUAL INVESTOR CONFERENCE

MARCH 3-4, 2014



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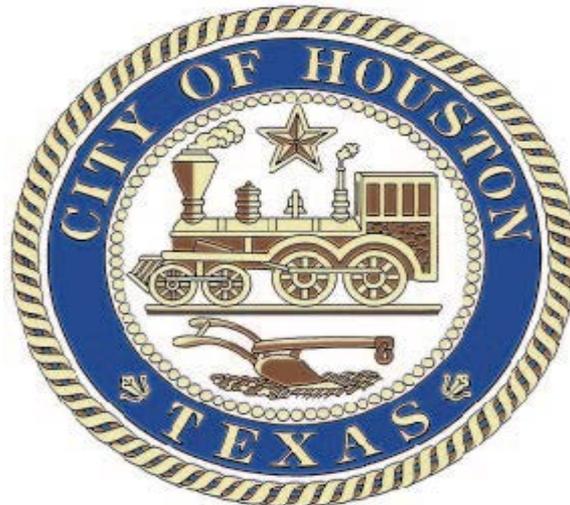
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MARCH 3-4, 2014



City of Houston

General Fund FY2014 Update & FY2015 Outlook

March 3, 2014

**Kelly Dowe
Finance Director**

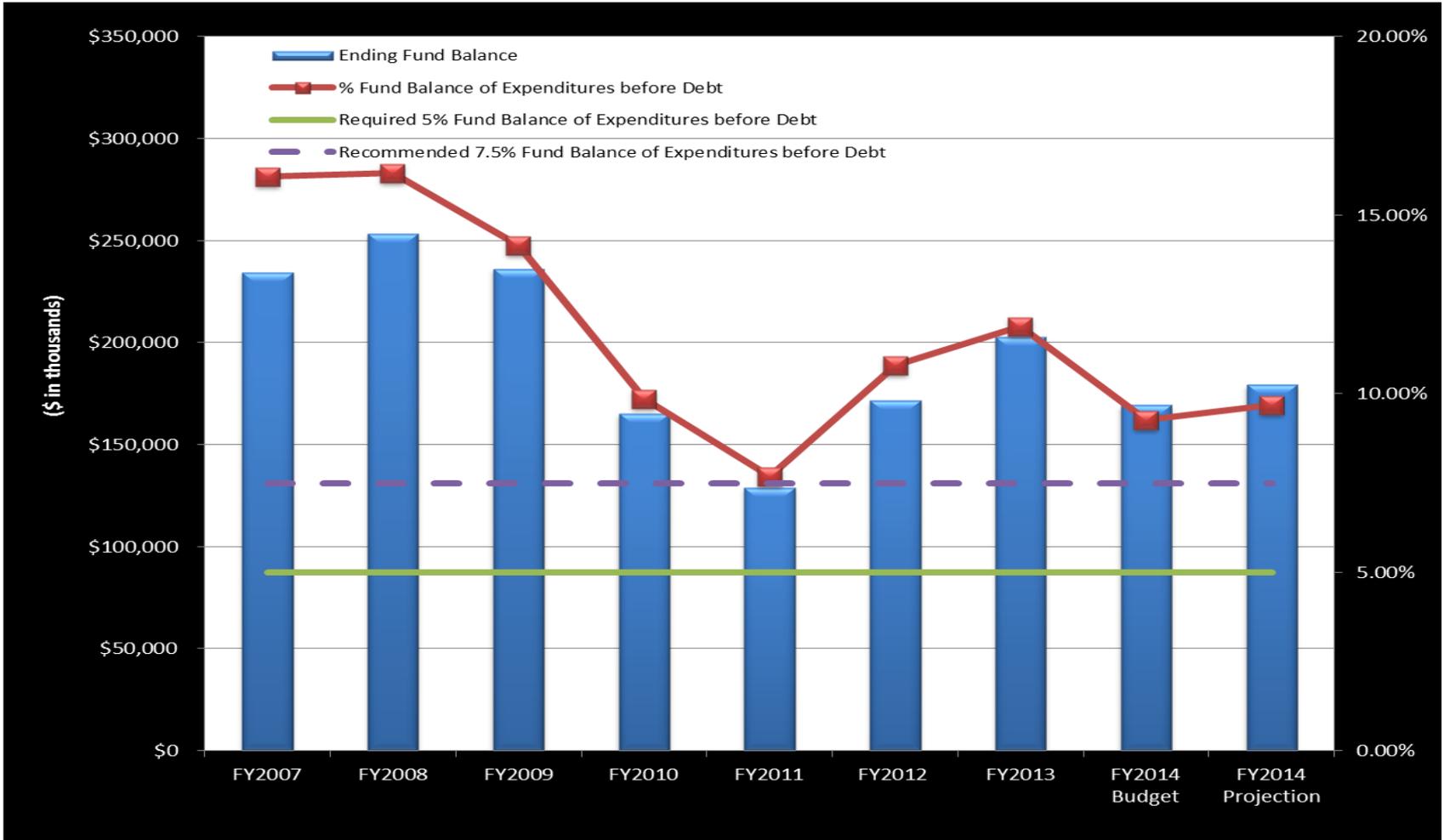


Highlights

- FY2013 Unassigned General Fund Balance:
 - Ending fund balance estimate based on FY2014 Adopted Budget in May 2013 at \$170.5M (9.9% of expenditure less debt)
 - Actual ending fund balance based on CAFR in January 2014 at \$202.8M (11.89% of expenditure less debt)
- FY2014 Unassigned General Fund Balance update:
 - Adopted ending fund balance at \$137.2M (7.5% of expenditure less debt)
 - Estimated ending fund balance based on 6+6 Report projected at \$179.5M (9.7% of expenditure less debt)



Fund Balance – General Fund



Note:

- FY2014 Ending Fund Balance Projection includes re-designation of the full \$20 million Rainy Day Fund.
- Discontinued the use of pension obligation bonds in FY2011.
- Projections based on 6+6 Report, FY2014 budget is based on Current Budget.



General Fund Revenue and Other Sources

(\$ in thousands)

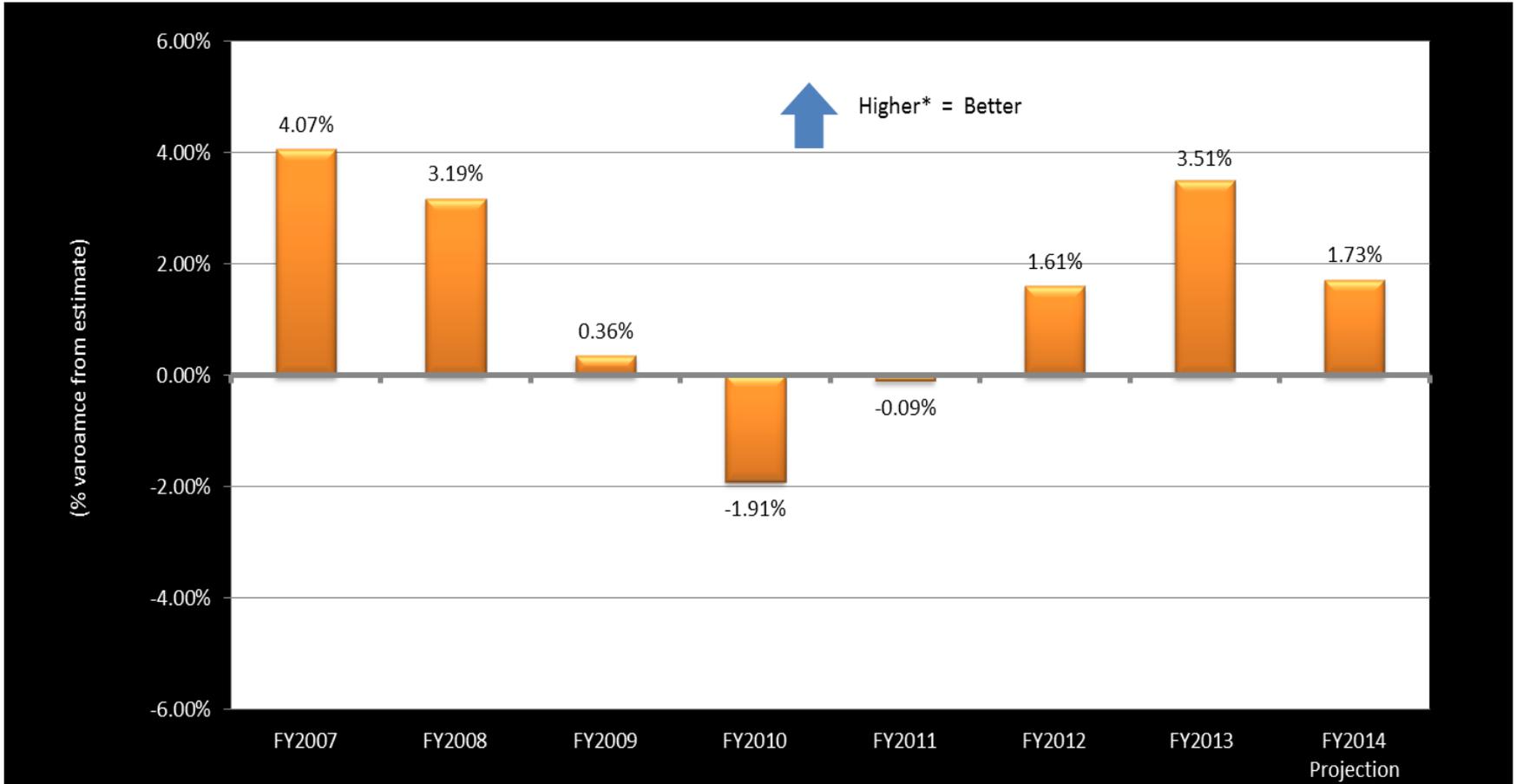
	Adopted Budget	Actual/ Projection	Variance Favorable/ (Unfavorable)	%
FY2007	1,660,074	1,727,580	67,506	4.07%
FY2008	1,755,989	1,811,960	55,971	3.19%
FY2009	1,878,209	1,884,880	6,671	0.36%
FY2010	1,883,304	1,847,354	(35,950)	-1.91%
FY2011	1,841,774	1,840,055	(1,719)	-0.09%
FY2012	1,827,996	1,857,343	29,347	1.61%
FY2013	1,922,870	1,990,456	67,586	3.51%
FY2014¹	2,036,888	2,072,069	35,181	1.73%

Note:

1. Based on FY2014 Projection as of 6+6 Report



General Fund Revenue and Other Sources as % of estimate



Note: Percentage variance is from Adopted Budget, Projection is from 6+6 Report

* Actual/Projection higher than budget.



General Fund Expenditures and Other Uses

(\$ in thousands)

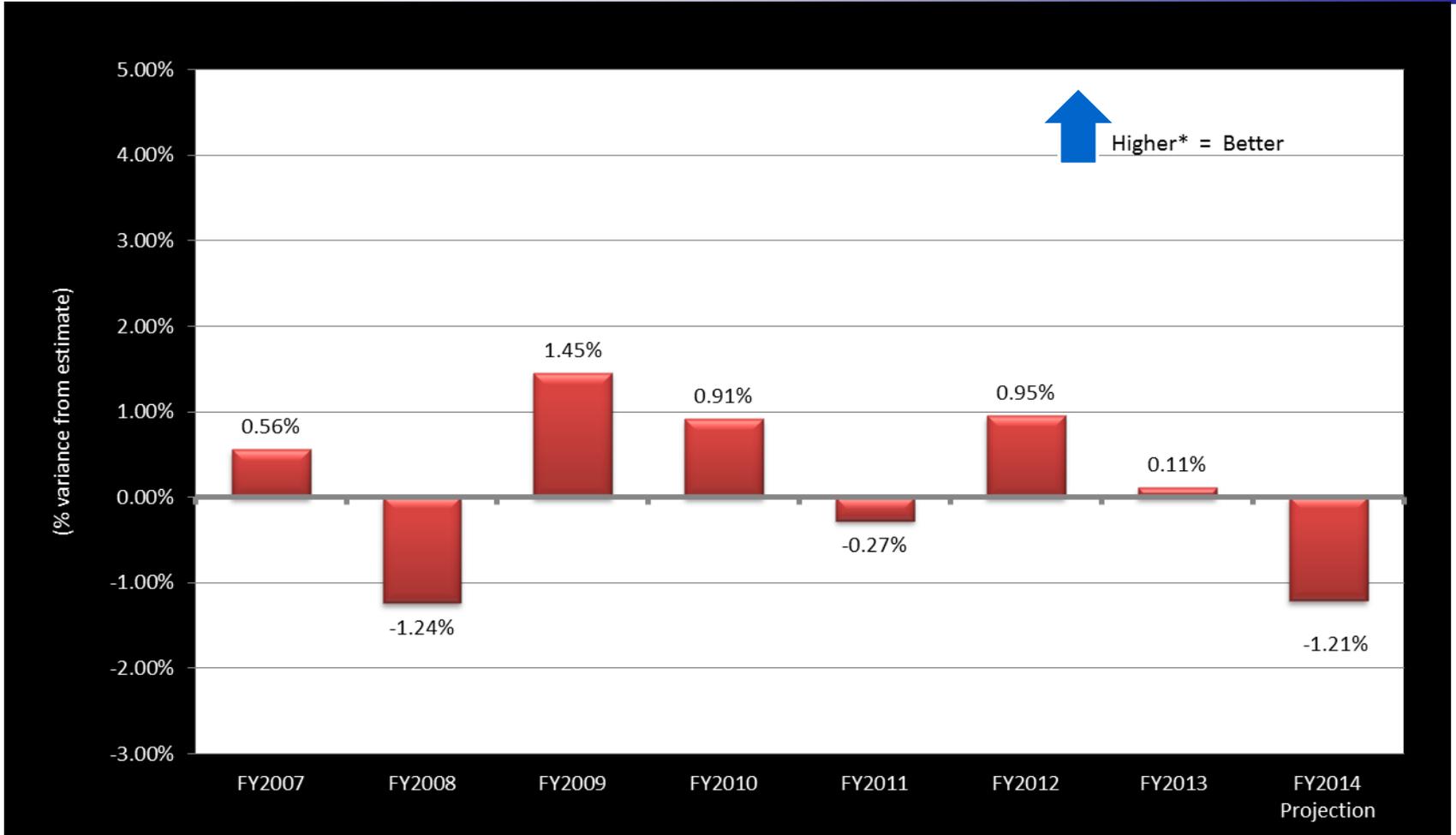
	Adopted Budget	Actual/ Projection	Variance Favorable/ (Unfavorable)	%
FY2007	1,677,419	1,668,076	9,343	0.56%
FY2008	1,768,473	1,790,334	(21,861)	-1.24%
FY2009	1,929,686	1,901,648	28,038	1.45%
FY2010	1,933,996	1,916,387	17,609	0.91%
FY2011	1,895,691	1,900,875	(5,184)	-0.27%
FY2012	1,827,998	1,810,551	17,447	0.95%
FY2013	1,947,897	1,945,701	2,196	0.11%
FY2014¹	2,071,197	2,096,314	(25,117)	-1.21%

Note:

1. Based on FY2014 Projection as of 6+6 Report



General Fund Expenditure and Other Uses as % of estimate



Note: Percentage variance is from Adopted Budget. Projections based on 6+6 Report

*Budget is higher than Actual/Projection



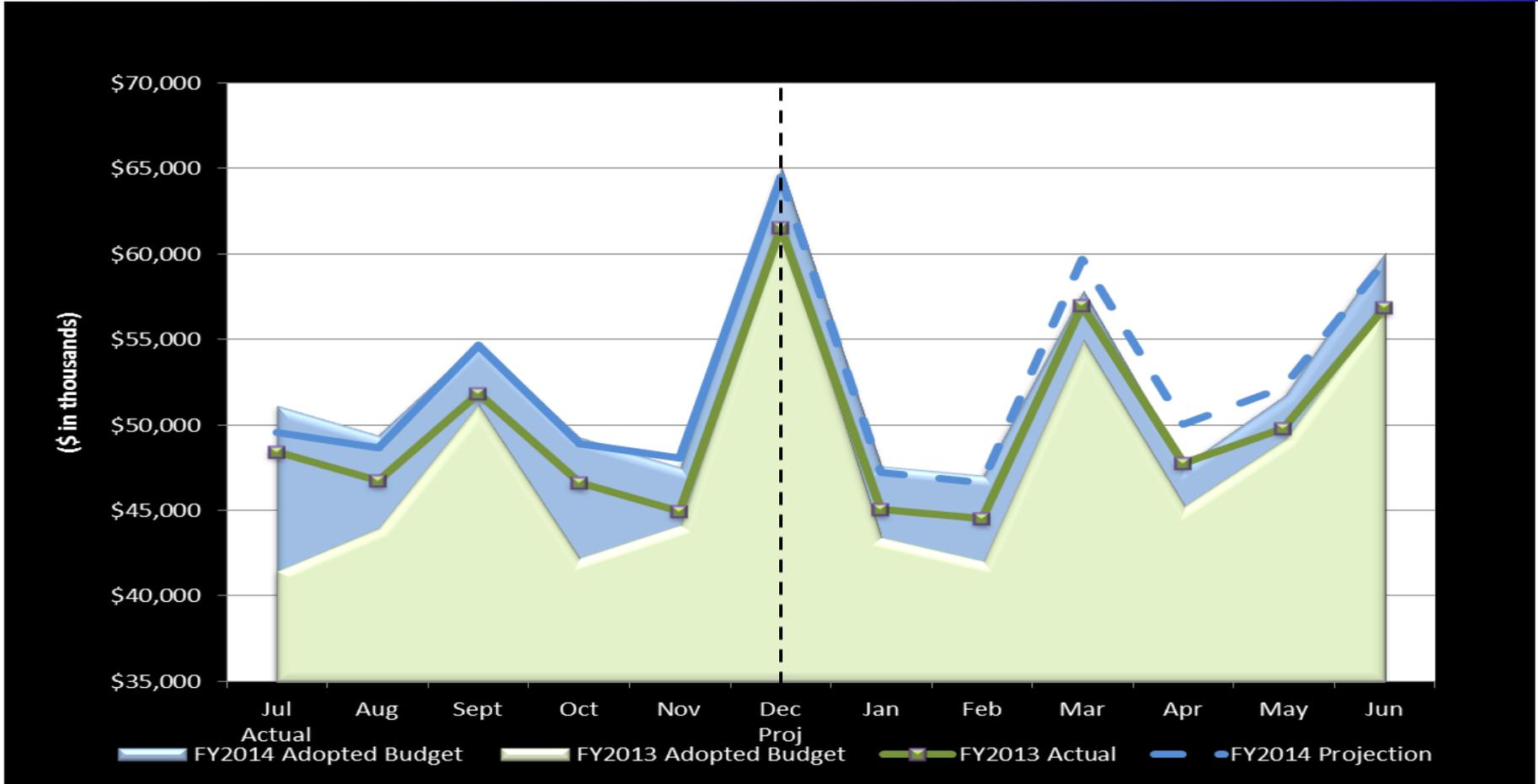
Property Tax



Note: Projections based on 6+6 Report



Sales Tax



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY2013 Actual	48,397	46,736	51,815	46,616	44,955	61,524	45,054	44,509	56,964	47,732	49,782	56,865
FY2014 Act/Proj	49,540	48,633	54,677	48,921	48,065	64,467	47,209	46,639	59,688	50,015	52,164	59,585
% Change	2.36%	4.06%	5.52%	4.94%	6.92%	4.78%	4.78%	4.79%	4.78%	4.78%	4.78%	4.78%

Note: Projections based on 6+6 Report



Franchise Fees

(\$ in thousands)

Franchise Fees	FY2013 Actual	FY2014 Budget	FY2014 YTD	FY2014 Projection	Variance Favorable/ (Unfavorable)
Electric Franchise	\$ 103,941	\$ 100,526	\$ 49,961	\$ 100,526	\$ -
Telephone Franchise	45,143	44,623	22,212	44,323	(300)
Gas Franchise	19,194	16,492	8,246	16,492	-
Other Franchise Fees	27,026	26,812	13,352	26,812	-
Total	\$ 195,304	\$ 188,453	\$ 93,771	\$ 188,153	\$ (300)

Note: Projection is from 6+6 Report



General Fund Expenditures

(\$ in thousands)

Category	FY2013 Actual	FY2014 Budget	FY2014 YTD	FY2014 Projection	Variance Favorable/ (Unfavorable)
Personnel	\$ 939,639	\$ 966,816	\$ 490,577	\$ 977,959	\$ (11,143)
Health Benefits	169,868	189,058	90,203	185,352	\$ 3,706
Pension	191,861	213,111	109,172	216,366	\$ (3,255)
Others	403,333	459,212	164,951	472,824	\$ (13,612)
Debt	241,000	243,000	-	243,813	\$ (813)
Total	\$ 1,945,701	\$ 2,071,197	\$ 854,903	\$ 2,096,314	\$ (25,117)

Note: Projection is from 6+6 Report



Health Benefits

(\$ in thousands)

Description	FY2013 Actual	FY2014 Budget	FY2014 YTD	FY2014 Projection	Variance Favorable/ (Unfavorable)
Health Ins - Act Civilian	\$ 37,152	\$ 43,175	\$ 20,366	\$ 41,517	\$ 1,658
Health Ins - Act Classified	104,303	113,678	55,469	111,034	\$ 2,644
Health/Life Ret - Civilian	11,145	15,113	4,819	13,712	\$ 1,401
Health/Life Ret - Classified	17,268	17,092	9,549	19,089	\$ (1,997)
Total	\$ 169,868	\$ 189,058	\$ 90,203	\$ 185,352	\$ 3,706

Note: Projection is from 6+6 Report



Pension

(\$ in thousands)

Description	FY2013 Actual	FY2014 Budget	FY2014 YTD	FY2014 Projection	Variance Favorable/ (Unfavorable)
Civilian	\$ 45,220	\$ 50,469	\$ 25,708	\$ 51,078	\$ (609)
Fire	62,141	61,592	32,982	64,238	\$ (2,646)
Police	84,500	101,050	50,482	101,050	\$ -
Total	\$ 191,861	\$ 213,111	\$ 109,172	\$ 216,366	\$ (3,255)

Note: Projection is from 6+6 Report

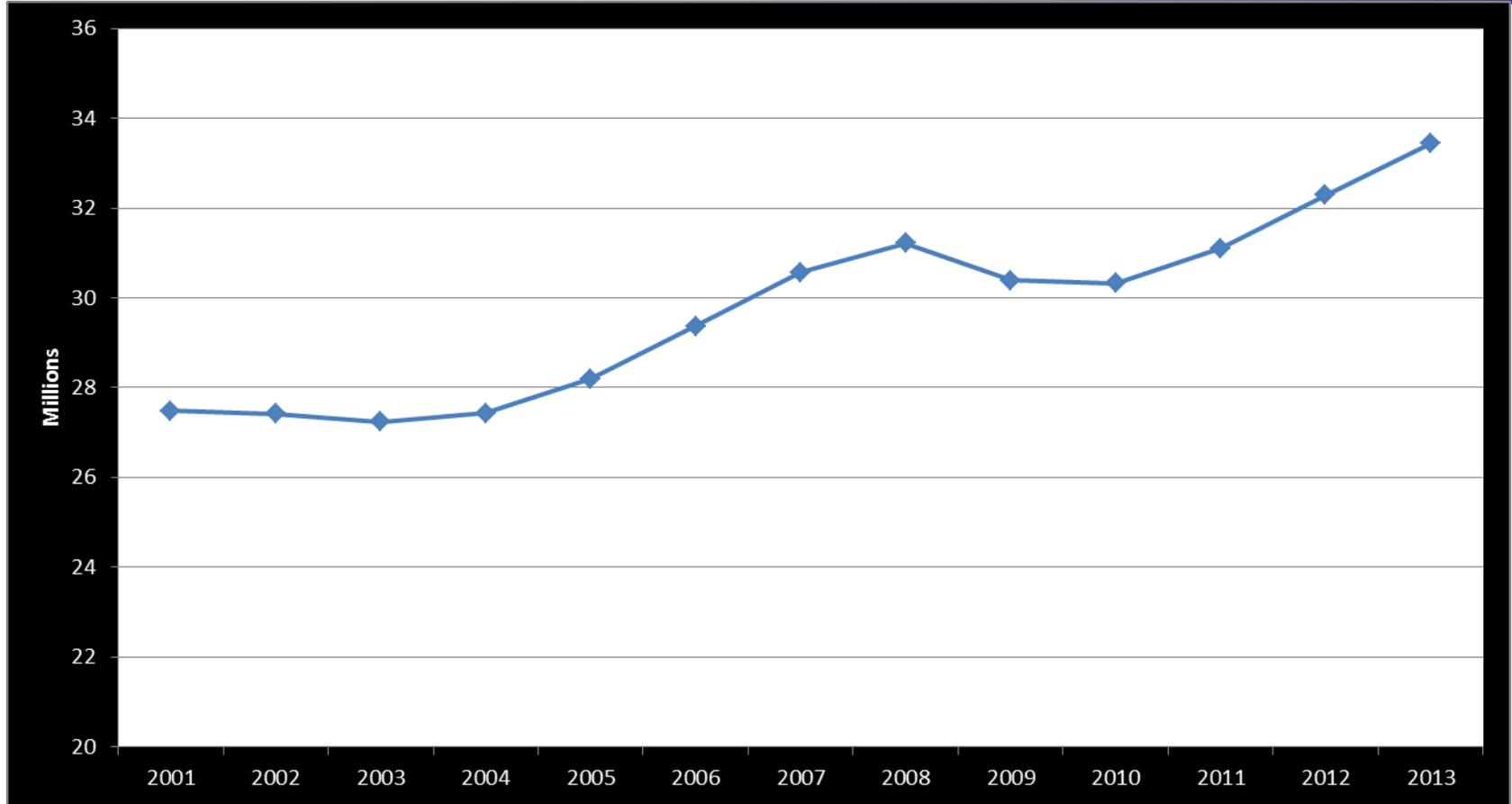


GENERAL FUND FY2015 OUTLOOK

As of March 3, 2014



Houston MSA Jobs in Millions

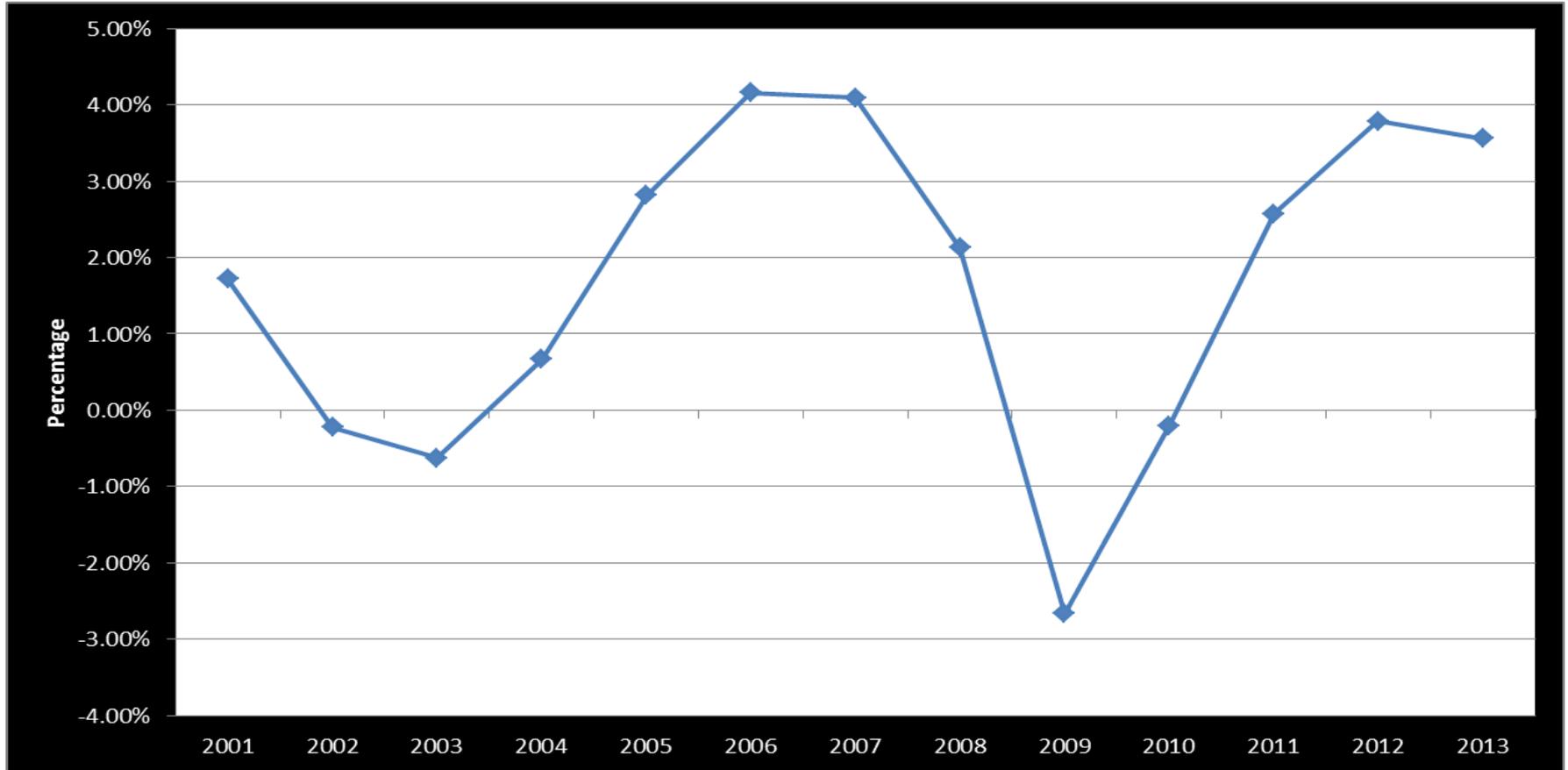


Calendar Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Employment	27.48	27.42	27.24	27.43	28.20	29.37	30.57	31.22	30.39	30.33	31.11	32.29	33.44

Source: Texas Workforce Commission



Year Over Year Job Growth – Houston MSA

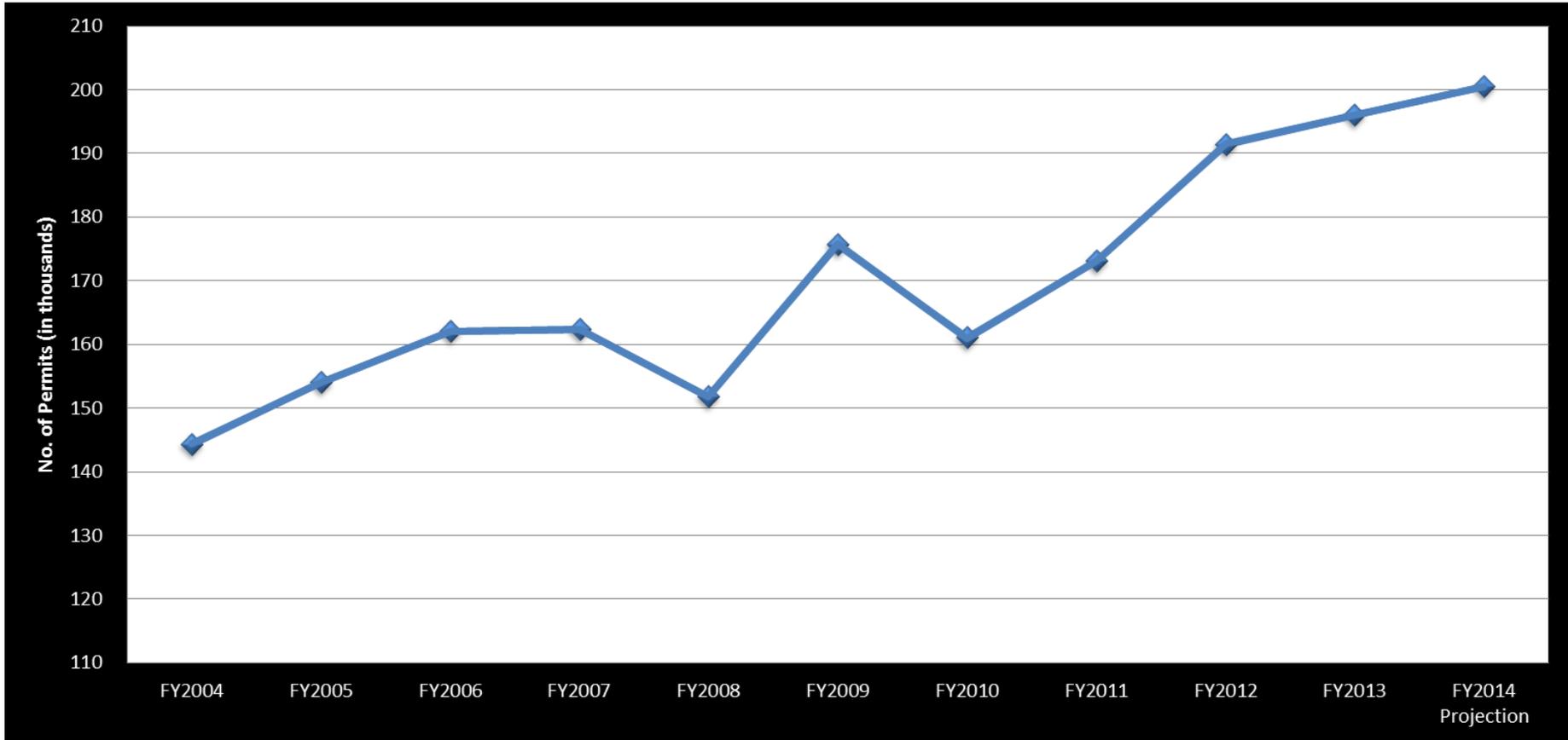


Calendar Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Growth	1.72%	-0.22%	-0.62%	0.67%	2.82%	4.16%	4.09%	2.13%	-2.67%	-0.20%	2.57%	3.79%	3.56%

Source: Texas Workforce Commission



Building Permit Issuance in Thousands



	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 Projection
# of Permits	144.301	153.963	161.991	162.368	151.850	175.628	161.057	173.076	191.405	195.930	200.423
Growth		6.70%	5.21%	0.23%	-6.48%	15.66%	-8.30%	7.46%	10.59%	2.36%	2.29%

FY2014 Projection is a straight line projection based on 6 months actual.



Expenditures Outlook – FY2015

- **Contractual Salary Increases:**
 - Civilian = 3.0%
 - Police
 - STEP Increase = 2.0%
 - Meet and Confer Agreement = 4.0%
 - Fire Classified = Pending
 - All three based upon separate union contracts
- **Pension:**
 - HMEPS at 25.36%, 2% increase
 - HFRRF at 34.6%, 10.7% increase
 - HPOPS \$10M increase, 9.7% increase



Expenditures Outlook – FY2015

- **Health Benefits:**

- Expected range outcome between -2% and 2%

- **Debt:**

- Estimated debt service transfer increase of \$60 million



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MARCH 3-4, 2014

Janis Burke, CEO



Houston Investor Conference
Monday, March 3, 2014

About the Sports Authority:

- Formed in May of 1997, by the Texas Legislature (HB 92)
- Responsible for the construction of and debt service for:
 - Minute Maid Park
 - Reliant Stadium
 - Toyota Center/ Tundra Garage
- HB 92 established a hotel/motel tax of 2% and a car rental tax of 5%. It also required an affirmative vote of the citizens of Harris County to build each of the venues.

Houston Sports Venues

Minute Maid



Opened 2000

~~Opened 2003~~
\$286M Total Project

- \$268M Bonds
- \$18M Astros

\$7.1M Annual Payments

- \$3.4M Lease
- \$2.5M Asset Renewal
- \$1.2M Naming Rights

Reliant Stadium



Opened 2002

\$519M Total Project

- \$370.3M Bonds
- \$26.8M Harris County/HCHSA
- \$14M Rodeo
- \$7.5M Aramark
- \$100.4M Texans

\$5.5M Annual Payments

- \$4.0M Texans Lease
- \$1.5M Rodeo Lease



\$252M Total Project

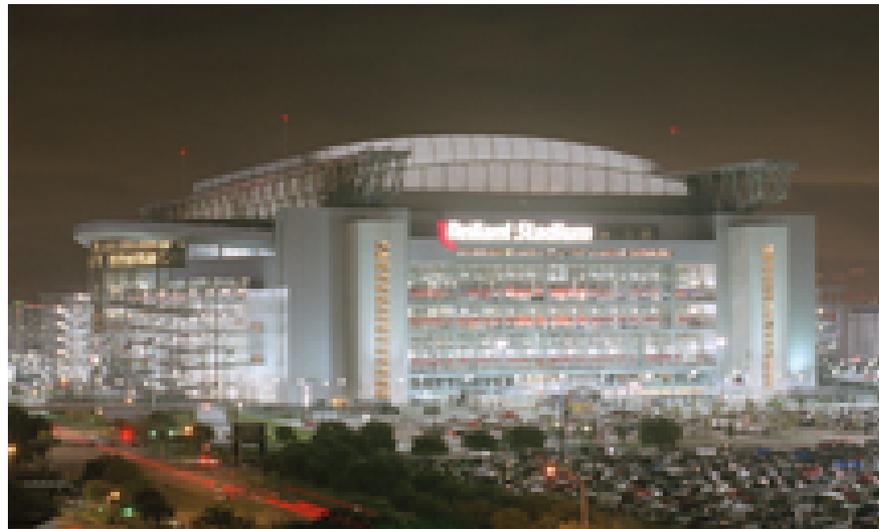
- \$212M Bonds
- \$20M City of Houston
- \$20M Rockets/HCHSA

\$8.5M Annual Payments

- \$5.2M Lease
- \$1.5M Maintenance
- \$1.6M Capital Repairs
- \$200K Naming Rights

Reliant Stadium Special Revenues

- Some bonds sold to finance extra projects at Reliant Park are being repaid by:
 - *Admissions Tax of 10% on tickets sold for Reliant Stadium events – capped at \$2 per ticket*
 - *Parking Tax of \$1.00 per vehicle for Texans and Rodeo events*
 - *Sales Tax rebate on sales at Reliant Stadium (\$5.3M)*



BBVA / Compass Stadium



Opened in 2012

\$95M Total

No Public Financing

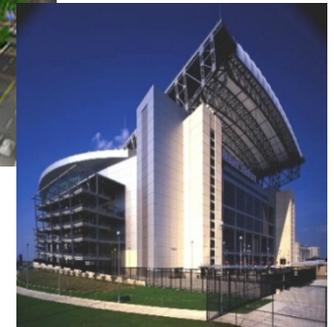
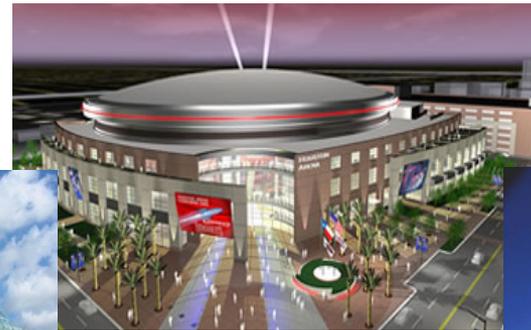
- \$60M AEG
- \$15M Land
- \$10M TIRZ - City
- \$10M TIRZ - County

Dallas – Cowboys Stadium



- \$1.3 billion spent to build Cowboys Stadium.

- Houston spent just over \$1 billion on all four venues.



Impact of New Stadiums to Houston

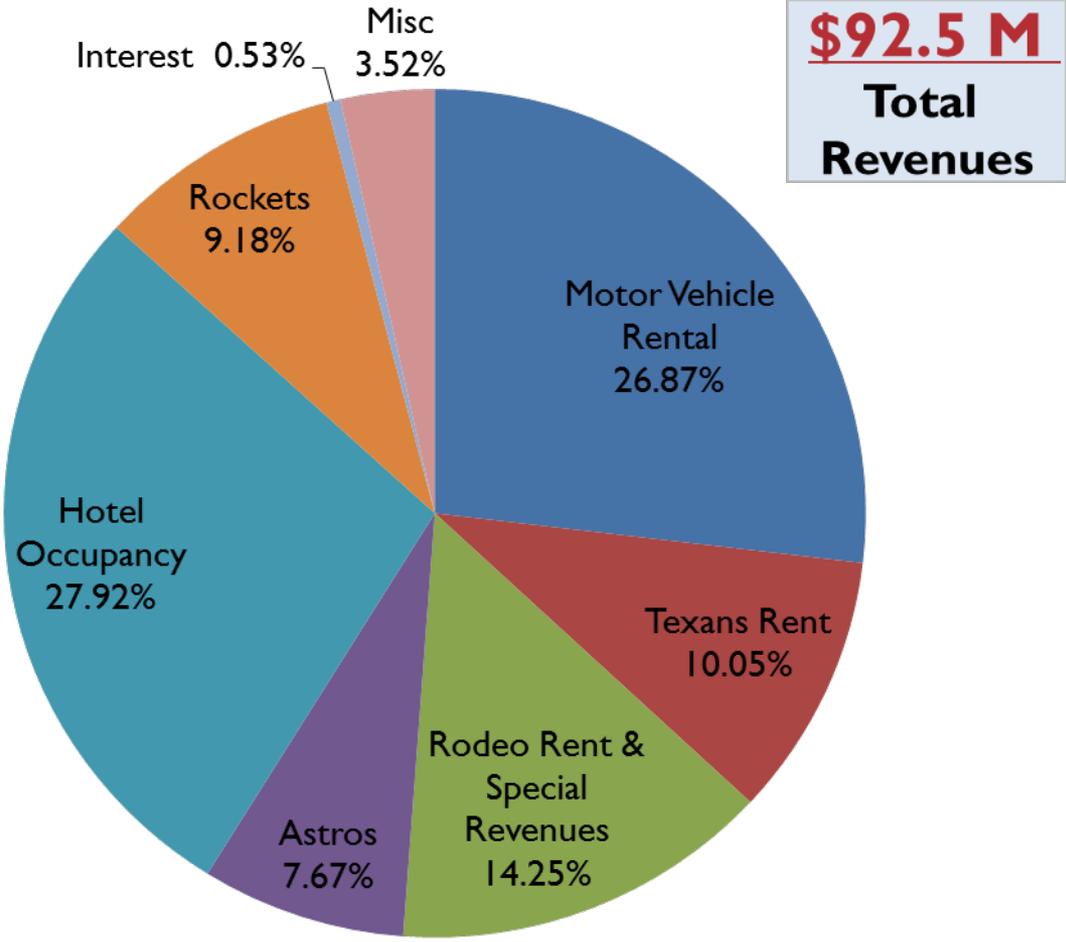
- Between the four stadiums, we had over 1,300 events and nearly 8.5 million attendees last year.
- The construction of the stadiums have spawned economic development and new building projects, transforming downtown Houston.



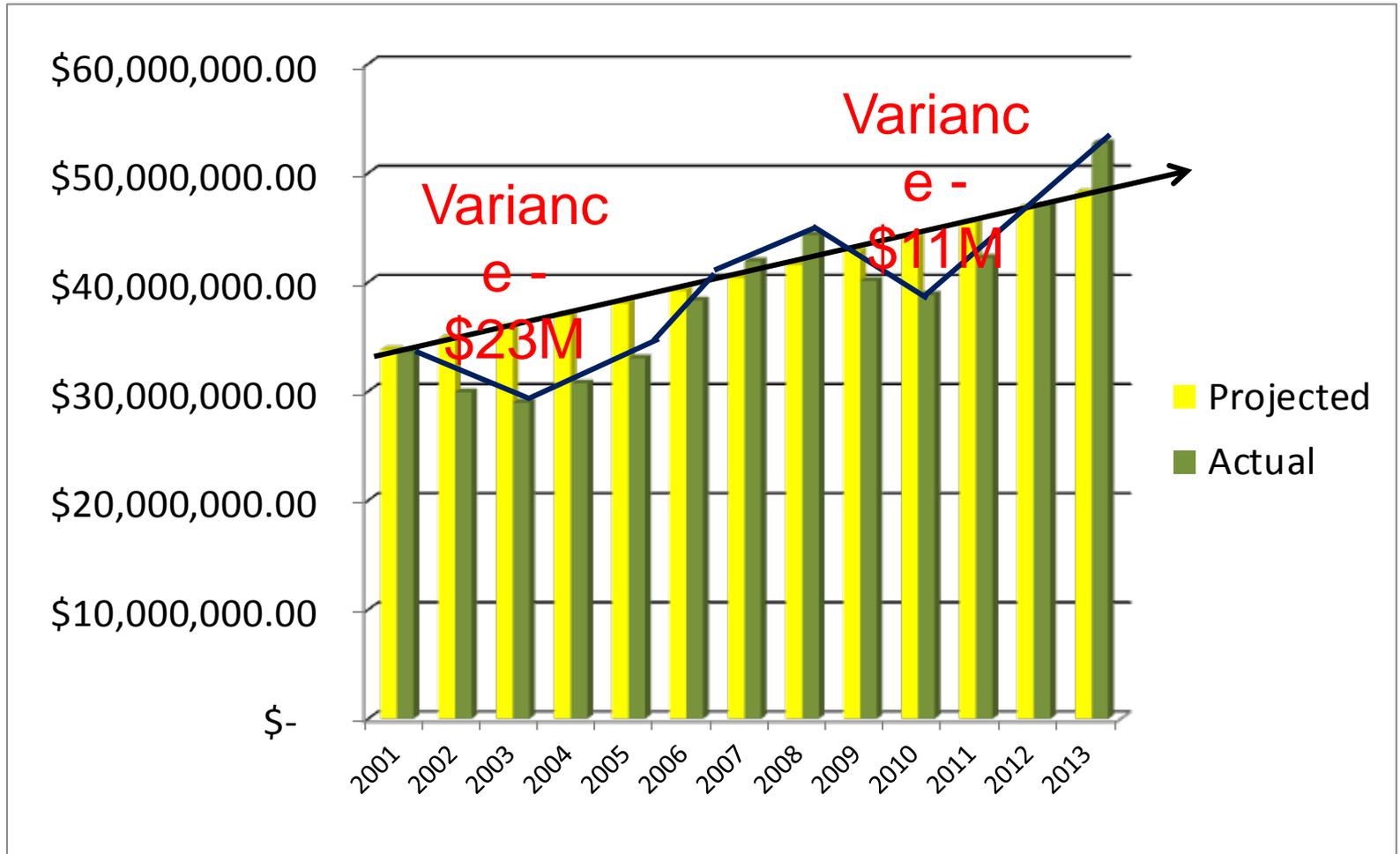
Impact of New Stadiums to Houston according to studies by Central Houston

- The development of Minute Maid Park, Toyota Center and BBVA Compass Stadium is directly responsible for approximately \$1.08 billion of tax producing developments in surrounding areas of the venues.
- Combined, Houston facilities/teams generate \$1.44 billion of annual economic output.
- The assessable value of real estate went from \$935 million to \$3.34 billion in 2012. [95 sq. blocks – Texas Ave (N), Main Street (W), Leeland Street (S), US 59 (E)]

FY-2013 Revenues (unaudited)



MVT/HOT Comparison



Impact of Sporting Events to Houston (2004 – 2013)

- TOTAL IMPACT
 - 226 sporting events
 - Generating over \$11M for
HOT and MVRT revenues
 - Economic Impact – Approx \$2.4 billion
(based on formula developed by NASC)

Houston Hosts Major Sporting Events



- 2003 & 2004 Tennis Masters
- 2004 & 2017 Super Bowl
- 2004 MLB All Star
- 2005 World Series
- 2005 Big Twelve Championship
- 2006 & 2013 NBA All Star
- 2008 U.S. Olympic Boxing Trials
- 2008 & 2009 NCAA Festivals
- 2008, 2010, & 2015 NCAA Men's Basketball Tournament
- 2013-2016 SWAC Football & Basketball Championships
- 2014 Half Marathon Nationals
- 2014 USA Track & Field Nationals
- 2014 Transplant Games of America
- 2015 World Weightlifting Championships
- AAU Junior Olympics (2012, 16, 21, & 26)
- Shell Houston Open

2013 Highlights

Houston Ladies Classic
held at
Sam Houston Race Park

Richest Thoroughbred
Race in Texas' History

More than \$10,000 raised
for Susan G. Komen
Foundation for the Cure



2013 Highlights

USA vs. Ireland Rugby

Olympic Day
Outreach at
Cullen Middle School



National Attendance
Record Held by
Houston

20,181 fans at BBVA
Compass Stadium



2013 Highlights

NBA All Star Game

\$100M Economic
Impact

50,000+ Visitors

6,000 Hotel Room
Nights



2013 Highlights

Shell & Pennzoil
Grand Prix of Houston

10,000 Attendees at
Reliant Park

The Yellow Party
Donated \$175,000 to
MD Anderson Cancer
Center and \$42,000 to
The Rose



2013 Highlights

CONCACAF GOLD CUP SOCCER

5th time that Houston
has hosted

Sold Out Crowd –
Standing Room Only at
BBVA Compass
Stadium for
El Salvador v Haiti
Honduras v Trinidad &
Tobago

(1,000 fans had to be
turned away)



2013 Highlights



**Nearly 40,000 attendees at Reliant Stadium
in December!**

Looking Forward...

- 2014-15 Grand Prix of Houston
- 2014-16 SWAC Football & Basketball
- 2014 USA Rugby vs. Scotland
- 2014 USA National Volleyball Championships
- 2014 Transplant Games of America
- 2014 USA Track & Field National Championships
- 2015 World Weightlifting Championships
- 2016, 2021 & 2026 AAU Junior Olympics
- 2015 NCAA Men's Regional
- 2016 Men's Final Four
- 2017 Super Bowl LI



Bids in Process

- 2014 CONCACAF Gold Cup
- 2016 US Olympic Trials - Gymnastics
- 2018-2020 NCAA Division I Women's Final Four





<http://www.houstonsports.org>



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MARCH 3-4, 2014

METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS

Judge Dwight Jefferson

Board of Directors



What is METRO?

METRO is the public transportation agency
for the Houston region

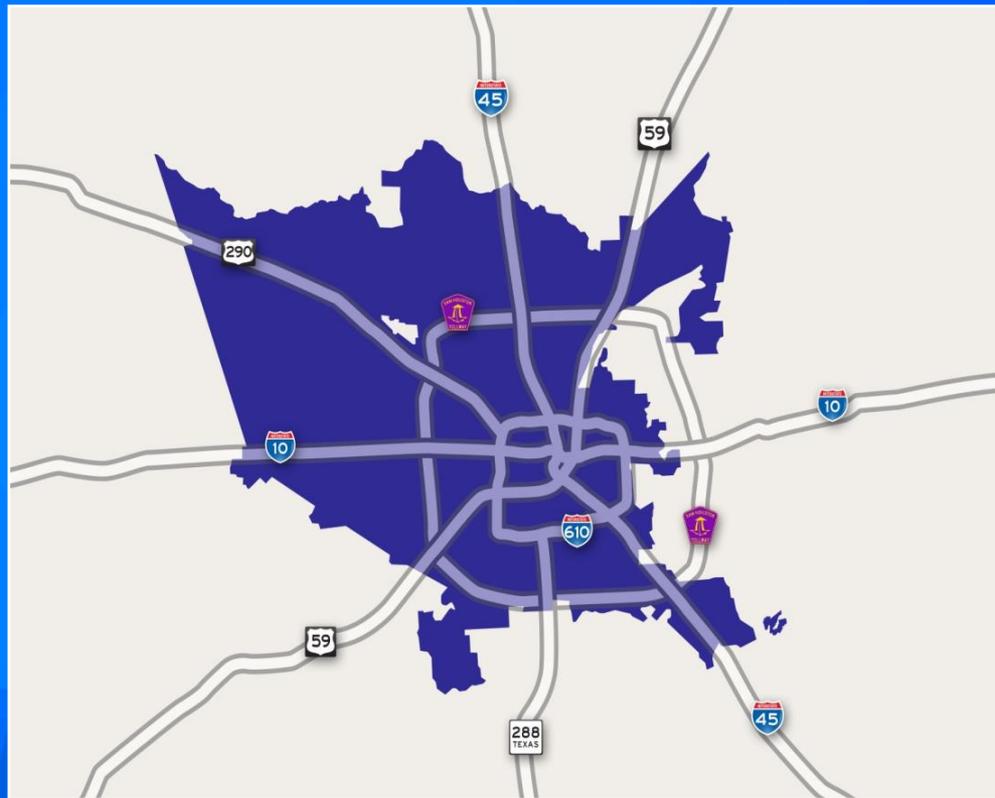
METRO's Creation

- Allowed by state statute
- Chapter 451 of the Texas Transportation Code prescribes the agency's governance and powers
- 1978 referendum by area voters created the agency and authorized a one-cent sales tax to support its operations
- Took over the region's bus system in 1979



Service Area

METRO's 1,285 square mile service includes the city of Houston, portions of unincorporated Harris County, and the 14 Multi-Cities



Governance

The METRO Board consists of 9 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 elected by the mayors of the other 14 member cities



METRO Services

- ✓ Local Buses
- ✓ METRORail
- ✓ Park & Ride Buses
- ✓ METROLift
Paratransit
- ✓ HOV/HOT Lanes
- ✓ Star Van (vanpool)
- ✓ Motorist Assistance
Program (MAP)
- ✓ Bikes on
Buses



General Mobility Program

- METRO shares 25% of its one-cent sales tax with the member jurisdictions
- This pays for the construction and maintenance of streets, roads, bridges, traffic control signals and other mobility projects
- Since its inception in 1988, METRO has contributed nearly \$3 billion these mobility projects

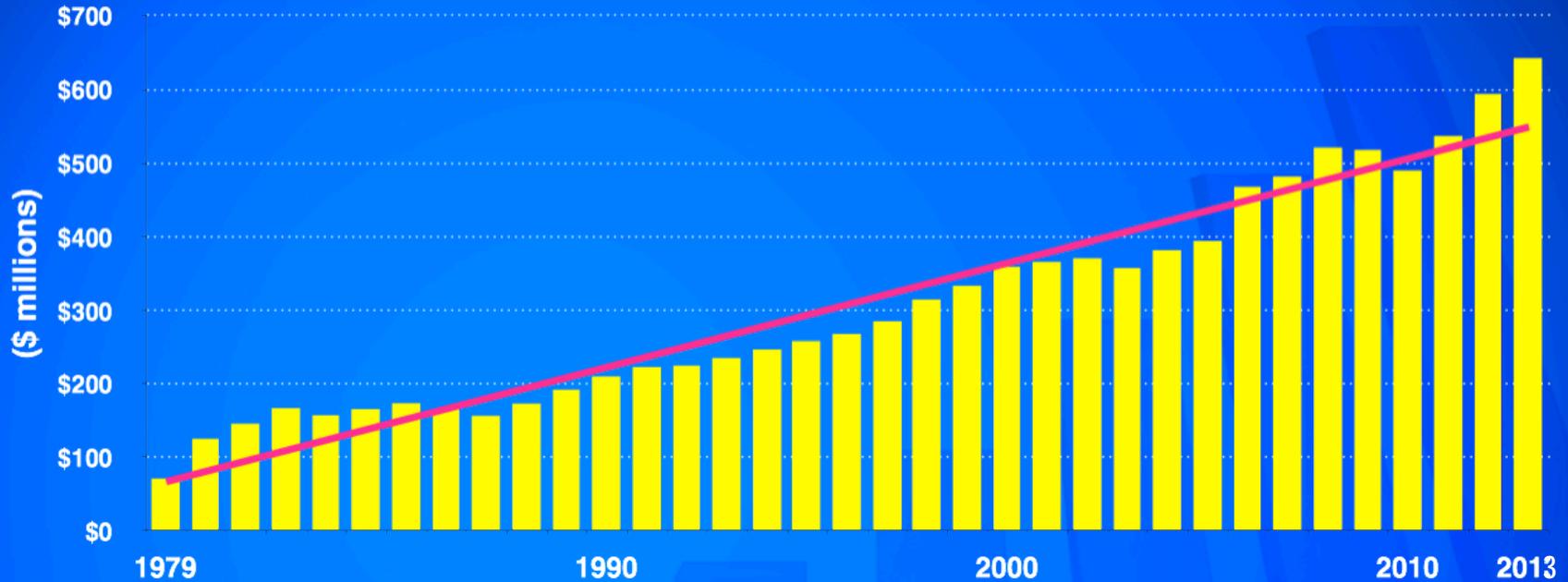


The State of METRO is Financially Strong

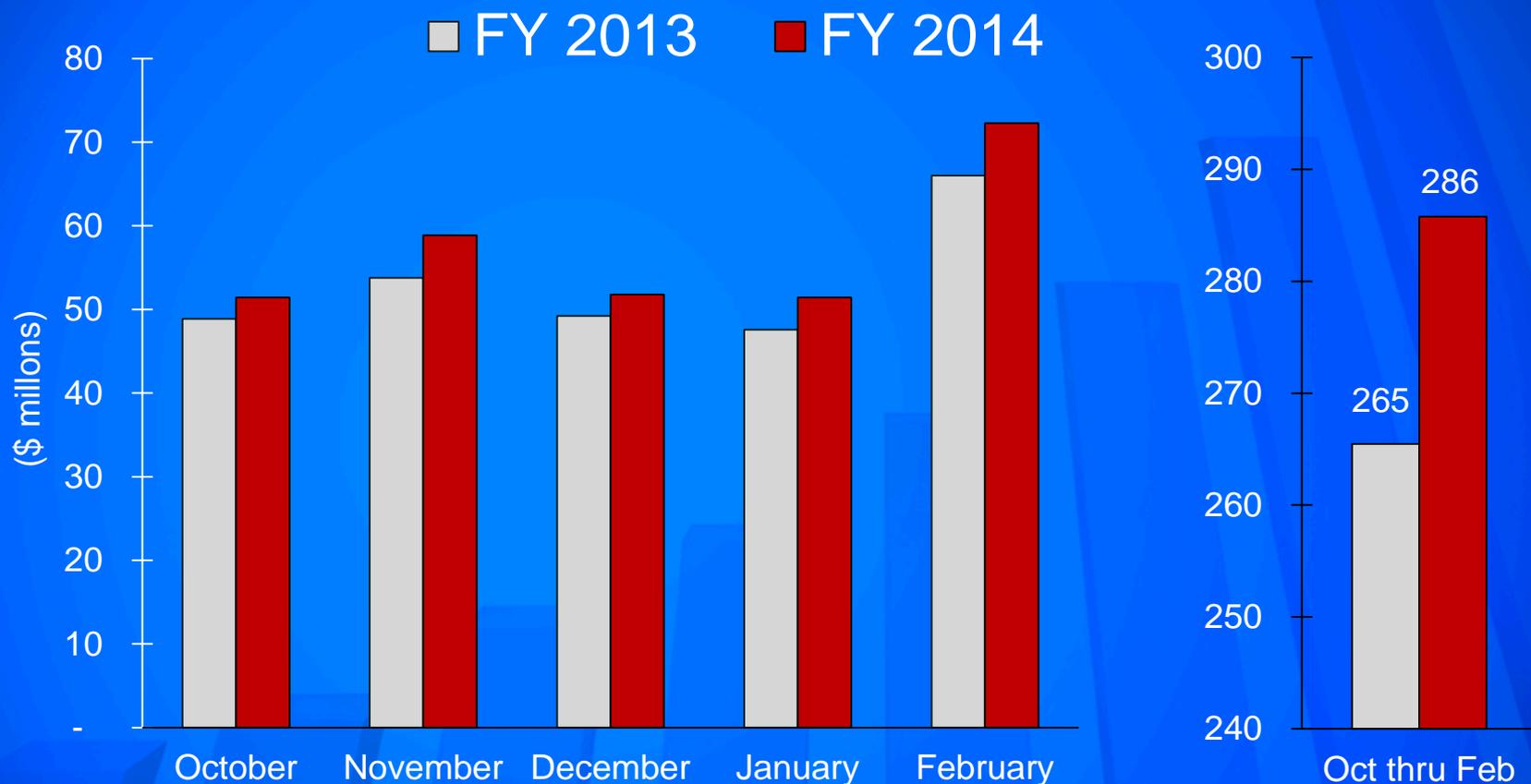
How METRO is funded

- Sales Tax
- Fare Revenue
- Grants

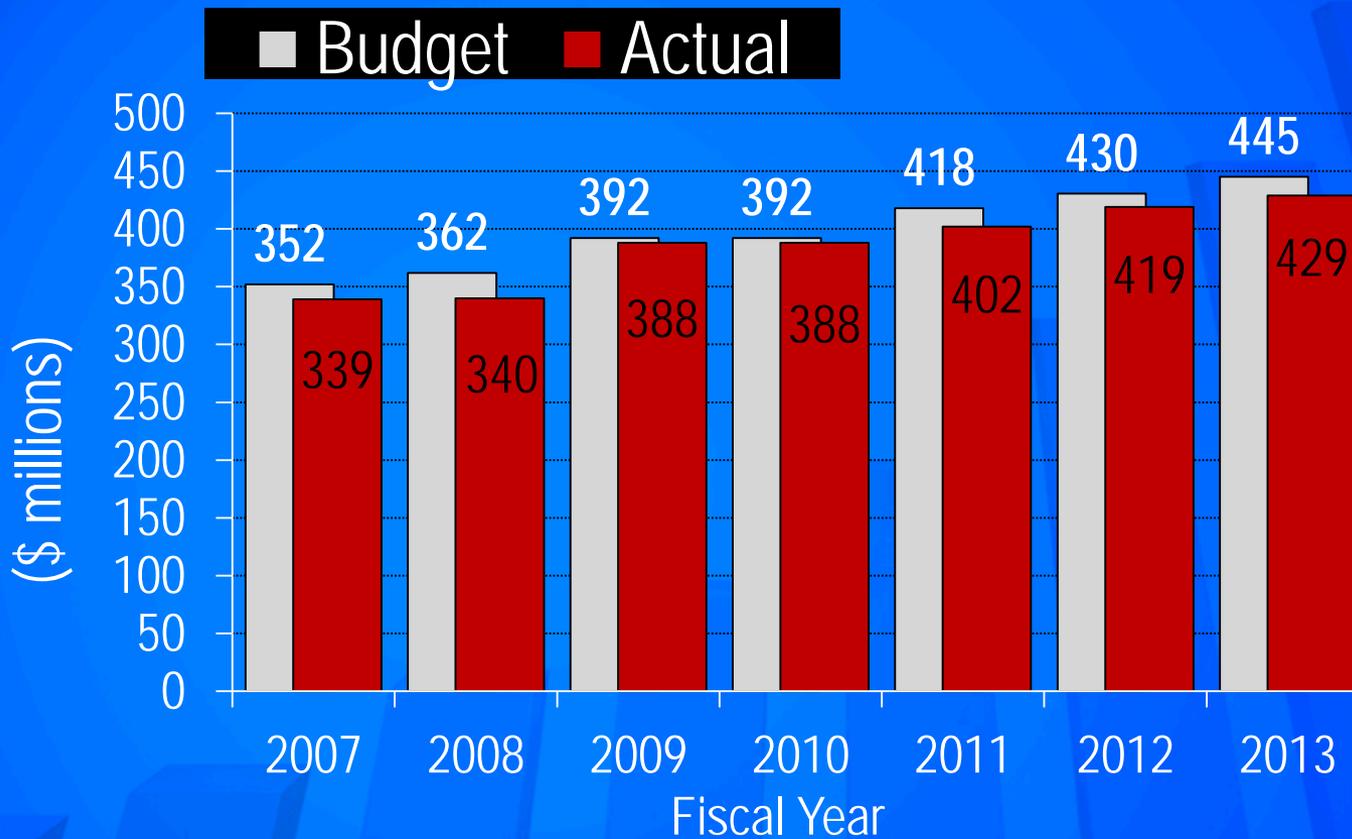
Historical Sales Tax Revenue



FY2013 to FY2014 Sales Tax Collection Comparison

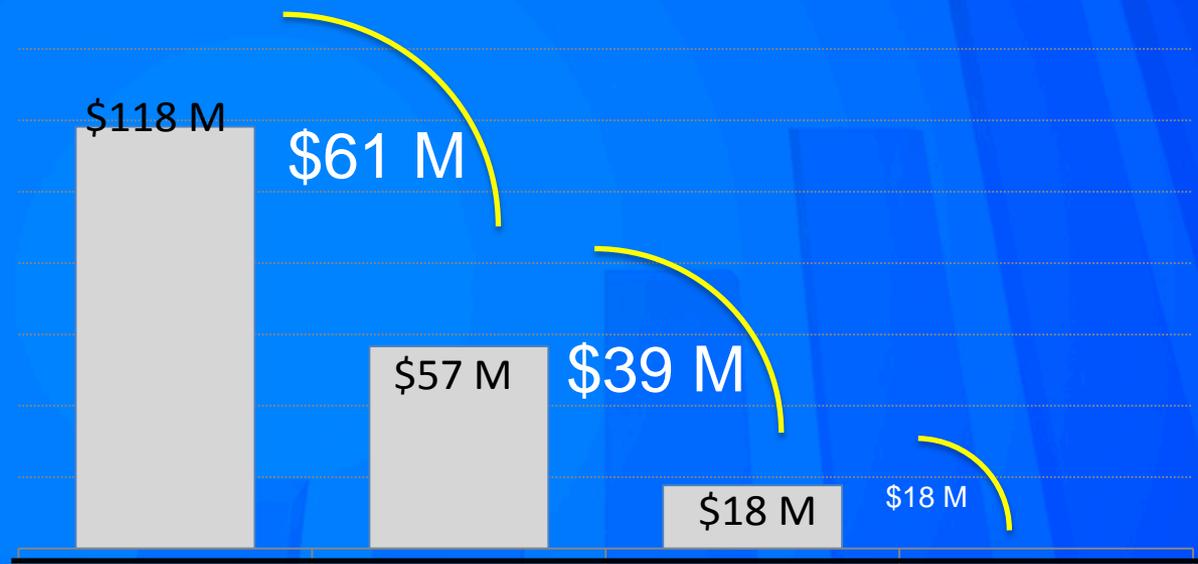


Historical Operating Budget & Expenditures



Paydown of General Mobility Program Backlog

FY2011 **FY2012** **FY2013** **FY2014**



Carryover funding to City of Houston & Harris County

New Collective Bargaining Agreement

Changed retirement plan from a defined benefit to a defined contribution plan for new union employees, as we did with non-union in 2007.

Standard & Poor's Upgrades METRO to

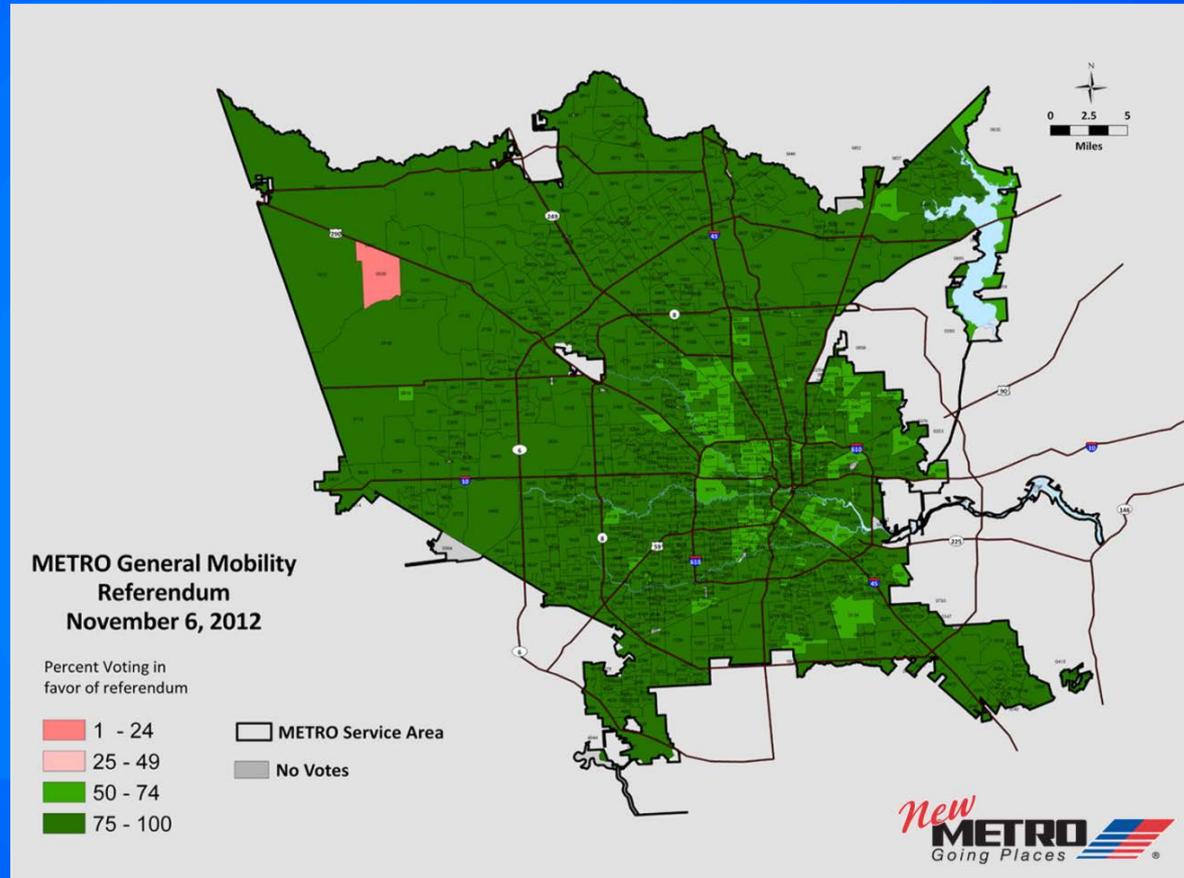
AA+

Rating Raised to 'AA+'

- In September 2013, Standard & Poor's raised its rating for METRO's sales tax bonds and contractual obligations from 'AA' to 'AA+'
- The upgrade reflects its assessment of:
 - METRO's recent and projected sales tax revenue growth
 - The very deep and diverse economy of the County
 - Recent formalization of a five-year financial forecast and five-year capital improvement program (CIP)
 - The Authority's strong liquidity and ability to reduce expenditures, as needed

2012 Referendum

Passed overwhelmingly across our service area



2012 Referendum

- The referendum continues the GMP funding to our member jurisdictions based on sales tax revenues set at the end of September 2014
- Any growth in sales tax revenues above that mark will be split 50/50 with member jurisdictions through 2025
- The additional money allocated to METRO will go toward two goals:
 - ▶ Building ridership and making improvements to the existing system
 - Expanding local bus service and facilities
 - New park & ride service
 - Installing more bus shelters
 - ▶ Paying down METRO's commercial paper debt

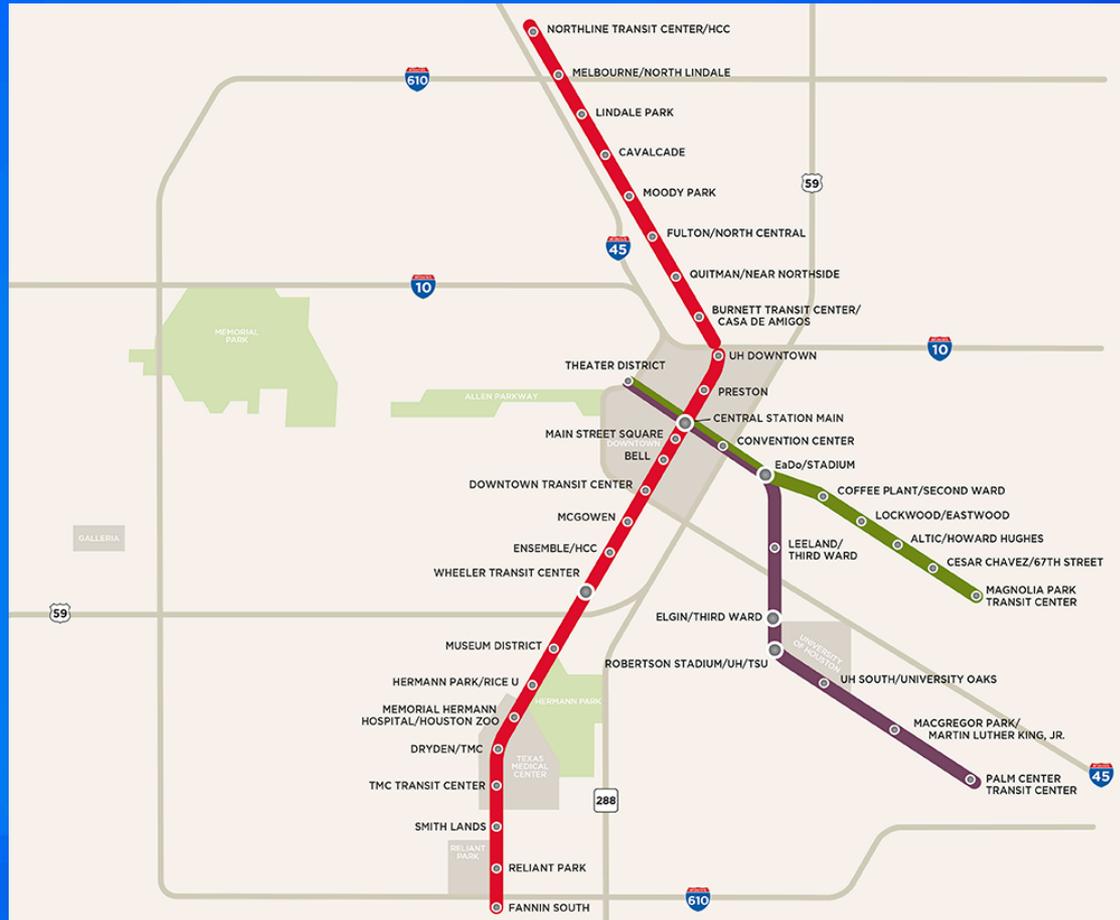
METRO's Current Focus

- ✓ Refocusing on our core service – the bus system
- ✓ “Reimagining” every aspect of how we deliver service -- routes will be examined from top to bottom
- ✓ Complete new light rail extensions totaling 15.2 miles in 2014

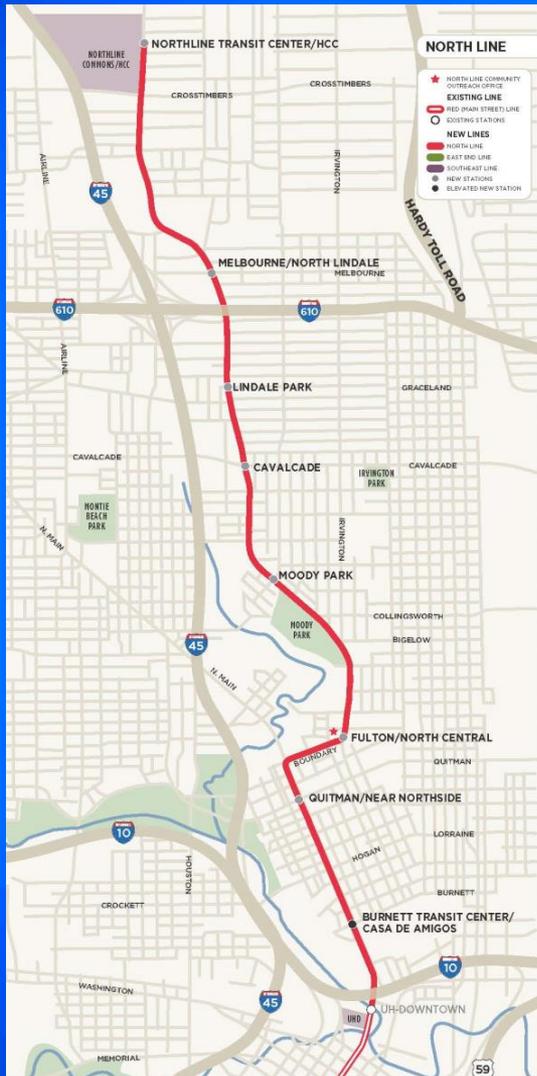


METRORail Expansion

METRORail Expansion

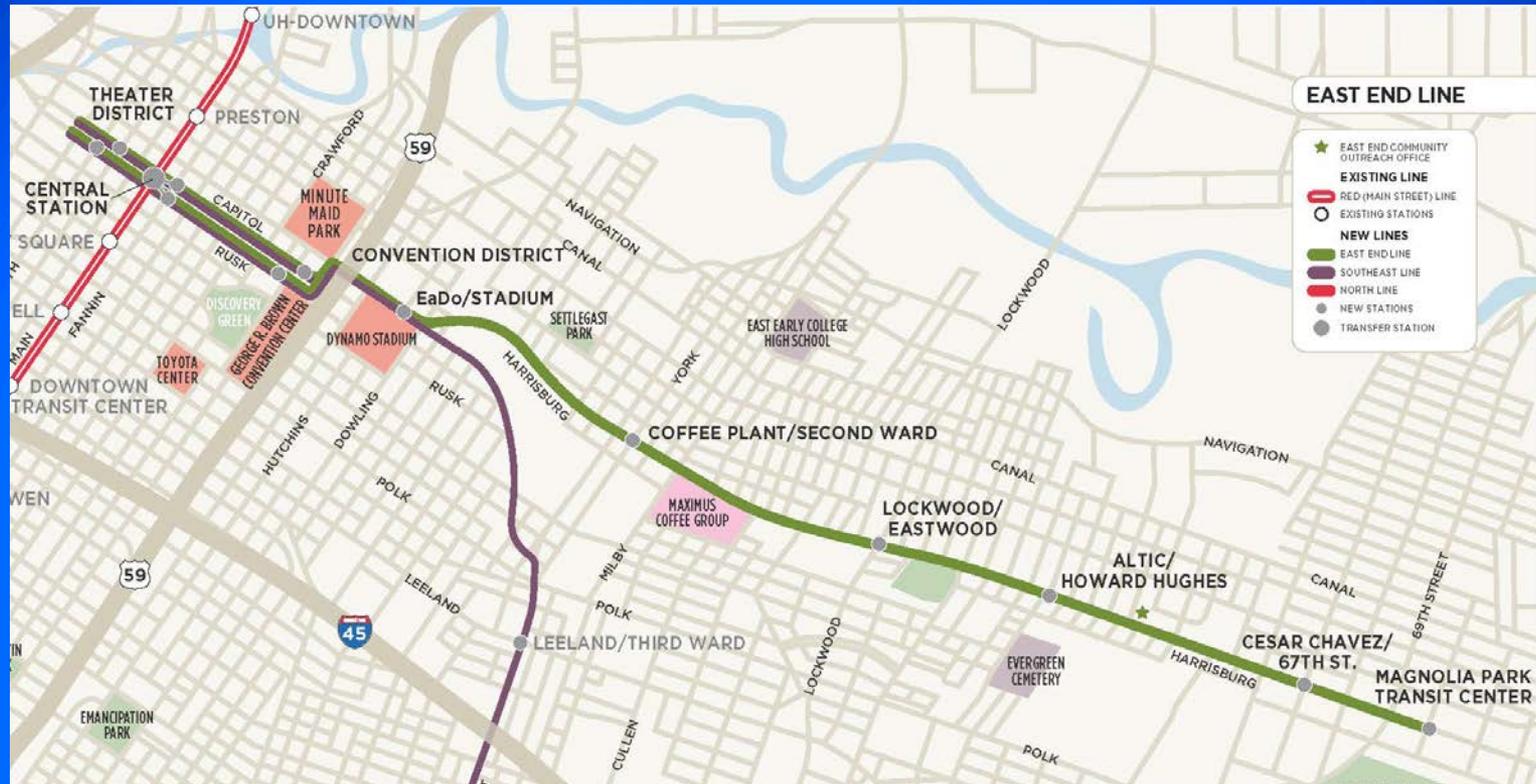


Red Line Extension



- 5.28 mile extension of the existing Red Line
- Additional 8 stations
- Expansion of the METRO Rail Operation Center
- Opened December 21, 2013

East End Line Extension



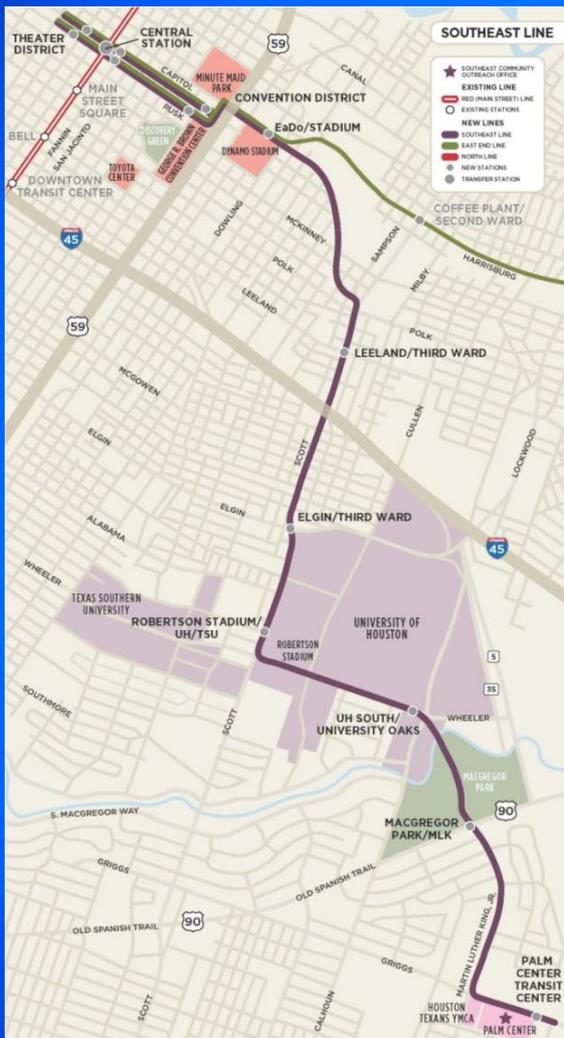
- 3.34 mile extension
- Additional 6 stations
- New METRO Service & Inspection Facility

East End Line Extension

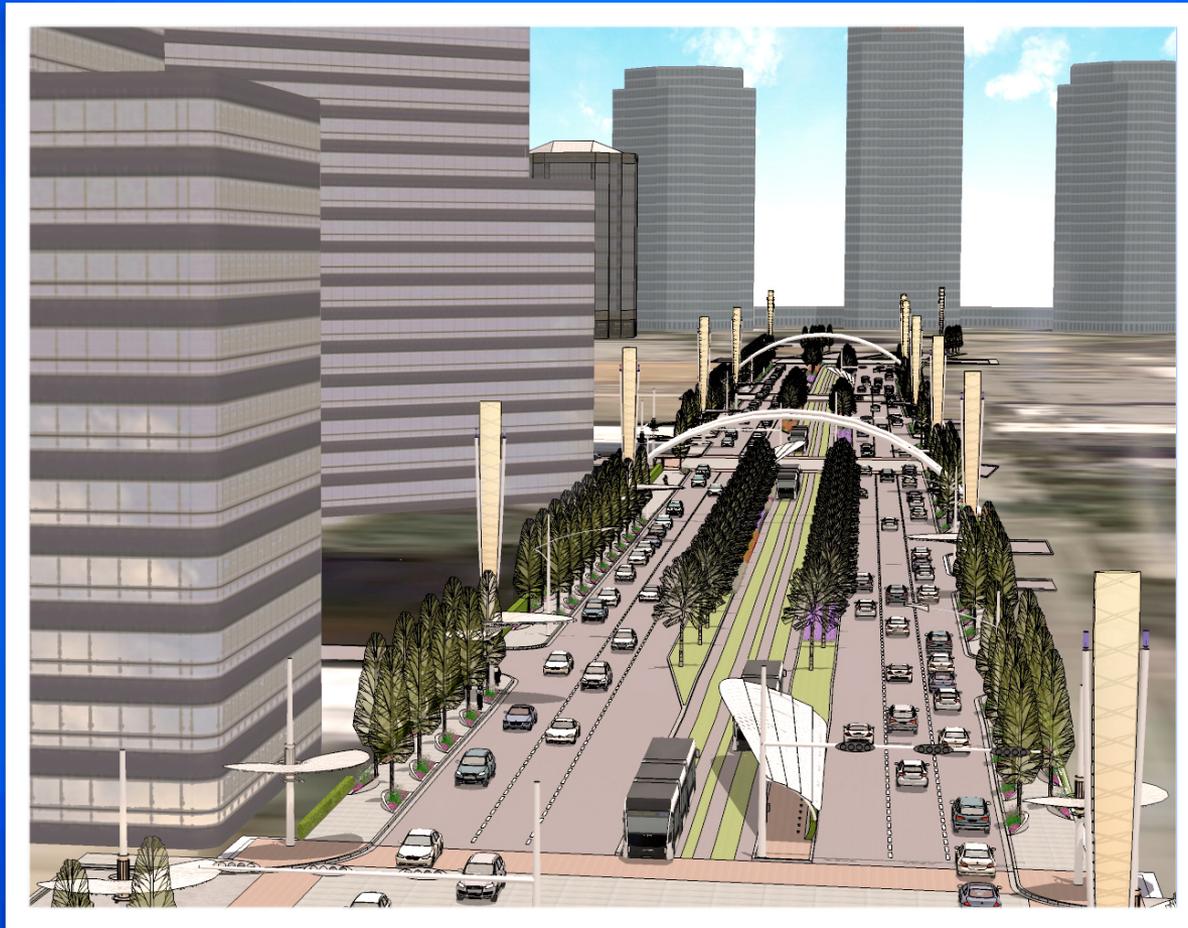


Southeast Line Extension

- 6.56 mile extension
- Additional 10 stations
- New METRO Storage Facility



Uptown Management District Project



- Express Busway on Post Oak Boulevard and 610
- Connecting commuter bus routes from 290, I-10, 59, and Westpark Tollway

Upcoming Financing

- METRO plans to issue Sales and Use Tax Contractual Obligations (KOs) and Sales and Use Tax Bonds this April
- Rated Aa2 by Moody's and AA+ by S&P
- Financing consists of
 - ▶ \$152 million* KOs to finance buses and light rail vehicle acquisition
 - ▶ Up to \$183.4 million* Sales and Use Tax Refunding Bonds to refund all or a portion of METRO's commercial paper



CITY OF HOUSTON

2ND ANNUAL INVESTOR CONFERENCE

MARCH 3-4, 2014