

Harris County, Texas
Request for Proposal for Liquidity Provider
General Obligation Commercial Paper Notes, Series D-3

Purpose

Harris County, Texas (the "County"), is seeking proposals from qualified financial institutions to provide a bank facility to support the County's existing \$200 million General Obligation Commercial Paper Notes, Series D-3 ("Notes"). The anticipated amount of the facility should also cover interest coverage as required by the rating agencies. Respondents may include various term lengths for the facility at their firm's discretion, along with fee structures relating to each proposed term. If the Respondent(s) would only be willing to make a commitment for a lesser amount than the full size of a program, the County may entertain splitting the commercial paper program into smaller pieces.

Description of Commercial Paper Program

Issuer:	Harris County, Texas (see Security, below)
Facility:	Letter of credit, standby line of credit or similar facility.
Facility Amount:	A commitment covering the principal amount of \$200 million plus required interest coverage (anticipated to be at the maximum rate of the facility (10%) for the number of days required by the rating agencies, potentially 270 days). At its discretion, the County will consider proposals for less than \$200 million.
Use of Commercial Paper Program:	Notes are authorized to be issued to pay contractual obligations incurred for the construction of public works and other authorized needs and purposes of the County pursuant to the 2007, 2013, 2015, and 2022 elections (and any bond elections added in the future).
Security:	A lien on and pledge of the following: (i) the proceeds from the sale of Notes from time to time hereafter issued to pay Principal Amounts of Outstanding Notes; (ii) proceeds from the sale of refunding bonds issued by the County from time to time hereafter for the purpose of paying the Principal Amounts of and interest on the Notes; (iii) Loans drawn to pay the Principal Amounts of and interest on Outstanding Notes; (iv) amounts held in the Note Payment Account established for the Notes; and (v) the proceeds of the ad valorem tax levy based on an ad valorem tax, within the limits prescribed by law, upon all taxable property within the County.
Events of Default	The County requests (a) standard events of default and (b) special events of default as to bankruptcy, non-payment of debt and breaches of covenants. A County ratings downgrade or loss of tax-exempt status for the Notes may not constitute an event triggering automatic termination of the facility.

Termination:	<p>Upon the occurrence of certain agreed events, and after some agreed period of time, the County requests the right to terminate the facility at any time, in whole or in part, upon thirty (30) days' notice to the Bank without any cost to the County.</p> <p>The County seeks the ability to terminate the facility without penalty upon a credit event of the facility provider that significantly and adversely impacts the trading of Notes backed by that facility, If the rating of the credit provider falls below money-market eligible ratings, then the County would have a right to terminate at any time without penalty.</p> <p>The County seeks the ability to terminate the facility without penalty upon a claim by the bank for increased costs or capital adequacy protection.</p> <p>The County requests respondents to provide the terms that would be acceptable related to termination by the County prior to the stated expiration.</p>
Covenants:	<p>The County requests standard covenants as to maintenance of existence, licenses, permits and records, maintenance of tax-exempt status of the Notes, and ability to amend the authorizing order without prior written consent.</p>
Legal Opinions:	<p>The County requests legal opinions relating to the enforceability of the facility from U.S. counsel, and from foreign counsel where appropriate.</p> <p>Respondent should also be able to certify it complies with Texas Government Code Section 2252.152 (sanctioned company list), Section 2271.002 (boycott Israel), Section 2274.002 (discrimination against firearm entities), and Section 2276.002 (boycott energy companies).</p>

To assist you in preparing responses, we refer you to the County's website for the latest annual financial reports. Those can be found at: <https://auditor.harriscountytexas.gov/Reports/Annual-Comprehensive-Financial-Report-Harris-County>

Further financial information for the County may be found on the County's website, including monthly financial data: <https://auditor.harriscountytexas.gov/Reports/Monthly-Financial-Statements>

Payment of all fees and expenses (including respondent's counsel fees, if any) by the County are contingent upon County Commissioners Court approval, and the final approval of the transcript of proceedings by the Attorney General of Texas (if applicable). It is the responsibility of respondents to specify all costs (i.e. administrative fees, processing fees, etc.) associated with providing the products or services required herein for which reimbursement will be sought. The laws of the State of Texas will govern the obligations of the County. Any necessary credit approvals required by your bank should be completed upon the submission of your Proposal, or the process for approval should be described in the Proposal if that remains a pending item when the Proposal is submitted.

Your proposal should be submitted by e-mail by 11:00 AM, CT on Monday April 29, 2024, to:

Tina Arias Peterman
Kristin Garcia Blomquist
Kedrick Winfield

tina.peterman@mastersonadvisors.com
kristin.blomquist@mastersonadvisors.com
kwinfield@tkgadvisors.net

Special Note: The County uses the Tax Exempt Commercial Paper (TECP) for both funding purposes and for encumbrances against contracts at the time of the contracting (well before payment on the contract is made). Therefore, the County expects that some amount of the TECP may not be drawn against before permanent financing is arranged.

If your firm is interested in providing a credit facility as outlined above, please complete a term sheet that addresses the following items:

1. Provide the contact details for the main point of contact for the respondent.
2. Provide the term(s) of the facility, all fees for each respective term, the options available to the County for extending the facility beyond the initial term, and the level of review and any related costs required by the Respondent to extend the initial term or to revise the initial fee structure.
3. Identify the respondent's counsel (who must be acceptable to the County), indicate whether the County is expected to pay for such services, and detail their fees and expenses separately, including a cap on such fees and expenses.
4. Detail the other costs associated with providing the proposed facility, including start-up fees, administrative fees, commitment fees, and expenses, increased cost and/or clawback provisions, if any. The County will consider each proposed term along with its associated fees in making its selection.
5. Describe the interest rate on borrowings, if any, under the facility and the interest rate in the event of default. Indicate the cost for draws with same-day reimbursement.
6. Discuss the terms for conversion into a term loan for amounts not paid within a stated period and for amounts outstanding at the expiration of the facility.
7. Itemize the conditions precedent to draws, including any cost of funding such draws.
8. Describe the respondent's long-term and short-term credit ratings and discuss the current status of these ratings.
9. Describe the provisions for and costs, if any, to the County resulting from a decision by the County to reduce the size of or to terminate the facility earlier than the stated maturity.
10. Describe any "favored nations" requirements, including the scope of what the requirements would cover.
11. Please confirm your ability to comply with the requirements of Texas Government Code Section 2252.152 (sanctioned company list), Chapter 2271 (boycott Israel), Section 2274.002 (discrimination against firearm entities), and Section 2276.002 (boycott energy companies). Furthermore, respondent certifies that it has not either received nor is aware of any additional inquiries, reviews, or investigations related to the above certifications. To the extent respondent has received or is aware of such inquiry, review or investigation, please describe in as much detail as possible..

Please refrain from contacting elected officials or staff members of the County regarding this request for proposal. Masterson Advisors LLC serves as financial advisor to the County for this transaction. If you have any questions concerning the terms of this request for proposal, please feel free to contact Tina Peterman at 713-814-0564 or Kristin Blomquist at 713-814-0556. Thank you for your interest. We look

forward to receiving your proposal.