



Brownsville Public Utilities Board

Commercial Paper Dealer

Request for Proposals

Effective November 21,2023

ESTRADA • HINOJOSA
INVESTMENT BANKERS



Commercial Paper Overview

Tax Exempt and Taxable Commercial Paper

The City Commission initially authorized a \$100,000,000 Commercial Paper Program for BPUB in 2013.

- Proceeds of the CP Notes will be used to pay for additions, improvements, extensions and fuel costs of the utilities system.
- CP Notes are short term debt that carry short term rates.
- CP Notes will mature in not less than 4 days and not more than 270 from the date of issuance.
- Interest on the notes is calculated on the actual days the notes are outstanding.
- CP Notes are issued in the minimum denomination of \$100,000.
- CP Notes are payable as subordinate lien obligations.
- CP Notes are rated P-1 by Moody's, A-1 by S&P, and F1+ by Fitch.

Parties to the CP Program

Issuer/Borrower:

City of Brownsville, Texas Utilities System

Letter of Credit Provider:

PNC Bank, N.A. The LOC provides credit and liquidity support.

CP Dealer:

Currently CITIGROUP and will be replaced by this RFP selection.

The Dealer sells the CP Notes to prospective buyers.

Buyers:

Institutional Investors, Money Market Funds and High Net Worth Individuals.

Issuing and Paying Agent:

U.S. Bank, N.A. The Agent issues the CP Notes to the Buyers and pays the Notes upon presentation at maturity.

2022 Commercial Paper Offering Cover Page

COMMERCIAL PAPER OFFERING MEMORANDUM DATED OCTOBER [31], 2022

BOOK-ENTRY ONLY

RATINGS: Moody's: "P-1"
S&P: "A-1"
Fitch: "F1+"

On the date of this Offering Memorandum, Orrick, Herrington & Sutcliffe LLP, Houston, Texas ("Bond Counsel"), assuming compliance with certain covenants and based on certain representations, reasonably expects to deliver an opinion to the effect that the replacement of the Prior Letter of Credit (defined herein) will not adversely affect the excludability of the interest on the Tax-Exempt Notes (defined below) from the gross income of the owners thereof for federal income tax purposes under existing law. See "TAX EXEMPTION" herein for a discussion of the opinion of Bond Counsel, including the alternative minimum tax consequences for corporations.

\$100,000,000

CITY OF BROWNSVILLE, TEXAS,
UTILITIES SYSTEM

COMMERCIAL PAPER NOTES,
SERIES A (TAX-EXEMPT)

COMMERCIAL PAPER NOTES,
SERIES A (TAXABLE)

Citigroup Global Markets Inc., as commercial paper dealer (the "Dealer"), is offering for sale on behalf of the City of Brownsville, Texas (the "City") the above captioned notes. Capitalized terms used in this Offering Memorandum and not otherwise defined shall have the meanings assigned to such terms in Ordinance No. 2013-1582, adopted by the City Commission of the City on September 17, 2013, authorizing the issuance of the Notes (as defined below), Supplemental Ordinance No. 2016-1619 adopted by the City Commission of the City on September 20, 2016, Supplemental Ordinance No. 2019-1662 adopted by the City Commission of the City on September 17, 2019, Supplemental Ordinance No. 2021-1582 adopted by the City Commission of the City on April 20, 2021 and Supplemental Ordinance No. 2022-1711 adopted by the City Commission of the City on September 20, 2022 (collectively, the "Ordinance"). The Notes are authorized pursuant to Chapters 1371 and 1502, Texas Government Code, as amended. Payment of the principal of and interest on the Notes is secured by the sources described herein, including a subordinate lien on Net Revenues of the System (defined herein). See "SECURITY FOR THE NOTES."

THE NOTES ARE SPECIAL OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES IDENTIFIED HEREIN SECURING THE PAYMENT OF THE NOTES. THE NOTES DO NOT CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE ISSUER AND ARE NOT PAYABLE FROM FUNDS RAISED OR TO BE RAISED BY TAXATION AND OWNERS OF THE NOTES SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF FROM THE LEVY OF AD VALOREM TAXES OR FROM ANY SOURCE NOT PLEDGED TO PAYMENT OF THE NOTES.

The City will enter into a Reimbursement Agreement, dated November 1, 2022 (the "Reimbursement Agreement"), with PNC Bank, National Association, (the "Bank"), pursuant to which the Bank will issue an irrevocable transferable direct-pay letter of credit (the "Letter of Credit") to provide credit support for the timely payment of the principal of and interest on the Notes at maturity. The Reimbursement Agreement and Letter of Credit replaces the previous reimbursement agreement and irrevocable transferable direct-pay letter of credit with Bank of America, N.A., dated November 1, 2019, as amended by the First Amendment to Reimbursement Agreement, dated June 15, 2021. The initial expiration date for the Letter of Credit with the Bank is November [7], 2025 subject to earlier termination and extension as provided therein. The Letter of Credit may not be terminated or suspended prior to payment of all outstanding Notes.

If for any reason the Bank fails to honor a drawing under the Letter of Credit, the City cannot provide any assurance that it or the Issuing and Paying Agent will have sufficient funds on hand and available to make such payment of principal of and/or interest on the Notes or to make such payments in a timely manner. Prospective investors in the Notes therefore should base their investment decision primarily on the credit worthiness of the Bank, rather than on that of the City.

This cover page contains certain information for quick reference only. It is not a summary of the Notes or the commercial paper note program. Investors must read the entire Offering Memorandum to obtain information essential to the making of an informed investment decision. No dealer, salesperson or other person has been authorized to give any information or to make any representation (other than the information and representations contained in this Offering Memorandum) in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon. This Offering Memorandum does not constitute an offer to sell any of the Notes to any person to whom it is unlawful to make such offer or solicitation or the solicitation of an offer to buy any of the Notes in any jurisdiction in which it is unlawful to make such offer or solicitation.

CITIGROUP
as Dealer

Draft Timetable



COMMERCIAL PAPER DEALER AGREEMENT RFP DRAFT TIMETABLE

August							September							October							November						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2	1	2	3	4	5	6	7				1	2	3	4
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14	5	6	7	8	9	10	11
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21	12	13	14	15	16	17	18
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28	19	20	21	22	23	24	25
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31					26	27	28	29	30		

Board Meeting
 City Commission Meeting
 Holiday

LINE REF.	DATE	DAY	TASK	RESPONSIBILITY
1	August 7, 2023	Monday	Finance committee approves the RFP committee dealer selection	BPUB, Estrada Hinojosa & Orrick
2	August 14, 2023	Monday	Board approves finance committee Dealer recommendation and authorizes GM to negotiate final agreements.	BPUB, Estrada Hinojosa & Orrick
3	3 weeks to		(1) notify Dealer	Estrada Hinojosa
			(2) negotiate/finalize 2023 Dealer Agreement	BPUB, Estrada, Hinojosa & Orrick, Dealer & Counsel,
			(3) prepare resolutions and ordinances	BPUB, Estrada Hinojosa & Orrick
			(4) begin updating 2023 Offering Memorandum	BPUB, Estrada Hinojosa & Orrick
4	September 11, 2023	Monday	Board Resolution approving Dealer Agreement	BPUB, Estrada Hinojosa & Orrick
5	September 19, 2023	Tuesday	City Commission Ordinance approving Dealer Agreement	BPUB, Estrada Hinojosa & Orrick
6	Month of October		(1) notify Paying Agent of Dealer substitution	BPUB, Estrada Hinojosa & Orrick
			(2) Issue Offering Memorandum	BPUB, Estrada Hinojosa & Orrick
7	November 21, 2023	Tuesday	Effective date of Dealer substitution	BPUB, Estrada Hinojosa & Orrick

Disclaimer

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