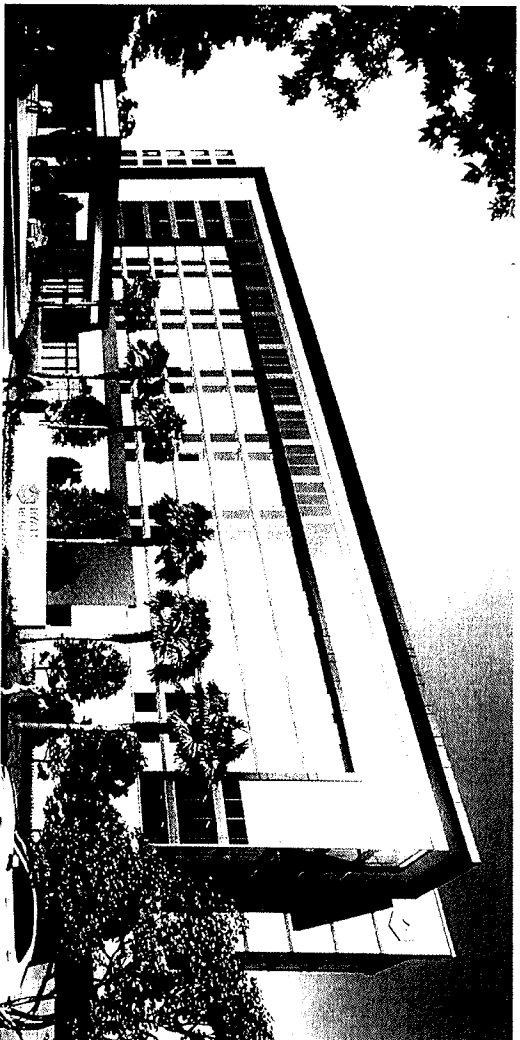


January 16, 2020



Baytown Municipal Development District

\$23,250,000*	First-Lien Hotel Revenue Bonds (Baytown Convention Center Hotel) Series 2020	\$15,735,000*	Second-Lien Hotel Revenue Bonds (Baytown Convention Center Hotel) Series 2020	\$12,565,000*	Combination Third-Lien Hotel Revenue and Limited Sales Tax Revenue Bonds (Baytown Convention Center Hotel) Series 2020
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Presentation to S&P



S&P Global

* Preliminary, subject to change

Project Participants

**City of Baytown, Baytown Municipal Development District,
Baytown Hospitality Public Facilities Corporation**

Garfield Public Private

Sponsor, Issuer, Owner

Developer

Rick Davis **Kevin Troller** **Nick Woolery** **Ron Bottoms**
City Assistant Assistant Former
Manager City Manager City Manager Deputy City
Manager

Raymond
Garfield, Jr.
Chairman

Stephen Galbreath
Chief Development
Officer

Daniel Hennessy
Principal and
General Counsel

DPR Construction

Broaddus & Associates

Hyatt

HVS

Design Builder

Construction Monitor

Operator

Feasibility Consultant

Nicholas Hull
Senior Project Manager

Sam Sprouse
Vice President

Kimo Bertram
Vice President

Thomas
Hazinski
Managing
Director

Brian Harris
Senior
Director

Winstead PC

Hilltop Securities

Citigroup

Bond Counsel

Municipal Advisor

Underwriter

David Dawson
Chairman and
CEO

Judy Furth
Associate

Christopher
Janning
Managing
Director

Joe Morrow
Managing
Director

Bill Corrado
Director

Tatianna
Troutman-
Yale
Director

Will DiRe
Assistant VP

Presentation Agenda

1. Overview of the City, the District, and the Public Facilities Corporation 3
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Executive Summary and Ratings Request

The City of Baytown, Texas has identified a need for upscale lodging and public meeting space to primarily support the large contingent of petrochemical companies based in the area.

Executive Summary

- The Convention Center and Hotel Project will address the hotel and meeting facilities needs identified by residents and businesses within the City of Baytown, Texas (the “City”) and is expected to promote tourism and the convention industry
- The City created the Baytown Hospitality Public Facilities Corporation (the “PFC”) for the purpose of developing, constructing, and equipping the Convention Center and Hotel Project
- The PFC selected Garfield Public Private LLC to provide professional development management services for the design, construction, and operation of the “Hotel Facilities” and the “City Facilities”
- DPRR will construct the Convention Center and Hotel Project, to include both the Hotel Facilities and the City Facilities
- Hyatt Corporation will operate the Hotel Facilities and the City Facilities as a Hyatt Regency
- The Baytown Municipal Development District (the “District”) will issue three series of its Series 2020 Bonds to finance the Hotel Facilities; the City will issue Certificates of Obligation to finance the City Facilities
 - The Series 2020 Bonds will be primarily payable from Gross Operating Revenues (revenues derived from room rentals and food and beverage sales to guests of the Hotel)
 - The Series 2020 Third-Lien Bonds will be additionally secured by a District Pledged Sales Taxes
- Additional security features include various reserve funds and a Deed of Trust

Ratings Request

- The District is seeking a private “BBB” category rating on the First-Lien Bonds, a private “BB” category rating on the Second-Lien Bonds, and a private “AA” category rating on the Third-Lien Bonds given the Convention Center and Hotel Project’s strong competitive position, substantial reserve funds, conservative debt structure, and high debt service coverage ratios

1. Overview of the City, the District, and the Public Facilities Corporation

The City of Baytown, Texas

Baytown is a community centered primarily on industry, including oil and gas, rubber, rubber and chemical plants, and serves an international community through the Port of Houston and Houston Ship Channel which reach 1,053 ports worldwide.

- Baytown is a city within Harris County, and partially within Chambers County, in the Gulf Coast region of Texas

 - Baytown's general obligation credit is rated Aa2 by Moody's and AA by S&P

- Baytown, Texas is located 30 miles east of downtown Houston and encompasses an area of approximately 34 square miles with a population of around 74,000 residents

- Located within the Houston–Sugar Land–Baytown metropolitan area, the City is easily accessible via U.S. Interstate 10, State Highway 146, and the Grand Parkway (Hwy 99)

- The major driver of Baytown's economy is the downstream portion of the oil and gas sector, engaging in the manufacture of plastics and other chemicals from the raw material

- Three main corporate anchors of Baytown include:

 - ExxonMobil*

 - The ExxonMobil Baytown Complex, founded in 1919, is one of the world's largest industrial complexes; the Baytown Refinery located there is the largest in the United States

 - Chevron Phillips Chemical*

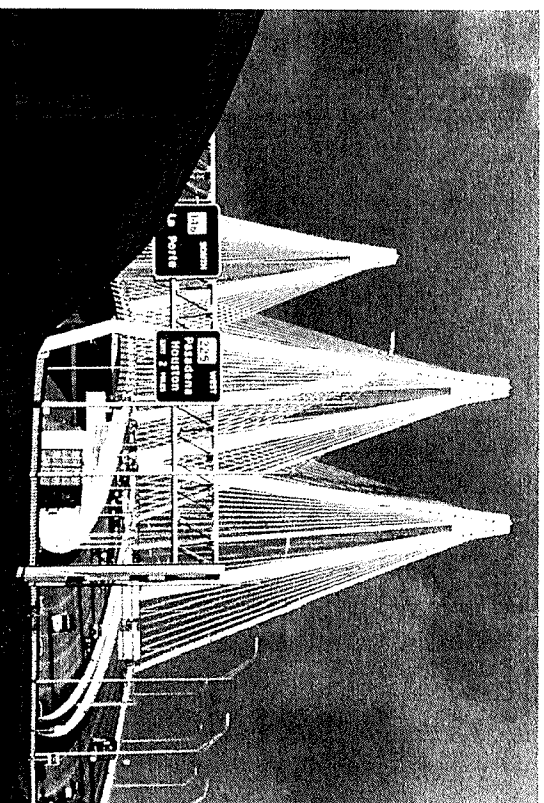
 - The Cedar Bayou plant, in operation since 1963, is Chevron Phillips Chemical's largest manufacturing site in the United States

 - Covestro LLC*

 - The Covestro manufacturing site is their largest in North and Central America, producing a variety of high-tech polymer materials

- The availability of relatively inexpensive natural gas over the last several years has allowed several of those major manufacturing facilities to undergo multi-billion-dollar expansions

- Continued growth is expected, including expected expansions in the midstream and downstream petrochemical sectors, logistics & distribution, and heavy manufacturing in the City and the west side of Chambers County, largely driven by shale gas production



Source: <https://www.baytown.org/discover-us/about>; HVS Market Study

The Need for the Convention Center and Hotel Project

The Convention Center and Hotel Project will address the hotel and meeting facilities needs identified by residents and businesses within the City of Baytown, Texas (the “City”) and is expected to promote tourism and the convention industry.

Overview

- The City of Baytown began contemplating a convention center and hotel on Bayland Island as early as the 1990s, as the community continued emerging as a global hub for the petrochemical industry
- It was recognized then and especially now that corporate demand for meeting facilities/space in proximity of both the Houston Ship Channel and the significant production facilities in the Baytown Area is considerable
- Citizen and stakeholder desires for the convention center were likewise articulated in a 2016 community-based strategic plan
 - In fact, after a 13-month process that included the participation of nearly 5,000 residents and stakeholders, a convention center was the only facility specifically named as a community priority
 - In 2016, the Baytown City Council determined that conditions were right to finally pursue this initiative
- The Baytown City Council subsequently sought via a request for proposals (i) a master developer to facilitate a process of determining the viability of the Convention Center and Hotel Project, (ii) the development of a financial plan to fund such a project, (iii) the attraction of a top-tier hotel flag, and (iv) the actual construction of the project
 - The PFC selected Garfield Public Private LLC as the Development Manager

Support of the City

- The City’s support of and enthusiasm for the Convention Center and Hotel Project has been bolstered by the results of several feasibility analyses and stress tests which confirm the financial viability of the project
- The attraction of the high-quality Hyatt Regency flag has also served to support the City’s confidence in this initiative
- Meanwhile, the very favorable fiscal condition of the City allows it to pursue this project and participate with its private sector partners to ensure that the Convention Center and Hotel Project will remain a regional destination and asset for many decades to come

The District and the PFC

Pursuant to the Interlocal Agreement, the District has agreed to finance the acquisition and construction of the "Hotel Facilities" and the City has agreed to finance the acquisition and construction of the "City Facilities."

Overview

- The City, the District, and the PFC have entered an Interlocal Agreement pursuant to which:
 - i. The District has agreed to finance the acquisition and construction of the "Hotel Facilities" by issuing the Series 2020 Bonds
 - ii. The City has agreed to finance the acquisition and construction of the "City Facilities" by issuing Certificates of Obligation
 - iii. The parties have agreed to the ownership and operating structure of the Hotel Facilities and the City Facilities

The District

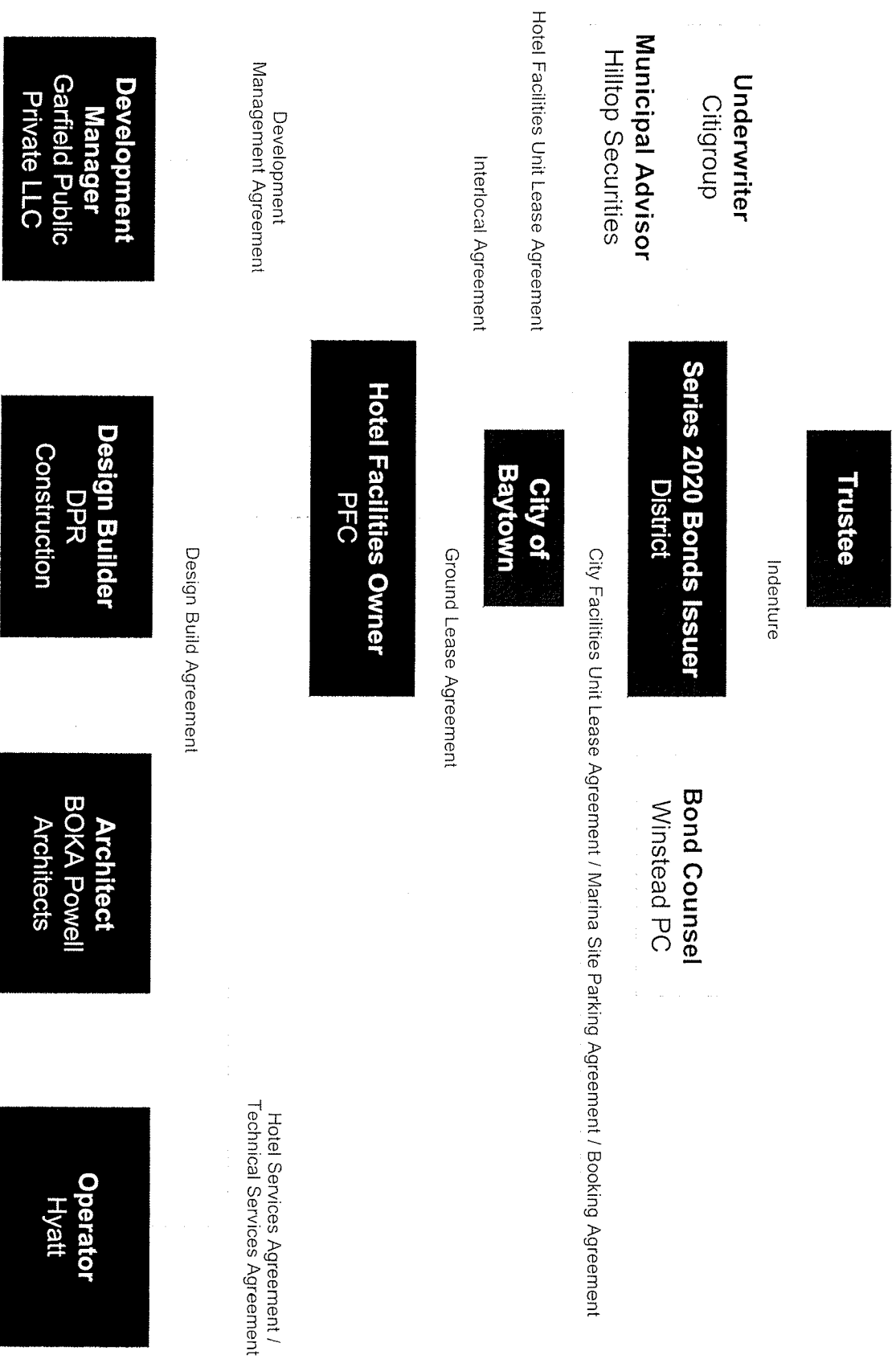
- The Baytown Municipal Development District (the "District"), a political subdivision of the State of Texas and the City of Baytown, Texas (the "City"), is issuing three series of bonds to finance the costs required to design, acquire, construct, equip, furnish, and open an upper-upscale, full-service hotel having approximately 208 guest rooms, restaurant and bar or lounge, and appropriate support facilities

The Public Facilities Corporation

- The City created the Baytown Hospitality Public Facilities Corporation, a public facility corporation organized by the City pursuant to Chapter 303 of the Texas Local Government Code (the "PFC") for the purpose of developing, constructing and equipping the Convention Center and Hotel Project
- The Convention Center and Hotel Project will be developed as follows:
 - i. The City will lease to the PFC for \$1 per year, pursuant to a Ground Lease Agreement between the City and the PFC, a tract of land located in the City and owned by the City, on which the Hotel Facilities and the public, City-owned convention center facilities, parking, and certain public facilities and infrastructure will be constructed
 - ii. Once completed, the PFC will file a condominium declaration (the "Condominium") pursuant to which a condominium unit will be created for the Hotel Facilities (the "Hotel Unit") and a condominium unit will be created for the City Facilities (the "City Facilities Unit"), with general common elements that will service both the Hotel Unit and the City Facilities Unit
 - iii. The PFC will lease the Hotel Unit to the District under the Hotel Facilities Unit Lease Agreement
 - iv. The PFC will convey the City Facilities Unit to the City, and the City will then lease the City Facilities Unit to the District under the City Facilities Unit Lease Agreement for use as public meeting and convention center facilities and public parking spaces in connection with the Convention Center and Hotel Project

Hotel Facilities' Contract and Financing Structure

The following provides the contract and financing structure for the Hotel Facilities. The City will finance the City Facilities separately.



Major Agreements and Leases

The following major agreements and leases are in place, as noted below.

Interlocal Agreement

- * The Interlocal Agreement, entered into by the City, the District and the PFC provides for the following agreements among the parties:
 - (i) the City's agreement to finance the acquisition and construction of the City Facilities by issuing Certificates of Obligation, (ii) the District's agreement to finance the acquisition and construction of the Hotel Facilities by issuing the Series 2020 Bonds, (iii) the agreement upon details of the flow of funds among the parties to use certain proceeds to pay for its specific purpose, and (iv) the agreement of the ownership and operating structure of the Hotel Facilities and the City Facilities.

Ground Lease

- * The Ground Lease Agreement, entered into by the City and the PFC provides for the City's lease of the City-owned Property to the PFC for the PFC to construct and build thereupon the Convention Center and Hotel Project.

Hotel Unit Lease

- * The Hotel Facilities Unit Lease Agreement, entered into by the PFC and the District provides for the PFC's lease of the Hotel Unit to the District for the District's use, operation and maintenance of the Hotel Facilities.

City Facilities Unit Lease

- * The City Facilities Unit Lease Agreement, entered into by the City and the District provides for the City's lease of the City Facilities Unit to the District for the District's use, operation and maintenance of the City Facilities.

Development Management Agreement

- * The Development Management Agreement, entered into by the PFC and the Development Manager, dated as of November 1, 2019, provides for the terms and conditions regarding the Development Manager's scope of professional management services in construction, development, design, equipping, furnishing and opening of the Hotel Facilities and the City Facilities.

Design Build Agreement

- * The Design Build Agreement with a final guaranteed maximum price, entered into by the PFC and the Design Builder provides for the terms and conditions regarding the Design Builder's scope of construction services in development and design of the Hotel Facilities and the City Facilities.

Parking Agreement

- * The Marina Site Parking Agreement, entered into by the City and the District provides for the City's lease of the approximately 230 City-owned parking spaces on the marina site to the District for use in operating the Hotel Facilities and City Facilities.

Hotel Services Agreement

- * The Hotel Services Agreement, entered into by the District and Hyatt, provides for the terms and conditions regarding Hyatt's operational services for the Hotel Facilities and the City Facilities as a Hyatt Regency. The Hotel Services Agreement has an initial operating term of 15 years (with an optional 15 year renewal).

Technical Services Agreement

- * The Technical Services Agreement, entered into by the PFC and Hyatt, provides for the terms and conditions regarding Hyatt's technical services in connection with the planning, building, furnishing, equipping and decorating of the Hotel Facilities and the City Facilities.

2. The Convention Center and Hotel Project

Development Manager – Garfield Public Private LLC



The PFC selected Garfield Public Private LLC through a competitive procurement process to develop the Convention Center and Hotel Project.

Overview

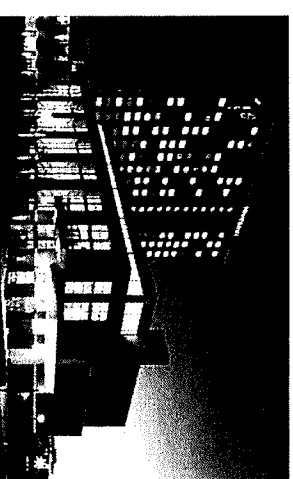
- Garfield Public Private is a national development services firm focused exclusively on US-based Public Private developments, including hospitality, education, government, healthcare, parking, sports, and entertainment projects
- Headquartered in Dallas, the Development Manager and its principals have developed, financed, and/or asset managed more than 20 hotels comprising more than 6,600 guestrooms, 430,000 square feet of function space and \$1.6 billion of debt and equity

Relevant Experience

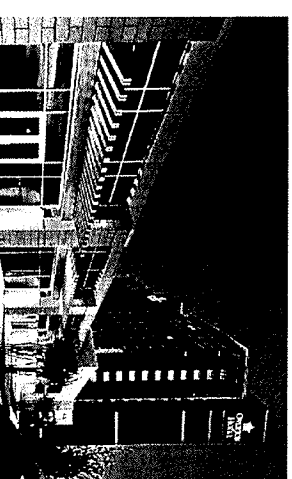
- The Development Manager’s hotel experience includes:
 - The 412-key Sheraton Headquarters Hotel at the Overland Park Convention Center
 - The 404-key Overton Hotel and Conference Center in Lubbock, Texas
 - The 503-key Sheraton Headquarters Hotel at the Puerto Rico Convention Center

Development Management Agreement

- The Development Management Agreement, entered into by the PFC and the Development Manager, dated as of November 1, 2019, provides for the terms and conditions regarding the Development Manager’s scope of professional management services in construction, development, design, equipping, furnishing and opening of the Hotel Facilities and the City Facilities



Sheraton Overland Park Hotel at the Convention Center
Overland Park, Kansas



Overton Hotel & Conference Center
Lubbock, Texas



Sheraton Puerto Rico Hotel & Casino
San Juan, Puerto Rico

Location and Site

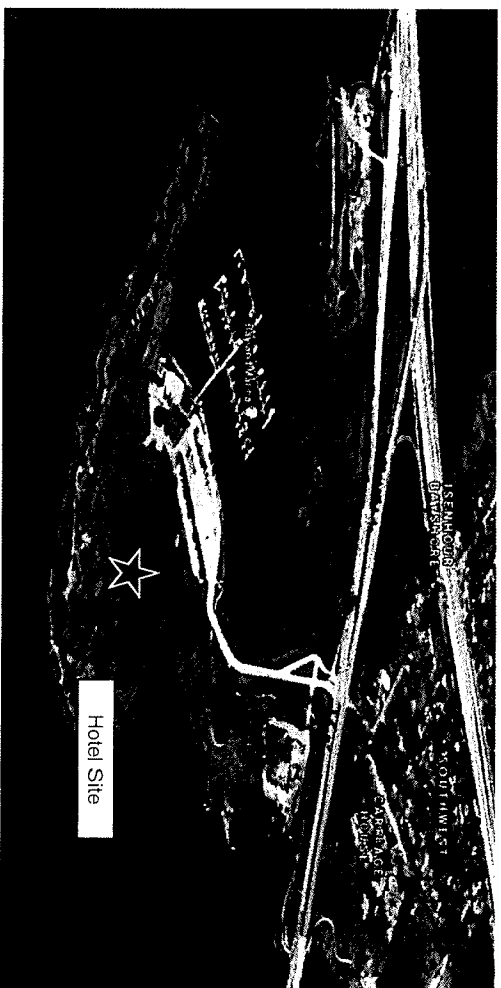
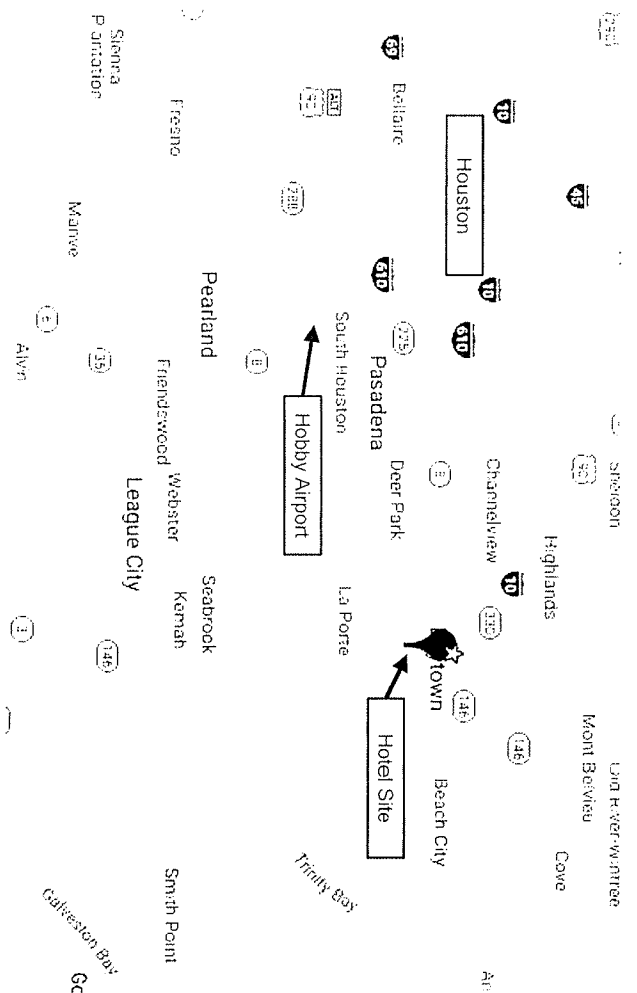
The Convention Center and Hotel Project will address the hotel and meeting facilities needs identified by residents and businesses within the City of Baytown, Texas (the "City") and is expected to promote tourism and the convention industry.

Overview

- The proposed site for the Convention Center and Hotel Project is located on a peninsula adjacent to the Bayland Marina in Baytown, Texas
- The site is located at the entry to Baytown with access to the City of La Porte on the Fred Hartman Bridge
- Several restaurants are located one to two miles from the site, and major dining and entertainment venues are seven miles from the site at the San Jacinto Mall
- William P. Hobby Airport is located approximately 20 miles from the site, and George Bush Intercontinental Airport is located 37 miles to the northwest of the site

Site Utility

- The topography of the site is generally flat, and the shape permits efficient use of the site for building and site improvements
- The site is served by all necessary utilities



Convention Center and Hotel Design and Key Elements

The Convention Center and Hotel Project, designed by BOKA Powell Architects, will be developed by Garfield Public Private LLC and constructed by DPR Construction.

Proposed Hotel Facilities: Overview

Guestroom Configuration	Bays	Keys
Kings	117	117
Queen/Queen	84	84
2-Bay Suites	12	6
3-Bay Suites	3	1
Total (ADA-Compliant Rooms per Local Code)	216	208

Food & Beverage Facilities	Seating Capacity
Restaurant w/ Show Kitchen & Wood-Burning Oven	98
Outdoor Terrace	20
Lounge and Lobby	65

Indoor Meeting & Banquet Facilities	Combined Sq. Ft.
Ballroom	12,000
Meeting Rooms	5,040
Boardroom	850
Total Square Feet of Meeting Space	17,890

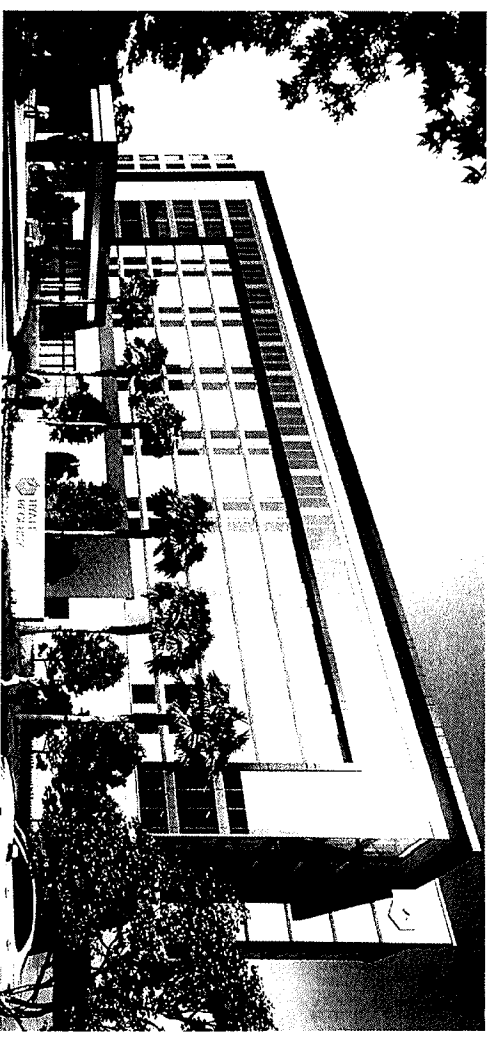
Amenities & Services	Capacity
Outdoor Pool	
Business Center	
Fitness Center	
Gift Shop	

Infrastructure	Capacity
Parking Spaces (Hotel)	324 plus 200 at Marina
Elevators	2 Guest / 1 Service

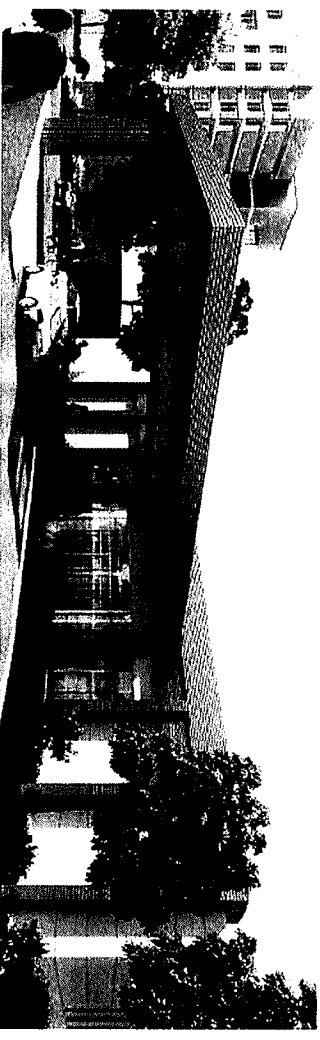
Proposed City Facilities: Overview

- Consists of public conference rooms and meeting space of approximately 33,600 sq. ft., including ballroom of approximately 12,000 sq. ft., public facilities ancillary to the conference rooms and meeting space, and surface parking adjacent to the Hotel Facilities and City Facilities
- Represents \$25,485,646 of the \$63,676,797 total development budget

Exterior Rendering of Front of Proposed Hotel



Exterior Rendering of Meeting Space for Proposed Hotel



Hyatt's Design and Development Role

- Under the Technical Services Agreement, the PFC has agreed to build, equip, furnish, and decorate the Hotel Facilities and the City Facilities per with Hyatt's design standards and concept guidelines
- Hyatt will provide technical services in connection with the planning, building, furnishing, equipping and decorating of the Hotel Facilities and the City Facilities

Development Budget and FF&E Agreement

Development Budget

Hotel: 34,000 sq. ft. Total
208 keys

Hard Costs			
General Hard Costs			
Design Build Contractor	\$ 27,629,021	\$ 14,294,229	\$ 41,923,250
Owner's Construction Contingency (Hold for Construction)	672,444	-	672,444
FF&E / OS&E / IT / Equipment			
FF&E	\$ 4,128,577	\$ 1,625,257	\$ 5,753,834
OS&E	1,395,342	1,045,090	2,440,432
IT	861,616	407,744	1,269,360
Kitchen/Laundry Equipment	877,073	196,888	1,073,961
Subtotal, Hard Costs	\$ 35,564,073	\$ 17,569,208	\$ 53,133,281

Soft Costs (Net of Financing and Working Capital)

Site			
Land			
Due Diligence / Market Studies	\$ 1	\$ -	\$ 1
Survey, Geotech, etc.	51,000	-	51,000
Title Policy	24,960	14,040	39,000
Design Fees			
Architectural and Engineering Fees	\$ 2,331,163	\$ 1,047,761	\$ 3,378,924
DPR Design Team Management Fee (1.2%)	28,009	13,339	41,348
KPFF (Tower Structure Design)	65,000	-	65,000
Fee Contingency	71,256	24,723	95,979
Inspections			
3rd Party Testing & Inspection	\$ 136,600	\$ 84,400	\$ 221,000
3rd Party Fire Life Safety and Commissioning	108,000	72,000	180,000
Other Soft Costs			
<i>Brand, Technical Service, and Construction Services Fees</i>	150,000	100,000	250,000
<i>Brand Application Fee</i>	87,400	-	87,400
<i>Pre-Opening Budget</i>	898,622	888,748	1,787,370
<i>Legal Fees</i>	176,000	99,000	275,000
<i>Property Taxes during Construction</i>	-	-	-
<i>City Permit, Impact and Tap Fees</i>	131,083	87,389	218,472
Miscellaneous			
GPP Developer Fees	\$ 1,448,211	\$ 964,660	\$ 2,412,871
Cedar Trinity (come out of the addl. \$235,400 Dev. Fee)	32,400	21,600	54,000
GPP (accrued reimbursable expenses / ongoing developer travel)	21,090	11,861	32,951
Construction Manager	219,638	124,922	344,560
Developer's Insurance	43,800	29,200	73,000
Project Contingency (Owner's)	935,640	-	935,640
Subtotal, Total Soft Costs	\$ 6,959,873	\$ 3,583,643	\$ 10,543,516

Subtotal (Net of Financing & Working Capital)

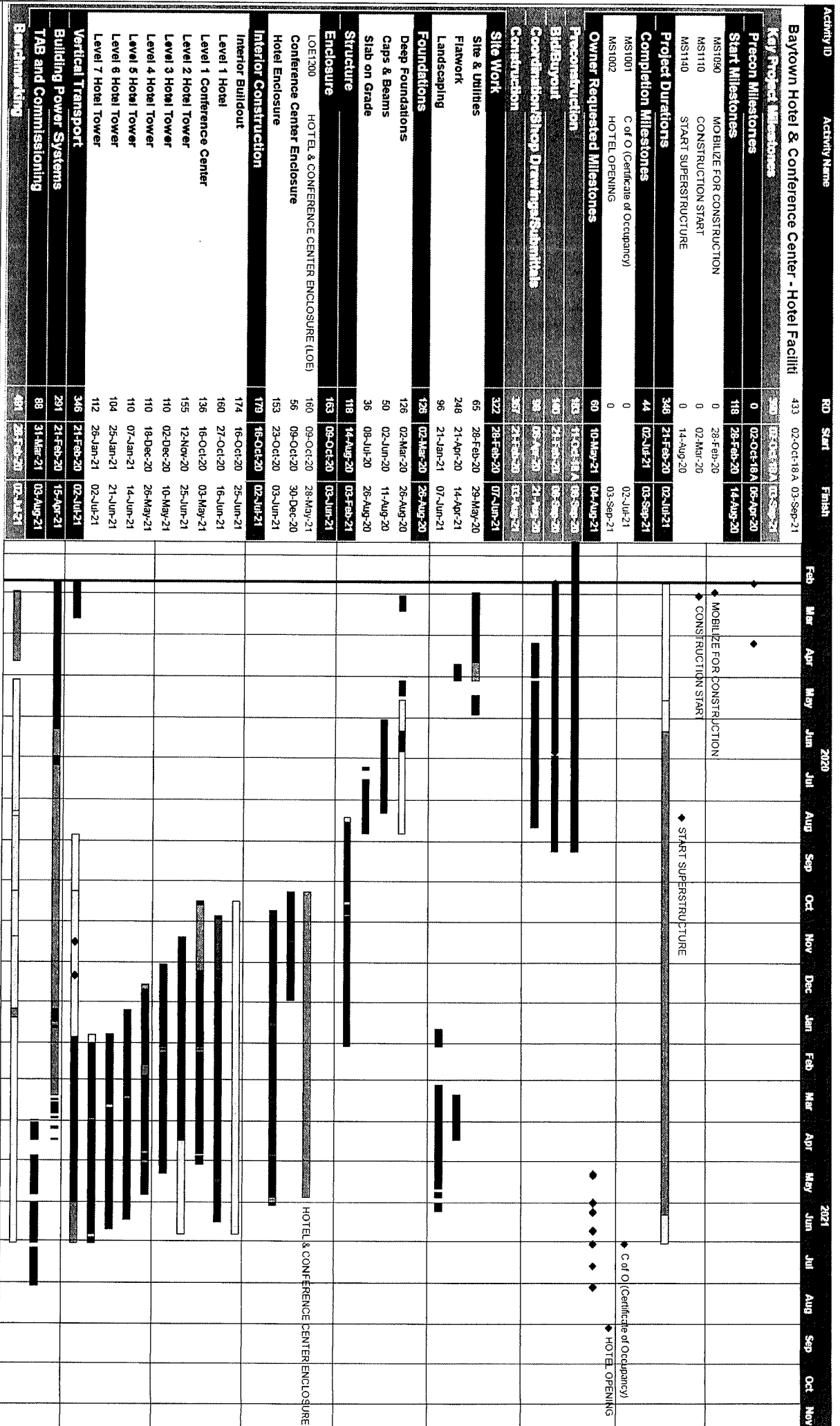
Subtotal Net of Financing & Working Capital \$ 42,523,945 \$ 21,152,851 \$ 63,676,797

Development Budget / FF&E Agreement

- The Development Manager has prepared the development plan for the Hotel Facilities and the City Facilities, which plan has been approved by the City and PFC
- The GMP excludes FF&E costs
- The Development Manager with Looney & Associates, LLC, a leading interior designer firm with extensive Hyatt experience, has secured design and quality approval for the FF&E from Hyatt
- The specifications for the FF&E for both the Hotel Facilities and the City Facilities are in compliance with the hotel design, quality and operating standards of Hyatt
- The Development Manager, with the approval of PFC, has retained BW Dallas LLC ("Benjamin West"), the world's leading FF&E procurement firm, for the purchase of all FF&E for the Hotel Facilities and the City Facilities
- Benjamin West is highly qualified and experienced in equipping upper-upscale full-service hotels in the Houston, Texas region consistent with the highest industry standards

Development Schedule

The development schedule below results in an October 1, 2021 Hotel opening date.



Baytown Hotel Conference Center - Hotel Facilities



3. Construction of the Convention Center and Hotel Project

The Design Builder and the Architect – DPR & BOKA Powell

DPR Construction will serve as the Design Builder and BOKA Powell Architects will serve as the Architect of Record.



DPR Construction

- DPR Construction is a national commercial contractor, construction manager, and technical builder ranked in the top 50 general contractors in the country since 1997; the firm has 28 years of expertise and knowledge of specialized areas of construction ranging from development through design/build, construction, and delivery of FF&E
- DPR Construction will provide all services through a Design Build Agreement with the PFC
- With deep roots in the hospitality and long-standing ties to numerous hospitality brands, DPR has been involved in new construction projects ranging from lobby renovations to multi-million-dollar ground-up projects, including:

Select Texas-Based Projects

- JW Marriott – Austin
- Marriott Cesar Chavez Hotel – Austin
- Omni Houston Hotel Renovations – Houston
- Omni Westside Hotel Renovations – Houston

Select National Projects

- Disney's Art of Animation Resort – Bay Lake, FL
- Oceanside Beachfront Resort – Oceanside, CA
- W Atlanta Downtown Hotel and Residences – Atlanta, GA
- Hyatt Place Nashville/Downtown – Nashville, TN



BOKA Powell Architects

- Founded in Dallas, Texas in 1976, BOKA Powell is a leading architecture, interior design, and planning firm with extensive national and international hospitality experience
- BOKA Powell will provide all design services through a contract with the Design Builder
- Notable hospitality experience includes the Omni Dallas Convention Center Hotel, the W Hotel & Residences at Block 21 in Austin, Texas, The Lumen adjacent to the Southern Methodist University campus in Dallas, Texas and the Granite Park Hilton in Plano, Texas

DPR's Involvement to Date: Site, Budget, Schedule Discussion

DPR Construction has been involved with the Convention Center and Hotel Project since January of 2018.

Construction-Related Activities to Date

- The project team has yet to commence with any on-site construction activities, but DPR Construction has been coordinating the details and resolving potential issues through the use of an offsite, full-scale mockup
 - Currently, this mockup of both a king and queen guestroom is in the framing stages; it will be a vital asset and instrumental in assisting in the collaboration between the project team and end-users team

Site, No Construction Issues

- The Hotel location presents some inherent challenges that DPR Construction has spent the last year identifying and addressing
- Challenges include the storm-prone area it sits in; this necessitates an expeditious start to dry-in period to ensure the Convention Center and Hotel Project does not have prolonged exposure to the elements
- DPR Construction has leveraged its prefabrication expertise and resources to prefabricate the Hotel structure, which will dramatically reduce the exposure time of material to the elements as well as reduce the overall timeline of construction

Development Budget and Schedule are Appropriate

- With over \$1 billion of completed hotel projects in Texas alone over the last 3 years, DPR Construction brings a deep understanding of the hospitality market
- This allowed DPR Construction to focus on collaborating with all stakeholders to understand the desired end-product and subsequently develop a budget and schedule that balances the realities/challenges of the local construction market with the stakeholders end-product expectations

Baytown Market – Materials Costs and Subcontractors

- The search for qualified skilled labor remains extremely challenging in the midst of a strong local construction market
 - This is one of the reasons that DPR Construction leveraged its prefabrication resources to help mitigate the impact of this issue on this project
- While uncertainty in the manufacturing segments still exist due to trade negotiations, new tariffs, and volatility in oil prices, DPR Construction does not currently see any major spikes in cost or delays of any one material category

Design Build Agreement

The proposed Design Build Agreement is summarized below.

Guaranteed Maximum Price (GMP)

- The Design Builder has agreed to design and construct the Convention Center and Hotel Project within the guaranteed maximum price

Substantial Completion Date

- The Design Builder has covenanted to sufficiently complete construction of the Hotel and Convention Center Project on or before the Substantial Completion Date as set forth in the Design Build Agreement
- Subject to Excusable Delays, the Design Builder or its surety will pay Liquidated Damages for each day of delay equal to the daily interest expense on the Series 2020 Bonds and the City's Certificate of Obligations; the total Liquidated Damages shall not exceed the amount of the Design Builder's Fee paid and payable based upon the guaranteed maximum price

Warranty

- The Design Builder warrants to the PFC that all materials and equipment furnished under the Construction Phase of the Design Build Agreement will be new, of good quality, in conformance with the Contract Documents, and free from defective workmanship and materials; warranties shall commence on the Substantial Completion Date of the Project and end 1 year after the Substantial Completion Date
- The Design Builder agrees to correct any breach of this warranty and to correct all construction performed under the Design Build Agreement which proves to be defective in workmanship and materials prior to or within a period of 1 year from the Substantial Completion Date, including, without limitation, the mechanical, electrical, or plumbing workmanship and materials.

Other Requirements

- The Design Builder is required to furnish a payment and performance bond that meets all statutory requirements for payment bonds under Texas law in an amount not less than the GMP under the Construction Contract
- Under the GMP, retainage equals 5% of all amounts to be paid by the Design Builder to subcontractors and contingency is the maximum sum available to the Design Builder to cover the cost of the work not included in the GMP with is incurred by the Design Builder as a result of unforeseeable causes and exigencies
- The Design Builder has agreed to obtain and maintain liability insurance coverage for projects of this size and type, including commercial general liability insurance, workers' compensation/employer's liability insurance, commercial auto liability insurance, pollution liability insurance, contractor's professional liability insurance, construction equipment insurance, hazardous materials insurance and excess liability coverage

The District engaged Broaddus & Associates to prepare a Plan and Cost Review and to serve as the Construction Monitor on behalf of the Trustee and the holders of the Series 2020 Bonds.

Broaddus & Associates

- Broaddus & Associates is one of the leading providers of facilities program management, consulting, and planning services in the United States for owners who are planning and developing construction projects
- Since its inception in 2000, the firm has managed over \$12 billion in capital projects (\$2 billion in the hospitality sector)

Plan and Cost Review: Broaddus & Associates Findings

Project Team

- Garfield Public Private LLC has developed and delivered numerous branded hotels and is currently engaged with at least two other Texas municipalities on similar hotel projects; the reputation of DPR Construction and BOKA Powell stand on their own, and combined, bring industry-leading expertise to the Convention Center and Hotel Project

Scope

- The City's original program requirements and identified scope, first developed in mid-2017, remain consistent in the current plans and specifications; the plans also align with the City's Master Plan for Bayland Island, dated October 17, 2019

Plans and Specs

- The plans/drawings are currently developed to midway between the Design Development and Construction Documents phases
- The foundation system is designed in accordance with the US Army Corps of Engineers criteria for storm surge protection and undermining resistivity; the structural system is designed appropriately for this region and construction type
- The drawings, when combined with the Project Manual, provide adequate detail and information required to proceed with construction once permitted by The City
- Based on project history and recent design progress, it is reasonable to assume that the Design Build team will complete Construction Documents (100% CDs) within project expectations and the identified project schedule

Schedule

- The schedule is realistic and feasible based on the resources available to DPR and current industry market conditions

Budget

- The total development budget is realistic and representative of local industry trends
- Review of recent cost reports produced by both The Beck Group and Skanska indicate costs of \$225-275/GSF for commercial, midrise construction in the greater Houston area; DPR's construction cost/GSF is \$264.01

4. Hotel Facilities and City Facilities Operation

Why a Full Service Hyatt Regency in Baytown

The Hotel is anticipated to cater to executives and groups doing business in the area, as well as serve as the only full-service hotel for the surrounding area.

The Greater Baytown Market

- Baytown is located in an area dubbed the “Golden Crescent” – a 700 mile strip along the Gulf Coast of Texas that produces approximately 80% of the petrochemicals in the United States
- Baytown has long been an established epicenter in the region for petroleum refinement, petrochemical processing, and industrial production due to its access to large infrastructure networks including the major freeways of Interstate 10 and State Highway 146, the Port of Houston, rail lines, air transportation, and a vast network of pipeline distribution systems
- Facilities in Baytown include Exxon Mobile’s largest refinery in the United States, a major Chevron Chemical operation, and the TGS Cedar Port Industrial Park, one of the world’s largest industrial and commercial transportation and intermodal hubs
 - Major facilities in TGS include Home Depot’s 750,000 square foot distribution hub, Walmart’s primary import center in the US measuring 4.2 million square feet, and JSW Steel’s plate and pipe manufacturing facility
- Due to the abundance of available land and existing infrastructure within Baytown, there are currently 9 major industrial parks or petrochemical plants under development or expansion in the area, anticipated to result in a capital investment between \$10 and \$13 billion over the next several years

Hotel Positioning and Programming

- The Hotel will be centrally located and within a short drive of the above facilities
- The Convention Center and Hotel Project will cater to executives and groups doing business in the area, as well as serve as the only full-service hotel for the surrounding area
- The location on Bayland Island and the surrounding amenities will help differentiate the facilities from the existing select service hotels in the area

The Hotel’s programming, including the meeting space, will provide a unique setting and will be the only high quality meeting venue in the region, and the Hotel’s amenities will drive social leisure business during the weekends

Hotel Services Agreement

Hyatt will operate the Hotel Facilities and City Facilities as a Hyatt Regency pursuant to the Hotel Services Agreement.

Term, Key Money, and Fees

- The Hotel Services Agreement has an initial operating term of 15 years commencing on the opening date of the Hotel Facilities; Hyatt, in its sole discretion, may extend the term of the Hotel Services Agreement for one additional 15 year period by giving written notice to the District no less than 12 months and no more than 15 months prior to the expiration of the original term
- Hyatt will provide \$600,000 to the District by payment into the Working Capital Reserve Fund in the form of key money (“Key Money”) on the date which is later of (A) thirty (30) days after the Opening Date or (B) the date all of the Funding Conditions have been satisfied
- Base Management Fee: 3.0%, 4.0%, and 5.0% of the Revenue of the Hotel Facilities in operating years 1, 2, and 3 / thereafter (respectively)
- Subordinate Management Fee Fund: 1.0% of the Revenue of the Hotel Facilities

Summary of Responsibilities under the Hotel Services Agreement

- Determining the terms of guest admittance, use of the Hotel Facilities for customary purposes, and charges for rooms and Hotel services
- The planning, supervision, and implementation of (a) all aspects of the promotion, publicity, marketing, sales, and public relations activity of the Hotel Facilities and (b) all aspects of the booking and reservations process
- Implementing policies concerning the purchase of inventories, supplies, FF&E, Operating Equipment, utilities, equipment maintenance, communications services, security protection, and other goods and services necessary for the operation of the Hotel Facilities
- Collection of Revenue and payment of Operating Expenses
- Overseeing routine repair and maintenance programs and coordinating with the District the implementation of Capital Budgets and other Capital Expenditures contemplated under the terms of the Hotel Services Agreement
- Collection and remittance of all applicable taxes or similar governmental charges collected by the Hotel Facilities directly from patrons/guests

Performance Termination

- Owner shall have the right to issue a Termination Notice if the Hotel does not meet the requirements of the Performance Test (both the RevPAR Test and the GOP Test) applicable to the most recently concluded Performance Test Period
 - “Performance Test Period” means any 2 consecutive Fiscal Years beginning with the 4th full Fiscal Year of the Operating Term
- RevPAR Test: The Hotel would not meet the RevPAR Test in a given Fiscal Year if the Hotel RevPAR for such Fiscal Year is less than 93% of the Average RevPAR of the Competitive Set for the same Fiscal Year
- GOP Test: The Hotel would not meet the requirements of the GOP Test in a given Fiscal Year if the Hotel’s annual Gross Operating Profit, as set forth in the applicable Annual Financial Statement, is less than 90% of the projected Gross Operating Profit for the same Fiscal Year set forth in the applicable Annual Plan

5. HV/S Market Study

Description of the Project and the Site

The proposed site is located on an empty peninsula next to a highly-active marina and easily accessed and seen from the major highway arteries servicing the area.

Site

- The site for the Hotel is adjacent to the Bayland Marina in Baytown, Texas; the site plan for the Hotel Facilities, City Facilities, and Baytown Marina with possible future additions is shown in the figure below
- The Convention Center and Hotel Project neighborhood is on a peninsula at the entry to Baytown with access to the City of La Porte on the Fred Hartman Bridge
- Several restaurants are one to two miles from the site, and major dining and entertainment venues are 7 miles from the site at the San Jacinto Mall
- William P. Hobby Airport is approximately 20 miles from the site, and George Bush Intercontinental Airport is approximately 37 miles to the northwest of the site

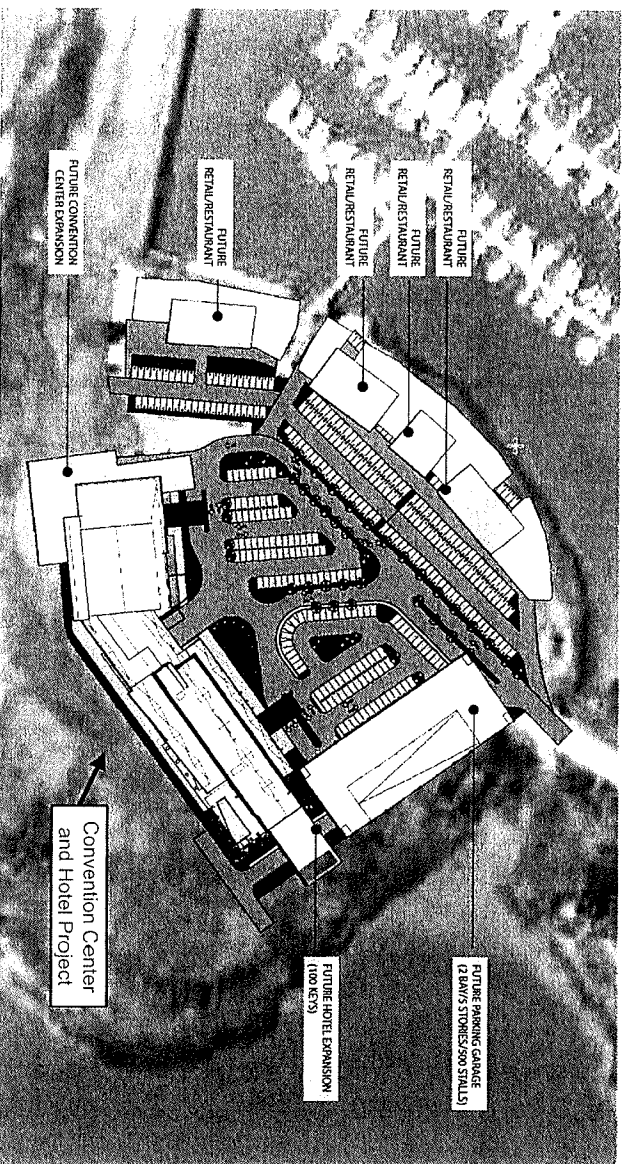
Proposed Hotel Facilities

- Full-service Hyatt Regency Hotel
- 208 keys
- Restaurant, outdoor terrace, lounge
- Outdoor pool, fitness center, business center, gift shop

City Facilities

- Public conference rooms and meeting space of approximately 33,600 square feet
- Ballroom of approximately 12,000 square feet
- Meeting rooms and boardroom of approximately 5,890 square feet
- Public facilities or infrastructure ancillary to the conference rooms and meeting space
- Adjacent site improvement and surface parking

Convention Center and Hotel Project / Potential Future Development



Baytown Market Area Analysis

Continued growth is expected, including expected expansions in the midstream and downstream petrochemical sectors, logistics and distribution, and heavy manufacturing in the surrounding area, largely driven by shale gas production.

Overview

- The oil and gas sector drives Baytown's economy including downstream manufacture of plastics and other chemicals from the raw material
- Three corporations anchor Baytown: ExxonMobil, Chevron Phillips Chemical, and Covestro LLC
 - The ExxonMobil Baytown Complex, founded in 1919, is one of the world's largest industrial complexes; the Baytown Refinery located there is the largest in the United States
 - The Covestro manufacturing site is their largest in North and Central America, producing a variety of high-tech polymer materials
 - The Cedar Bayou plant, in operation since 1963, is Chevron Phillips Chemical's largest manufacturing site in the United States
- Over the last several years, the availability of relatively cheap natural gas (a primary input in the manufacturing process) has allowed several facilities to undergo multi-billion-dollar expansions

Major Ongoing Projects

- Several projects in Baytown, either underway or in the planning stage, will generate thousands of construction jobs and hundreds of permanent jobs, including:

The San Jacinto Mall in Baytown is changing from an indoor mall to outdoor shopping areas; when completed, up to \$100 million will be invested in the redevelopment

Exxon Mobile Corporation has announced a \$2.1 billion project in the Baytown Industrial Districts

Covestro AG has also announced a \$2.1 billion project in the Baytown Industrial Districts

Enterprise Products Partners announced plans to construct two new NGL fractionators adjacent to its Mont Belvieu complex to come online in 2020; capital investment is estimated to be \$790 million and enroll 25 full-time employees

Feasibility analysis has been completed for 2 additional Propane Dehydrogenation ("PDH") facilities, which represent an additional \$2.4 billion in capital investment

Enterprise Products Partners L.P. and LyondellBasell Industries have announced their respective affiliates have executed long-term contracts that support the construction of Enterprise's second propane dehydrogenation plant, referred to as PDH 2

PDH 2 will have the capacity to consume up to 35,000 barrels per day of propane and produce up to 1.65 billion pounds per year of polymer grade propylene, a mainstay feedstock to produce various polymers; PDH 2 is expected to provide approximately 1,500 to 2,000 jobs during construction

Overview of the U.S. Hospitality Industry

The information below provides an overview of the domestic hotel industry since the Great Recession.

Trends Since 2008

- Following the significant RevPAR decline experienced during the Great Recession, demand growth resumed in 2010, led by select markets that had recorded growth trends in the 4th quarter of 2009
- A return of business travel and some group activity contributed to these positive trends; the resurgence in demand was partly fueled by the significant price discounts that were widely available in the first half of 2010

These discounting policies were largely phased out in the latter half of the year, balancing much of the early rate loss

Demand growth remained strong, but decelerated from 2011 through 2013, increasing at rates of 4.7%, 2.8%, and 2.0%, respectively

Demand growth then surged to 4.0% in 2014, driven by a strong economy, a robust oil and gas sector, and limited new supply, among other factors; by 2014, occupancy had surpassed 64%

Average rate rebounded similarly during this time, bracketing 4.0% annual gains from 2011 through 2014

In 2015, demand growth continued to outpace supply growth, a relationship that has been in place since 2010; with a 2.9% increase in room nights, the nation's occupancy level reached a record high of 65.4% in 2015

Supply growth intensified modestly in 2015 (at 1.1%), following supply growth levels of 0.7% and 0.9% in 2013 and 2014, respectively

Average rate posted another strong year of growth, at 4.7% in 2015, in pace with the annual growth of the last four years. Robust job growth, heightened group and leisure travel, and waning price-sensitivity all contributed to the gains

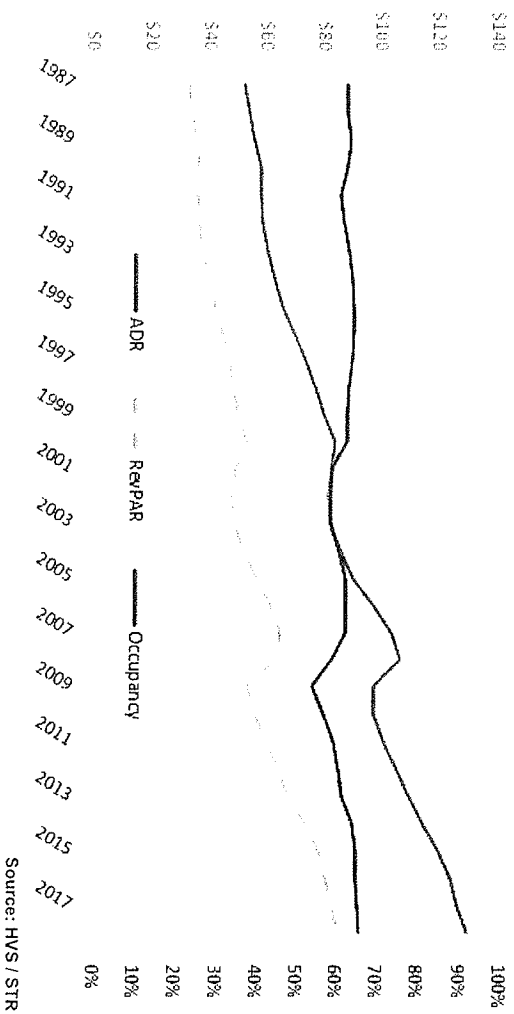
Trends Since 2016

In 2016, occupancy showed virtually no change, as demand growth kept pace with supply additions; occupancy then moved even higher in 2017 and 2018, to new highs of 65.9% and 66.2%, respectively

ADR increased 2.1% and 2.4% in 2017 and 2018, respectively, and by year-end 2018, the net change in RevPAR was 2.9%, reflecting a healthy lodging market overall

Year-to-date statistics through October 2019 reflect a slight downward change in occupancy, while average rate increased by just over \$1.00, resulting in a 0.8% upward change in RevPAR

U.S. ADR, Occupancy, and RevPAR Trends



Overview of Competitive Hotels

The following information summarizes the competitive set using data from HVS and STR.

Overview

- HVS selected a set of 6 local properties that would compete with the Hotel on a primary basis and six local properties on a secondary basis, for a total of 12 competitors ("Competitive Hotels")
- The Competitive Hotels contain three hotels with significant amounts of meeting space: the DoubleTree Houston Hobby Airport, the Hilton Houston NASA Clear Lake, and the Marriott Houston Hobby Airport Hotel, which are all older than 30 years
- The Hotel will be the first full-service hotel with meeting space built in the local market in over three decades

The Weighted Competitive Set

Hotel	Rooms	Competitive Level	Weighted Room Count
6 Primary Competitors			
DoubleTree by Hilton Hotel Houston Hobby Airport	303	100%	303
Hilton Garden Inn Houston Baytown	125	100%	125
Hilton Houston NASA Clear Lake	242	100%	242
Holiday Inn Houston East Channelview	111	100%	111
Marriott Houston Hobby Airport Hotel	290	100%	290
Kemah Boardwalk Inn	58	100%	58
Total Primary Competitors	1,129	100%	1,129
6 Secondary Competitors			
Courtyard by Marriott Houston NASA Clear Lake	124	70%	87
Hampton Inn Houston Baytown	124	70%	87
Hilton Garden Inn Houston Clear Lake NASA	70	70%	49
Holiday Inn Kemah Near Boardwalk	126	65%	82
Holiday Inn Express & Suites Houston East Baytown	128	65%	83
Holiday Inn Express & Suites Houston Baytown	91	80%	73
SpringHill Suites Houston Baytown	101	70%	71
Total Secondary Competitors	640	69%	444
Total: Primary & Secondary Competitors	1,769	89%	1,573

The Age of Competitive Hotels

Property	STR Classification	Years	
		Old	Rooms
DoubleTree by Hilton Hotel Houston Hobby Airport	Upscale Class	37.09	303
Hilton Houston NASA Clear Lake	Upper Upscale Class	36.92	242
Marriott Houston South @ Hobby Airport	Upper Upscale Class	33.92	290
Hampton by Hilton Inn Houston/Baytown	Upper Midscale Class	23.34	70
Boardwalk Inn Kemah Boardwalk	Luxury Class	21.51	58
Hilton Garden Inn Houston Clear Lake NASA	Upscale Class	10.26	126
Holiday Inn Kemah Near Boardwalk	Upper Midscale Class	9.43	128
SpringHill Suites Houston Baytown	Upscale Class	9.09	101
Holiday Inn Houston East-Channelview	Upper Midscale Class	8.76	111
Courtyard Houston NASA Clear Lake	Upscale Class	7.43	124
Holiday Inn Express & Suites Houston East Baytown	Upper Midscale Class	5.68	91
Hilton Garden Inn Houston Baytown	Upscale Class	2.26	125

Average Age: 17.14

2017 & 2018 Performance of the Primary Competitive Set

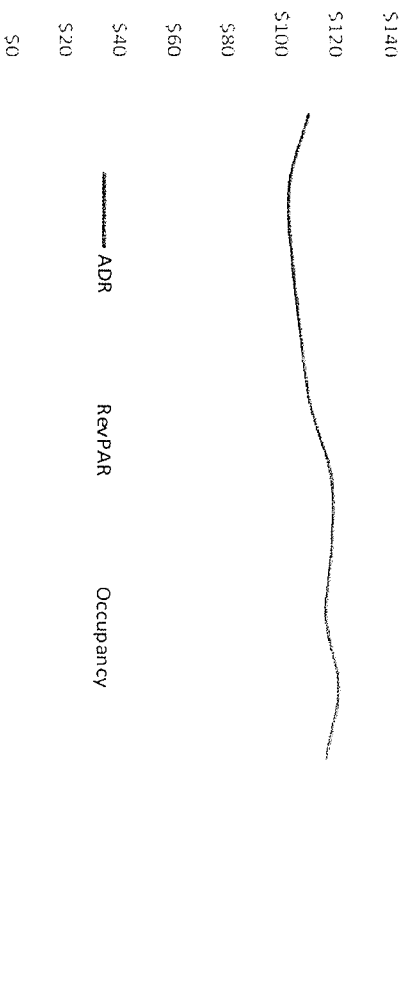
Property	Rooms	Estimated 2017			Estimated 2018		
		Occ.	ADR	RevPAR	Occ.	ADR	RevPAR
DoubleTree by Hilton Houston Hobby Airport	303	70 - 75 %	\$110 - \$115	\$80 - \$85	65 - 70 %	\$110 - \$115	\$75 - \$80
Hilton Garden Inn Houston Baytown	125	70 - 75	130 - 140	100 - 105	60 - 65	130 - 140	80 - 85
Hilton Houston NASA Clear Lake	242	70 - 75	130 - 140	90 - 95	65 - 70	125 - 130	85 - 90
Holiday Inn Houston East Channelview	111	70 - 75	130 - 140	95 - 100	65 - 70	120 - 125	80 - 85
Marriott Houston Hobby Airport Hotel	290	65 - 70	115 - 120	80 - 85	70 - 75	110 - 115	80 - 85
Kemah Boardwalk Inn	58	70 - 75	180 - 190	125 - 130	65 - 70	170 - 180	120 - 125
Totals	1,129	72.2%	\$125	\$90	69.9%	\$120	\$84

Supply and Demand Analysis of Competitive Hotels

The Hotel will be the first full-service hotel with meeting space built in the local market in over three decades. The following data highlights the operating performance, supply, and demand for the Competitive Hotels in the Baytown area.

Competitive Hotels

Historical Room Night Demand, ADR, and RevPAR



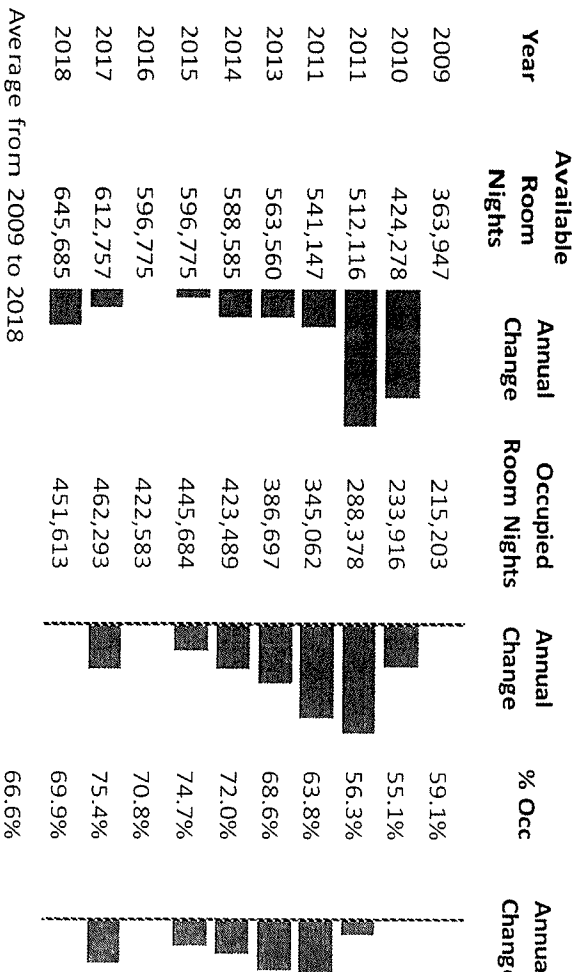
Weighted Competitive Set Recent Market Performance

Year	Room Nights		Occupancy	ADR		RevPAR
	Available	Sold		ADR	RevPAR	
2016	526,000	368,000	70.0%	\$119.02	\$83.27	
2017	542,000	403,000	74.4%	\$123.57	\$91.88	
2018	574,000	400,000	69.7%	\$118.30	\$82.44	
% Change						
2017	3.0%	9.5%	6.3%	3.8%	10.3%	
2018	5.9%	-0.7%	-6.3%	-4.3%	-10.3%	

Source: HVS / STR

Unweighted Competitive Hotels

Historical Supply, Demand, Occupancy, ADR, and RevPAR



Note: Demand decreased in 2018 as temporary housing demand related to Hurricane Harvey left the market

Source: HVS / STR

Monthly Demand over the Last 12 Months for Competitive Hotels

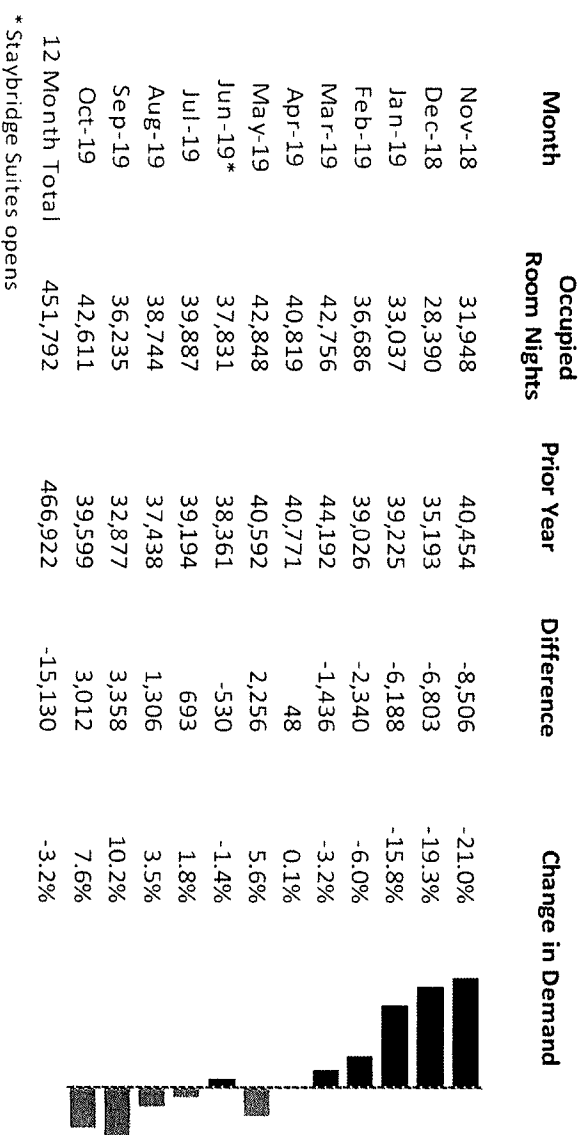
Demand growth has returned to the Competitive Hotels, as shown in the figure below.

Overview

Demand growth has returned to the Competitive Hotels supported by:

- The opening of the Staybridge Suites in 2019
- The ending of the impact of demand leaving markets as the impact of Hurricane Harvey dissipates
- General growth in demand related to the petrochemical industry

Monthly Change in Demand over last 12 Months



Source: HVS / STR

Projecting Performance in the Local Market

New supply, estimated annual base growth rates, unaccommodated demand, and timing of demand charts shown below.

Summary of New Supply

Year	Proposed Property	Competitive Weight	Proposed Rooms	Weighted Room Count	Cumulative Weighted Room Count
2019	Staybridge Suites	70%	106	74	
2021	Proposed Hyatt Regency	100%	208	208	
Totals			314	282	

Discussion of Projections

The projected growth rates for the market are supported by:

- The opening of the Staybridge Suites in 2019
- The opening of the Proposed Hotel in 2021

Estimated Annual Base Growth Rates by Market Segment

Segment	2019	2020	2021	2022	2023	2024	Average
Commercial	1.5%	2.5%	2.5%	3.0%	2.0%	1.0%	2.1%
Meeting and Group	1.0%	1.5%	1.5%	1.5%	1.5%	1.0%	1.3%
Leisure	1.5%	2.5%	2.5%	3.0%	2.0%	1.0%	2.1%
Weighted Overall Change	1.4%	2.3%	2.3%	2.7%	1.9%	1.0%	1.9%

The industrial growth expected in Baytown

Unaccommodated Demand Estimate

Market Segment	Total Room Nights		Unaccommodated Demand	
	Total	% of Total	Room Nights	% of Total
Commercial	207,869	0.8%	1,693	
Leisure	98,546	0.6%	564	
Meeting and Group	93,814	0.0%	0	
Total	400,229	0.6%	2,258	

Timing of Induced Demand

Year	Commercial	Meeting and Group	Leisure	Total Induced
2021	480	1,800	600	2,880
2022	2,040	8,100	3,060	13,200
2023	2,400	9,720	3,600	15,720
2024	2,400	10,800	3,600	16,800

Projection of Occupancy and Average Rate

The data below provides a comparison of the Hotel's metrics relative to its competitors.

Based upon HVS positioning within each market segment, the Hotel would:

- Over-penetrate the meeting and group segment due to extensive meeting facilities
- Under-penetrate the commercial segment due to the property being marketed for meeting and group activities and higher ADR
- Under-penetrate the leisure segment due to high ADR and focus on the meeting and group market
- Over-penetrate the competitive market

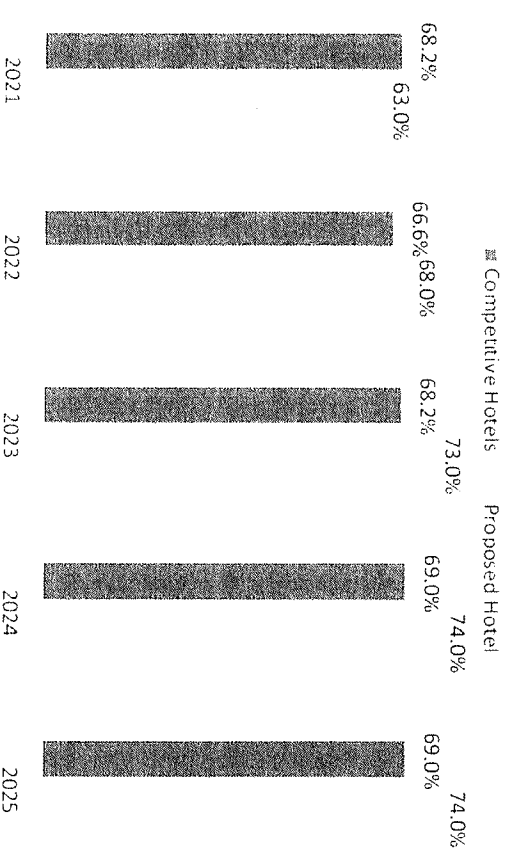
Average Daily Rate Projections

Competitive Hotels vs. Proposed Hotel

Year	Competitive Hotels		Proposed Hotel	
	ADR Growth	Weighted ADR	ADR Growth	ADR Penetration
Base Year	--	\$118.30		
2019	-3.0%	114.75		
2020	1.0%	115.90		
2021	2.0%	118.22		
2022	3.0%	121.77	\$154.89	131.0%
2023	3.0%	125.42	159.54	131.0%
2024	3.0%	129.18	164.32	131.0%
2025	3.0%	133.06	169.25	131.0%
2026	3.0%	137.05	174.33	131.0%
2027	3.0%	141.16	179.56	131.0%
			184.95	131.0%

Occupancy Projections

Competitive Hotels vs. Proposed Hotel



Projection of Occupancy, ADR, and RevPAR

Proposed Hotel

Year	Occupancy	ADR	RevPAR	RevPAR Increase
2021/22	67%	\$153.24	\$102.67	--
2022/23	71%	161.10	114.38	11.4%
2023/24	74%	167.61	124.03	8.4%
2024/25	74%	172.63	127.75	3.0%
2025/26	74%	177.81	131.58	3.0%
2026/27	74%	183.15	135.53	3.0%
2027/28	74%	188.64	139.59	3.0%
2028/29	74%	194.30	143.78	3.0%
2029/30	74%	200.13	148.10	3.0%
2030/31	74%	206.13	152.54	3.0%

Hotel Pro Forma in the First Stabilized Year

The Hotel stabilizes in fiscal year ending 2024 (the third year of operations).

- Projected Hotel operating performance upon stabilization is provided in the table to the right
- The HVS pro forma was developed based upon:
 - The waterfront location of the site
 - The lack of modern full-service meeting-oriented hotels in Baytown
 - The age of the competitive full-service meeting-oriented hotels in the surrounding area
 - The extensive meeting space in the conference center which will create meeting and group demand
 - The potential expansion of the adjacent Bayland Marina
 - The strong Hyatt Regency brand
 - Ownership by the PFC that will eliminate the need to pay property taxes
- Please refer to the HVS Proposed Hyatt Regency Hotel Market Study date December 16, 2019 for the assumptions and limiting conditions for the study

	STATISTICS	
	Number of Rooms Occupied Room Nights	208
	Occupancy	56,181
	Average Rate	74%
	RevPAR	\$167.61
		\$124.03
Operating Revenue	\$000	% of Gross
Rooms	\$9,416	64.8%
Food	3,966	27.3%
Beverage	661	4.5%
Other Operated Departments	397	2.7%
Miscellaneous Income	89	0.6%
Total Operating Revenues	\$14,529	100%
Departmental Expenses*		
Rooms	\$1,977	21.0%
Food & Beverage	2,776	60.0%
Other Operated Departments	250	63.0%
Total Expenses	\$5,004	34.4%
Departmental Income	\$9,525	65.6%
Undistributed Operating Expenses		
Administrative & General	\$1,177	8.1%
Marketing	1,148	7.9%
Prop. Operations & Maint.	538	3.7%
Utilities	465	3.2%
Info & Telecom Systems	174	1.2%
Total Expenses	\$3,502	24.1%
Gross House Profit	\$6,024	41.5%
Management Fee	\$726	5.0%
Income Before Non-Opr. Inc. & Exp.	\$5,297	36.5%
Non-Operating Income & Expenses		
Insurance	164	1.1%
Reserve for Replacement	581	4.0%
Total Expenses	\$745	5.1%
EBITDA Less Reserve Available for Debt Service	\$4,552	31.4%

*Departmental expense ratios are calculated as a percentage of departmental revenue.

Projection of Income and Expense

The following provides HVS's projections through 2031.

	STATISTICS		2021/22		2022/23		2023/24		2024/25		2025/26		2026/27		2027/28		2028/29		2029/30		2030/31	
	Number of Rooms	Occupied Room Nights	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208
	Average Occupancy	67%	71%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%
	Average Rate	\$153.24	\$161.10	\$167.61	\$172.63	\$177.81	\$183.15	\$188.64	\$194.30	\$200.13	\$206.13	\$212.23	\$218.48	\$224.88	\$231.43	\$238.13	\$244.98	\$251.98	\$259.13	\$266.43	\$273.88	\$281.43
	RevPAR	\$102.67	\$114.38	\$124.03	\$127.75	\$131.58	\$135.53	\$139.59	\$143.78	\$148.10	\$152.54	\$157.03	\$161.63	\$166.33	\$171.13	\$176.03	\$181.03	\$186.13	\$191.33	\$196.63	\$202.03	\$207.53
Operating Revenue		\$7,795	\$8,684	\$9,416	\$9,699	\$9,990	\$10,289	\$10,598	\$10,916	\$11,243	\$11,581	\$11,928	\$12,286	\$12,654	\$13,033	\$13,423	\$13,823	\$14,233	\$14,653	\$15,083	\$15,523	\$15,973
Rooms		63.4	64.3	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8
Food		3,473	3,734	3,966	4,085	4,208	4,334	4,464	4,598	4,736	4,878	5,023	5,173	5,328	5,488	5,653	5,823	5,998	6,178	6,363	6,553	6,748
Beverage		590	627	661	681	701	722	744	766	789	813	838	863	888	913	938	963	988	1,013	1,038	1,063	1,088
Other Operated Departments		363	380	397	409	421	433	446	460	474	488	503	517	531	546	561	576	591	606	621	636	651
Miscellaneous Income		82	86	89	92	95	98	100	103	107	110	114	117	121	125	129	133	137	141	145	149	153
Total Operating Revenues*		\$12,303	\$13,511	\$14,529	\$14,965	\$15,414	\$15,876	\$16,353	\$16,843	\$17,348	\$17,869	\$18,403	\$18,951	\$19,513	\$20,089	\$20,680	\$21,285	\$21,905	\$22,540	\$23,190	\$23,855	\$24,535
Departmental Expenses*		\$1,793	\$1,889	\$1,977	\$2,037	\$2,098	\$2,161	\$2,226	\$2,292	\$2,361	\$2,432	\$2,506	\$2,583	\$2,663	\$2,746	\$2,832	\$2,920	\$3,011	\$3,105	\$3,202	\$3,302	\$3,405
Rooms		23.0	21.7	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Food & Beverage		2,536	2,660	2,776	2,860	2,945	3,034	3,125	3,219	3,315	3,415	3,518	3,623	3,731	3,842	3,955	4,071	4,190	4,312	4,437	4,564	4,694
Other Operated Departments		234	242	250	257	265	273	281	290	299	307	315	324	333	342	351	360	369	378	387	396	405
Total Expenses		\$4,563	\$4,790	\$5,004	\$5,154	\$5,308	\$5,468	\$5,632	\$5,801	\$5,975	\$6,154	\$6,338	\$6,527	\$6,721	\$6,920	\$7,124	\$7,333	\$7,547	\$7,766	\$7,990	\$8,219	\$8,453
Departmental Income		\$7,740	\$8,720	\$9,525	\$9,812	\$10,106	\$10,409	\$10,721	\$11,043	\$11,374	\$11,716	\$12,073	\$12,440	\$12,818	\$13,203	\$13,595	\$13,994	\$14,400	\$14,823	\$15,253	\$15,690	\$16,135
Undistributed Operating Expenses		\$1,081	\$1,331	\$1,377	\$1,212	\$1,249	\$1,286	\$1,325	\$1,364	\$1,405	\$1,447	\$1,490	\$1,534	\$1,579	\$1,625	\$1,672	\$1,720	\$1,769	\$1,819	\$1,870	\$1,922	\$1,975
Administrative & General		1,054	1,303	1,348	1,182	1,218	1,254	1,292	1,331	1,371	1,412	1,454	1,497	1,541	1,586	1,632	1,679	1,727	1,776	1,825	1,875	1,926
Marketing		494	516	538	554	570	587	605	623	642	661	681	701	721	741	761	781	801	821	841	861	881
Prop. Operations & Maint.		427	447	465	479	493	508	523	539	555	572	589	606	623	641	659	677	695	714	732	751	770
Utilities		160	167	174	180	185	191	196	202	208	214	219	225	231	237	243	249	255	261	267	273	279
Info & Telecom Systems		\$3,217	\$3,364	\$3,502	\$3,607	\$3,715	\$3,826	\$3,941	\$4,059	\$4,181	\$4,306	\$4,434	\$4,565	\$4,699	\$4,836	\$4,975	\$5,117	\$5,262	\$5,409	\$5,559	\$5,712	\$5,868
Total Expenses		\$4,523	\$5,357	\$6,024	\$6,205	\$6,391	\$6,582	\$6,780	\$6,984	\$7,193	\$7,409	\$7,632	\$7,861	\$8,096	\$8,337	\$8,584	\$8,837	\$9,095	\$9,358	\$9,626	\$9,899	\$10,177
Gross House Profit		\$3,699	\$4,154	\$4,816	\$5,297	\$5,457	\$5,748	\$6,211	\$6,581	\$6,963	\$7,367	\$7,793	\$8,238	\$8,701	\$9,183	\$9,685	\$10,207	\$10,750	\$11,315	\$11,903	\$12,515	\$13,152
Management Fee		\$369	\$540	\$726	\$748	\$771	\$794	\$818	\$842	\$867	\$893	\$919	\$946	\$973	\$1,001	\$1,029	\$1,058	\$1,087	\$1,117	\$1,147	\$1,178	\$1,209
Income Before Non-Oper. Inc. & Exp.		\$4,154	\$4,816	\$5,297	\$5,457	\$5,748	\$6,211	\$6,581	\$6,963	\$7,367	\$7,793	\$8,238	\$8,701	\$9,183	\$9,685	\$10,207	\$10,750	\$11,315	\$11,903	\$12,515	\$13,152	
Non-Operating Income & Expenses		\$155	\$159	\$164	\$169	\$174	\$179	\$185	\$190	\$196	\$202	\$208	\$214	\$219	\$225	\$231	\$237	\$243	\$249	\$255	\$261	\$267
Insurance		246	405	581	599	617	635	654	674	694	715	736	757	778	800	822	844	866	889	911	934	957
Reserve for Replacement		\$401	\$565	\$745	\$768	\$791	\$814	\$839	\$864	\$890	\$917	\$944	\$971	\$1,000	\$1,029	\$1,059	\$1,089	\$1,120	\$1,151	\$1,182	\$1,214	\$1,246
Total Expenses		\$3,753	\$4,252	\$4,552	\$4,689	\$4,830	\$4,974	\$5,124	\$5,277	\$5,435	\$5,599	\$5,766	\$5,937	\$6,112	\$6,291	\$6,474	\$6,661	\$6,852	\$7,047	\$7,246	\$7,449	\$7,656
EBITDA Less Reserve Available for Debt Service		\$305	\$4,252	\$314	\$4,552	\$314	\$4,974	\$314	\$5,124	\$314	\$5,435	\$314	\$5,937	\$314	\$6,291	\$314	\$6,852	\$314	\$7,449	\$314	\$8,116	\$314

* Departmental expense ratios are calculated as a percentage of departmental revenue.

Conclusion

The stabilized total revenue comprises primarily of rooms and food and beverage revenue, with a relatively small portion derived from other income sources

On the cost side, departmental expenses total 34.4% of revenue in a stabilized year for the Proposed Hotel, while undistributed operating expenses total 24.1% of total revenues; this assumes that the property would be operated competently by a well-known hotel operator

After a 5.0% of total revenues management fee (excluding incentive management fee), and 5.1% of total revenues in fixed expenses with no allowance for property taxes, a net income ratio of 31.4% (\$4.55 million) is forecast by 2023/24 for the Hotel

Basis for a Stress Test

HVS analyzed a stress test scenario based upon the following factors.

Overview

- HVS based the stress test on the historical performance of the Houston market during the Great Recession (2009 through 2014)

- This stress test reflects local area economic conditions and an economy dominated by the energy sector

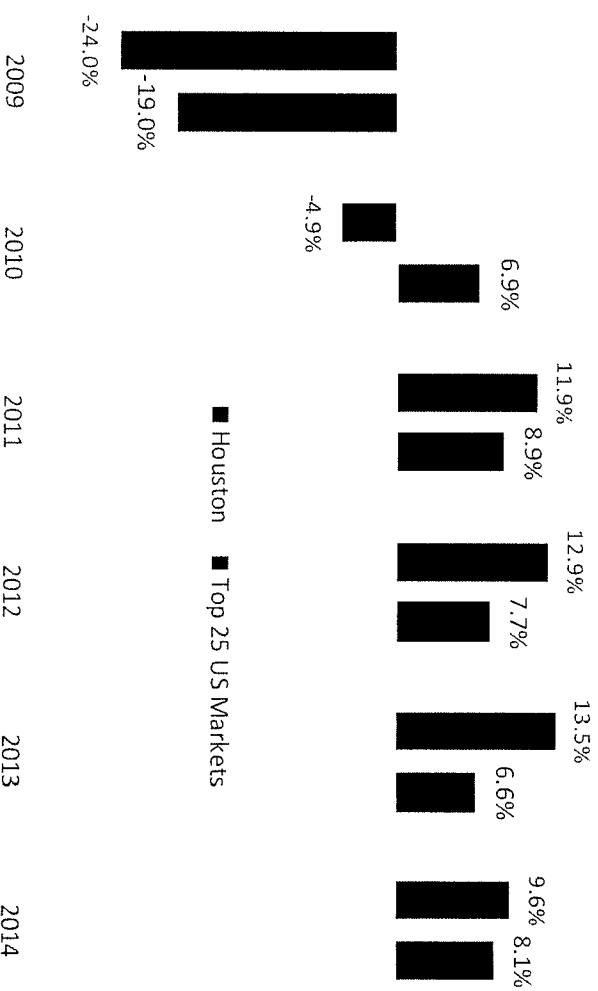
- Compared to the top 25 markets in the US, Houston experienced greater percentage declines in RevPAR

- 2009: 24% decline vs 19% decline
- 2010: 4.9% decline vs 6.9% increase

- To model the worst-case scenario, we started the stress test in the first full calendar year of operation (2022), 4 months after opening

- Historical percentage declines were applied to base room night demand and to ADR

Annual Percentage Change in RevPAR



Historical Market Performance during the Great Recession

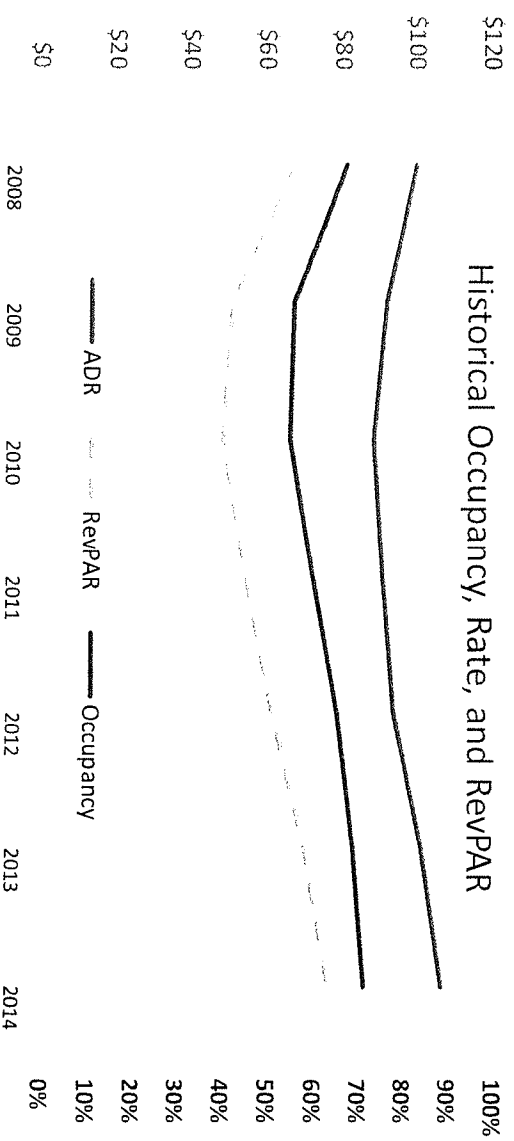
A summary of the historical performance of the Houston hotel market during the Great Recession is provided below.

Overview

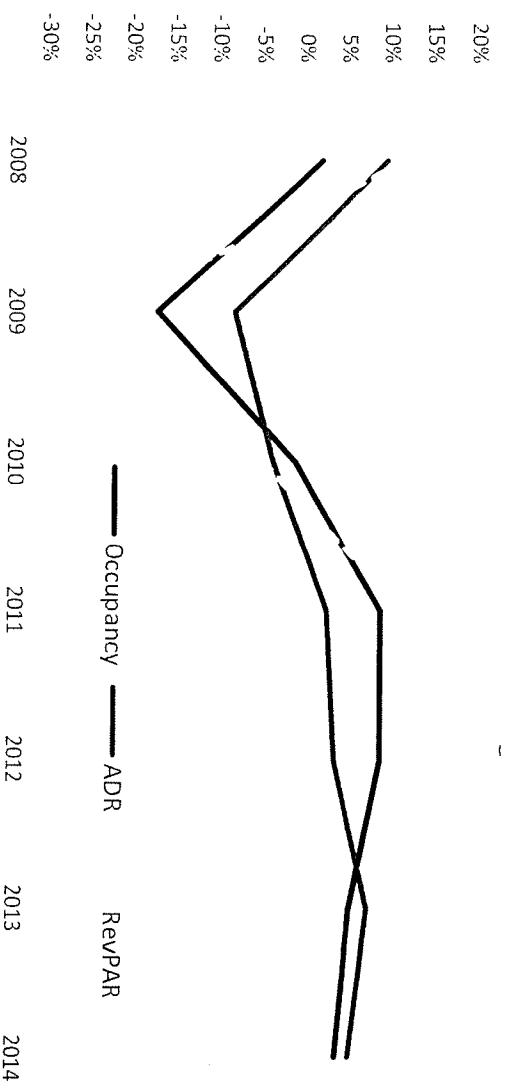
- The historical performance of the Houston hotel market from 2008 through 2014 was as follows:
 - The low point for occupancy was in 2010 at 55.1%
 - ADR reach a low point of \$88.57 in 2010 and recovered to \$106.91 in 2014
 - RevPAR fell to a low point of \$48.80 in 2010 and recovered to \$76.65 in 2014

The largest percent declines occurred in 2009 but recovery in Houston did not begin until 2011

Historical Occupancy, ADR, and RevPAR



Annual Percentage Change of Key Metrics



Stress Test Results: Projected Hotel Performance and Key Metrics

The projected results of HVS' stress test on the Hotel's operating performance and other key metrics are provided below.

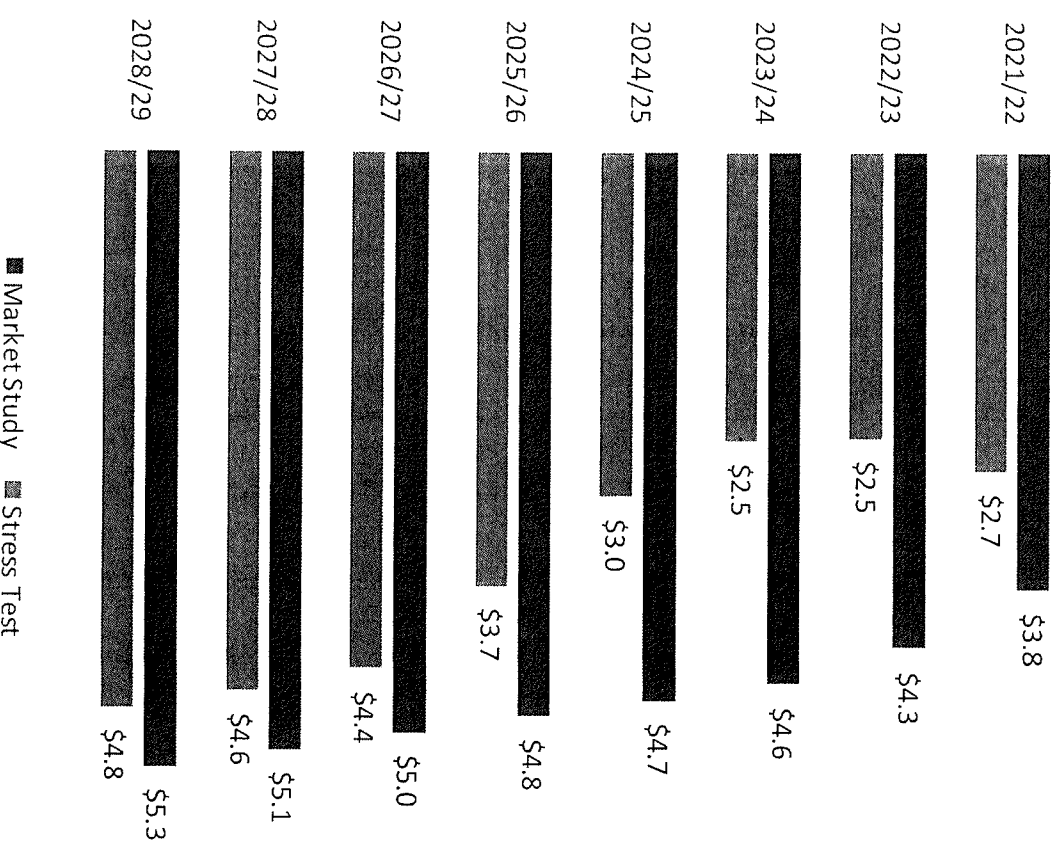
The Stress Test

- EBITDA less Reserve takes the largest decline in the last 20 years (2009-2014)
- Assumes the market downturn begins in 2022, the second calendar year of operation of the Hotel
- The changes in the market ADR and occupancy tract the changes from 2009 through 2014
- Occupancy recovery is limited to the maximum rate in the Market Study (74%)

Conclusions

- Occupancy does not recover above our projection of stabilized occupancy
- ADR never recovers to original HVS projections
- The stabilized occupancy rate of 74% is regained by 2026/27
- ADR does not fully recover to the levels projected in the study by 2027/28
- After 2027/28, HVS applies a 3% rate of inflation
- After 2027/28, EBITDA less Reserve stays approximately 10% below levels projected in the HVS Market Study due to the lower ADR reset

EBITDA Less Reserve (millions)



6. Security and Sources of Payment

Security for the Bonds

The Series 2020 Bonds are payable from the Trust Estate and are also secured by the Leasehold Deed of Trust.

Overview

- The First-Lien Bonds and Second-Lien Bonds shall be secured with the assets held in the Trust Estate (including, but not limited to, Gross Operating Revenue) as established in the Indenture, the Second-Lien Bonds being subordinate to the First-Lien Bonds
- The Third-Lien Bonds shall be secured with the assets in the Trust Estate, subordinate to the First-Lien Bonds and the Second-Lien Bonds, and shall be additionally secured by the Pledged Sales Taxes and funds to be held in the Sales Tax Revenue Fund

Components of the Trust Estate

- All Gross Operating Revenues and all other amounts deposited in or credited to the Collection Account for the benefit of the District and the Trustee, all in accordance with and subject to the terms of the Hotel Services Agreement and the Indenture, together with any investments and reinvestments made with such amounts and the proceeds thereof
- All of the District's right, title, and interest in all amounts deposited in or credited to the Funds and Accounts to be held by the Trustee (other than the Rebate Fund, the City Facilities Fund, and the Funds and Accounts created for a particular Series of Bonds issued hereunder), together with any investments and reinvestments made with such amounts and the proceeds thereof
- All of the District's rights, title, and interest in the Pledged Sales Taxes deposited in the Development Project Fund pursuant to Section 377.072 of the Local Government Code, together with any investments and reinvestments made with such amounts and the proceeds thereof, with such funds to be used solely for the purpose of paying principal of and interest on the Third-Lien Bonds when due and owing
- For the security of the Owners of a respective Series of Bonds only, all money, investments of money and securities from time to time on deposit in or required to be deposited in the other Funds or Accounts within such Funds applicable to such Series of Bonds held by or for the benefit of the Trustee hereunder (except for any Rebate Fund and the City Facilities Fund)
- Subject to the provisions of the Indenture, all of the District's right, title and interest in and to the Project Documents
- Any and all property (other than the amounts in, or required to be deposited in, the Rebate Fund and the City Facilities Fund) of every kind or description that may come into the possession or control of the Trustee as additional security

Leasehold Deed of Trust

- To secure repayments under the Trust Indenture, the District has executed the Leasehold Deed of Trust, pursuant to which the District has granted to the Trustee a security interest in property (the "Mortgaged Premises")

Pledged Sales Taxes

The Third-Lien Bonds are further secured by Pledged Sales Taxes deposited into the Sales Tax Revenue Fund.

Pledged Sales Taxes

- The District imposes a sales and use tax at a rate of 0.5% for the purpose of financing development projects beneficial to the City and the District
- The District has irrevocably pledged to the payment of the Third-Lien Bonds Pledged Sales Taxes in an amount not to exceed an amount equal to the Third-Lien Bond maximum annual debt service ("MADS") in any year
- The District shall transfer to the Trustee Pledged Sales Taxes out of the Development Project Fund maintained by the District for deposit to the Sales Tax Revenue Fund per the Indenture

Sales Tax Repayment Fund

- The Sales Tax Repayment Fund reimburses the District for the use of any Pledged Sales Taxes to pay Debt Service on the Third-Lien Bonds
- If the Trustee has previously drawn upon the Sales Tax Revenue Fund to pay Debt Service on the Third-Lien Bonds, the Trustee shall deposit into the Sales Tax Repayment Fund an amount equal to any amounts previously drawn from the Sales Tax Revenue Fund in prior periods and not previously reimbursed to the District

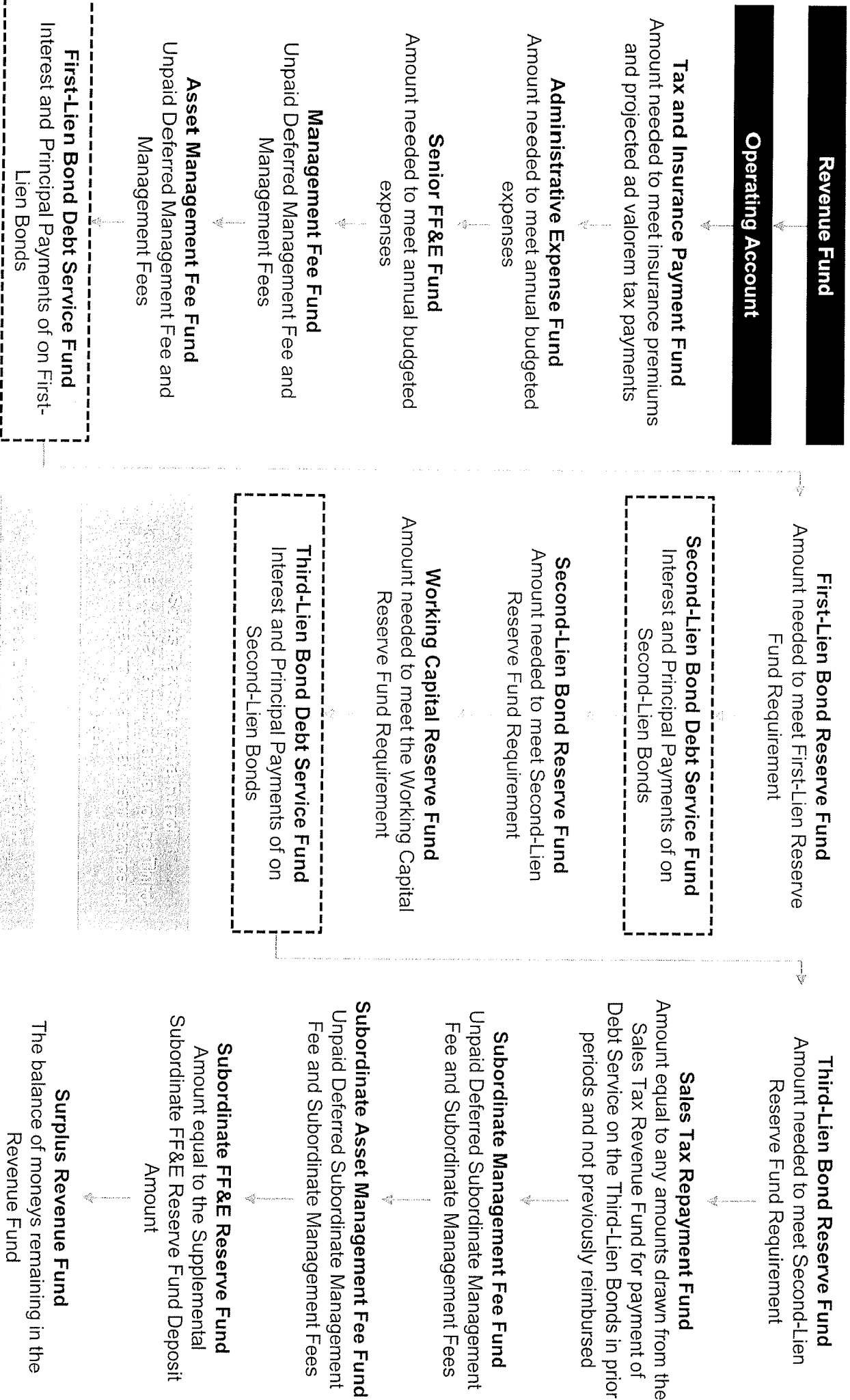
Historical Pledged Sales Taxes

Fiscal Year	Sales and Use Tax History
2015	\$6,021,257
2016	\$6,358,732
2017	\$6,526,875
2018*	\$7,214,578
2019	\$6,646,588

** Reconstruction activity due to Hurricane Harvey in 2017 increased 2018 sales tax collections across the Houston area.*

Flow of Funds

The graphic below highlights the flow of funds pursuant to the Indenture.



Reserve Funds

A summary of the various reserves is provided below.

Bond Reserve Funds – Series 2020 Bonds

- * Each lien's Bond Reserve Fund is sized to the least of (i) 10% of the stated principal amount of each lien, (ii) the maximum annual principal and interest requirements of each lien, or (iii) 125% of the average annual principal and interest requirements of each lien

First-Lien Bonds secured by a First-Lien Bond Reserve Fund funded to Maximum Annual First-Lien Debt Service

Second-Lien Bonds secured by a Second-Lien Bond Reserve Fund funded to Maximum Annual Second-Lien Debt Service

Third-Lien Bonds secured by a Third-Lien Bond Reserve Fund funded to Maximum Annual Third-Lien Debt Service

Senior FF&E Fund

- * 2.0%, 3.0%, and 4.0% of the Revenue of the Hotel Facilities in operating years 1, 2, and 3 / thereafter (respectively)

Subordinate FF&E Reserve Fund

- * 2.0%, 3.0%, and 4.0% of the Revenue of the Hotel Facilities in operating years 1, 2, and 3 / thereafter (respectively)

Surplus Revenue Fund

- * At the end of each Year, if the Surplus Revenue Fund holds:

i. An amount equal to the maximum annual debt service on the Outstanding First-Lien Bonds, if any, and the maximum annual debt service on the Outstanding Second-Lien Bonds, if any, or

ii. Additional amounts retained if the debt service coverage ratio is less than 1.25x

iii. The First-Lien Bonds and Second-Lien Bonds are no longer Outstanding in accordance with the terms of the Indenture, then:

The Trustee shall transfer amounts in excess of the maximum annual debt service on the First-Lien Bonds and the maximum annual debt service on the Second-Lien Bonds then on deposit in the Surplus Revenue Fund that are also in excess of the amounts necessary for purposes to pay for the Hotel Improvements or for the deposit into any of the Funds and Accounts established by the Indenture

Additional Bonds Test

An overview of the Additional Bonds Test is shown below. Please refer to the Preliminary Official Statement for a detailed discussion of the conditions precedent for issuing Additional Bonds.

New Money

- * One or more Series of Additional Bonds may be issued for the purpose of financing or refinancing (excluding Refunding Bonds) the construction, installation, and equipping of additions, renovations, betterments, extensions or improvements to the Hotel Facilities
- * If such bonds constitute First-Lien Bonds, existing bonds must have maintained not less than the following debt service coverage ratios for the previous two years and a Feasibility Consultant must predict the same, and not less than, coverage ratios for every year the bonds remain outstanding:
 - First-Lien Bonds: 3.00x
 - First and Second-Lien Bonds: 1.75x
 - First, Second, and Third-Lien Bonds: 1.25x
- * If such bonds constitute Second-Lien Bonds, existing bonds must have maintained not less than the following debt service coverage ratios for the previous two years and a Feasibility Consultant must predict the same, and not less than, coverage ratios for every year the bonds remain outstanding:
 - First and Second-Lien Bonds: 1.75x
 - First, Second, and Third-Lien Bonds: 1.25x
- * If such bonds constitute Third-Lien Bonds, existing bonds must have maintained not less than the following debt service coverage ratios for the previous two years and a Feasibility Consultant must predict the same, and not less than, coverage ratios for every year the bonds remain outstanding:
 - First, Second, and Third-Lien Bonds: 1.25x and Third-Lien Bonds from Pledged Sales Taxes alone: 1.50x

Refunding Bonds

- * Certificate of Reduction in Debt Service

Completion Bonds

- * The District may issue Additional Bonds, the proceeds of which are required to complete the Hotel Facilities in the manner originally contemplated, so long as the aggregate principal amount of the Additional Bonds does not exceed 10% of the original aggregate principal amount of the applicable series (i.e. First, Second, or Third-Lien) of Series 2020 Bonds

Sources of Funds for Debt Service Shortfalls

The graphic below shows the funds available to cover debt service prior to accessing each lien's Bond Reserve Fund.



7. Plan of Finance

Key Financing Assumptions

Item	Assumptions and Structure
Project Cost*	<ul style="list-style-type: none"> Total Convention Center and Hotel Project cost of \$63,676,797, and an 18-month construction period (per the Initial GMP) \$42,576,797 of the total development budget will be financed with the Series 2020 Bonds
Key Dates*	<ul style="list-style-type: none"> Delivery: 4/1/2020 First Coupon: 10/1/2020 Hotel Opening: 10/1/2021 10-Year Par Call Date: 4/1/2030 Final Maturity: 4/1/2050 (30 years from issuance)
Hotel-Based Revenues	<ul style="list-style-type: none"> Primary source of funding: Adjusted EBITDA Less Reserve Assumes that revenues and expenses grow at 2.0% annually after the HVS projection period ends in FY 2031
Other Revenue Sources	<ul style="list-style-type: none"> Pledged Sales Taxes additionally secure the payment of the Third-Lien Bonds; pledged in an amount not to exceed an amount equal to the Third-Lien Bond MADS in any year
Hyatt Key Money	<ul style="list-style-type: none"> \$600,000 funded upfront; proceeds will be used to fund the Working Capital Reserve Fund
Reserve Fund Requirements	<ul style="list-style-type: none"> The First, Second, and Third-Lien Bonds will each have a Reserve Fund funded upfront from bond proceeds Reserve Fund Requirement of an amount equal to the MADS; sized separately for each lien
Surplus Revenue Fund	<ul style="list-style-type: none"> Funded from post-debt service cash flows up to MADS for the First and Second-Lien Bond debt service
Capitalized Interest	<ul style="list-style-type: none"> Capitalized interest through 4/1/2022 (6 months after estimated Hotel completion)
Debt Sizing and Structure	<ul style="list-style-type: none"> First-Lien Bonds: Minimum of 3.00x coverage from Adjusted EBITDA Less Reserve in operating year 3 (FY 2024) Second-Lien Bonds: Minimum of 1.75x coverage from Adjusted EBITDA Less Reserve in operating year 3 (FY 2024) Third-Lien Bonds finance the remaining Hotel Facilities costs

*Preliminary, subject to change

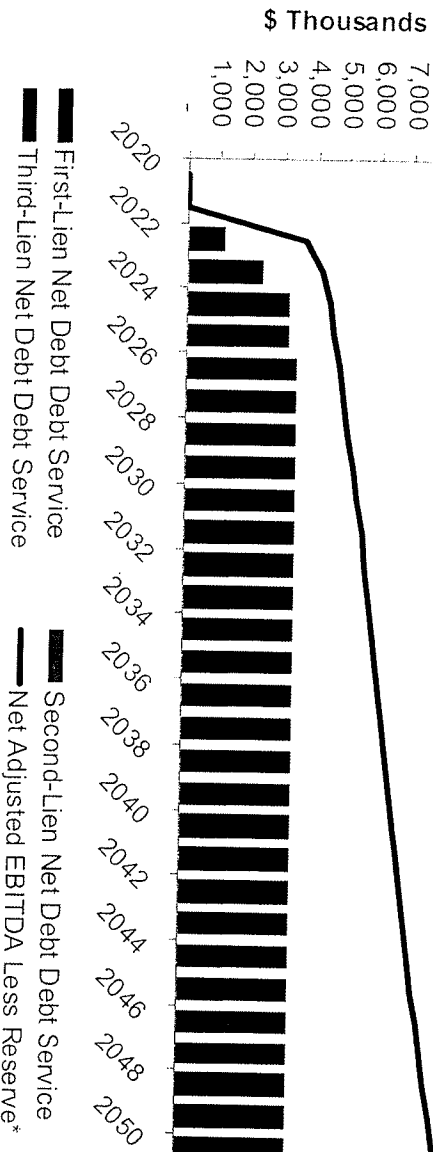
Sources and Uses of Funds / Illustration of Annual Debt Service

Sources and Uses of Funds

Sources	Hotel-Related Contributions						City Contributions			Total Convention Center and Hotel Project
	First-Lien Hotel Revenue Bonds	Second-Lien Hotel Revenue Bonds	Third-Lien Hotel Revenue and Limited Sales Tax Bonds	Total Hotel Revenue Bonds	Key Money	Total Hotel-Related Contributions	Certificates of Obligation	City Cash Contribution	Total City Contributions**	
Current Interest Bonds	\$ 23,250,000	\$ 15,735,000	\$ 12,565,000	\$ 51,550,000	-	\$ 51,550,000	\$ 15,405,000	-	\$ 15,405,000	\$ 66,955,000
Premium / Original Issue Discount	-	-	2,455,225	2,455,225	-	2,455,225	2,887,083	-	2,887,083	5,342,308
Additional Funding Sources	-	-	-	-	\$ 600,000	600,000	-	\$ 4,000,000	4,000,000	4,600,000
Total	\$ 23,250,000	\$ 15,735,000	\$ 15,020,225	\$ 54,005,225	\$ 600,000	\$ 54,605,225	\$ 18,292,083	\$ 4,000,000	\$ 22,292,083	\$ 76,897,308
Uses:										
Deposit to Project Account*	\$ 18,328,072	\$ 12,108,638	\$ 12,140,087	\$ 42,576,797	-	\$ 42,576,797	\$ 17,100,000	\$ 4,000,000	\$ 21,100,000	\$ 63,676,797
Deposit to Working Capital Reserve Fund	-	-	-	-	\$ 600,000	600,000	-	-	-	600,000
Deposit to Capitalized Interest Account	2,017,350	1,525,225	1,256,500	4,799,075	-	4,799,075	-	-	-	4,799,075
Deposit to Bond Reserve Fund	1,479,675	1,058,125	883,375	3,421,175	-	3,421,175	994,875	-	994,875	4,416,050
Underwriter's Discount	595,931	481,986	290,646	1,368,563	-	1,368,563	115,538	-	115,538	1,484,100
Costs of Issuance	828,972	561,027	448,001	1,838,000	-	1,838,000	77,025	-	77,025	1,915,025
Contingency	-	-	1,615	1,615	-	1,615	4,646	-	4,646	6,261
Total	\$ 23,250,000	\$ 15,735,000	\$ 15,020,225	\$ 54,005,225	\$ 600,000	\$ 54,605,225	\$ 18,292,083	\$ 4,000,000	\$ 22,292,083	\$ 76,897,308

* Provided by Garfield Public Private LLC as of January 10, 2020; assumed to include all development, construction, and Hyatt required costs and fees.
 ** Assumes a City contribution of \$21.1 million (\$17.1 million of Certificates of Obligation and \$4.0 million of cash).

Illustration of Annual Debt Service (\$000s)



* After 2031, Net Adjusted EBITDA Less Reserve grows at 2.00% annually. Provided by HVS as of December 13, 2019.

Financial Projections (\$000s, Years 1-15)

The table below summarizes the preliminary projected flow of funds based upon the HVS pro forma.

Year #	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Fiscal Year	10/1/22	10/1/23	10/1/24	10/1/25	10/1/26	10/1/27	10/1/28	10/1/29	10/1/30	10/1/31	10/1/32	10/1/33	10/1/34	10/1/35	10/1/36
Adjusted EBITDA Less Reserve	3,692	4,184	4,480	4,614	4,753	4,895	5,040	5,193	5,350	5,510	5,620	5,733	5,847	5,964	6,083
Administrative Expense Fund Deposit	50	51	52	53	54	54	55	56	57	59	61	62	63	65	66
Administrative Expense Fund Deposit (1)	3,642	4,133	4,428	4,561	4,699	4,840	4,984	5,136	5,291	5,450	5,559	5,670	5,784	5,900	6,018
Net Adjusted EBITDA Less Reserve	3,642	4,133	4,428	4,561	4,699	4,840	4,984	5,136	5,291	5,450	5,559	5,670	5,784	5,900	6,018
First-Lien Bond Debt Service	504	1,009	1,475	1,477	1,473	1,478	1,478	1,478	1,472	1,480	1,477	1,473	1,478	1,476	1,478
First-Lien Bond Debt Service Fund (Net)	504	1,009	1,475	1,477	1,473	1,478	1,478	1,478	1,472	1,480	1,477	1,473	1,478	1,476	1,478
First-Lien Bond Reserve Fund	3,138	3,124	2,953	3,084	3,226	3,362	3,506	3,664	3,812	3,975	4,082	4,197	4,306	4,423	4,540
Cash Available after First-Lien Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Second-Lien Bond Debt Service	381	763	1,051	1,053	1,055	1,056	1,051	1,056	1,055	1,057	1,052	1,056	1,053	1,055	1,051
Second-Lien Bond Debt Service Fund (Net)	381	763	1,051	1,053	1,055	1,056	1,051	1,056	1,055	1,057	1,052	1,056	1,053	1,055	1,051
Second-Lien Bond Reserve Fund	2,756	2,362	1,902	2,031	2,171	2,306	2,455	2,608	2,757	2,919	3,030	3,142	3,253	3,368	3,489
Cash Available after Second-Lien Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Working Capital Reserve Fund	2,756	2,362	1,902	2,031	2,171	2,306	2,455	2,608	2,757	2,919	3,030	3,142	3,253	3,368	3,489
Working Capital Reserve Fund Deposit	2,756	2,362	1,902	2,031	2,171	2,306	2,455	2,608	2,757	2,919	3,030	3,142	3,253	3,368	3,489
Cash Available after Working Capital Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Third-Lien Bond Debt Service	314	628	628	628	882	883	879	880	879	878	881	883	879	880	879
Third-Lien Bond Debt Service Fund (Net)	314	628	628	628	882	883	879	880	879	878	881	883	879	880	879
Third-Lien Bond Reserve Fund	2,442	1,733	1,274	1,403	1,289	1,422	1,575	1,728	1,878	2,040	2,149	2,258	2,373	2,489	2,610
Cash Available after Third-Lien Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales Tax Repayment Fund	123	135	145	150	154	159	164	168	173	179	182	186	190	193	197
Subordinate Management Fee (Incentive Fee: 1.00%)	31	34	36	37	39	40	41	42	43	45	46	46	47	48	49
Subordinate Asset Management Fee Fund (0.25%)	246	405	581	599	617	635	654	674	694	715	729	744	759	774	789
Minimum Surplus Fund Deposit (Supplemental Bond Reserve Fund) (3)	2,042	493	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Surplus Fund (Net to City)	-	666	511	617	480	588	716	845	968	1,102	1,192	1,283	1,378	1,474	1,575
Cumulative Surplus Fund (Net to City)	-	666	1,177	1,794	2,274	2,863	3,579	4,423	5,391	6,492	7,685	8,967	10,345	11,819	13,394
Reserve Funds	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480
First-Lien Bond Reserve Fund Balance	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480
Second-Lien Bond Reserve Fund Balance	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058
Third-Lien Bond Reserve Fund Balance	883	883	883	883	883	883	883	883	883	883	883	883	883	883	883
Supplemental First and Second-Lien Bond Reserve Fund Balance (3)	2,042	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535
Total Debt Service	504	1,009	1,475	1,477	1,473	1,478	1,478	1,478	1,472	1,480	1,477	1,473	1,478	1,476	1,478
First-Lien Bonds	886	1,771	2,526	2,530	2,528	2,534	2,529	2,528	2,532	2,532	2,529	2,529	2,531	2,531	2,529
First-Lien, Second-Lien, & Third-Lien Bonds	1,200	2,400	3,154	3,158	3,409	3,417	3,408	3,407	3,414	3,414	3,410	3,412	3,411	3,411	3,408
Debt Service Coverage	7.22x	4.10x	3.00x	3.09x	3.19x	3.27x	3.37x	3.49x	3.58x	3.70x	3.76x	3.85x	3.91x	4.00x	4.07x
First-Lien & Second-Lien Bonds	4.11x	2.33x	1.75x	1.80x	1.86x	1.91x	1.97x	2.03x	2.09x	2.15x	2.20x	2.24x	2.28x	2.33x	2.38x
First-Lien, Second-Lien, & Third-Lien Bonds (4)	3.04x	1.72x	1.40x	1.44x	1.38x	1.42x	1.46x	1.51x	1.55x	1.60x	1.63x	1.66x	1.70x	1.73x	1.77x
First-Lien, Second-Lien, & Third-Lien Bonds (5)	8.88x	4.49x	3.51x	3.55x	3.33x	3.36x	3.41x	3.46x	3.50x	3.55x	3.58x	3.61x	3.64x	3.68x	3.72x
Third-Lien Bonds from Pledged Sales Taxes Alone	21.16x	10.58x	10.58x	10.58x	7.54x	7.52x	7.56x	7.56x	7.57x	7.57x	7.54x	7.53x	7.56x	7.56x	7.56x

(1) Preliminary; subject to change. Assumes 2% annual growth.
(2) 2.00% for year 1, 3.00% for year 2, and 4.00% thereafter.
In years where the full Subordinate FF&E Reserve Fund deposit cannot be met, the unpaid balance accrues forward to subsequent years.
(3) Funded to aggregate Maximum Annual Debt Service (MADS) for First-Lien and Second-Lien debt service.
(4) Hotel-based revenues only, not including Pledged Sales Taxes.
(5) All revenues (w/ Pledged Sales Taxes of \$6.6 million in 2019-50).

Financial Projections (\$000s, Years 16-30)

The table below summarizes the preliminary projected flow of funds based upon the HVS pro forma.

Year #	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Year End	10/1/37	10/1/38	10/1/39	10/1/40	10/1/41	10/1/42	10/1/43	10/1/44	10/1/45	10/1/46	10/1/47	10/1/48	10/1/49	10/1/50	10/1/51
Fiscal Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Adjusted EBITDA Less Reserve	6,205	6,329	6,456	6,585	6,717	6,851	6,988	7,128	7,270	7,416	7,564	7,715	7,870	8,027	8,188
Administrative Expense Fund Deposit															
Administrative Expense Fund Deposit (1)	67	69	70	71	73	74	76	77	79	80	82	84	85	87	89
Net Adjusted EBITDA Less Reserve	6,138	6,261	6,386	6,514	6,644	6,777	6,912	7,050	7,191	7,335	7,482	7,632	7,784	7,940	8,099
First-Lien Bond Debt Service															
First-Lien Bond Debt Service Fund (Net)	1,473	1,477	1,475	1,475	1,478	1,474	1,478	1,474	1,478	1,475	1,478	1,475	1,477	1,476	1,478
First-Lien Bond Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available after First-Lien Bonds	4,664	4,783	4,911	5,038	5,165	5,303	5,435	5,576	5,713	5,860	6,007	6,155	6,308	6,462	8,099
Second-Lien Bond Debt Service															
Second-Lien Bond Debt Service Fund (Net)	1,055	1,058	1,050	1,055	1,054	1,055	1,055	1,057	1,053	1,052	1,054	1,054	1,056	1,056	-
Second-Lien Bond Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available after Second-Lien Bonds	3,609	3,725	3,861	3,983	4,112	4,248	4,380	4,519	4,660	4,808	4,953	5,101	5,252	5,407	8,099
Working Capital Reserve Fund															
Working Capital Reserve Fund Deposit	3,609	3,725	3,861	3,983	4,112	4,248	4,380	4,519	4,660	4,808	4,953	5,101	5,252	5,407	8,099
Cash Available after Working Capital Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Third-Lien Bond Debt Service															
Third-Lien Bond Debt Service Fund (Net)	882	879	880	880	883	880	880	879	882	877	881	883	878	882	-
Third-Lien Bond Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available after Third-Lien Bonds	2,727	2,846	2,982	3,104	3,229	3,368	3,500	3,640	3,778	3,930	4,072	4,218	4,374	4,525	8,099
Other															
Sales Tax Repayment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinate Management Fee (Incentive Fee: 1.00%)	201	205	209	214	218	222	227	231	236	241	245	250	255	260	266
Subordinate Asset Management Fee Fund (0.25%)	50	51	52	53	54	56	57	58	59	60	61	63	64	65	66
Subordinate FF&E Reserve Fund (2)	805	821	838	854	871	889	907	925	943	962	981	1,001	1,021	1,041	1,062
Minimum Surplus Fund Deposit (Supplemental Bond Reserve Fund) (3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess to Surplus Fund (Net to City)	1,671	1,769	1,883	1,982	2,086	2,201	2,309	2,426	2,540	2,667	2,785	2,904	3,034	3,159	6,705
Cumulative Surplus Fund (Net to City)	15,065	16,834	18,717	20,700	22,785	24,987	27,296	29,722	32,262	34,930	37,714	40,618	43,652	46,811	53,516
Reserve Funds															
First-Lien Bond Reserve Fund Balance	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480
Second-Lien Bond Reserve Fund Balance	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058
Third-Lien Bond Reserve Fund Balance	883	883	883	883	883	883	883	883	883	883	883	883	883	883	883
Supplemental First and Second-Lien Bond Reserve Fund Balance (3)	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535
Total Debt Service	1,473	1,477	1,475	1,475	1,478	1,474	1,478	1,474	1,478	1,475	1,478	1,475	1,477	1,476	1,478
First-Lien Bonds	2,529	2,535	2,524	2,530	2,532	2,529	2,532	2,532	2,532	2,528	2,529	2,531	2,532	2,532	2,533
First-Lien, Second-Lien, & Third-Lien Bonds	3,411	3,414	3,404	3,410	3,415	3,409	3,412	3,411	3,413	3,405	3,410	3,414	3,410	3,410	3,415
Debt Service Coverage															
First-Lien Bonds	4.17x	4.24x	4.33x	4.42x	4.49x	4.60x	4.68x	4.78x	4.86x	4.97x	5.07x	5.17x	5.27x	5.37x	-
First-Lien & Second-Lien Bonds	2.43x	2.47x	2.53x	2.57x	2.62x	2.68x	2.73x	2.79x	2.84x	2.90x	2.96x	3.02x	3.07x	3.13x	-
First-Lien, Second-Lien, & Third-Lien Bonds (4)	1.80x	1.83x	1.88x	1.91x	1.95x	1.99x	2.03x	2.07x	2.11x	2.15x	2.19x	2.24x	2.28x	2.33x	-
First-Lien, Second-Lien, & Third-Lien Bonds (5)	3.75x	3.78x	3.83x	3.86x	3.89x	3.94x	3.97x	4.02x	4.05x	4.11x	4.14x	4.18x	4.23x	4.27x	-
Third-Lien Bonds from Pledged Sales Taxes Alone	7.54x	7.56x	7.55x	7.56x	7.53x	7.56x	7.55x	7.56x	7.54x	7.58x	7.54x	7.53x	7.57x	7.54x	-

(1) Preliminary, subject to change. Assumes 2% annual growth.
(2) 2.00% for year 1, 3.00% for year 2, and 4.00% thereafter.
In years where the full Subordinate FF&E Reserve Fund deposit cannot be met, the unpaid balance accrues forward to subsequent years.
(3) Funded to aggregate Maximum Annual Debt Service (MADS) for First-Lien and Second-Lien debt service.
(4) Hotel-based revenues only, not including Pledged Sales Taxes.
(5) All revenues (w/ Pledged Sales Taxes of \$6.6 million in 2019-50).

HVS Stress Test Financial Projections (\$000s, Years 1-15)

The table below summarizes the preliminary projected flow of funds based upon the HVS stress test pro forma.

Year #	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Year End	10/1/22	10/1/23	10/1/24	10/1/25	10/1/26	10/1/27	10/1/28	10/1/29	10/1/30	10/1/31	10/1/32	10/1/33	10/1/34	10/1/35	10/1/36
Fiscal Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Adjusted EBITDA Less Reserve	2,685	2,403	2,424	2,894	3,651	4,350	4,541	4,678	4,817	4,961	5,061	5,162	5,265	5,370	5,478
Administrative Expense Fund Deposit	50	51	52	53	54	55	56	57	59	60	61	62	63	65	66
Administrative Expense Fund Deposit (1)	2,635	2,352	2,372	2,841	3,597	4,295	4,485	4,620	4,758	4,902	5,000	5,100	5,202	5,306	5,412
Net Adjusted EBITDA Less Reserve	2,131	1,344	897	1,365	2,125	2,817	3,007	3,149	3,279	3,427	3,523	3,627	3,724	3,830	3,934
First-Lien Bond Debt Service	504	1,009	1,475	1,477	1,473	1,478	1,478	1,472	1,480	1,475	1,477	1,473	1,478	1,476	1,478
First-Lien Bond Service Fund (Net)	2,131	1,344	897	1,365	2,125	2,817	3,007	3,149	3,279	3,427	3,523	3,627	3,724	3,830	3,934
Cash Available after First-Lien Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Second-Lien Bond Debt Service	381	763	1,051	1,053	1,055	1,056	1,051	1,056	1,055	1,057	1,052	1,056	1,053	1,055	1,051
Second-Lien Bond Debt Service Fund (Net)	1,750	581	(154)	311	1,070	1,761	1,956	2,093	2,224	2,370	2,471	2,571	2,670	2,774	2,883
Cash Available after Second-Lien Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Working Capital Reserve Fund	1,750	581	(154)	311	1,070	1,761	1,956	2,093	2,224	2,370	2,471	2,571	2,670	2,774	2,883
Working Capital Reserve Fund Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available after Working Capital Reserve Fund	1,750	581	(154)	311	1,070	1,761	1,956	2,093	2,224	2,370	2,471	2,571	2,670	2,774	2,883
Third-Lien Bond Debt Service	314	628	628	628	628	628	628	628	628	628	628	628	628	628	628
Third-Lien Bond Debt Service Fund (Net)	1,435	(47)	(782)	(317)	188	878	1,076	1,213	1,345	1,492	1,590	1,688	1,791	1,895	2,004
Cash Available after Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) Preliminary; subject to change. Assumes 2% annual growth.

Discussion of Results

- Operating Year 2
 - \$47,354 shortfall on the Third-Lien Bonds; covered by Pledged Sales Taxes
- Operating Year 3
 - \$154,241 shortfall on the Second-Lien Bonds; covered by Bond Reserve Fund
 - \$628,250 shortfall on the Third-Lien Bonds; covered by Pledged Sales Taxes
- Operating Year 4
 - \$317,083 shortfall on the Third-Lien Bonds; covered by Pledged Sales Taxes

HVS Stress Test Financial Projections (\$000s, Years 16-30)

The table below summarizes the preliminary projected flow of funds based upon the HVS stress test pro forma.

Year #	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Year End	10/1/37	10/1/38	10/1/39	10/1/40	10/1/41	10/1/42	10/1/43	10/1/44	10/1/45	10/1/46	10/1/47	10/1/48	10/1/49	10/1/50	10/1/51
Fiscal Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Adjusted EBITDA Less Reserve	5,587	5,699	5,813	5,929	6,048	6,169	6,292	6,418	6,546	6,677	6,811	6,947	7,086	7,228	7,372
Administrative Expense Fund Deposit															
Administrative Expense Fund Deposit (1)	67	69	70	71	73	74	76	77	79	80	82	84	85	87	89
Net Adjusted EBITDA Less Reserve	5,520	5,630	5,743	5,858	5,975	6,095	6,216	6,341	6,468	6,597	6,729	6,863	7,001	7,141	7,284
First-Lien Bond Debt Service															
First-Lien Bond Debt Service Fund (Net)	1,473	1,477	1,475	1,475	1,478	1,474	1,478	1,474	1,478	1,475	1,475	1,477	1,476	1,478	-
First-Lien Bond Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available after First-Lien Bonds	4,047	4,153	4,268	4,383	4,497	4,621	4,739	4,867	4,989	5,122	5,254	5,387	5,525	5,663	7,284
Second-Lien Bond Debt Service															
Second-Lien Bond Debt Service Fund (Net)	1,055	1,058	1,050	1,055	1,054	1,055	1,055	1,057	1,053	1,052	1,054	1,054	1,056	1,056	-
Second-Lien Bond Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available after Second-Lien Bonds	2,991	3,095	3,219	3,327	3,443	3,566	3,684	3,809	3,936	4,069	4,200	4,333	4,469	4,607	7,284
Working Capital Reserve Fund															
Working Capital Reserve Fund Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available after Working Capital Reserve Fund	2,991	3,095	3,219	3,327	3,443	3,566	3,684	3,809	3,936	4,069	4,200	4,333	4,469	4,607	7,284
Third-Lien Bond Debt Service															
Third-Lien Bond Debt Service Fund (Net)	882	879	880	880	883	880	880	879	882	877	881	883	878	882	-
Third-Lien Bond Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available after Debt Service	2,109	2,216	2,339	2,448	2,560	2,686	2,804	2,930	3,054	3,192	3,319	3,450	3,590	3,726	7,284

(1) Preliminary; subject to change. Assumes 2% annual growth.

Discussion of Results

- Operating Year 2
 - * \$47,354 shortfall on the Third-Lien Bonds; covered by Pledged Sales Taxes
- Operating Year 3
 - * \$154,241 shortfall on the Second-Lien Bonds; covered by Bond Reserve Fund
 - * \$628,250 shortfall on the Third-Lien Bonds; covered by Pledged Sales Taxes
- Operating Year 4
 - * \$317,083 shortfall on the Third-Lien Bonds; covered by Pledged Sales Taxes

Summary of Risk Factors, Mitigants, and Rating Request

The District is seeking a private “BBB” category rating on the First-Lien Bonds, a private “BB” category rating on the Second-Lien Bonds, and a private “AA” category rating on the Third-Lien Bonds given the Convention Center and Hotel Project’s strong competitive position, substantial reserve funds, conservative debt structure, and high debt service coverage ratios.

Risk	Risk Mitigants
Financing	<ul style="list-style-type: none"> • First-Lien Bonds represent 30.5% of total sources of funds • Second-Lien Bonds represent 20.6% of total sources of funds • Third-Lien Bonds represent 19.7% of total sources of funds • Certificates of Obligation represent 24.0% of total sources of funds • The City’s cash contribution represents 5.2% of total sources of funds
Construction	<ul style="list-style-type: none"> • Experienced Development Manager and Design Builder • Guaranteed Maximum Price • Liquidated Damages for delay • Payment and performance bonds • Plan and Cost Review
Operating	<ul style="list-style-type: none"> • Experienced Operator • Key Money investment • Subordinate Management Fees • Performance termination
Debt Service Structure and Coverage	<ul style="list-style-type: none"> • Level debt service on all liens • Minimum debt service coverage ratio of 3.00x for First-Lien Bonds and 1.75x for Second-Lien Bonds • Bond-funded Bond Reserve Funds; cash flow-funded Surplus Revenue Fund with balance required of maximum annual debt service on First-Lien Bonds and Second-Lien Bonds • Minimum coverage of Third-Lien Bonds from Pledged Sales Taxes alone of 7.52x • HVS’s stress test pro forma results in Third-Lien Bond debt service shortfalls in operating years 2-4 (covered by Pledged Sales Taxes) and a Second-Lien Bond debt service shortfall in operating year 3 (covered by the Bond Reserve Fund)

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efficiency, renewable energy and mitigation