

City of Waco, Texas

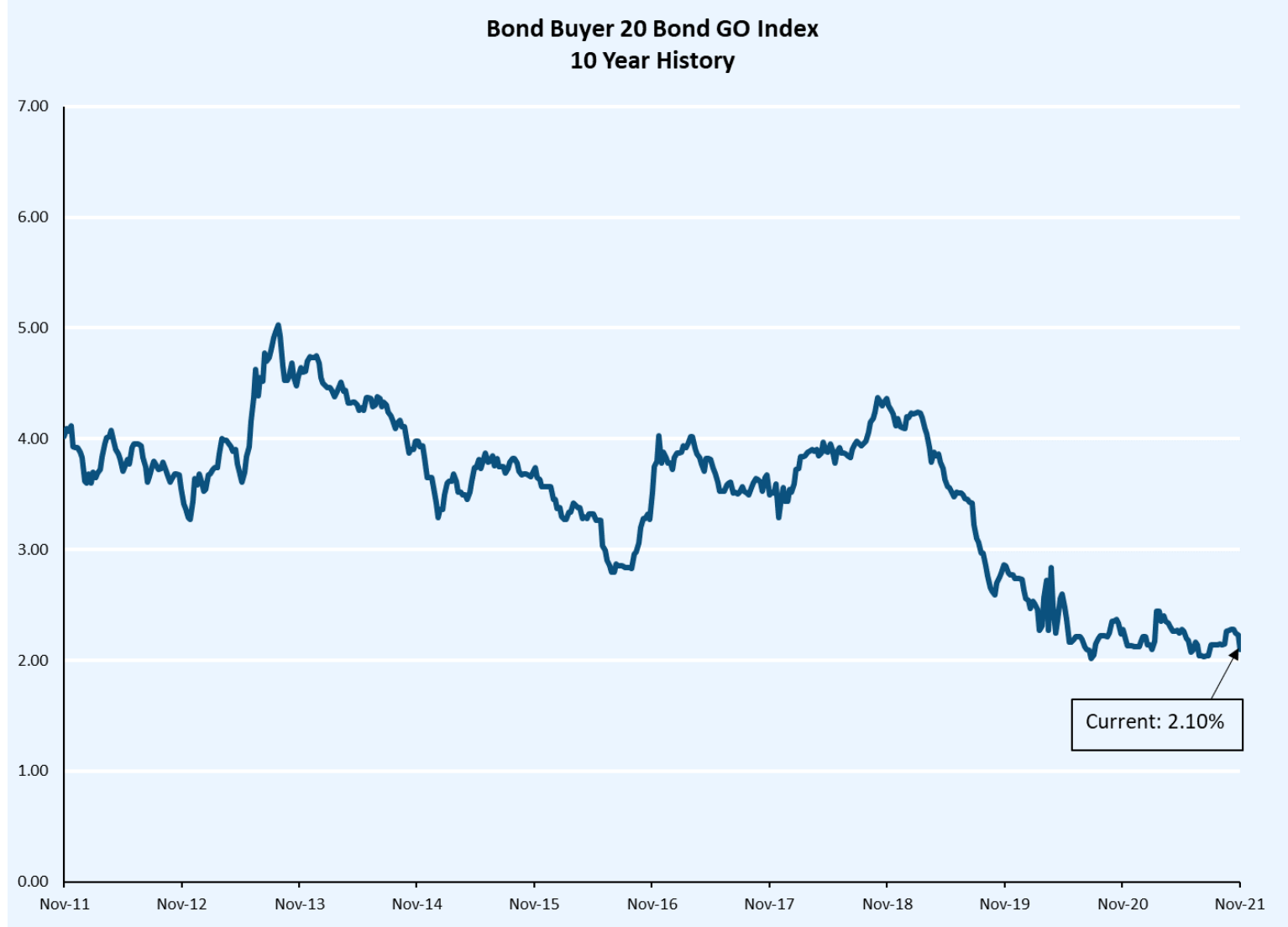
2022 Bond Transaction Discussion

November 16, 2021



CITY OF WACO

Bond Buyer 20 Bond GO Index



Summary of Certificates of Obligation

Preliminary Statistics - Rates as of November 8, 2021⁽¹⁾

Total Par Amount*	\$ 99,450,000
Total Debt Service*	\$ 145,158,708
All-in True Interest Cost*	2.21%

Summary of Projects

General Obligation	
Engineering	\$ 5,181,000
Fire	1,630,000
Parks	9,445,000
Police	741,000
Streets	40,503,000
Total General Obligation	\$ 57,500,000
Solid Waste	
Tax-Exempt	\$ 2,650,000
Taxable	5,000,000
Total Solid Waste	\$ 7,650,000
Water	22,000,000
WMARSS	10,500,000
Wastewater	5,000,000
Drainage	12,000,000
Total Project Fund Amount	<u>\$ 114,650,000</u>

Summary of Certificates of Obligation

Fiscal Year (9/30)	General Obligation	Solid Waste	Pro-Forma Debt Service*				Total Debt Service
			Water	WMARSS	Wastewater	Drainage	
2023	\$ 2,604,482	\$ 847,879	\$ 1,358,629	\$ 574,503	\$ 306,054	\$ 741,576	\$ 6,433,123
2024	2,041,475	844,341	1,362,775	575,740	310,475	742,025	5,876,831
2025	2,043,475	845,034	1,360,275	574,240	308,100	744,275	5,875,399
2026	2,040,100	843,826	1,361,150	572,240	310,350	745,525	5,873,191
2027	2,041,350	845,737	1,360,275	574,615	312,100	740,900	5,874,977
2028	4,167,600	333,984	1,362,525	576,240	308,475	740,400	7,489,224
2029	4,166,100	334,245	1,362,775	572,240	309,475	743,775	7,488,610
2030	4,168,350	334,096	1,361,025	572,615	309,975	741,025	7,487,086
2031	4,164,100	333,586	1,362,150	572,240	309,975	742,150	7,484,201
2032	4,167,750	332,828	1,360,850	572,765	310,550	744,600	7,489,343
2033	4,160,350	331,776	1,362,450	574,265	311,750	743,600	7,484,191
2034	4,168,150	330,361	1,362,450	575,165	307,650	741,800	7,485,576
2035	4,165,850	333,506	1,360,850	570,565	308,250	744,100	7,483,121
2036	4,163,450	331,136	1,362,550	570,465	308,450	740,500	7,476,551
2037	4,165,650	333,529	1,362,450	574,665	308,250	741,000	7,485,544
2038	4,165,750	335,690	1,361,600	575,265	309,000	743,750	7,491,055
2039	4,164,900	337,454	1,360,375	572,515	310,750	743,950	7,489,944
2040	4,170,600	333,814	1,358,100	574,390	307,275	743,550	7,487,729
2041	4,162,850	334,682	1,359,700	570,890	308,575	742,550	7,479,247
2042	4,166,575	334,987	1,360,100	572,015	309,575	740,950	7,484,202
2043	-	-	-	295,968	-	-	295,968
2044	-	-	-	292,875	-	-	292,875
2045	-	-	-	294,490	-	-	294,490
2046	-	-	-	295,715	-	-	295,715
2047	-	-	-	296,550	-	-	296,550
2048	-	-	-	292,093	-	-	292,093
2049	-	-	-	292,343	-	-	292,343
2050	-	-	-	292,203	-	-	292,203
2051	-	-	-	291,673	-	-	291,673
2052	-	-	-	295,655	-	-	295,655
	\$ 73,258,907	\$ 9,232,491	\$ 27,223,054	\$ 14,407,200	\$ 6,185,054	\$ 14,852,001	\$ 145,158,708

Summary of Refunding Bonds

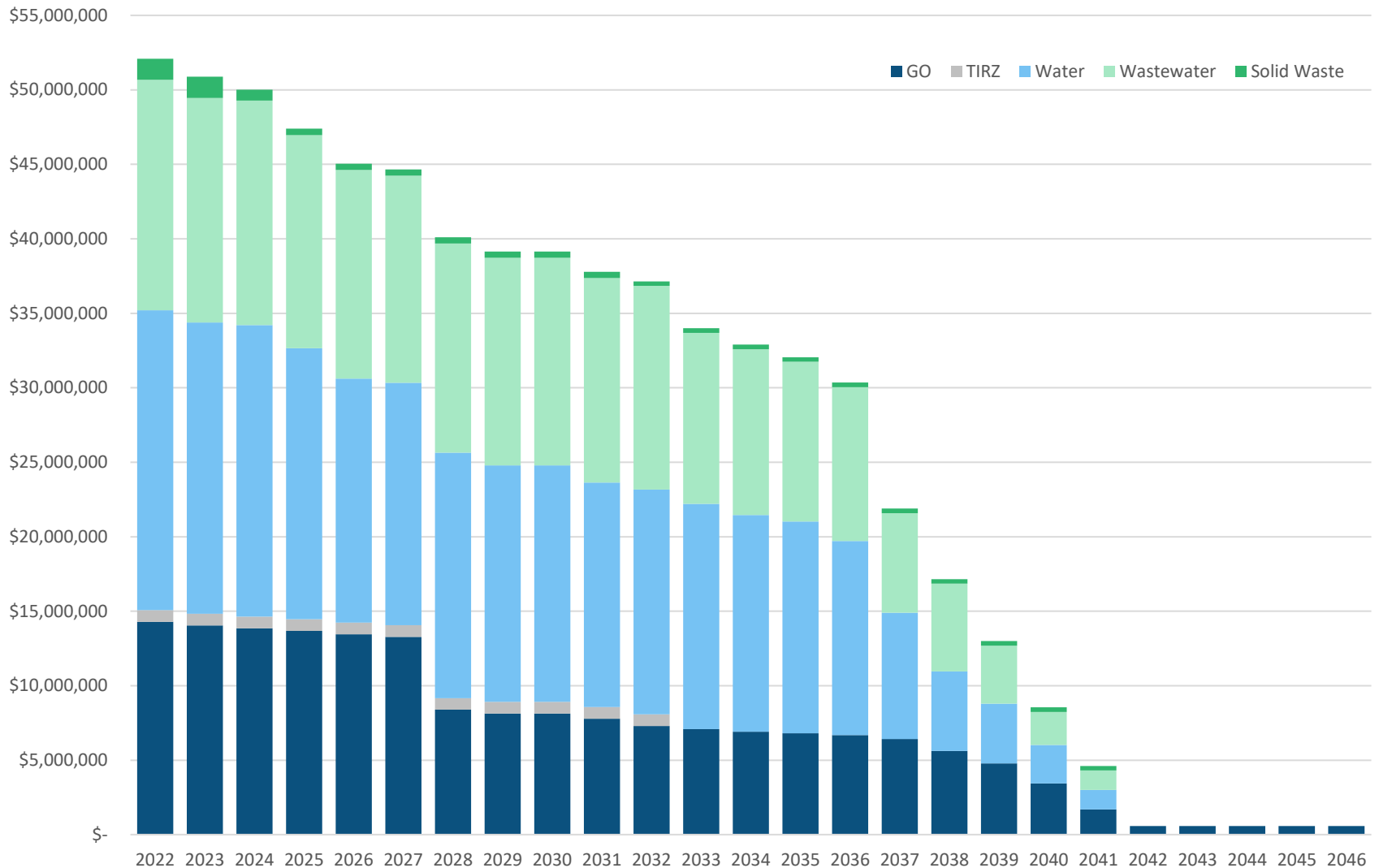
GO Refunding Bonds - Rates as of November 8, 2021 ⁽¹⁾

Refunding Par Amount*	\$	24,035,000
Gross Savings*	\$	3,032,762
Net Present Value (NPV) Savings*	\$	2,750,282
Net PV Savings as a % of Refunded Bonds*		9.88%
All-in True Interest Cost*		1.71%
Average Coupon of Refunded Bonds*		3.42%

FYE 9/30	Prior Debt Service *	2022 Refunding Bonds *	Annual Savings*	NPV Savings*
2022	\$ 432,859	\$ 427,626	\$ 5,234	\$ 4,525
2023	4,871,344	4,422,575	448,769	442,412
2024	4,867,969	4,424,450	443,519	429,921
2025	2,203,069	2,004,450	198,619	189,483
2026	2,200,069	2,000,450	199,619	187,206
2027	2,214,269	2,012,950	201,319	185,592
2028	2,210,569	2,011,700	198,869	180,222
2029	2,204,269	2,006,950	197,319	175,778
2030	2,204,769	2,003,575	201,194	176,101
2031	2,202,544	2,001,325	201,219	173,045
2032	2,203,594	2,003,900	199,694	168,788
2033	2,206,481	2,006,800	199,681	165,888
2034	1,369,372	1,247,200	122,172	99,779
2035	1,206,481	1,098,700	107,781	86,521
2036	1,204,256	1,096,500	107,756	85,021
	<u>\$ 33,801,913</u>	<u>\$ 30,769,151</u>	<u>\$ 3,032,762</u>	<u>\$ 2,750,282</u>

Refunded Bonds							
Series	Principal Amount to be Refunded						Interest Rates
		Water	Sewer	GO	Solid Waste	Maturities Refunded	
General Obligation Refunding Bonds, Series 2013	\$20,150,000	88%	7%	2%	3%	2023-2036	3.00%-5.00%
Comb. Tax and Rev Certificates of Obligation, Series 2013	7,700,000	41%	41%	18%		2023-2033	3.00%-4.00%
Total	<u>\$27,850,000</u>						

Outstanding Debt – Debt Service

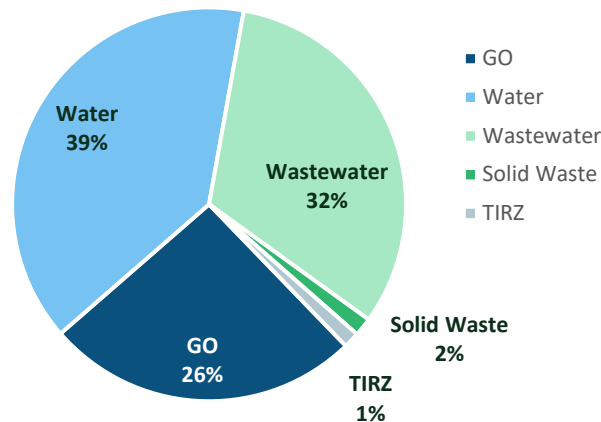
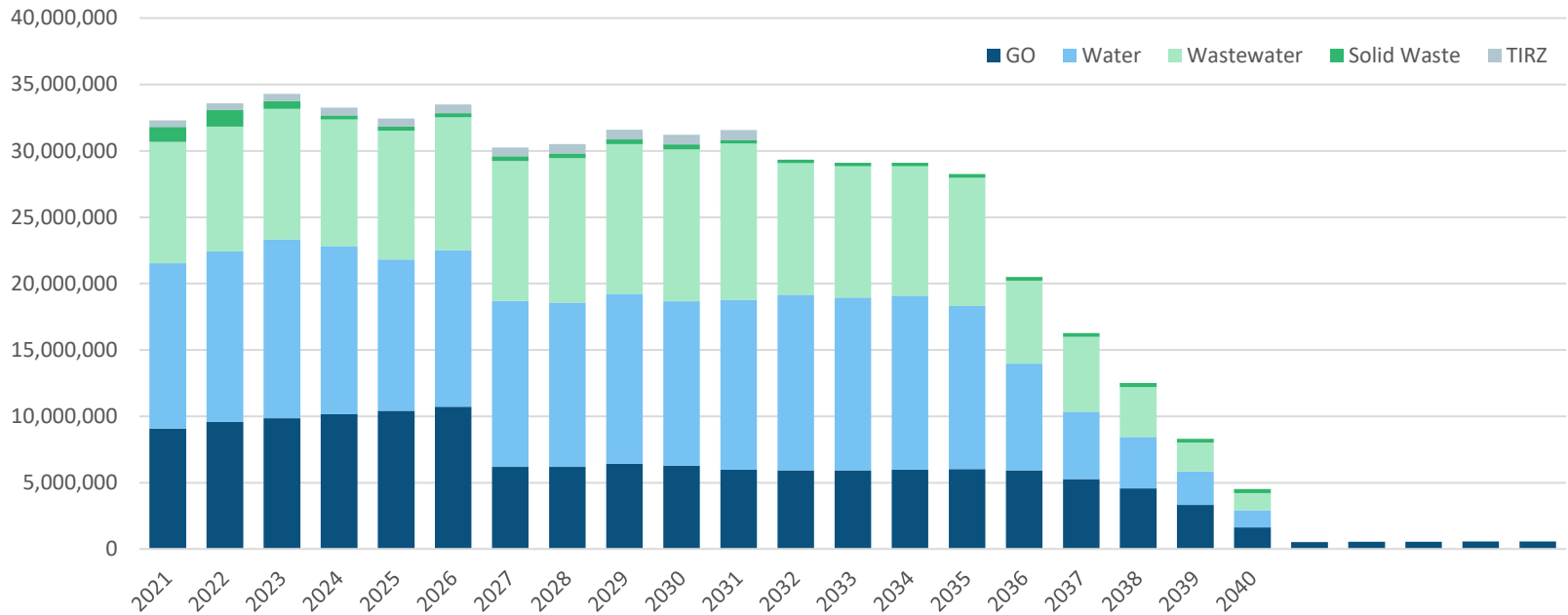


*FY 2022 TIRZ payment anticipated to be supported by GO revenues.

Outstanding Debt – Debt Service

FYE	GO	Water	Wastewater	Solid Waste	TIRZ ⁽¹⁾	Total Debt Service
2022	\$ 14,290,704	\$ 20,135,619	\$ 15,459,760	\$ 1,424,664	\$ 780,725	\$ 52,091,472
2023	14,042,681	19,562,121	15,075,150	1,417,983	780,350	50,878,284
2024	13,862,981	19,557,741	15,073,075	731,308	783,600	50,008,705
2025	13,678,494	18,196,323	14,307,200	423,183	780,475	47,385,674
2026	13,459,931	16,374,151	14,003,225	422,533	780,975	45,040,815
2027	13,274,231	16,283,121	13,891,225	421,780	784,850	44,655,207
2028	8,389,006	16,479,387	14,033,150	420,571	782,100	40,104,215
2029	8,131,056	15,880,588	13,935,813	418,903	781,350	39,147,709
2030	8,131,069	15,879,547	13,935,413	419,540	781,475	39,147,043
2031	7,793,278	15,058,578	13,723,213	418,365	784,350	37,777,783
2032	7,294,597	15,096,653	13,664,584	308,415	781,550	37,145,799
2033	7,081,175	15,128,280	11,472,694	308,905		33,991,054
2034	6,919,603	14,537,133	11,133,659	309,131		32,899,527
2035	6,814,097	14,213,390	10,715,147	308,973		32,051,607
2036	6,694,259	13,017,628	10,333,994	308,439		30,354,320
2037	6,428,544	8,473,066	6,684,388	307,761		21,893,759
2038	5,613,850	5,337,791	5,895,809	311,885		17,159,335
2039	4,791,609	3,996,622	3,903,525	310,810		13,002,566
2040	3,447,203	2,573,534	2,224,256	309,590		8,554,584
2041	1,694,550	1,313,000	1,302,900	308,216		4,618,666
2042	583,050					583,050
2043	587,300					587,300
2044	585,953					585,953
2045	584,053					584,053
2046	586,525					586,525
	<u>\$ 174,759,800</u>	<u>\$ 267,094,271</u>	<u>\$ 220,768,179</u>	<u>\$ 9,610,953</u>	<u>\$ 8,601,800</u>	<u>\$ 680,835,003</u>

Outstanding Debt – Principal



Rating Considerations

Moody's

Current Rating: Aa1

Strengths

- Expanding economy anchored by institutional presence and growing tourism industry
- History of operating surpluses with associated steady increases in operating reserves

Challenges

- Weak income indices compared to similarly rated peers across the nation, in part because of large institutional presence
- Elevated total outstanding debt compared to peers before adjusting for support from utility system

S&P

Current Rating: AA+

Strengths

- Baylor is economic anchor and stabilizing influence
- City is in spurring growth and diversification
- Consistent and positive budgetary performance
- Cash funding a large portion of capital expenditures
- Stable financial performance driven by strong and long-standing financial policies and practices
- Strong reserve and liquidity position

Challenges

- Greatest challenges will likely stem from future capital needs related to infrastructure and service demands

Timeline

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

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

 City Council Meeting

 Holiday

Date	Action	Responsible Party
Tue - Nov 16	» Council Meeting - Adopt Notice of Intent, Discuss Plan of Finance, and Approve Capital Improvement Plan	City
Fri - Nov 19	» Publish First Notice of Intent	City
	» Post Notice of Intent to City website through Closing	City
Fri - Nov 26	» Publish Second Notice of Intent	City
Tue - Jan 18	» Council Meeting - Adopt Ordinance & Sale Parameters, Approve Preliminary Official Statement and Notice of Sale	City
Jan 25 or Jan 26	» S&P and Moody's Rating Calls/Meetings	City/FA
Fri - Feb 4	» Receive Ratings	FA
Tue - Feb 15	» PRICING - Receive Competitive Bids » Council Meeting	City/FA
Tue - Feb 22	» Print Final Official Statement	FA
Fri - Feb 25	» Filing of Bond Transcript	BC
Tue - Mar 15	» Closing	FWG

House Bill 1869

Cities can no longer issue COs supported by I&S tax for the following types of projects:

1. City Hall or other administrative buildings
2. Library
3. Stadiums, arenas or other entertainment venues

Any of the buildings listed above could be carved out of the restrictions if:

- ✓ it is an existing building that is being renovated,
- ✓ the debt is self-supporting or
- ✓ the building is physically attached to a jail, courthouse or other public safety facility (although we could see problems/pushback if we try to exempt a stadium or convention center, because it is physically attached to a jail or courthouse.)
- ✓ issued as voted GO debt and not COs

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