

CAPITAL IMPROVEMENT PROGRAM & DEBT MEETING

November 4, 2025



Blu Kostelich – Assistant City Manager & Chief Financial Officer
Collin Boothe – Managing Director of Finance
Blake Roberts – Managing Director, PFM Financial Advisors LLC
Esther Young – Managing Director, Tijerina Financial Consulting LLC

DISCUSSION AGENDA

1. CIP Sources and Uses
2. 2026 Certificates of Obligation Plan of Finance



Capital Improvement Plan: Sources and Uses

CURRENTLY PROPOSED CIP SOURCES & USES

Project Title	Department	Total Uses	Total Sources			
		FY 2026 Capital Costs	FY 2026 Debt	Other Revenue	Source	
General Government Capital:						
FY 25/26 Apparatus Replacement	Fire Services	\$ 160,000	\$ -	\$ 160,000	Vehicle Replacement Fund	
FY 25/26 Fire Station 8 Replacement	Fire Services	1,078,403	1,078,403	-	Possible Cash Funded	
Bridge Maintenance Program	Engineering Services	3,750,000	-	3,750,000	Street Maint Fee Cash CIP Fund	
Bridge Reconstruction Program	Engineering Services	6,500,000	6,500,000	-		
BSW Program - Preservation	Engineering Services	6,240,000	-	6,240,000	Street Maint Fee Cash CIP Fund	
BSW Program - Reconstruction (Neighborhood Streets)	Engineering Services	3,000,000	3,000,000	-		
BSW Program - Rehabilitation	Engineering Services	31,200,000	31,200,000	-		
Total General Government:		\$ 51,928,403	\$ 41,778,403	\$ 10,150,000		
Self Supporting Capital:						
Rehabilitate Runway 1/19 - Construction & CA	Airport Services	\$ 12,000,000	\$ -	\$ 12,000,000	Intergovernmental / Fund Reserves	
Jaguar Exhibit Expansion	Cameron Park Zoo	768,917	-	768,917	CP Zoo Fund Reserves	
Downtown Redevelopment - Predev Site Prep & Utility Burial	Miscellaneous - Admin	6,927,500	-	6,927,500	Note Program	
Project 2 Holes #5 & #6 Drainage, Channel & Cart Path Impr	Cottonwood Creek Golf Crs	1,364,000	1,364,000	-		
Drainage Project 1 Holes #4 & 5	Cottonwood Creek Golf Crs	1,548,000	1,548,000	-		
Total Self Supporting Capital:		\$ 22,608,417	\$ 2,912,000	\$ 19,696,417		

CURRENTLY PROPOSED CIP SOURCES & USES

Project Title	Department	Total Uses		Total Sources		
		FY 2026 Capital Costs		FY 2026 Debt	Other Revenue	Source
Enterprise Utility Systems:						
Wastewater Interceptors & Lift Stations	Wastewater Department	\$	1,400,000	\$ 1,400,000	\$ -	Possible Cash Funded
Wastewater System Improvements	Wastewater Department		9,000,000	9,000,000	-	
Plant Improvements	Water Department		7,875,000	7,875,000	-	
Pump and Storage Improvements	Water Department		9,900,000	9,900,000	-	
Water System Improvements	Water Department		5,000,000	5,000,000	-	
Water Transmission Improvements	Water Department		5,000,000	5,000,000	-	
West Side of Lake - Water	Water Department		8,500,000	8,500,000	-	
WMARSS Pumps and Lift Stations	Waco Metro Area Sewer Sys		750,000	-	750,000	Fund Reserves
WMARSS North Interceptor	Waco Metro Area Sewer Sys		7,000,000	7,000,000	-	
WMARSS Plant Improvements	Waco Metro Area Sewer Sys		2,000,000	2,000,000	-	Possible Cash Funded
Drainage System Repairs	Stormwater Department		250,000	-	250,000	Drainage O&M Fund
Lake Brazos Dredging	Stormwater Department		2,940,000	-	2,940,000	Drainage O&M Fund
Total Enterprise Utility Systems		\$	59,615,000	\$ 55,675,000	\$ 3,940,000	
Total Proposed CIP		\$	134,151,820	\$ 100,365,403	\$ 33,786,417	
2026 COs (Excluding Possible Cash Funded)				\$ 95,887,000		



2026 Certificates of Obligation Plan of Finance



City of Waco

2026 Capital Improvement Program & Bond Financing Discussion

***PFM Financial Advisors LLC
Tijerina Financial Consulting LLC***

November 2025

PFM Financial Advisors LLC
Tijerina Financial Consulting LLC

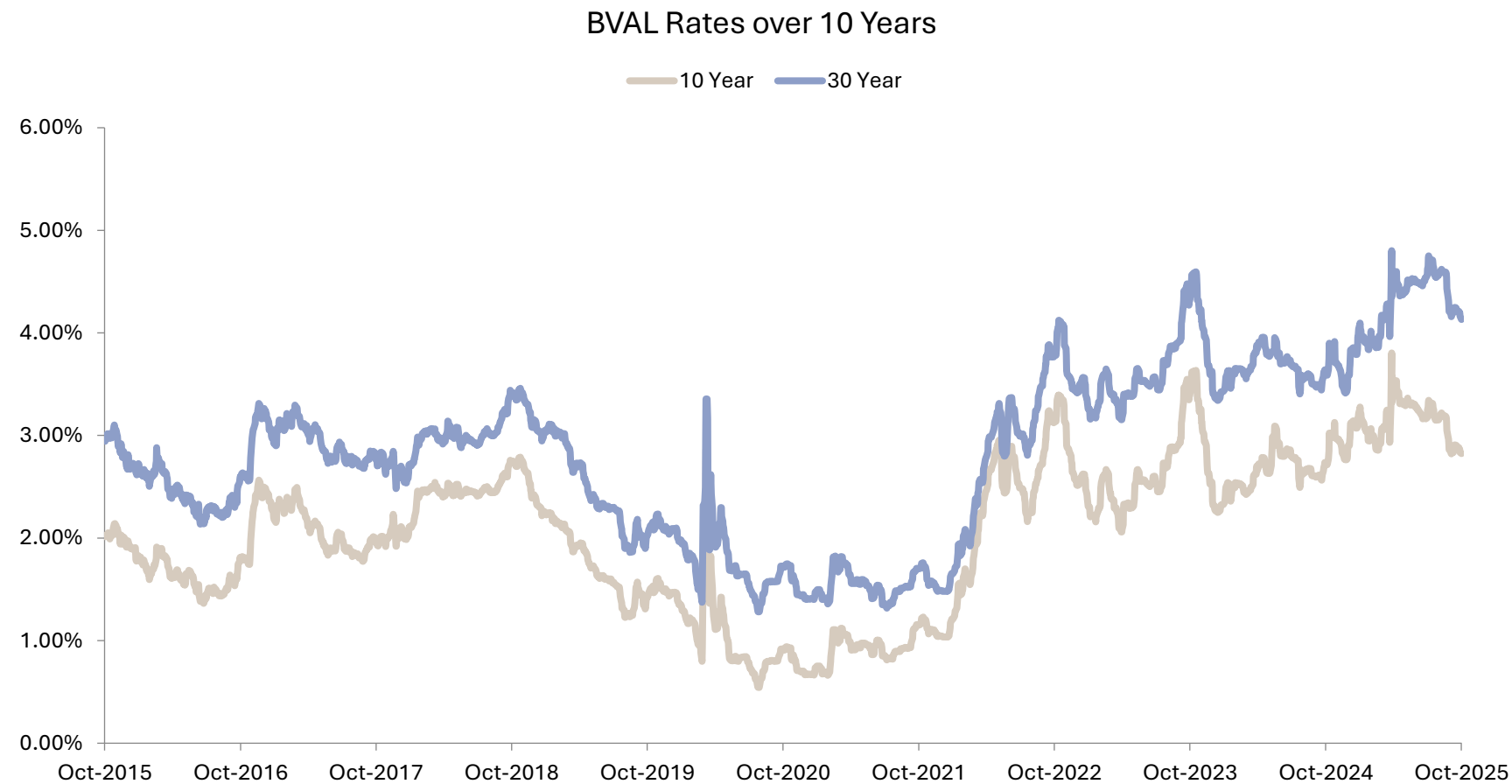
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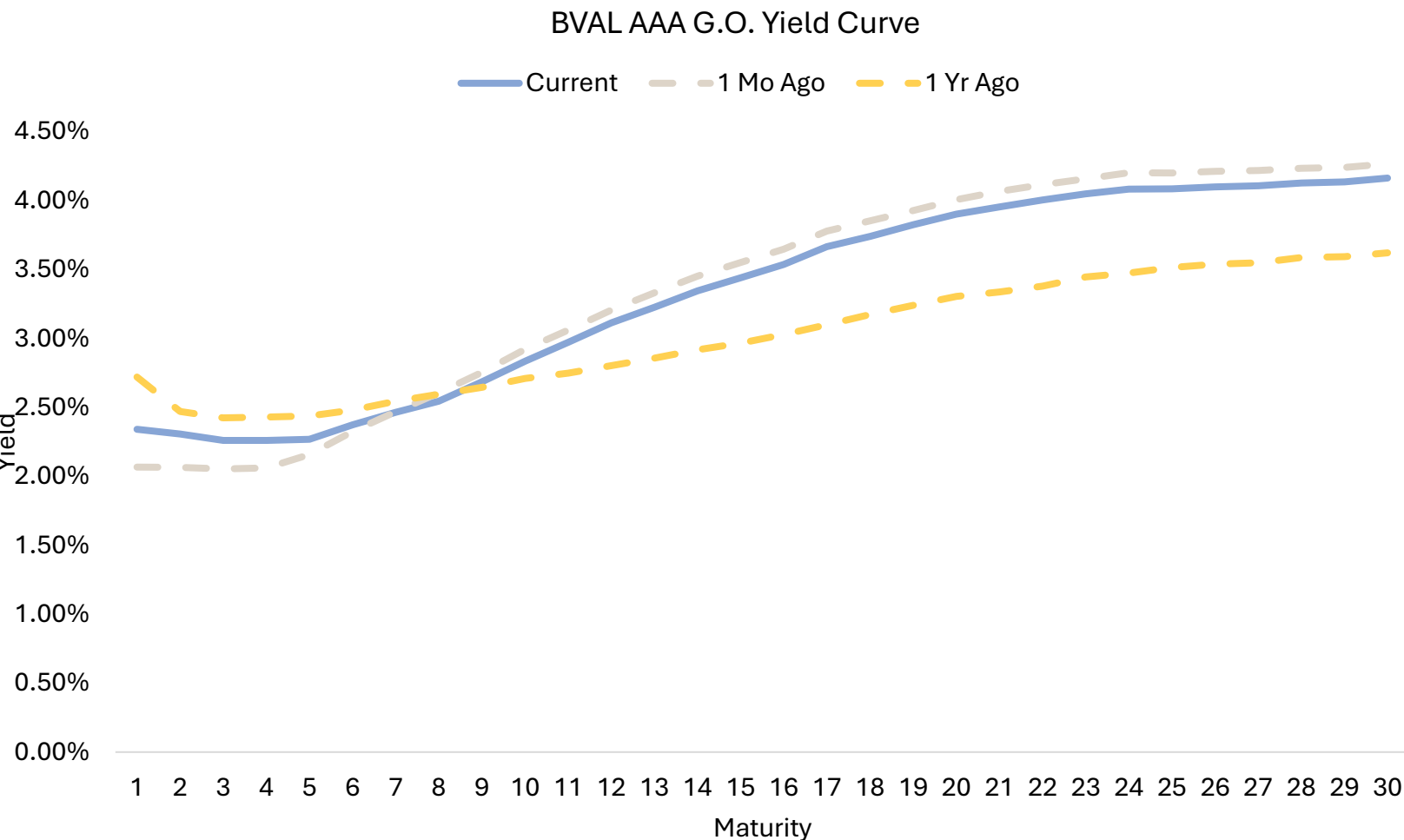
Executive summary – Waco 2026 Bond Financing Plan

- ◆ Authorization for up to \$110* million of tax-exempt Certificates of Obligation (COs) in early 2026 will fund city-wide capital improvements
- ◆ Tax-exempt COs to be issued will fund capital improvements for general government, golf course, and water/wastewater
- ◆ Issuance of COs will take place in winter 2026
- ◆ Waco maintains bond ratings of Aa1 and AA+
- ◆ Key Dates:
 - November 4 – City Council approval of notice of intent to issue
 - January 20* - City Council approval of bond sale
 - February & March* – Bond pricing, lock-in interest rates, bond closing, receive bond proceeds

Long-term tax-exempt interest rates



Tax-exempt yield curve may steepen further with potential future Fed rate cuts



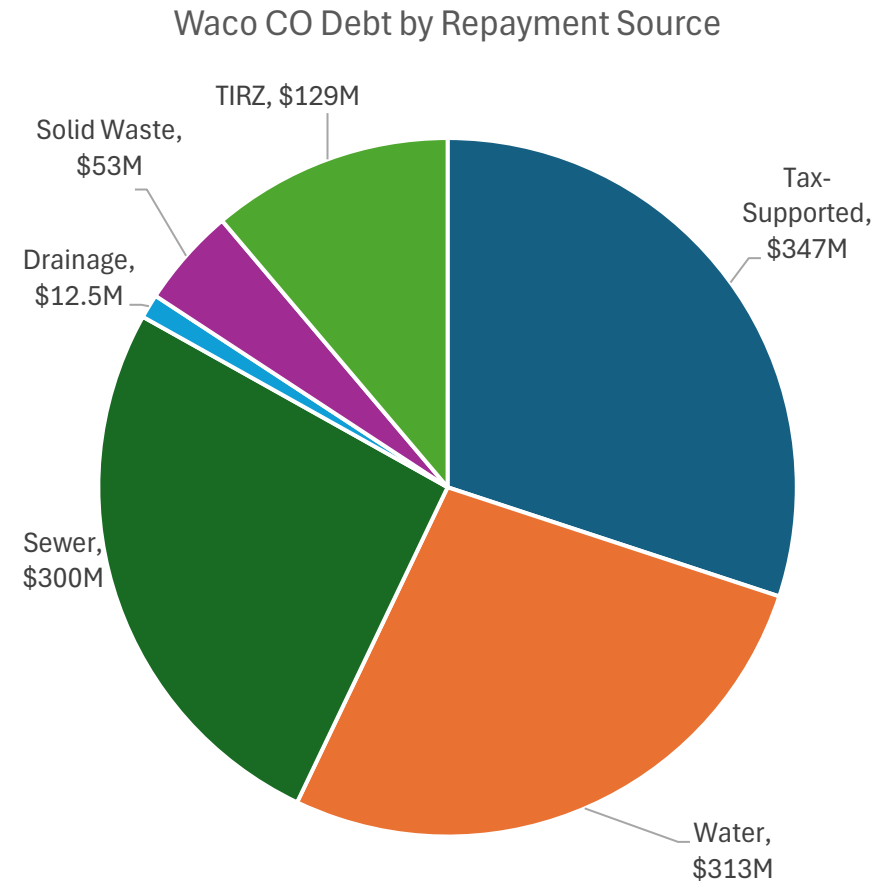
Summary of projects to be funded by 2026 COs

- ◆ Total debt financed projects currently total \$100.3 million to fund general government, golf course, water, wastewater, WMARS projects
- ◆ Some projects may ultimately be cash funded
- ◆ Not to exceed amount of \$110 million provides some additional contingency if project costs change or the City chooses additional projects between publication of the NOI and the paramaters approval in January 2026

Project Title	Debt Repayment Source	General Government Capital	Cottonwood Creek Golf Course	Wastewater	Water	Waco Metro Area Sewer System	Total
FY 25/26 Fire Station 8 Replacement	I&S Property Tax	1,078,403	-	-	-	-	1,078,403
Bridge Reconstruction Program	I&S Property Tax	6,500,000	-	-	-	-	6,500,000
BSW Program - Reconstruction (Neighborhood Streets Program)	I&S Property Tax	3,000,000	-	-	-	-	3,000,000
BSW Program - Rehabilitation	I&S Property Tax	31,200,000	-	-	-	-	31,200,000
Project 2 Holes #5 & #6 Drainage, Channel and Cart Path Improvements	Golf Course Revenue	-	1,364,000	-	-	-	1,364,000
Drainage Project 1 Holes #4 & 5	Golf Course Revenue	-	1,548,000	-	-	-	1,548,000
Wastewater Interceptors & Lift Stations	WW Revenue	-	-	1,400,000	-	-	1,400,000
Wastewater System Improvements	WW Revenue	-	-	9,000,000	-	-	9,000,000
Plant Improvements	Water Revenue	-	-	-	7,875,000	-	7,875,000
Pump and Storage Improvements	Water Revenue	-	-	-	9,900,000	-	9,900,000
Water System Improvements	Water Revenue	-	-	-	5,000,000	-	5,000,000
Water Transmission Improvements	Water Revenue	-	-	-	5,000,000	-	5,000,000
West Side of Lake - Water	Water Revenue	-	-	-	8,500,000	-	8,500,000
WMARSS North Interceptor	WMARSS Revenue	-	-	-	-	7,000,000	7,000,000
WMARSS Plant Improvements	WMARSS Revenue	-	-	-	-	2,000,000	2,000,000
Total		41,778,403	2,912,000	10,400,000	36,275,000	9,000,000	100,365,403

Summary of existing and new debt balances by source

Debt Outstanding	Existing Debt	Proposed in 2026 CO	Total Pro Forma Debt
Tax-Supported	\$302.5M	\$44.7M	\$347.2M
Water	\$276.8M	\$36.3M	\$313.1M
Sewer	\$281.1M	\$19.4M	\$300.5M
Drainage	\$12.5M		\$12.5M
Solid Waste	\$53.1M		\$53.1M
TIRZ	\$129.5M		\$129.5M
Total	\$1,056M	\$100.3M	\$1,156M



**Preliminary, subject to change. Numbers may not add due to rounding.*

(1) Sewer includes WMARSS and Wastewater

(2) Tax-supported debt includes \$2.9MM for golf course projects to be repaid from golf course revenues.

Illustrative* financing results for 2026 COs

2026 Certificates of Obligation – Indicative bond summary statistics	
Final Maturity	February 1, 2046 (20-year amortization)
Average Life (years)	12.04 years
Assumed Ratings	Aa1 (Moody's) / AA+ (S&P)
Net Interest Cost	3.96%
True Interest Cost	3.80%
All-in True Interest Cost	3.88%
Optional Redemption Date	10-year par call
Total Project Fund Deposit (\$000s)	\$100,365
Total Estimated Debt Service (\$000s)	\$146,542
Average Annual Debt Service (\$000s)	\$7,372

**All figures are preliminary and subject to change. Assumes interest rates as of October 24, 2025. Scale assumes Aa1/AA+ ratings. Assumes \$8.00 for combined COI/UWD (issuance expenses).*

Existing bond principal payments by repayment source

Fiscal Year End 9/30	Water System	Sewer System ⁽¹⁾	Solid Waste System	Tax Increment Reinvestment Zones	Drainage System	Total Self-Supported <u>Principal</u> Requirements	Tax- Supported <u>Principal</u> Requirements	Total <u>Principal</u> Requirements
2026	\$ 14,015,000	\$ 12,360,000	\$ 3,345,000	\$ 705,000	\$ 440,000	\$ 30,865,000	\$ 12,520,000	\$ 43,385,000
2027	15,125,000	13,270,000	3,500,000	740,000	455,000	33,090,000	14,515,000	47,605,000
2028	15,990,000	14,000,000	3,140,000	770,000	480,000	34,380,000	14,265,000	48,645,000
2029	16,060,000	14,510,000	2,605,000	1,710,000	500,000	35,385,000	14,920,000	50,305,000
2030	16,695,000	15,100,000	1,295,000	2,695,000	530,000	36,315,000	15,035,000	51,350,000
2031	16,450,000	15,470,000	1,350,000	3,295,000	555,000	37,120,000	15,350,000	52,470,000
2032	17,135,000	16,020,000	1,300,000	3,450,000	580,000	38,485,000	15,505,000	53,990,000
2033	17,805,000	14,405,000	1,350,000	4,005,000	615,000	38,180,000	14,780,000	52,960,000
2034	17,880,000	14,465,000	1,410,000	4,215,000	640,000	38,610,000	14,970,000	53,580,000
2035	18,200,000	14,615,000	1,435,000	4,430,000	670,000	39,350,000	15,490,000	54,840,000
2036	17,635,000	14,745,000	1,510,000	4,665,000	695,000	39,250,000	15,385,000	54,635,000
2037	13,675,000	11,580,000	1,565,000	4,890,000	720,000	32,430,000	15,830,000	48,260,000
2038	10,910,000	11,145,000	1,640,000	5,145,000	750,000	29,590,000	15,730,000	45,320,000
2039	9,940,000	9,555,000	1,710,000	5,405,000	780,000	27,390,000	15,360,000	42,750,000
2040	8,865,000	8,215,000	1,785,000	5,670,000	810,000	25,345,000	14,700,000	40,045,000
2041	7,925,000	7,595,000	1,860,000	5,960,000	845,000	24,185,000	13,515,000	37,700,000
2042	6,920,000	6,605,000	1,630,000	6,265,000	880,000	22,300,000	12,960,000	35,260,000
2043	5,765,000	6,255,000	1,380,000	6,580,000	115,000	20,095,000	9,315,000	29,410,000
2044	4,190,000	4,305,000	1,455,000	6,910,000	120,000	16,980,000	7,515,000	24,495,000
2045	4,275,000	4,350,000	1,525,000	7,260,000	125,000	17,535,000	6,150,000	23,685,000
2046	1,350,000	3,795,000	1,610,000	6,650,000	130,000	13,535,000	3,025,000	16,560,000
2047	1,415,000	3,980,000	1,700,000	6,985,000	135,000	14,215,000	2,555,000	16,770,000
2048	1,485,000	4,190,000	1,800,000	7,330,000	145,000	14,950,000	2,670,000	17,620,000
2049	1,560,000	4,395,000	1,895,000	7,710,000	150,000	15,710,000	2,785,000	18,495,000
2050	2,620,000	6,155,000	2,025,000	5,100,000	155,000	16,055,000	3,370,000	19,425,000
2051	2,800,000	6,280,000	2,215,000	5,365,000	160,000	16,820,000	3,595,000	20,415,000
2052	2,900,000	6,680,000	2,260,000	5,640,000	165,000	17,645,000	3,830,000	21,475,000
2053	3,650,000	7,630,000	1,375,000	-	175,000	12,830,000	4,285,000	17,115,000
2054	3,625,000	7,215,000	1,425,000	-	-	12,265,000	2,540,000	14,805,000
2055	-	2,165,000	-	-	-	2,165,000	-	2,165,000
	\$ 276,860,000	\$ 281,050,000	\$ 53,095,000	\$ 129,545,000	\$ 12,520,000	\$ 753,070,000	\$ 302,465,000	\$ 1,055,535,000

(1) Sewer includes WMARSS and Wastewater;.

(2) Payments shown do NOT include interest expense.

Proforma bond principal payments for 2026 CO issuance*

Fiscal Year End 9/30	Water System	Sewer System ⁽¹⁾	Solid Waste System	Tax Increment Reinvestment Zones	Drainage System	Total Self-Supported Principal Requirements ⁽²⁾	Total Tax-Supported Principal Requirements	Total Principal Total
2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	690,000	370,000	-	-	-	1,060,000	848,080	1,908,080
2028	1,275,000	680,000	-	-	-	1,955,000	1,571,799	3,526,799
2029	1,330,000	710,000	-	-	-	2,040,000	1,635,955	3,675,955
2030	1,380,000	740,000	-	-	-	2,120,000	1,702,728	3,822,728
2031	1,440,000	770,000	-	-	-	2,210,000	1,772,227	3,982,227
2032	1,495,000	800,000	-	-	-	2,295,000	1,844,563	4,139,563
2033	1,560,000	835,000	-	-	-	2,395,000	1,919,851	4,314,851
2034	1,620,000	865,000	-	-	-	2,485,000	1,998,213	4,483,213
2035	1,690,000	905,000	-	-	-	2,595,000	2,079,772	4,674,772
2036	1,755,000	940,000	-	-	-	2,695,000	2,164,661	4,859,661
2037	1,830,000	980,000	-	-	-	2,810,000	2,253,015	5,063,015
2038	1,905,000	1,020,000	-	-	-	2,925,000	2,344,974	5,269,974
2039	1,980,000	1,060,000	-	-	-	3,040,000	2,440,688	5,480,688
2040	2,060,000	1,100,000	-	-	-	3,160,000	2,540,307	5,700,307
2041	2,145,000	1,145,000	-	-	-	3,290,000	2,643,993	5,933,993
2042	2,235,000	1,195,000	-	-	-	3,430,000	2,751,912	6,181,912
2043	2,325,000	1,245,000	-	-	-	3,570,000	2,864,235	6,434,235
2044	2,420,000	1,295,000	-	-	-	3,715,000	2,981,142	6,696,142
2045	2,520,000	1,345,000	-	-	-	3,865,000	3,102,821	6,967,821
2046	2,620,000	1,400,000	-	-	-	4,020,000	3,229,467	7,249,467
2047	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-
2053	-	-	-	-	-	-	-	-
2054	-	-	-	-	-	-	-	-
2055	-	-	-	-	-	-	-	-
	\$ 36,275,000	\$ 19,400,000	\$ -	\$ -	\$ -	\$ 55,675,000	\$ 44,690,403	\$ 100,365,403

*Preliminary, subject to change. Preliminary figures calculated based on current market rates as of October 24, 2025.

(1) Sewer includes WMARSS and Wastewater

(2) Tax-supported debt service includes projects funded for golf course projects that will be repaid from golf course revenues.

(3) Payments shown do NOT include interest expense.

Existing bond payments plus proforma 2026 CO debt service*

Fiscal Year End	Water System	Sewer System ⁽¹⁾	Solid Waste System	Tax Increment Reinvestment Zones	Drainage System	Total Self-Supported Principal Requirements	Total Tax-Supported Principal Requirements ⁽²⁾	Total Principal Requirements
9/30								
2026	\$ 14,015,000	\$ 12,360,000	\$ 3,345,000	\$ 705,000	\$ 440,000	\$ 30,865,000	\$ 12,520,000	\$ 43,385,000
2027	15,815,000	13,640,000	3,500,000	740,000	455,000	34,150,000	15,363,080	49,513,080
2028	17,265,000	14,680,000	3,140,000	770,000	480,000	36,335,000	15,836,799	52,171,799
2029	17,390,000	15,220,000	2,605,000	1,710,000	500,000	37,425,000	16,555,955	53,980,955
2030	18,075,000	15,840,000	1,295,000	2,695,000	530,000	38,435,000	16,737,728	55,172,728
2031	17,890,000	16,240,000	1,350,000	3,295,000	555,000	39,330,000	17,122,227	56,452,227
2032	18,630,000	16,820,000	1,300,000	3,450,000	580,000	40,780,000	17,349,563	58,129,563
2033	19,365,000	15,240,000	1,350,000	4,005,000	615,000	40,575,000	16,699,851	57,274,851
2034	19,500,000	15,330,000	1,410,000	4,215,000	640,000	41,095,000	16,968,213	58,063,213
2035	19,890,000	15,520,000	1,435,000	4,430,000	670,000	41,945,000	17,569,772	59,514,772
2036	19,390,000	15,685,000	1,510,000	4,665,000	695,000	41,945,000	17,549,661	59,494,661
2037	15,505,000	12,560,000	1,565,000	4,890,000	720,000	35,240,000	18,083,015	53,323,015
2038	12,815,000	12,165,000	1,640,000	5,145,000	750,000	32,515,000	18,074,974	50,589,974
2039	11,920,000	10,615,000	1,710,000	5,405,000	780,000	30,430,000	17,800,688	48,230,688
2040	10,925,000	9,315,000	1,785,000	5,670,000	810,000	28,505,000	17,240,307	45,745,307
2041	10,070,000	8,740,000	1,860,000	5,960,000	845,000	27,475,000	16,158,993	43,633,993
2042	9,155,000	7,800,000	1,630,000	6,265,000	880,000	25,730,000	15,711,912	41,441,912
2043	8,090,000	7,500,000	1,380,000	6,580,000	115,000	23,665,000	12,179,235	35,844,235
2044	6,610,000	5,600,000	1,455,000	6,910,000	120,000	20,695,000	10,496,142	31,191,142
2045	6,795,000	5,695,000	1,525,000	7,260,000	125,000	21,400,000	9,252,821	30,652,821
2046	3,970,000	5,195,000	1,610,000	6,650,000	130,000	17,555,000	6,254,467	23,809,467
2047	1,415,000	3,980,000	1,700,000	6,985,000	135,000	14,215,000	2,555,000	16,770,000
2048	1,485,000	4,190,000	1,800,000	7,330,000	145,000	14,950,000	2,670,000	17,620,000
2049	1,560,000	4,395,000	1,895,000	7,710,000	150,000	15,710,000	2,785,000	18,495,000
2050	2,620,000	6,155,000	2,025,000	5,100,000	155,000	16,055,000	3,370,000	19,425,000
2051	2,800,000	6,280,000	2,215,000	5,365,000	160,000	16,820,000	3,595,000	20,415,000
2052	2,900,000	6,680,000	2,260,000	5,640,000	165,000	17,645,000	3,830,000	21,475,000
2053	3,650,000	7,630,000	1,375,000	-	175,000	12,830,000	4,285,000	17,115,000
2054	3,625,000	7,215,000	1,425,000	-	-	12,265,000	2,540,000	14,805,000
2055	-	2,165,000	-	-	-	2,165,000	-	2,165,000
\$	313,135,000	\$ 300,450,000	\$ 53,095,000	\$ 129,545,000	\$ 12,520,000	\$ 808,745,000	\$ 347,155,403	\$ 1,155,900,403

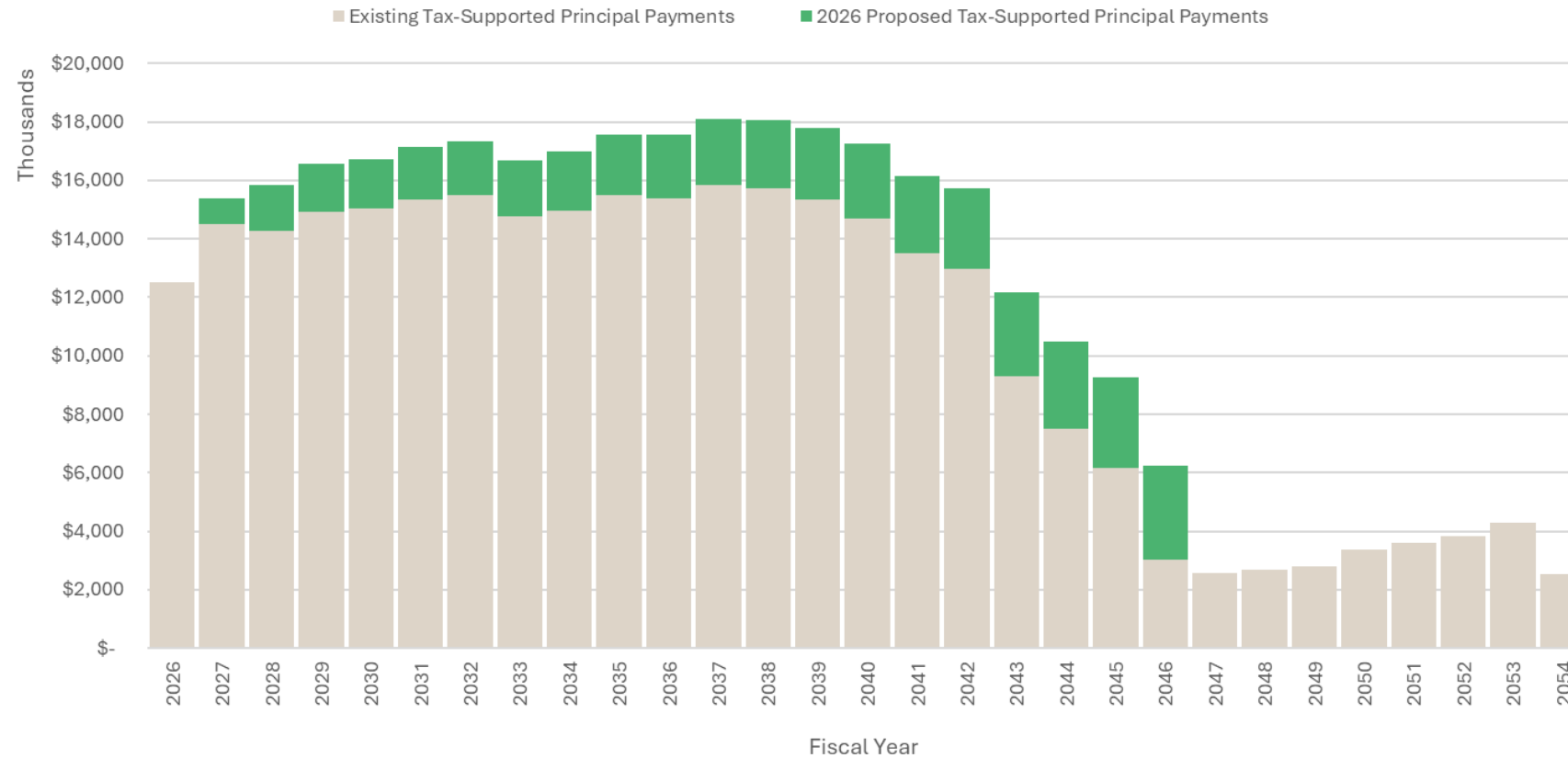
*2026 C/O component of numbers is preliminary and subject to change. Preliminary figures calculated based on current market rates as of October 24, 2025.

(1) Sewer includes WMARSS and Wastewater

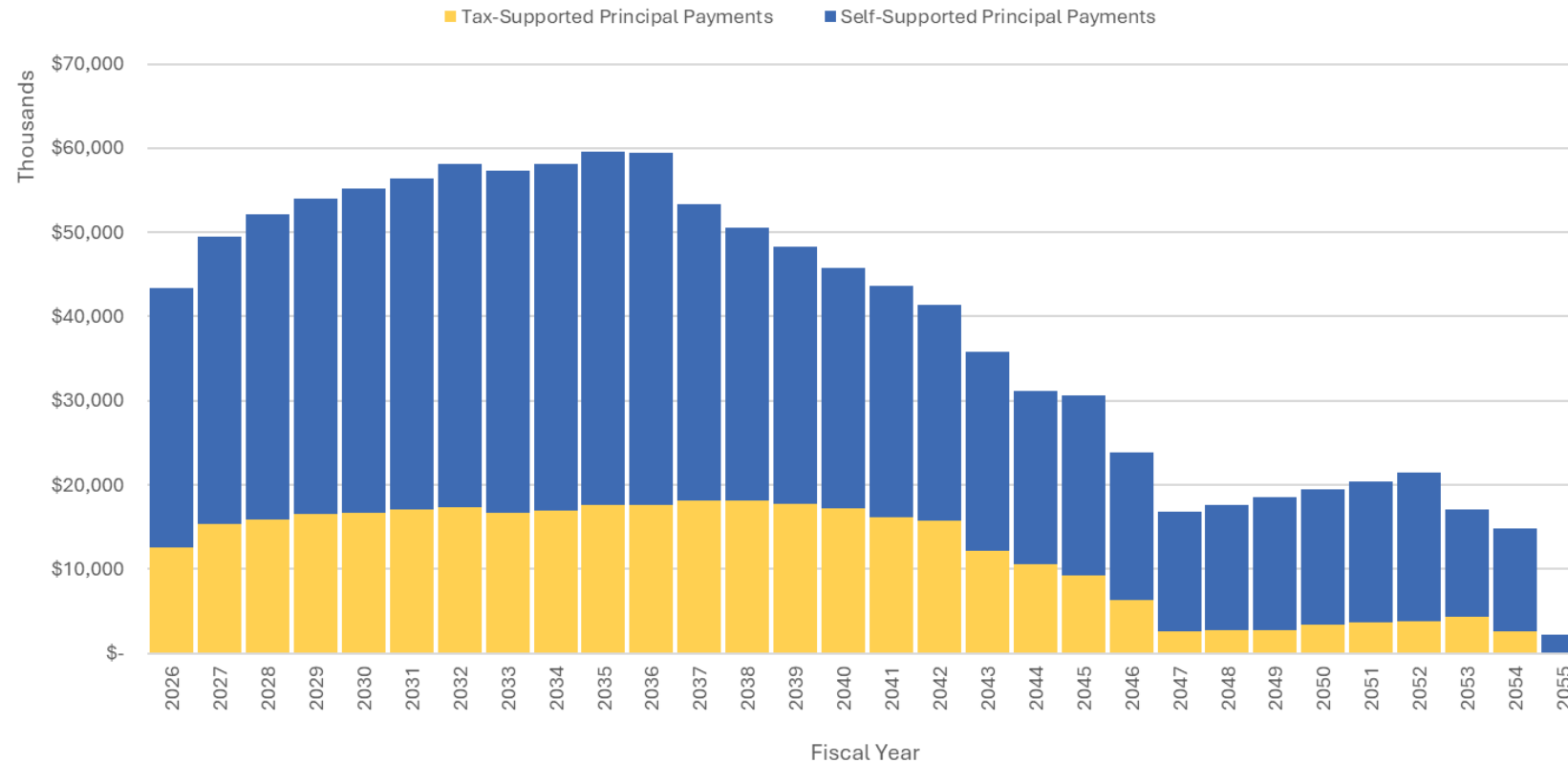
(2) Tax-supported debt service includes projects funded for golf course projects that will be repaid from golf course revenues.

(3) Payments shown do NOT include interest expense.

City's *principal* balances repaid from *I&S tax rate* following 2026 CO issuance



City's total principal payments following 2026 CO issue (tax-supported and self-supported from enterprise funds)



2026 Financing Timeline

Date	Key Action
November 4	City Council Meeting Approve plan of finance and Notice of Intent
November 8	Publish first public notice of intention to issue COs
November 15	Publish second public notice of intention to issue COs
January	Rating Agency meetings with Moody's & S&P
January 20	City Council approval of paramaters bond sale
February	Bond pricing
March	Bond closing

Note – All dates are preliminary and subject to change.

Waco continues to maintain strong bond ratings of Aa1/AA+

Credit Rating Scale		Credit Rating Commentary	
Moody's and S&P's Ratings on Waco	Aaa/AAA	Highest Quality Credit (Lowest default risk)	
	Aa1/AA+		+ Strong, growing economy
	Aa2/AA	High Grade / High Quality	
	Aa3/AA-		+ Well-managed financial operations
	A1/A+		
	A2/A	Upper Medium Grade	
	A3/A-		+ Strong financial reserves
	Baa1/BBB+		• Weak income indices
	Baa2/BBB	Minimum Investment Grade	• Elevated outstanding debt compared to peers
	Baa3/BBB-		
Ba/BB		Non-Investment Grade / Speculative	
C		Highly Speculative	
D		Imminent or in Default	

+ Strong, growing economy

+ Well-managed financial operations

+ Strong financial reserves

• Weak income indices

• Elevated outstanding debt compared to peers

FINAL REVIEW

- Agenda Item – Authorization to publish Notice of Intent to Issue debt; NOT an authorization to issue
 - Council approval of bond sale is January 20
- Maximum principal amount not to exceed \$110,000,000; can be reduced
- 2026 COs - \$100,365,403 – FY26 Adopted CIP
 - General CIP Debt - \$41,778,403
 - Water/Wastewater CIP Debt - \$55,675,000
 - Golf Course CIP Debt - \$2,912,000

Questions & Discussion