

2026 CERTIFICATES OF OBLIGATION PLAN OF FINANCE

January 20, 2026



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. FY26 CIP Sources and Uses
2. Debt Analysis
3. Utility Rate Structure
4. 2026 Certificates of Obligation Plan of Finance

Capital Improvement Plan: Sources and Uses

CURRENTLY PROPOSED CIP SOURCES & USES

General Government Capital:

Fire Services

Project Title	Recommended	Funding Source
FY 25/26 Fire Station 8 Design	1,078,403	Property Tax COs
Total	\$ 1,078,403	

Streets

Project Title	Recommended	Funding Source
Bridge Reconstruction Program	6,500,000	Property Tax Cos
BSW Program - Reconstruction (Neighborhood Streets Program)	3,000,000	Property Tax COs
BSW Program - Rehabilitation	31,200,000	Property Tax COs
Total	\$ 40,700,000	

Total General Government:

\$ 41,778,403

Self Supporting Capital:

Cottonwood Creek Golf Course

Project Title	Recommended	Funding Source
Project 2 Holes #5 & #6 Drainage, Channel and Cart Path Improvements	1,364,000	Revenue/Property Tax COs
Drainage Project 1 Holes #4 & 5	1,548,000	Revenue/Property Tax COs
Total	\$ 2,912,000	
Total Self Supporting Capital:	\$ 2,912,000	

CURRENTLY PROPOSED CIP SOURCES & USES

Enterprise Utility Systems:

Wastewater

Project Title	Recommended	Funding Source
Wastewater Interceptors & Lift Stations	\$ 1,400,000	Wastewater COs
Wastewater System Improvements	9,000,000	Wastewater COs
Total	\$ 10,400,000	

Water

Project Title	Recommended	Funding Source
Plant Improvements	\$ 7,875,000	
Pump and Storage Improvements	9,900,000	Water COs
Water System Improvements	5,000,000	Water COs
Water Transmission Improvements	5,000,000	Water COs
West Side of Lake - Water	8,500,000	Water COs
Total	\$ 36,275,000	

Waco Metro Area Sewer System

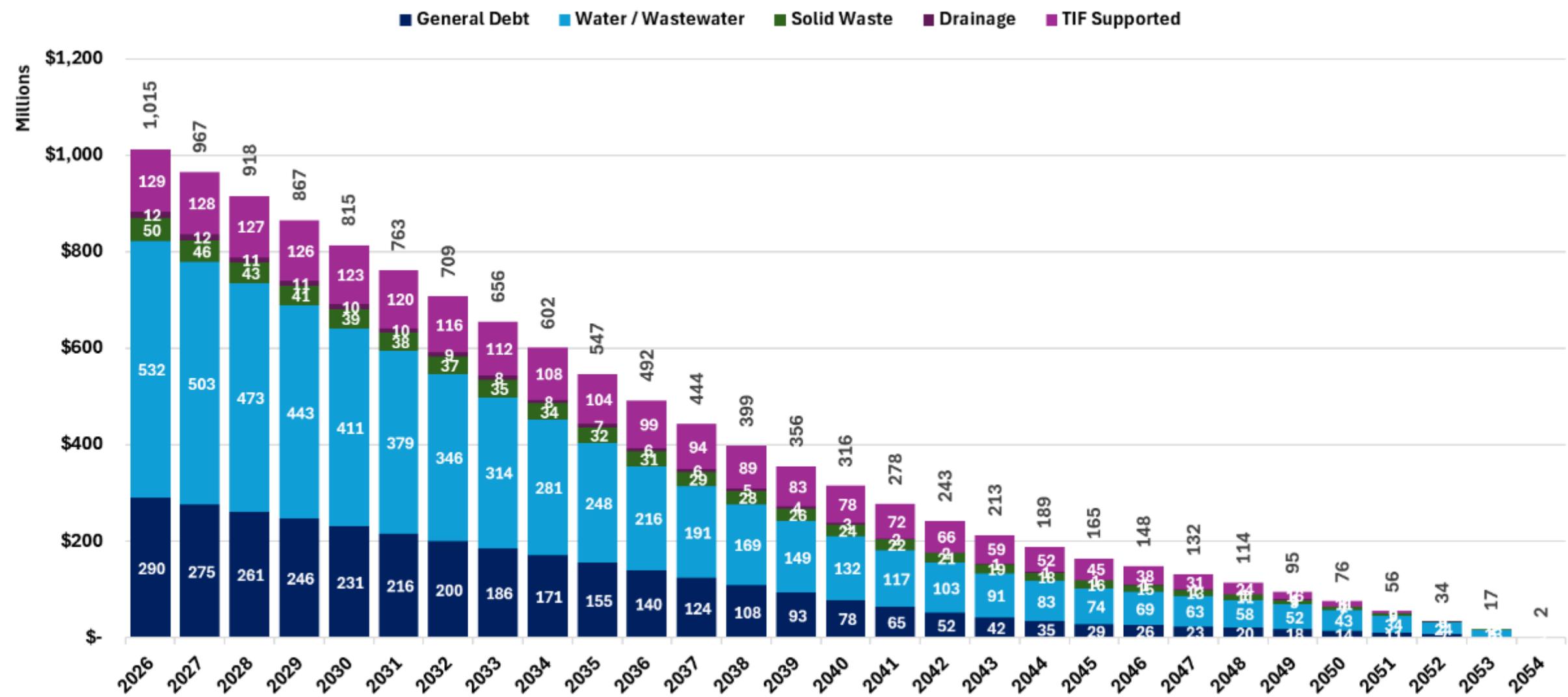
Project Title	Recommended	Funding Source
WMARSS North Interceptor	7,000,000	Wastewater COs
WMARSS Plant Improvements	2,000,000	Wastewater COs
Total	\$ 9,000,000	

Total Enterprise Utility Systems **\$ 55,675,000**

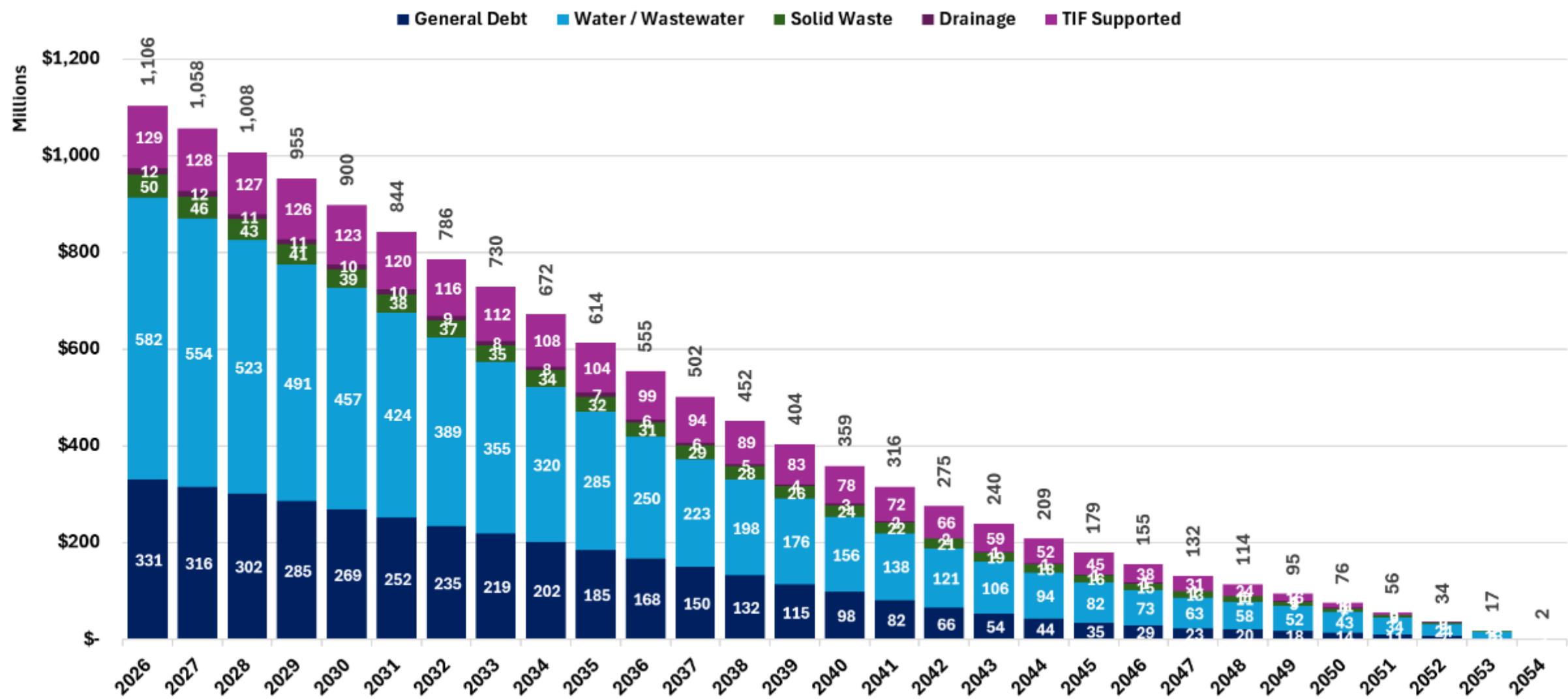
Total Proposed CIP **\$ 100,365,403**

City of Waco Debt Profile

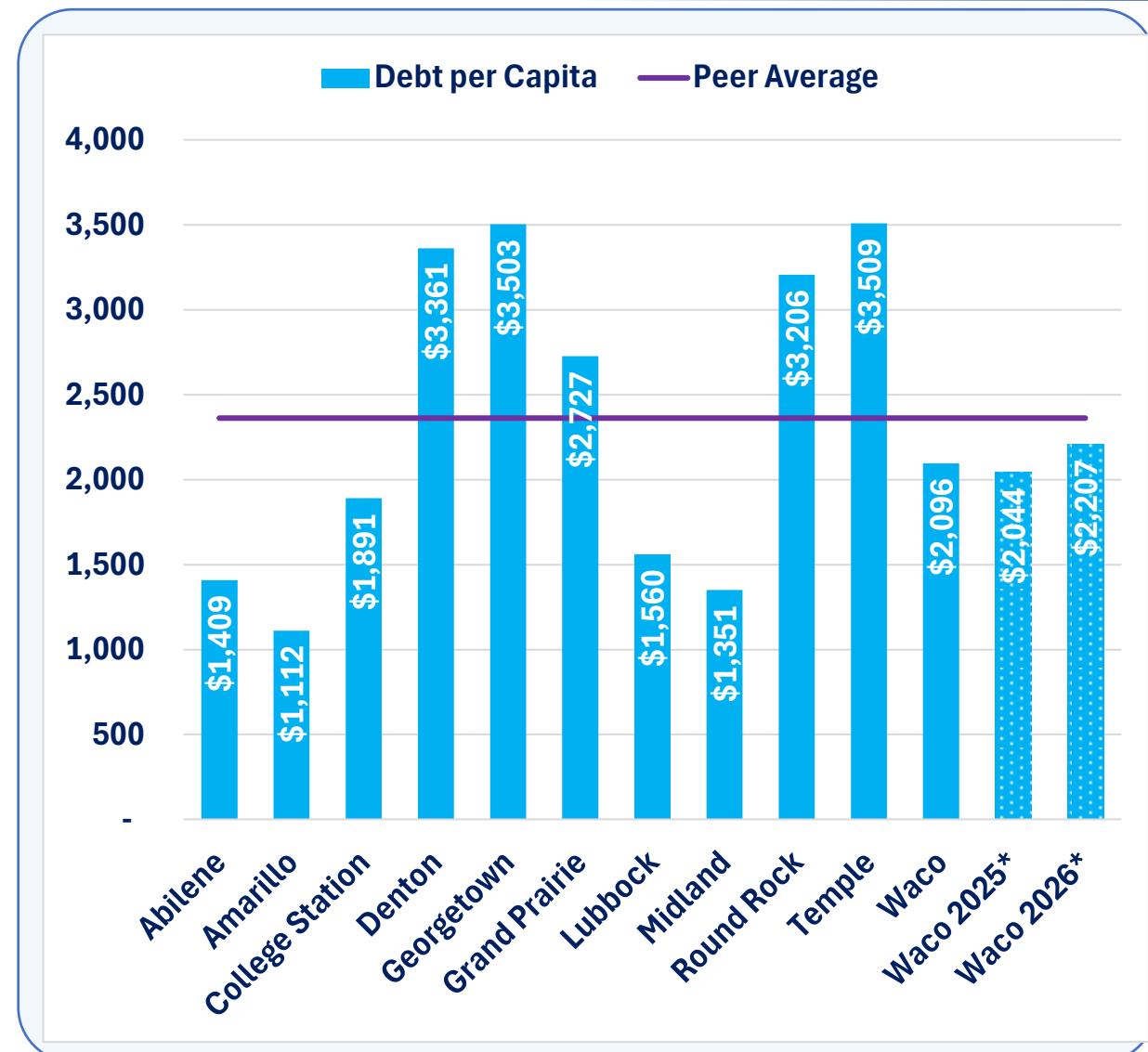
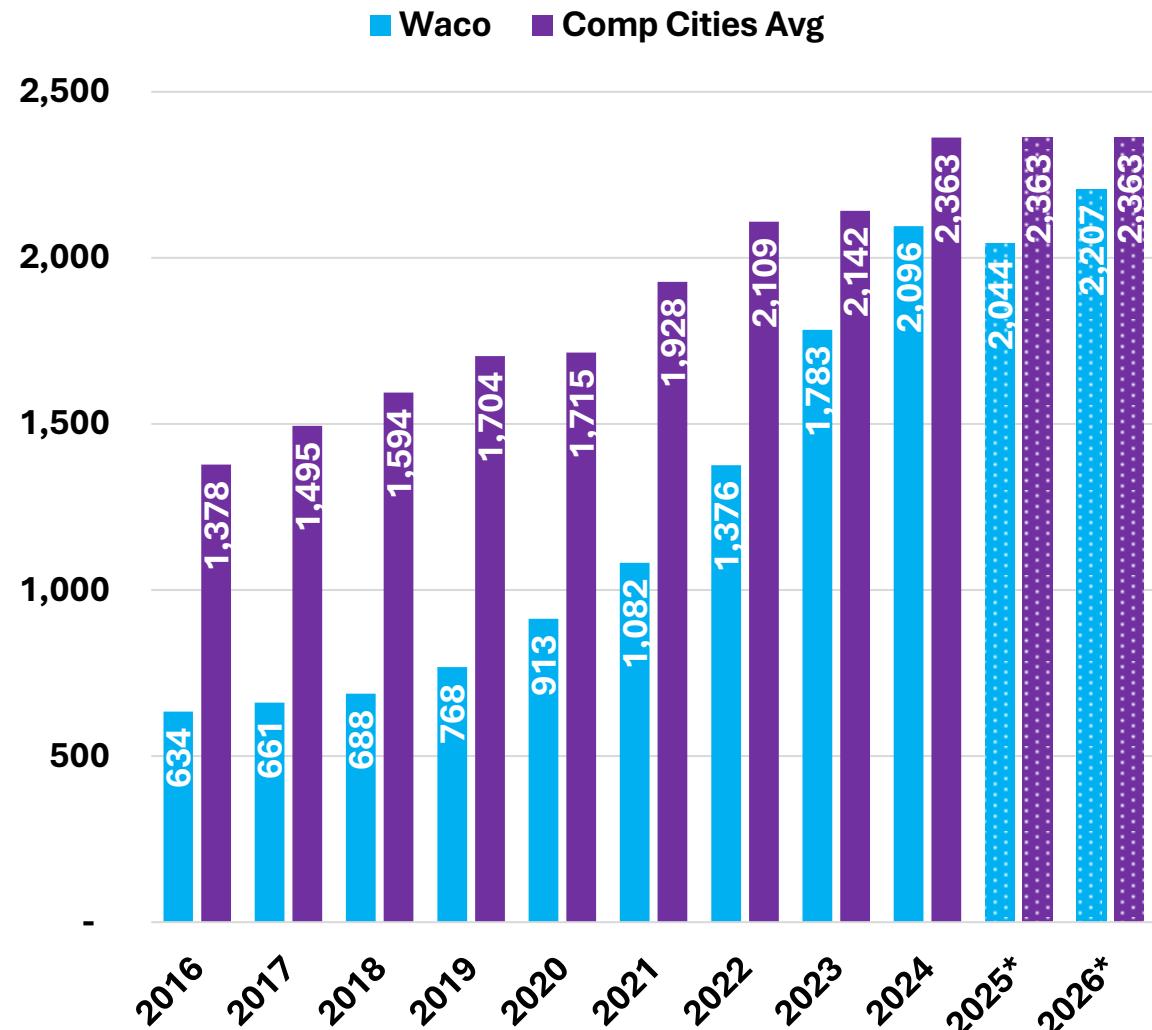
Debt Profile – Principal Only – Current



Debt Profile – Principal Only – After 2026 COs



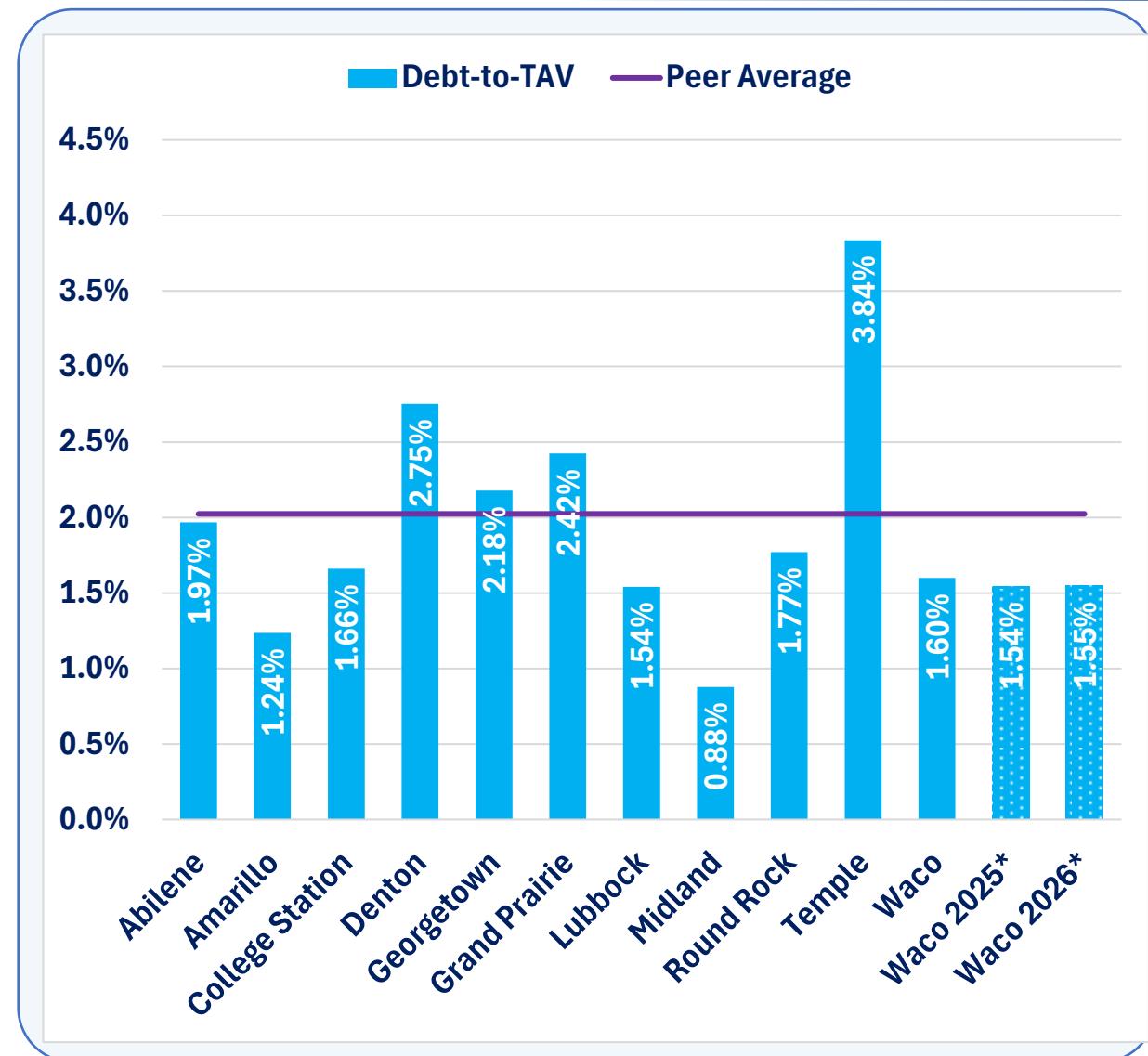
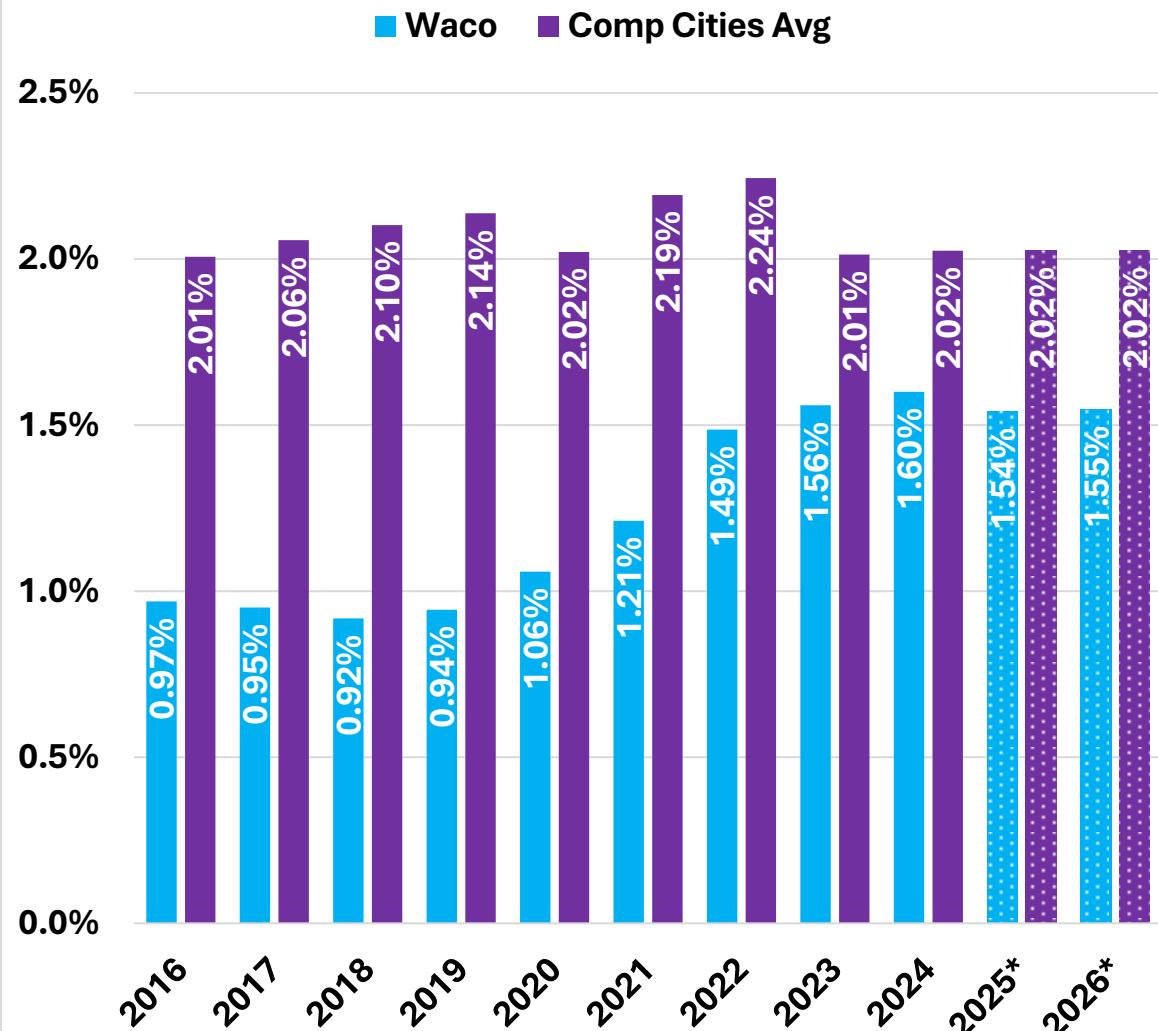
Debt per Capita Peer Comparison



* 2025 and 2026 data for Waco is unaudited

* Data for Peer Cities for 2025 and 2026 not available – Comp Cities average based on 2024 values

Debt per Taxable Value Peer Comparison

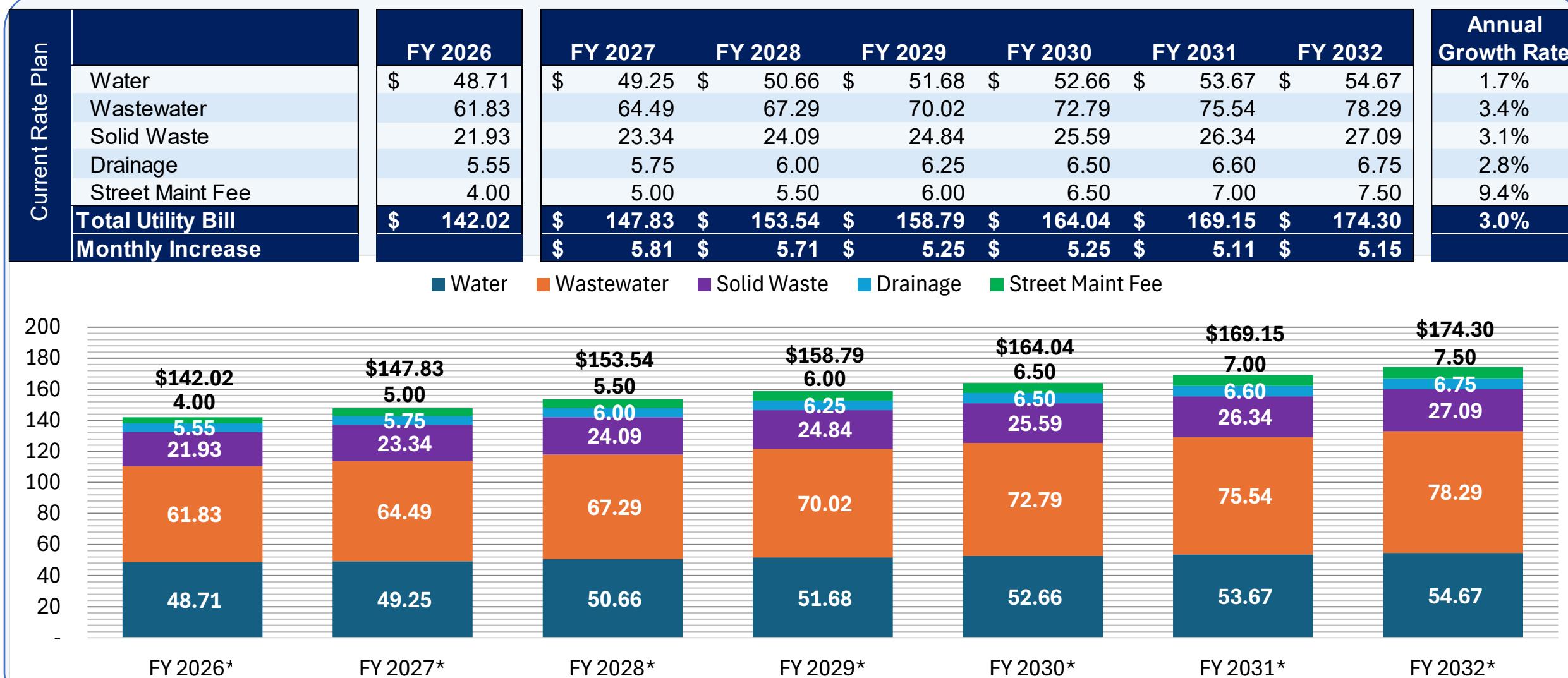


* 2025 and 2026 data for Waco is unaudited

* Data for Peer Cities for 2025 and 2026 not available – Comp Cities average based on 2024 values

CIP Utility Rate Impacts

UTILITY RATE IMPACT: 8K WATER USAGE / 5K WASTEWATER



* Rates for FY 2027 through FY 2032 are proposed only and subject to change through annual review and budget adoption process

2026 Certificates of Obligation Plan of Finance



City of Waco

Plan of Finance – 2026 Bond Program

PFM Financial Advisors LLC
Tijerina Financial Consulting LLC

January 2026

PFM Financial Advisors LLC
Tijerina Financial Consulting LLC

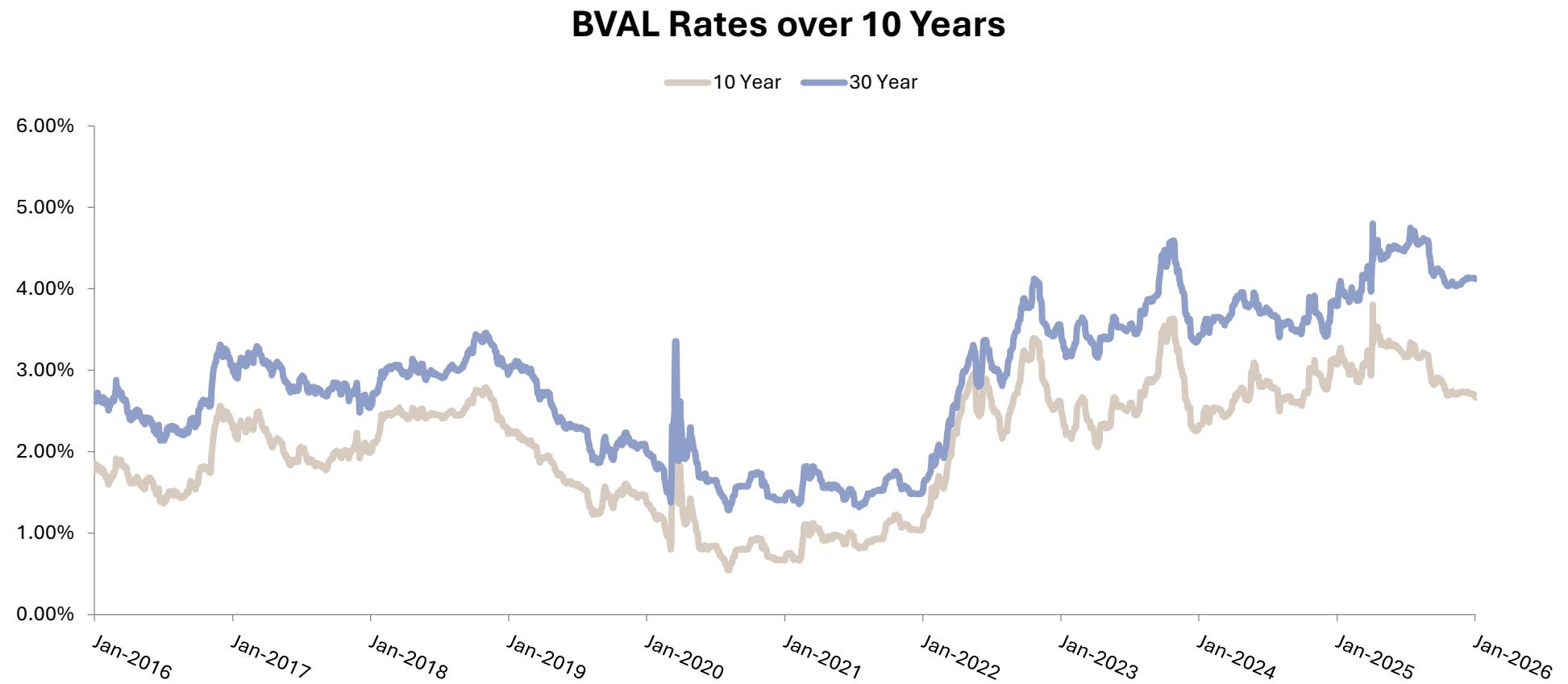
111 Congress Ave
Suite 2150
Austin, TX 78701
512.614.5324
pfm.com

6301 Gaston Ave
West Tower, Suite 1238
Dallas, TX 75214
214.974.8949
tfcma.com

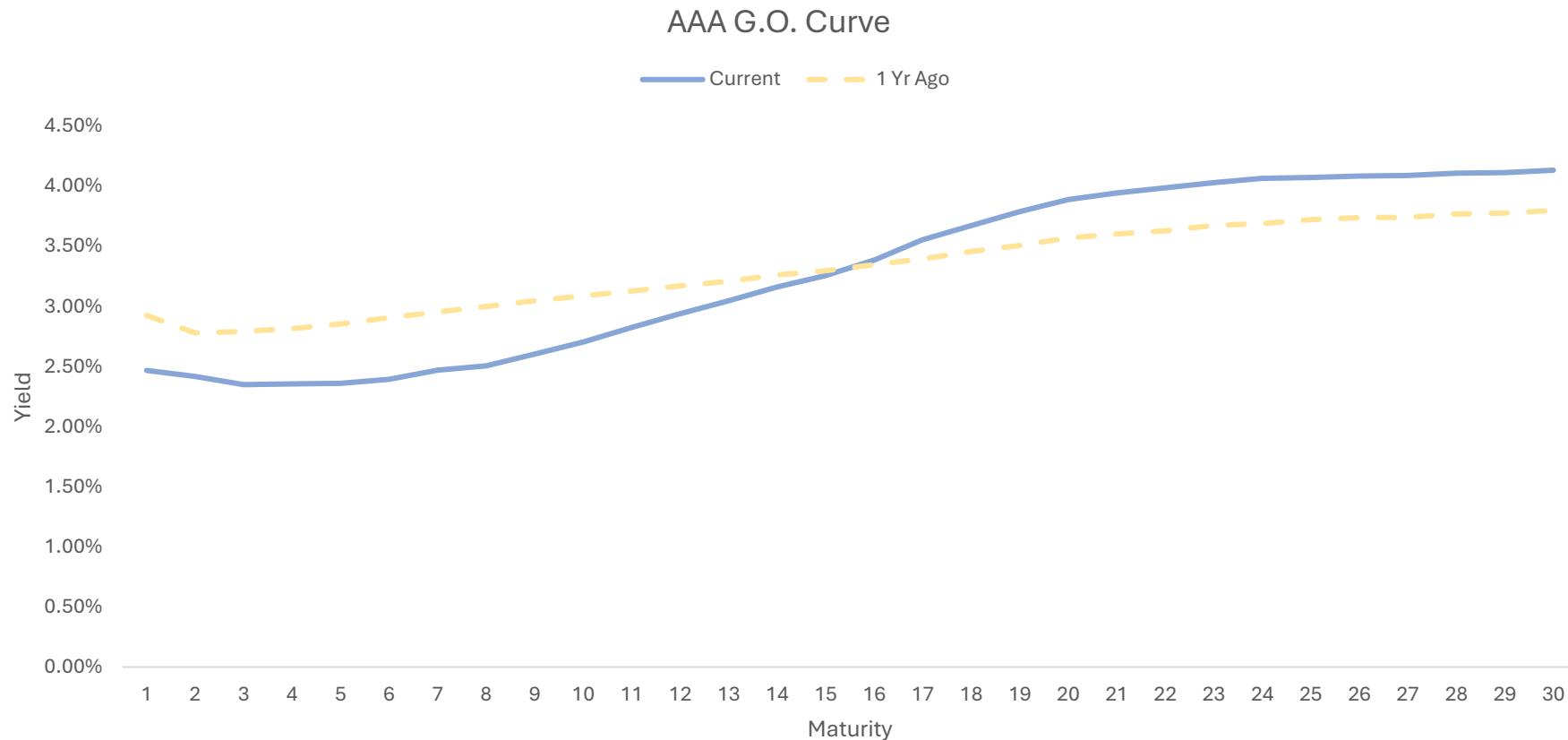
Executive summary – Waco 2026 Bond Financing Plan

- ◆ Authorization for up to \$110* million of tax-exempt Certificates of Obligation in early 2026 will fund city-wide capital improvements
- ◆ Tax-exempt bonds 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 25 & March 19* – Bond pricing, lock-in interest rates, bond closing, receive bond proceeds
- ◆ Co-Municipal Advisors: PFM Financial Advisors LLC, Tijerina Financial Consulting
- ◆ Bond & Disclosure Counsel: Bracewell LLP
- ◆ Underwriting Syndicate: Wells Fargo, Bank of America, Cabrera Capital Markets, Siebert Williams Shank

Long-term tax-exempt interest rates



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





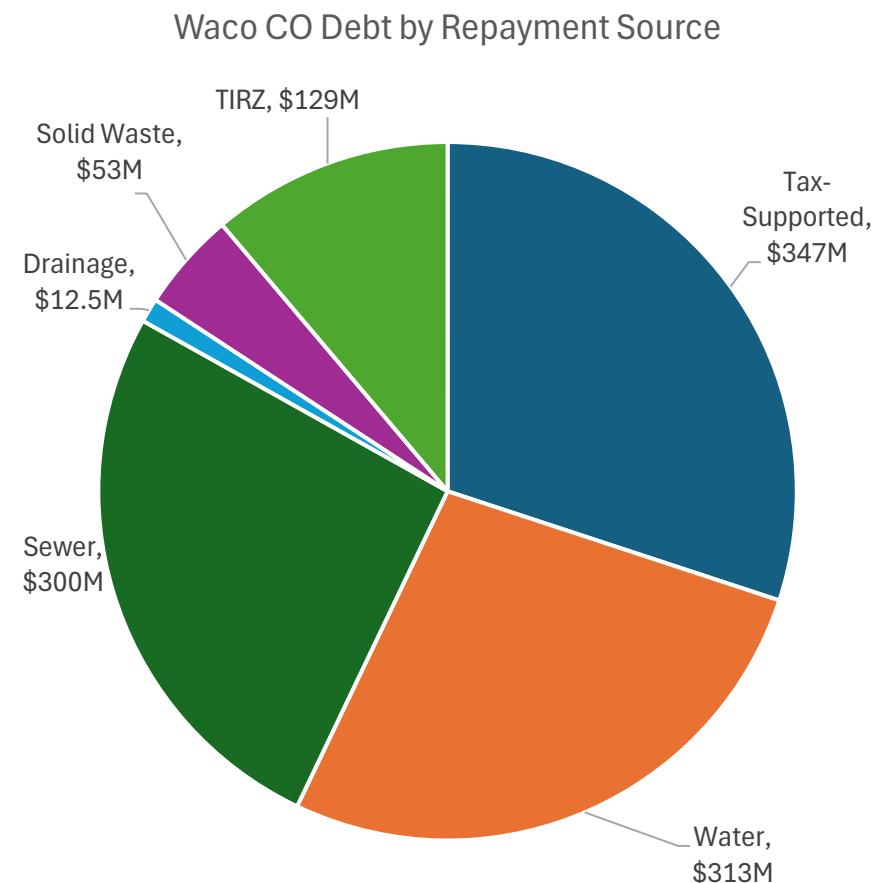
Summary of projects to be funded by 2026 COs

- ◆ 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	Department	Debt Repayment Source	General Government Capital	Cottonwood Creek Golf Course	Wastewater	Water	Waco Metro Area Sewer System	Total
FY 25/26 Fire Station 8 Design	Fire Services	I&S Property Tax	1,078,403	-	-	-	-	1,078,403
Bridge Reconstruction Program	Streets	I&S Property Tax	6,500,000	-	-	-	-	6,500,000
BSW Program - Reconstruction (Neighborhood Streets Program)	Streets	I&S Property Tax	3,000,000	-	-	-	-	3,000,000
BSW Program - Rehabilitation	Streets	I&S Property Tax	31,200,000	-	-	-	-	31,200,000
Project 2 Holes #5 & #6 Drainage, Channel and Cart Path Improvements	CC Golf Course	Golf Course Revenue	-	1,364,000	-	-	-	1,364,000
Drainage Project 1 Holes #4 & 5	CC Golf Course	Golf Course Revenue	-	1,548,000	-	-	-	1,548,000
Wastewater Interceptors & Lift Stations	Wastewater	WW Revenue	-	-	1,400,000	-	-	1,400,000
Wastewater System Improvements	Wastewater	WW Revenue	-	-	9,000,000	-	-	9,000,000
Plant Improvements	Water	Water Revenue	-	-	-	7,875,000	-	7,875,000
Pump and Storage Improvements	Water	Water Revenue	-	-	-	9,900,000	-	9,900,000
Water System Improvements	Water	Water Revenue	-	-	-	5,000,000	-	5,000,000
Water Transmission Improvements	Water	Water Revenue	-	-	-	5,000,000	-	5,000,000
West Side of Lake - Water	Water	Water Revenue	-	-	-	8,500,000	-	8,500,000
WMARSS North Interceptor	WMARSS	WMARSS Revenue	-	-	-	-	7,000,000	7,000,000
WMARSS Plant Improvements	WMARSS	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)	12.26 years
Assumed Ratings	Aa1 (Moody's) / AA+ (S&P)
Net Interest Cost	4.21%
True Interest Cost	3.95%
All-in True Interest Cost	3.99%
Optional Redemption Date	10-year par call
Total Project Fund Deposit (\$000s)	\$100,365
Total Estimated Debt Service (\$000s)	\$148,177
Average Annual Debt Service (\$000s)	\$7,458

*All figures are preliminary and subject to change. Assumes interest rates as of January 6, 2026. 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 Principal		Tax- Supported Principal	Total Principal
						Requirements	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		Drainage System	Total Self-Supported Principal Requirements ⁽²⁾	Total Tax-Supported Principal Requirements	Total Principal Total
				Zones					
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 9/30	Water System	Sewer System ⁽¹⁾	Solid Waste System	Tax Increment Reinvestment Zones	Drainage System	Total Self-Supported <u>Principal</u>		Total Tax-Supported <u>Principal</u>		Total <u>Principal</u>	
						Requirements	Requirements ⁽²⁾	Requirements	Requirements	Requirements	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	15,815,000	13,640,000	3,500,000	740,000	455,000	34,150,000	15,363,080				
2028	17,265,000	14,680,000	3,140,000	770,000	480,000	36,335,000	15,836,799				
2029	17,390,000	15,220,000	2,605,000	1,710,000	500,000	37,425,000	16,555,955				
2030	18,075,000	15,840,000	1,295,000	2,695,000	530,000	38,435,000	16,737,728				
2031	17,890,000	16,240,000	1,350,000	3,295,000	555,000	39,330,000	17,122,227				
2032	18,630,000	16,820,000	1,300,000	3,450,000	580,000	40,780,000	17,349,563				
2033	19,365,000	15,240,000	1,350,000	4,005,000	615,000	40,575,000	16,699,851				
2034	19,500,000	15,330,000	1,410,000	4,215,000	640,000	41,095,000	16,968,213				
2035	19,890,000	15,520,000	1,435,000	4,430,000	670,000	41,945,000	17,569,772				
2036	19,390,000	15,685,000	1,510,000	4,665,000	695,000	41,945,000	17,549,661				
2037	15,505,000	12,560,000	1,565,000	4,890,000	720,000	35,240,000	18,083,015				
2038	12,815,000	12,165,000	1,640,000	5,145,000	750,000	32,515,000	18,074,974				
2039	11,920,000	10,615,000	1,710,000	5,405,000	780,000	30,430,000	17,800,688				
2040	10,925,000	9,315,000	1,785,000	5,670,000	810,000	28,505,000	17,240,307				
2041	10,070,000	8,740,000	1,860,000	5,960,000	845,000	27,475,000	16,158,993				
2042	9,155,000	7,800,000	1,630,000	6,265,000	880,000	25,730,000	15,711,912				
2043	8,090,000	7,500,000	1,380,000	6,580,000	115,000	23,665,000	12,179,235				
2044	6,610,000	5,600,000	1,455,000	6,910,000	120,000	20,695,000	10,496,142				
2045	6,795,000	5,695,000	1,525,000	7,260,000	125,000	21,400,000	9,252,821				
2046	3,970,000	5,195,000	1,610,000	6,650,000	130,000	17,555,000	6,254,467				
2047	1,415,000	3,980,000	1,700,000	6,985,000	135,000	14,215,000	2,555,000				
2048	1,485,000	4,190,000	1,800,000	7,330,000	145,000	14,950,000	2,670,000				
2049	1,560,000	4,395,000	1,895,000	7,710,000	150,000	15,710,000	2,785,000				
2050	2,620,000	6,155,000	2,025,000	5,100,000	155,000	16,055,000	3,370,000				
2051	2,800,000	6,280,000	2,215,000	5,365,000	160,000	16,820,000	3,595,000				
2052	2,900,000	6,680,000	2,260,000	5,640,000	165,000	17,645,000	3,830,000				
2053	3,650,000	7,630,000	1,375,000	-	175,000	12,830,000	4,285,000				
2054	3,625,000	7,215,000	1,425,000	-	-	12,265,000	2,540,000				
2055	-	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			

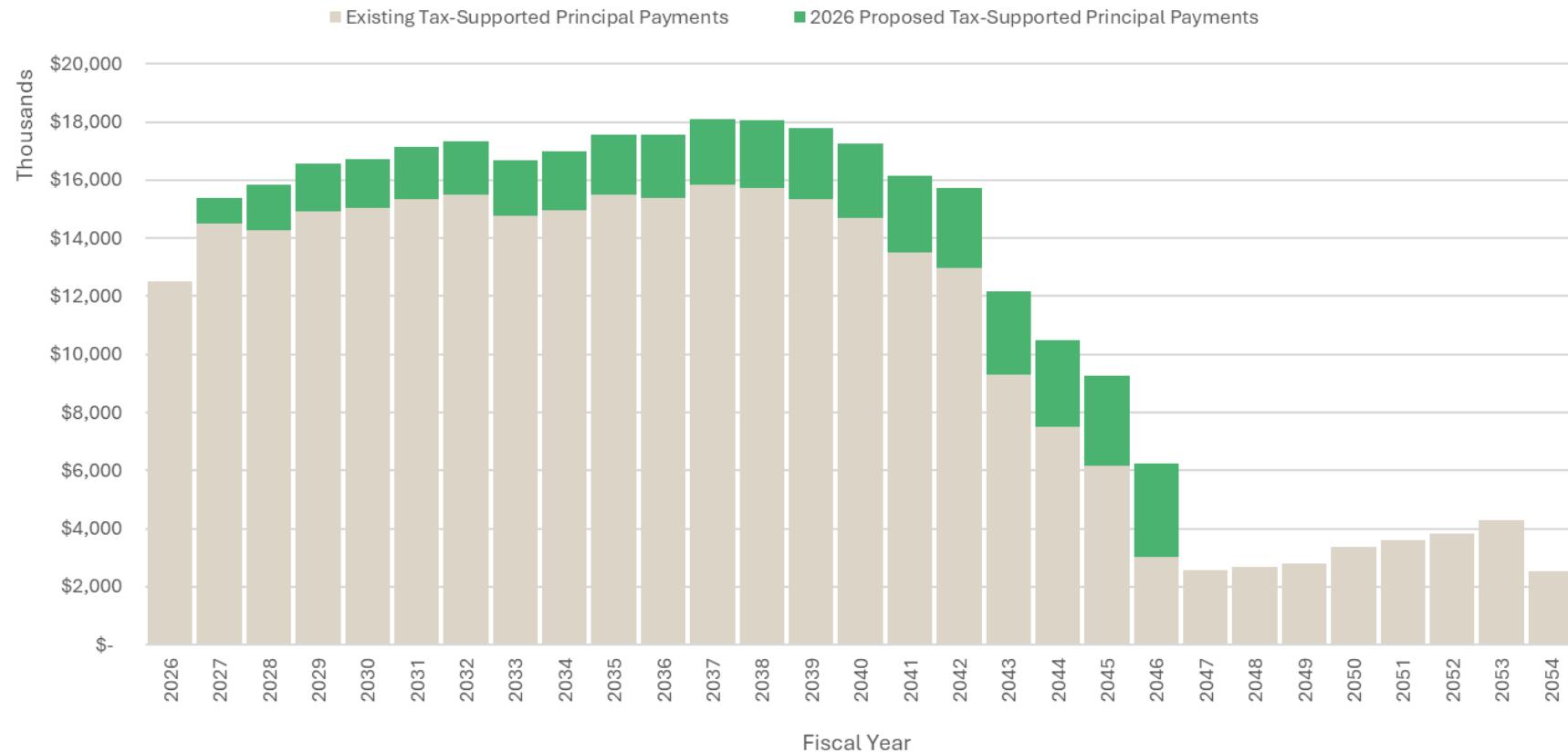
*2026 C/O component of numbers is preliminary and subject to change. Preliminary figures calculated based on current market rates as of October 24, 2025.

(1) Sewer includes WMARSS and Wastewater

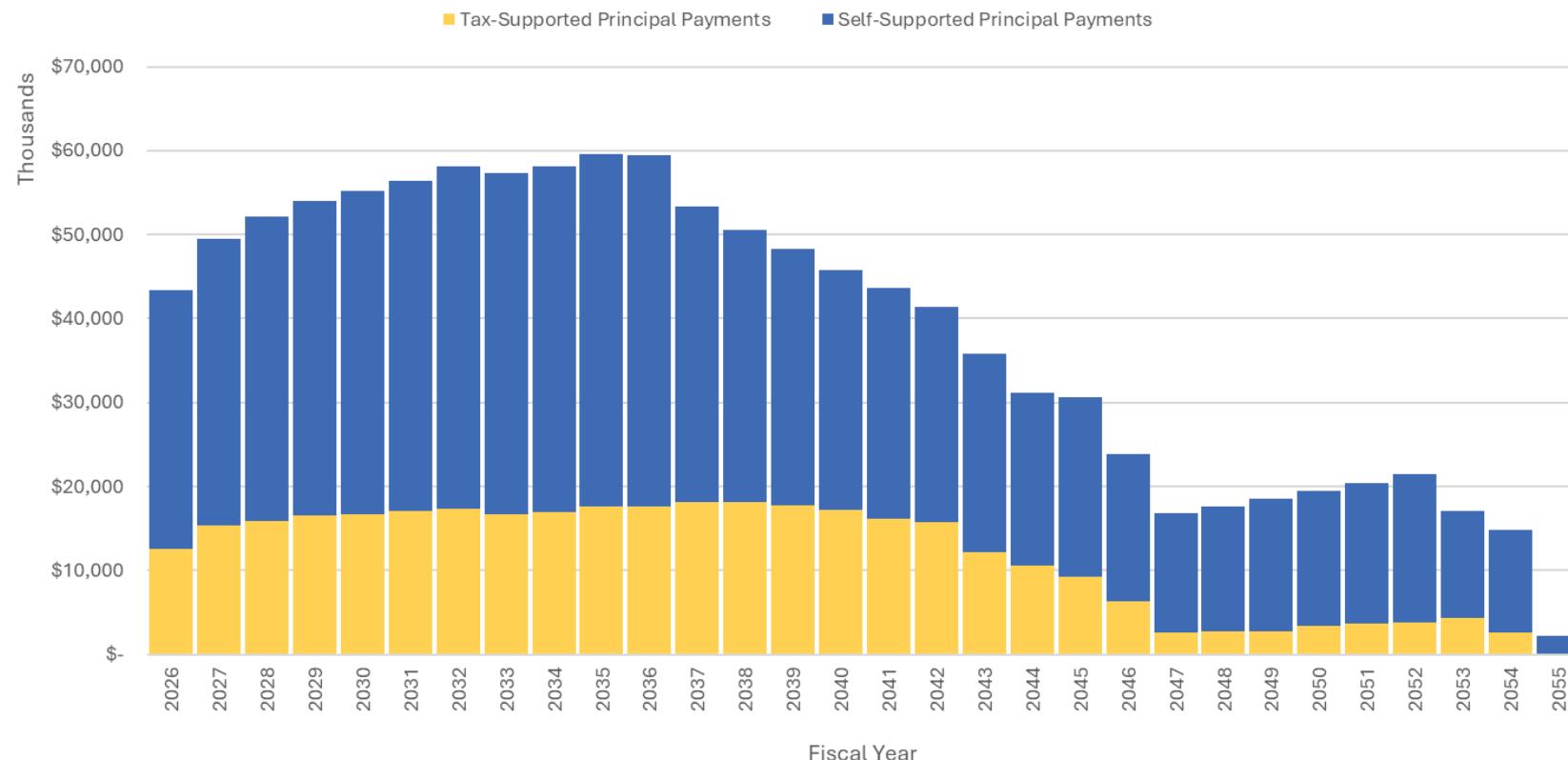
(2) Tax-supported debt service includes projects funded for golf course projects that will be repaid from golf course revenues.

(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 parameters bond sale
February 25	Bond pricing
March 19	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
Aaa/AAA	Highest Quality Credit (Lowest default risk)	
Aa1/AA+		
Aa2/AA	High Grade / High Quality	
Aa3/AA-		
A1/A+		
A2/A	Upper Medium Grade	
A3/A-		
Baa1/BBB+		
Baa2/BBB	Minimum Investment Grade	
Baa3/BBB-		
Ba/BB	Non-Investment Grade / Speculative	
C	Highly Speculative	
D	Imminent or in Default	

**Moody's and S&P's
Ratings on Waco**

Aa1/AA+	
Aa2/AA	
Aa3/AA-	
A1/A+	
A2/A	
A3/A-	
Baa1/BBB+	
Baa2/BBB	
Baa3/BBB-	
Ba/BB	
C	
D	

Questions & Discussion