



City of Waco

2024 Bond Sale Discussion

PFM Financial Advisors LLC
Tijerina Financial Consulting LLC

May 21, 2024

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Executive summary – Waco 2024 Bond Financing Plan

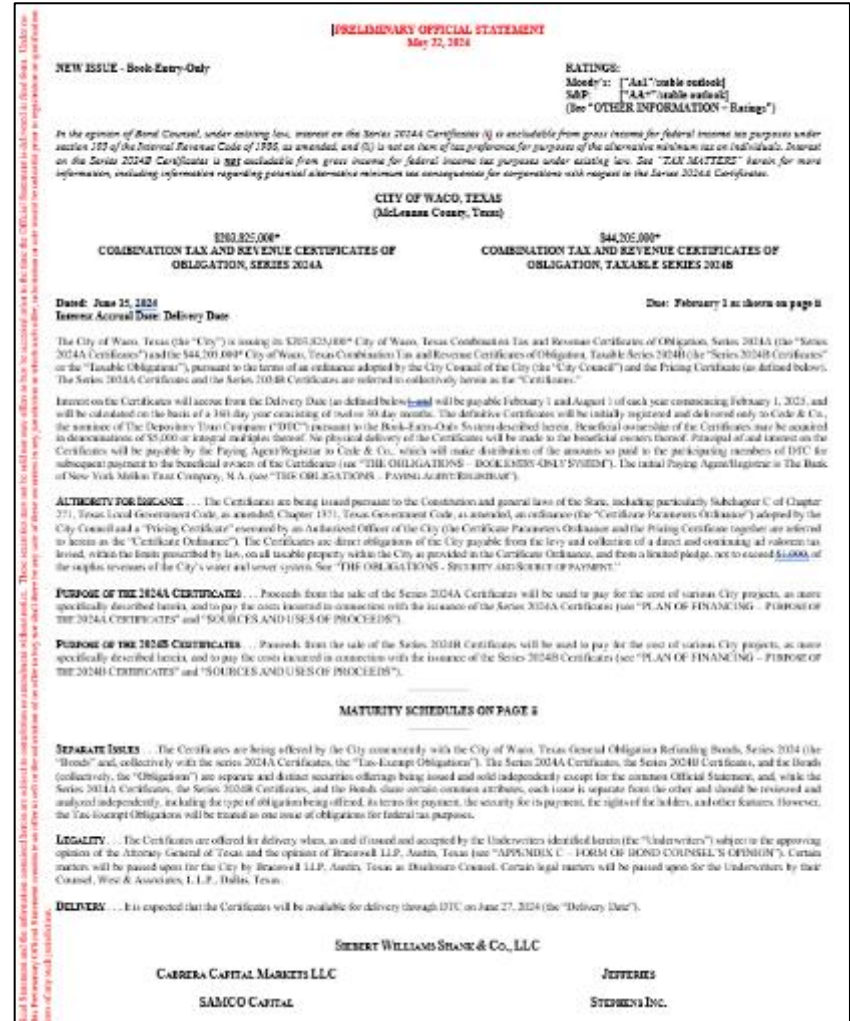
- ◆ Waco will be in the bond market in early June with the following bonds:
 - \$203,825,000* Combination Tax & Revenue Certificates of Obligation, Series 2024A (Tax-Exempt)
 - \$44,205,000* Combination Tax & Revenue Certificates of Obligation, Series 2024B (Taxable)
 - \$38,290,000* General Obligation Refunding Bonds, Series 2024
 - Refunding currently generates approximately \$1.2 million NPV savings
- ◆ Issuance of COs and GO Refunding Bonds the week of June 3 via negotiated bond sale
- ◆ Waco maintains strong bond ratings of Aa1 and AA+ – expect those ratings to be affirmed by Moody's and S&P

2024 Financing Timeline

Date	Key Action
March 19	City Council Meeting Approve plan of finance and bond underwriting syndicate
March 23	Publish first public notice of intention to issue COs
March 30	Publish second public notice of intention to issue COs
May 9	Rating Agency meetings with Moody's & S&P
May 21	City Council approval of paramaters bond sale
Week of June 3	Bond pricing
June 27	Bond closing

Key parties involved

- ◆ Issuer – City of Waco
- ◆ Bond Counsel – Bracewell LLP
- ◆ Financial Advisors – PFM Financial Advisors LLC, Tijerina Financial Consulting
- ◆ Underwriting Syndicate – Siebert Williams Shank & Co, Cabrera Capital Markets, Jefferies, SAMCO Capital, Stephens Inc.
- ◆ Underwriter’s Counsel – West & Associates



Waco maintains strong bond ratings

Credit Rating Scale		Credit Rating Commentary
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Moody's and S&P's Ratings on Waco </div>	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		

+	Strong, growing economy
+	Well-managed financial operations
+	Strong financial reserves
•	Weak income indices and elevated outstanding debt compared to peers

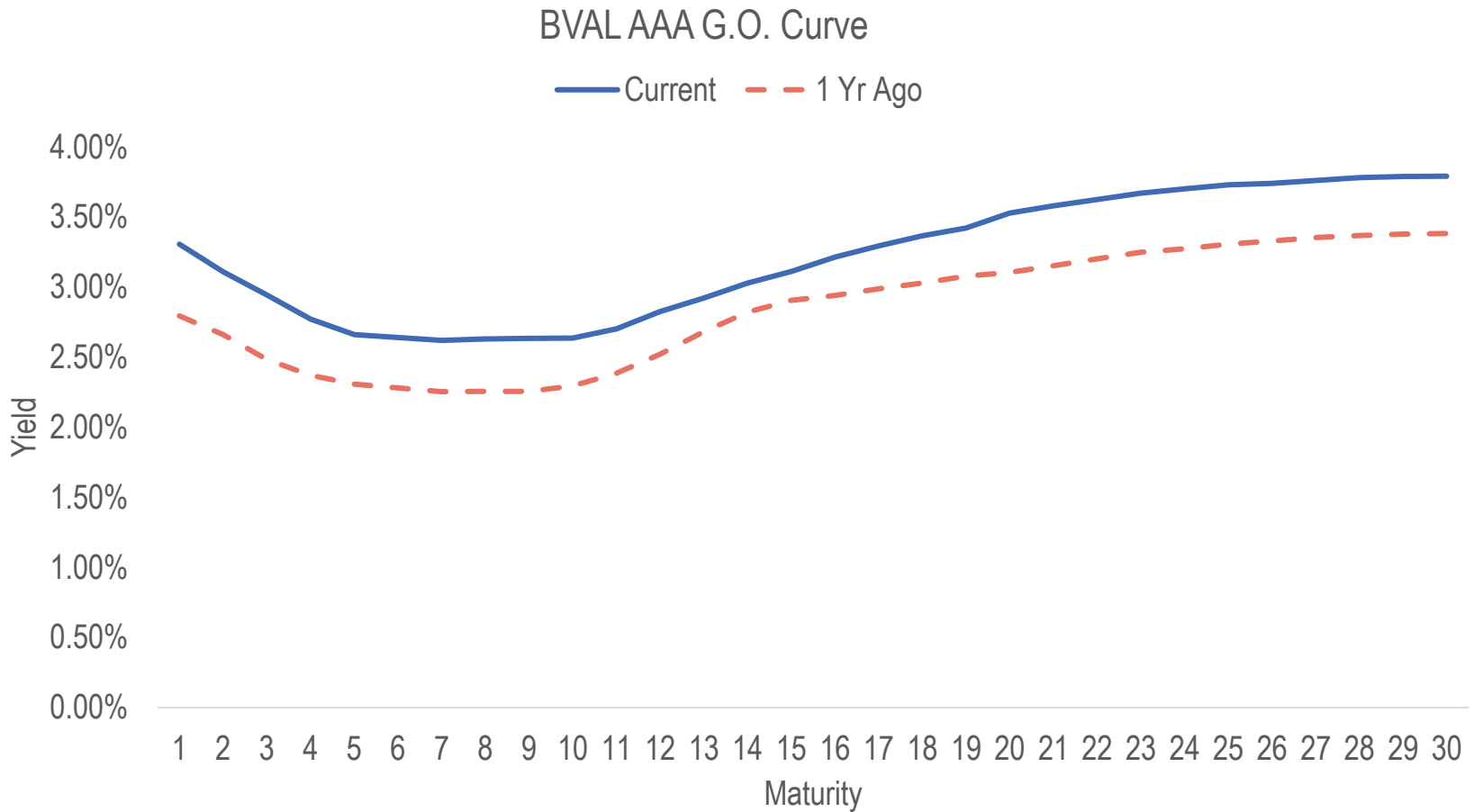
Interest rates from an historical perspective (2014-2024)



Source: Bloomberg

— 10-Year AAA BVAL

Municipal bond AAA GO yield curve...



Summary of projects to be funded by 2024 COs

Summary of Projects			
	Series 2024A <i>(Tax-Exempt)</i>	Series 2024B <i>(Taxable)</i>	Total
General Government	\$ 54,200,000	\$ 4,810,000	\$ 59,010,000
Water	41,000,000	-	41,000,000
Sewer	56,625,000	-	56,625,000
Solid Waste	4,524,000	22,750,000	27,274,000
TIRZ Projects	62,778,600	16,066,400	78,845,000
Total Project Fund Amount	\$219,127,600	\$43,626,400	\$262,754,000

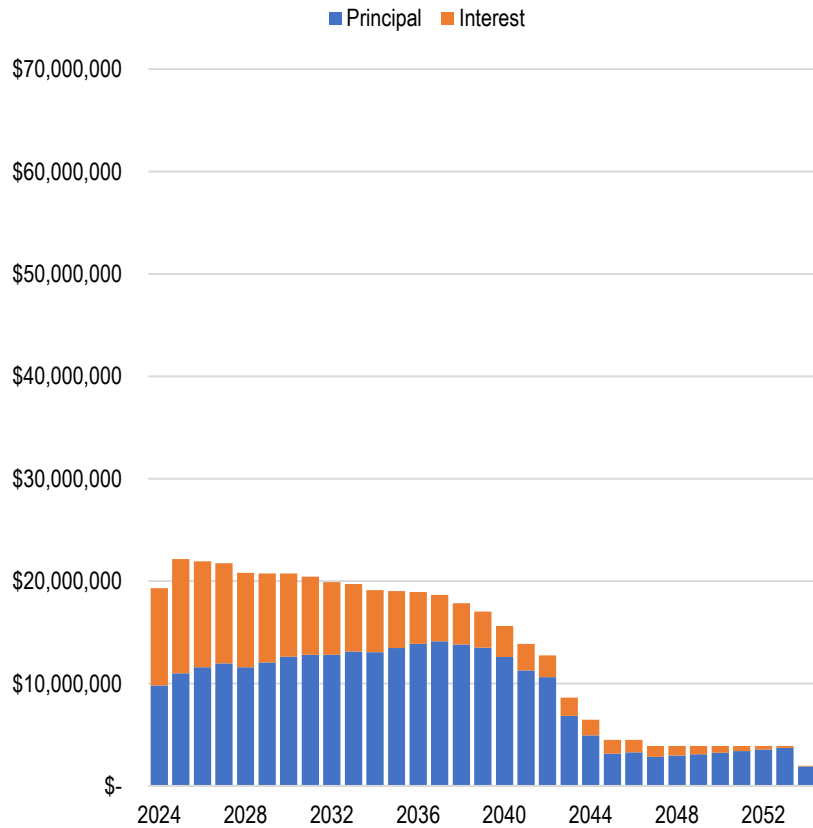
Estimated City debt balances post-bond transaction

Source of Funding / Purpose	Existing Principal (\$000's)	Post-2024A&B Transactions (\$000's)
I&S Tax Supported	\$214,355	\$269,005
Water	214,285	251,340
Sewer	197,635	250,010
Solid Waste	29,125	56,500
Drainage	12,940	12,940
TIRZ	<u>45,915</u>	<u>\$120,265</u>
Total	\$714,255	\$960,060

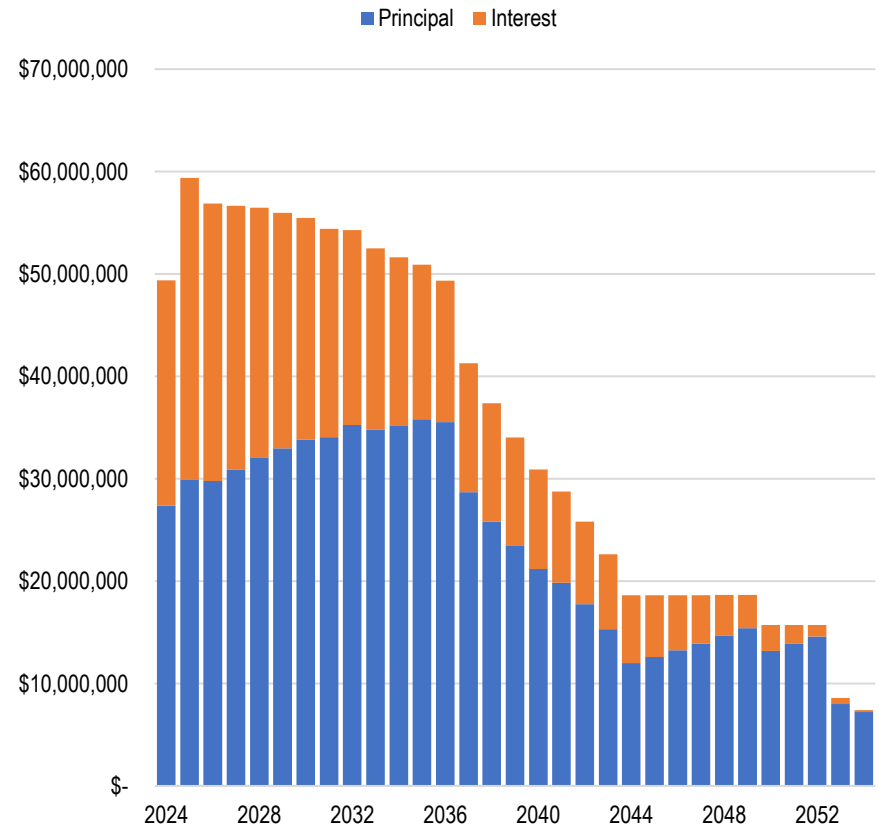
**Existing debt reflects principal outstanding as of May 16, 2024. New principal amounts are preliminary and subject to change until final pricing.*

Estimated debt service post bond-transaction

Tax-Supported Debt Service



Self-Supported (Water/Sewer/Drainage/Solid Waste TIRZ) Debt Service





Waco's pro forma debt service requirements

FYE	General	Less:	Plus: The 2024A Certificates* (3)			Plus: The 2024B Certificates* (3)			Plus: The Bonds* (3)			Total General	Less:	Net General
	Obligation	Refunded	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Obligation	Self-Supporting	Obligation
9/30	Debt Service (1)	Debt Service										Debt Service (3)	Debt Service (2)(3)	Debt Service (2)(3)
2024	\$ 68,676,321	\$ 169,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,814	\$ 180,814	\$ 68,687,185	\$ 49,377,529	\$ 19,309,656
2025	64,560,759	9,550,725	2,505,000	11,091,132	13,596,132	735,000	2,779,408	3,514,408	7,700,000	1,722,000	9,422,000	81,542,574	59,383,729	22,158,846
2026	62,226,099	10,204,600	3,330,000	9,982,750	13,312,750	925,000	2,495,591	3,420,591	8,770,000	1,310,250	10,080,250	78,835,090	56,895,535	21,939,555
2027	61,819,892	6,935,225	3,495,000	9,812,125	13,307,125	975,000	2,448,142	3,423,142	5,865,000	944,375	6,809,375	78,424,309	56,665,975	21,758,334
2028	60,693,179	2,374,250	3,680,000	9,632,750	13,312,750	1,020,000	2,398,722	3,418,722	1,490,000	760,500	2,250,500	77,300,901	56,493,733	20,807,168
2029	60,155,163	1,891,038	3,850,000	9,444,500	13,294,500	1,075,000	2,346,811	3,421,811	1,065,000	696,625	1,761,625	76,742,062	55,982,359	20,759,702
2030	60,154,305	1,886,700	3,870,000	9,251,500	13,121,500	790,000	2,300,136	3,090,136	1,115,000	642,125	1,757,125	76,236,366	55,467,973	20,768,393
2031	58,771,732	2,201,900	4,065,000	9,053,125	13,118,125	830,000	2,259,104	3,089,104	1,505,000	576,625	2,081,625	74,858,686	54,420,653	20,438,033
2032	58,150,257	5,430,700	4,270,000	8,844,750	13,114,750	875,000	2,215,231	3,090,231	4,890,000	416,750	5,306,750	74,231,287	54,305,321	19,925,966
2033	54,990,152	2,037,800	5,665,000	8,596,375	14,261,375	920,000	2,168,101	3,088,101	1,665,000	252,875	1,917,875	72,219,702	52,497,259	19,722,443
2034	53,542,149	2,043,400	5,940,000	8,306,250	14,246,250	975,000	2,117,639	3,092,639	1,750,000	167,500	1,917,500	70,755,138	51,630,032	19,125,106
2035	52,678,497	1,374,500	6,260,000	8,001,250	14,261,250	1,025,000	2,063,883	3,088,883	1,210,000	93,500	1,303,500	69,957,630	50,918,759	19,038,871
2036	50,989,228	1,366,800	6,580,000	7,680,250	14,260,250	1,085,000	2,006,099	3,091,099	1,265,000	31,625	1,296,625	68,270,403	49,338,431	18,931,972
2037	42,590,654	-	6,925,000	7,342,625	14,267,625	1,145,000	1,943,358	3,088,358	-	-	-	59,946,637	41,282,659	18,663,978
2038	37,873,792	-	7,270,000	6,987,750	14,257,750	1,210,000	1,875,938	3,085,938	-	-	-	55,217,480	37,372,997	17,844,484
2039	33,714,819	-	7,645,000	6,614,875	14,259,875	1,290,000	1,803,741	3,093,741	-	-	-	51,068,434	34,045,038	17,023,396
2040	29,258,824	-	7,990,000	6,224,000	14,214,000	1,360,000	1,726,823	3,086,823	-	-	-	46,559,646	30,920,129	15,639,517
2041	25,323,219	-	8,395,000	5,814,375	14,209,375	1,445,000	1,644,976	3,089,976	-	-	-	42,622,570	28,746,209	13,876,360
2042	21,289,871	-	8,830,000	5,383,750	14,213,750	1,530,000	1,557,426	3,087,426	-	-	-	38,591,047	25,829,429	12,761,618
2043	13,971,452	-	9,285,000	4,930,875	14,215,875	1,620,000	1,463,939	3,083,939	-	-	-	31,271,266	22,633,239	8,638,027
2044	7,797,340	-	9,760,000	4,454,750	14,214,750	1,725,000	1,363,826	3,088,826	-	-	-	25,100,916	18,639,760	6,461,156
2045	7,793,431	-	8,255,000	4,004,375	12,259,375	1,830,000	1,256,541	3,086,541	-	-	-	23,139,347	18,632,933	4,506,414
2046	7,799,056	-	8,680,000	3,581,000	12,261,000	1,950,000	1,142,007	3,092,007	-	-	-	23,152,063	18,643,899	4,508,164
2047	7,210,337	-	9,125,000	3,135,875	12,260,875	2,065,000	1,020,353	3,085,353	-	-	-	22,556,564	18,636,329	3,920,235
2048	7,222,243	-	9,600,000	2,667,750	12,267,750	2,195,000	891,275	3,086,275	-	-	-	22,576,268	18,653,469	3,922,798
2049	7,227,378	-	10,080,000	2,175,750	12,255,750	2,330,000	754,167	3,084,167	-	-	-	22,567,295	18,648,217	3,919,078
2050	7,220,491	-	7,610,000	1,733,500	9,343,500	2,480,000	608,424	3,088,424	-	-	-	19,652,415	15,733,567	3,918,849
2051	7,216,429	-	7,995,000	1,343,375	9,338,375	2,635,000	453,440	3,088,440	-	-	-	19,643,243	15,726,483	3,916,760
2052	7,224,333	-	8,410,000	933,250	9,343,250	2,795,000	288,911	3,083,911	-	-	-	19,651,493	15,729,182	3,922,311
2053	3,121,200	-	7,050,000	546,750	7,596,750	1,635,000	154,682	1,789,682	-	-	-	12,507,632	8,587,507	3,920,125
2054	-	-	7,410,000	185,250	7,595,250	1,735,000	52,571	1,787,571	-	-	-	9,382,821	7,413,019	1,969,802
	<u>\$ 1,041,262,600</u>	<u>\$ 47,467,588</u>	<u>\$ 203,825,000</u>	<u>\$ 177,756,632</u>	<u>\$ 381,581,632</u>	<u>\$ 44,205,000</u>	<u>\$ 47,601,259</u>	<u>\$ 91,806,259</u>	<u>\$ 38,290,000</u>	<u>\$ 7,795,564</u>	<u>\$ 46,085,564</u>	<u>\$ 1,513,268,467</u>	<u>\$ 1,099,251,351</u>	<u>\$ 414,017,116</u>

*Preliminary, subject to change.



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