



City of Waco 2024 Bond Sale Discussion

PFM Financial Advisors LLC
Tijerina Financial Consulting LLC

May 21, 2024





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 raitngs 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**

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE - Book Entry-Only

Mondy's: ["Anl"/mable outlook]
SAP: ["AA" brable outlook]

In the eginten of Band Coursel, under existing low, interest on the Series 2014 Confficient (i) is excludable from gross interes for federal interest to gargests under section 197 of the Internal Federals Code of 1995, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum iss on institution. Interest on the Series 2014D Confidence is get available from green income for federal income last purposes under existing law. See "TAN MATTERS" havein for more information, including information regarding patential alternating minimum tax consequences for comparations with respect to the Series 2024.5 Confidence

CITY OF WACO, TEXAS (McLenna County, Texas)

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2014A

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2024B

Dated: June 25, 2824 Inserest Accordal Date: Delivery Date

Due: February 1 at thorn on page it

The City of Warn, Texas (the "City") is issuing in \$305,025,000" City of Warn, Texas Combination Tax and Revenue Configuration (Obligation, Series, 2024). (the "Series 2014A Certificates") and the \$44,00 J000" City of Waste. Texas Combination Line and Reserve Certificates of Obligation, Taxable Series 2014B (the "Series 2014B Certificates" or the "Taxable Obligations"), pursuant to the terms of an ordinance adopted by the City Control of the City Control ") and the Printing Certificate (as distinct below). The Series 1934A Certificates and the Aeries 100-88 Certificates are referred to collectively herein as the "Certificates

Immotion the Certificates will according the Delivery Date (as defined below-seed will be payable February 1 and August 1 of each year commencing February 1, 2023, and will be calculated on the basis of a 181 day your consisting of twelve-30 day amounts. The definitive Contificates will be initially registered and definitive density to Code & Co. the summer of The Depository Dran Company ("DTC") pressure to the Both-Eath-Oath System described begin, Described outsesting of the Certificates may be accurated in describation of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Patasipal of and transaction the Certificates will be payable by the Paying Agent Register to Certificate of the distribution of the amounts so paid to the participating members of DFC for subsequent payment to the beneficial overest of the Certificates (see "THE ORLIGIATIONS" - BOOK EXERT 4-BLY SYMBOT'). The instail Paying Agent Register in The Back of New York Million Trans Company, N.A. (see "THE OBLIGATIONS". PAVING ACTIVE RELIGIOUS.)

AUTHORITY FOR ESSENCE. . . The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Subchapter C of Chapter 27). Trues Local Generators Code, as amended, Chapter 1931. Texas Generators Code, as amended, an ordinance (the "Certificate Parameters Ordinance") adopted by City Council and a "Prioring Certificate" exercised by an Auditorical Officer of the City (the Certificate Parameters Ordinator and the Prioring Certificate together are referred. to lessin as the "Certificate Onlinence"). The Certificates are direct obligations of the City payable from the levy and collection of a dated and continuing ad volocen tas-leved, white the lessit prescribed by law, on all treable property within the City as provided in the Certificate Onlinence, and from a limited pleage, not to exceed \$6,6000, or the suplies revenues of the City's water and sever system. See "THE OBLIGATIONS". SECURITY AND SCHRICK OF PAYMENT."

PURPOSE OF THE 2024A CERTIFICATES ... Proceeds from the sale of the Series 2004A Certificates will be used to may for the sout of surious City projects, as more specifically described lumin, and to pay the costs incurred in-connection with the incurred of the Arrier 2004A Certificates pain "P. AN OF FINANCING". PURPORTER THE 2024 A CERTIFICATES" and "SOURCES AND USES OF PROCEEDS"S.

PURPOSE OF THE 1924S CENTERCATES ... Proceeds from the sale of the Series 2024R Centificates will be used to pay for the sect of seriess City projects, as more specifically described hencis, and to pay the costs incurred in connection with the issuance of the Series 20248 Certificates (see "PLAN OF FINANCING" - PROPOSE OF THE 2024B CTRITIFICATES" and "SOURCES AND USES OF PROCEEDS").

MATURITY SCHEDULES ON PAGE 8

SEPARATE ISSUES . . The Certificates are being offered by the City concurredly with the City of Wato, Texas General Obligation Refunding Bonds, Series 2014 (the "Boods" and, collectively with the series 2024A Certificates, the "Ene-Exempt Obligations"). The Series 2024A Certificates, the Series 2024B Certificates, and the Bouds (collectively, the "Obligations") are separate and distinct sociation officings being issued and cold independently except for the common Official Statement, and, while the Series 2011A Cordificates, the Series 2000B Cordificates, and the Hends classe cortain common artificies, each issue is separate from the other and classifi be reviewed and aulysed independently, including the type of obligation being officed, its terms the payment, the security for its payment, the rights of the holders, and other features. However, the Tax-liverage Obligations will be traced as one issue of obligations for federal tax purposes.

LIGALITY. . The Certificates are offered for delivery when, as and if issued and accepted by the Underwriters identified bettin (the "Underwriters") why cer to the approximation of the Certificates are offered for delivery when, as and if issued and accepted by the Underwriters identified bettin (the "Underwriters") why certified and accepted by the Underwriters are offered for delivery when, as and if issued and accepted by the Underwriters identified bettin (the "Underwriters") why certified and accepted by the Underwriters are offered for the Underwriters. opinion of the Attorney General of Texas and the opinion of Bracowell LLP, Austin, Texas time "APPENDIX C - FORM OF BOND CORNSEL'S OFFINERS"s. Curtain matter, will be passed upon for the City by Bracowall LLP, Austin, Toxas as Disabnero Cosmod. Cornain legal matters will be passed upon for the Underwitters by their

DELPARY . . . h is expected that the Confidence will be available for delivery through DTC on June 27, 2024 (the "Delivery Date").

SHERRY WILLIAMS SHANK & CO., LLC

CARRERA CAPITAL MARKETS LLC

Jerrenaux.

SAMOO CARTELL

STERREN'S INC.

*Preliminary, subject to change.







Waco maintains strong bond ratings

		Credit Rating Scale					
	Aaa/AAA	Highest Quality Credit (Lowest default risk)					
Moody's and S&P's	Aa1/AA+						
Ratings on Waco	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					
	С	Highly Speculative					
	D	Imminent or in Default					

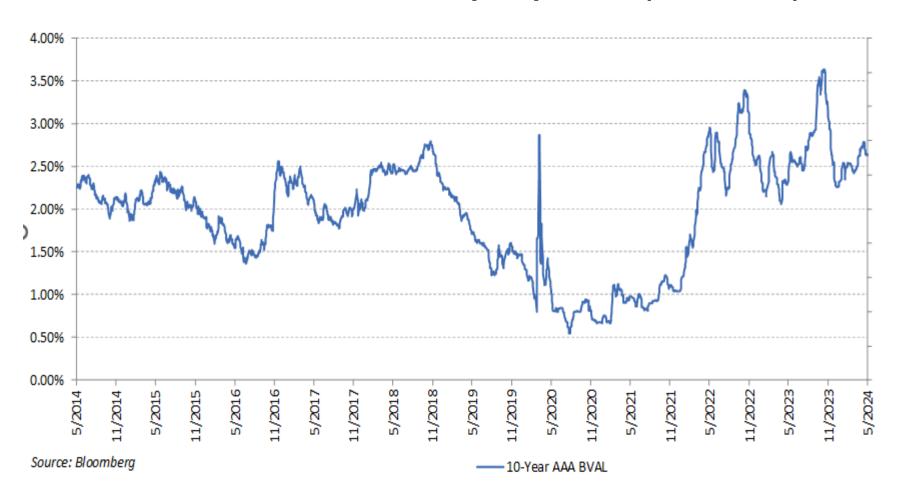
Credit Rating Commentary

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





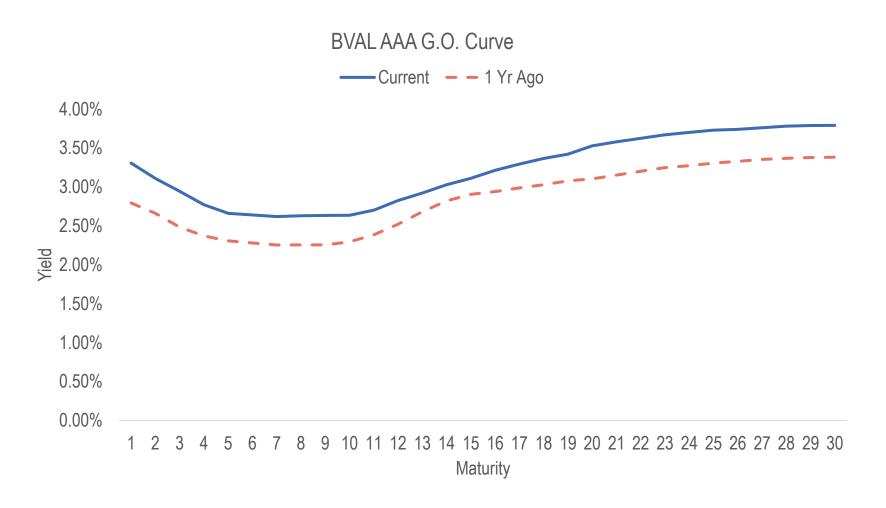
Interest rates from an historical perspective (2014-2024)







Municipal bond AAA GO yield curve...







Summary of projects to be funded by 2024 COs

Summary of Projects								
	Series 2024A (Tax-Exempt)	Series 2024B (Taxable)		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

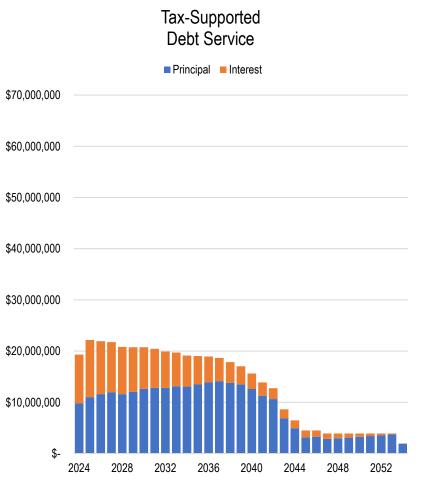
Source of Funding / Purpose	Existing Principal (\$000's)	Post-2024A&B Transactions (\$000's)
I&S Tax Supported	\$214,355	\$269,005
Water	214,285	251,340
Sewer	197,635	250,010
Solid Waste	29,125	56,500
Drainage	12,940	12,940
TIRZ	<u>45,915</u>	<u>\$120,265</u>
Total	\$714,255	\$960,060

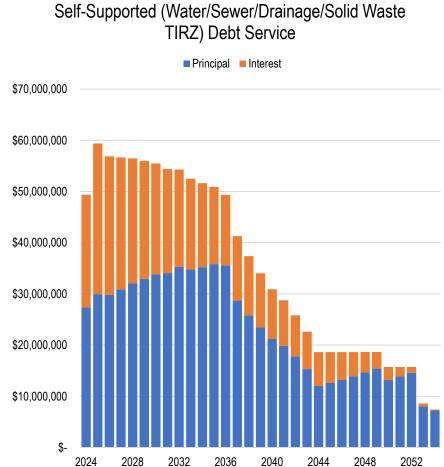
^{*}Existing debt reflects principal outstanding as of May 16, 2024. New principal amounts are preliminary and subject to change until final pricing.





Estimated debt service post bond-transaction









Waco's pro forma debt service requirements

	General	Less:										Total General	Less:	Net General
FYE	Obligation	Refunded	Plus: The 2024A Certificates* (3)			Plus: The 2024B Certificates* (3)			Plu	Plus: The Bonds* (3)		Obligation	Self-Supporting	Obligation
9/30	Debt Service (1)	Debt Service	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	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
	\$1,041,262,600	\$47,467,588	\$203,825,000	\$177,756,632	\$381,581,632	\$44,205,000	\$47,601,259	\$91,806,259	\$38,290,000	\$7,795,564	\$46,085,564	\$1,513,268,467	\$ 1,099,251,351	\$ 414,017,116

^{*}Preliminary, subject to change.

