



## Contacts

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**Angleton Better Living Corporation**

2024 Funding Capacity

# Sales Tax Revenue Bonds Vs. Certificates of Obligation (GO)

## **Sale Tax Revenue Bonds**

- ❑ Pledge of Gross Sales Taxes From ABLC.
- ❑ Coverage of Revenue Over Debt – Minimum 1.25X Better 1.40X .
- ❑ Reserve Fund Equal to Maximum Annual Debt Service.
- ❑ Additional Bonds Test.
- ❑ Credit Factor: Sales Tax is a passive income stream subject to economic swings.
- ❑ Interest Cost: Higher than a similarly rated General Obligation Credit.

## **General Obligation Bonds**

- ❖ Pledge of Ad Valorem Taxes and a User Fee.
- ❖ No Coverage Required. Internal coverage recommended.
- ❖ No Reserve Fund Required.
- ❖ Additional Bonds at discretion of issuer.
- ❖ Credit Factor: Ad Valorem Taxes and user fees can be controlled annually with the setting of the tax rate/fee.
- ❖ Interest Cost: Lowest borrowing cost due to full faith and credit pledge.

## Angleton Better Living Corporation (“ABLC”) - Review

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Receives one half cent of sales tax revenue collected within the City limits of Angleton.

This is a passive tax. ABLC cannot increase the rate that is charged or impact the sale of goods within the City.

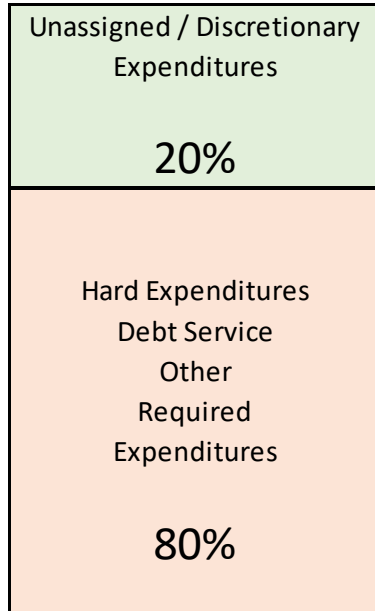
Sales Tax Revenue Bonds are not a realistic option for issuance of debt for ABLC currently.

Debt issued by the City comes with an ad valorem tax pledge. This means lower borrowing cost and no reserve fund requirement. It also means the debt is considered a direct debt of the City from a credit perspective.

### \*Key Concept\*

Coverage: the amount that receipts of sales taxes exceed “hard costs.” In the case of ABLC, hard costs include bond debt (fixed at issuance) and Operations of the Recreation Center, 30% of salaries for Parks and Recreation plus funding of recreation.

# Concept of Coverage



Revenues		2024
	ABLC Sales Tax	\$ 2,014,446
	Interest	2,538
Total Revenue		\$ 2,016,984

Expenditures		
	ABL Legal Professional	\$ 2,650
	ABL Contingency	274,893
	Park Design	20,000
	Transfer To General Fund	326,436
	Transfer To Debt Service Fund	428,848
	Transfer to Activity Center	581,279
	Transfer to Recreation	382,878
		\$ 2,016,984

"Hard Costs"
326,436
428,848
581,279
382,878
\$ 1,719,441

(Revenues / Hard Costs)  
(\$2,016,984 / \$1,719,441)

Current Coverage of Hard Costs by Revenues	1.17 X
Target Coverage	1.25 X

*To meet 1.25X Coverage, Hard Cost Expenditures must not be more than 80% of Revenues*

# Recent Sales Tax Collections

## Fiscal Collections 9-30-23

Date	Comptroller Payment	City 1%	ABLC 0.50%	Over (Under) Prior Yr. Month
12/31/2022	\$ 486,708.63	\$ 324,472.42	\$ 162,236.21	14.86%
1/31/2023	457,953.70	305,302.47	152,651.23	11.59%
2/28/2023	646,481.21	430,987.47	215,493.74	15.47%
3/31/2023	429,789.89	286,526.59	143,263.30	10.91%
4/30/2023	426,319.76	284,213.17	142,106.59	11.07%
5/31/2023	560,587.54	373,725.03	186,862.51	7.33%
6/30/2023	403,574.15	269,049.43	134,524.72	-9.68%
7/31/2023	470,074.86	313,383.24	156,691.62	1.99%
8/31/2023	569,876.18	379,917.45	189,958.73	15.34%
9/30/2023	430,064.75	286,709.83	143,354.92	1.43%
10/31/2023		-	-	
11/30/2023		-	-	
	<u>\$ 4,881,430.67</u>	<u>\$ 3,254,287.11</u>	<u>\$ 1,627,143.56</u>	

Budgeted Sales Tax Revenue \$ 1,849,485  
 Ten Months Percent of Budget 83.33%  
 Percent of Actual YTD 87.98%

## Fiscal Collections 9-30-22

Date	Comptroller Payment	City 1%	ABLC 0.50%
12/31/2021	\$ 423,738.27	\$ 282,492.18	\$ 141,246.09
1/31/2022	410,380.64	273,587.09	136,793.55
2/28/2022	559,871.23	373,247.49	186,623.74
3/31/2022	387,508.43	258,338.95	129,169.48
4/30/2022	383,844.57	255,896.38	127,948.19
5/31/2022	522,316.58	348,211.05	174,105.53
6/30/2022	446,843.22	297,895.48	148,947.74
7/31/2022	460,909.55	307,273.03	153,636.52
8/31/2022	494,088.51	329,392.34	164,696.17
9/30/2022	423,988.49	282,658.99	141,329.50
10/31/2022	483,846.48	322,564.32	161,282.16
11/30/2022	547,011.72	364,674.48	182,337.24
	<u>\$ 5,544,347.69</u>	<u>\$ 3,696,231.79</u>	<u>\$ 1,848,115.90</u>

## Possible City CO Sale For ABLC - 2nd Quarter 2024

Fiscal Year	Existing Debt			New Combination Tax & Revenue CO, Series 2024				Grand Total
	Principal	Interest	Total	Principal	Coupon	Interest	Total	ABL Debt Service
2024	\$ 335,000	91,223	426,223			\$ 75,417	\$ 75,417	501,639
2025	345,000	80,048	425,048	\$ 135,000	5.00%	222,875	357,875	782,923
2026	340,000	68,348	408,348	140,000	5.00%	216,000	356,000	764,348
2027	200,000	59,548	259,548	150,000	5.00%	208,750	358,750	618,298
2028	195,000	53,623	248,623	155,000	5.00%	201,125	356,125	604,748
2029	195,000	47,773	242,773	165,000	5.00%	193,125	358,125	600,898
2030	190,000	41,998	231,998	175,000	5.00%	184,625	359,625	591,623
2031	190,000	37,023	227,023	185,000	5.00%	175,625	360,625	587,648
2032	190,000	32,773	222,773	190,000	5.00%	166,250	356,250	579,023
2033	190,000	28,466	218,466	200,000	5.00%	156,500	356,500	574,966
2034	190,000	24,104	214,104	210,000	5.00%	146,250	356,250	570,354
2035	190,000	19,741	209,741	225,000	5.00%	135,375	360,375	570,116
2036	190,000	15,345	205,345	235,000	5.00%	123,875	358,875	564,220
2037	190,000	10,915	200,915	245,000	5.00%	111,875	356,875	557,790
2038	145,000	7,250	152,250	260,000	5.00%	99,250	359,250	511,500
2039	145,000	4,350	149,350	270,000	5.00%	86,000	356,000	505,350
2040	145,000	1,450	146,450	285,000	5.00%	72,125	357,125	503,575
2041	-	-	-	300,000	5.00%	57,500	357,500	357,500
2042	-	-	-	315,000	5.00%	42,125	357,125	357,125
2043				335,000	5.00%	25,875	360,875	360,875
2044				350,000	5.00%	8,750	358,750	358,750
2045								
	<u>\$ 3,565,000</u>	<u>\$ 623,974</u>	<u>\$ 4,188,974</u>	<u>\$ 4,525,000</u>		<u>\$ 2,700,542</u>	<u>\$ 7,234,292</u>	<u>\$ 11,064,515</u>

Assume a delivery date of 4-15-2024.

Assumes Revenue for New Debt As Follows: Debt Service 2023 less Debt Service 2024 = \$ 107,735, plus \$250,000 from Contingency.

Total Revenue to serve additional New Debt = 357,735.

# Disclosure

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