



October 12, 2023

FY 2024 Capital Improvement Projects: Financing Options and Impact



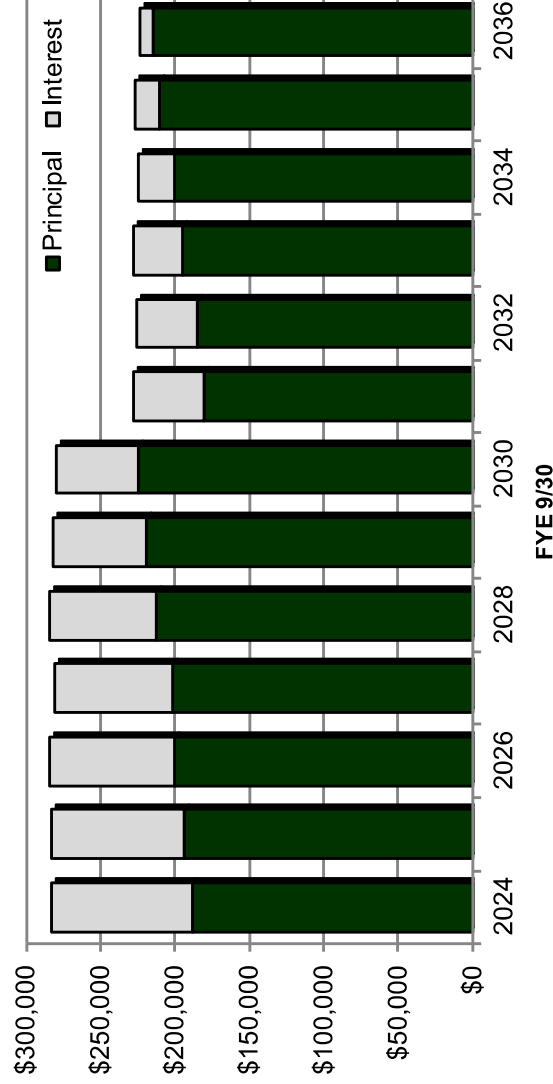
FINANCIAL ADVISORY CONTACT

Victor Quiroga
Managing Director
10010 San Pedro Avenue, Suite 301
San Antonio, Texas 78216
Cell: 210.887.1810
victor@spfmuni.com

Outstanding Debt Requirements

Issue	Purpose	Original Principal	Principal as of 10/5/23		Final Maturity	Callable	Callable Coupons	Self-Supporting	Net GO Outstanding
			Total	Callable					
Comb Tax & Ltd Pledge Rev C/O, Series 2016	New Money	\$ 3,025,000	\$ 2,265,000	\$ 1,980,000	9/1/36	9/1/25	3.00% - 4.00%	100% Water/Sewer	\$0
GO Ref Bds, Series 2017	Refunding	564,000	361,000	361,000	3/1/30	Any Date	2.10% - 2.84%	100% Water/Sewer	\$361,000
			\$ 2,626,000	\$ 2,341,000					\$ 361,000

Annual Debt Service Payments



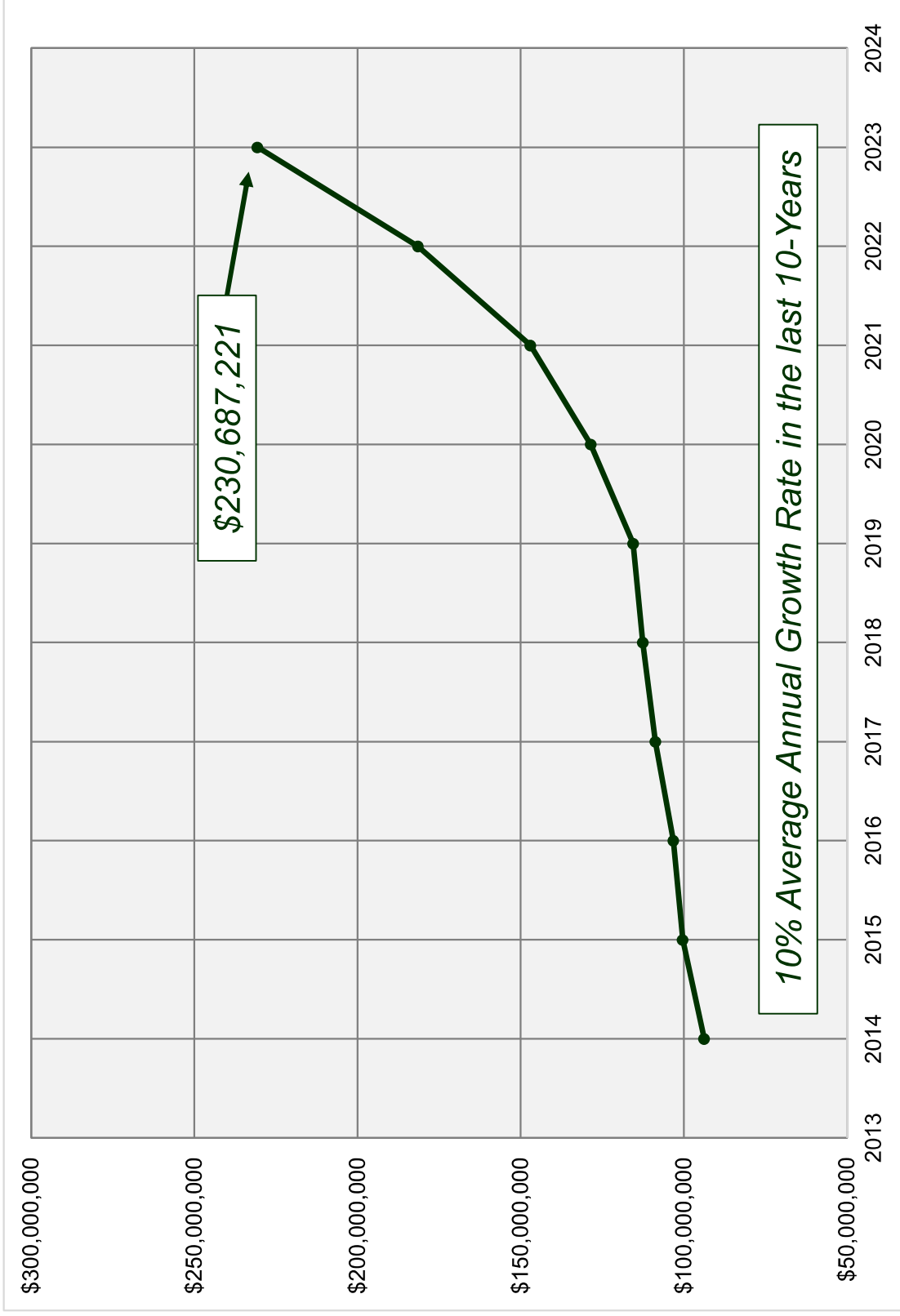
Highly Rated City: “AA” by Standard & Poor’s Rating Agency

Standard & Poor's Ratings Scale
AAA
AA+
AA
AA-
A+
A
A-
BBB+
BBB+
BBB-

S&P	Moody's	Fitch	Definition
AAA	Aaa	AAA	Highest rating assigned.
AA	Aa	AA	Very strong security. Only slightly below best rating.
A	A	A	Average security, but more subject to adverse financial and economic
BBB	Baa	BBB	Adequate capacity to secure debt. Adverse developments may affect ability to meet debt service requirements.

Note: Moody's uses the designation "1," "2" or "3" to indicate greater strength within the "Baa," "A" and "Aa" categories "1" being the strongest. Standard & Poor's and Fitch use "+," "A" and "-" to indicate relative strength or weakness in the "BBB," "A" and "AA" categories.

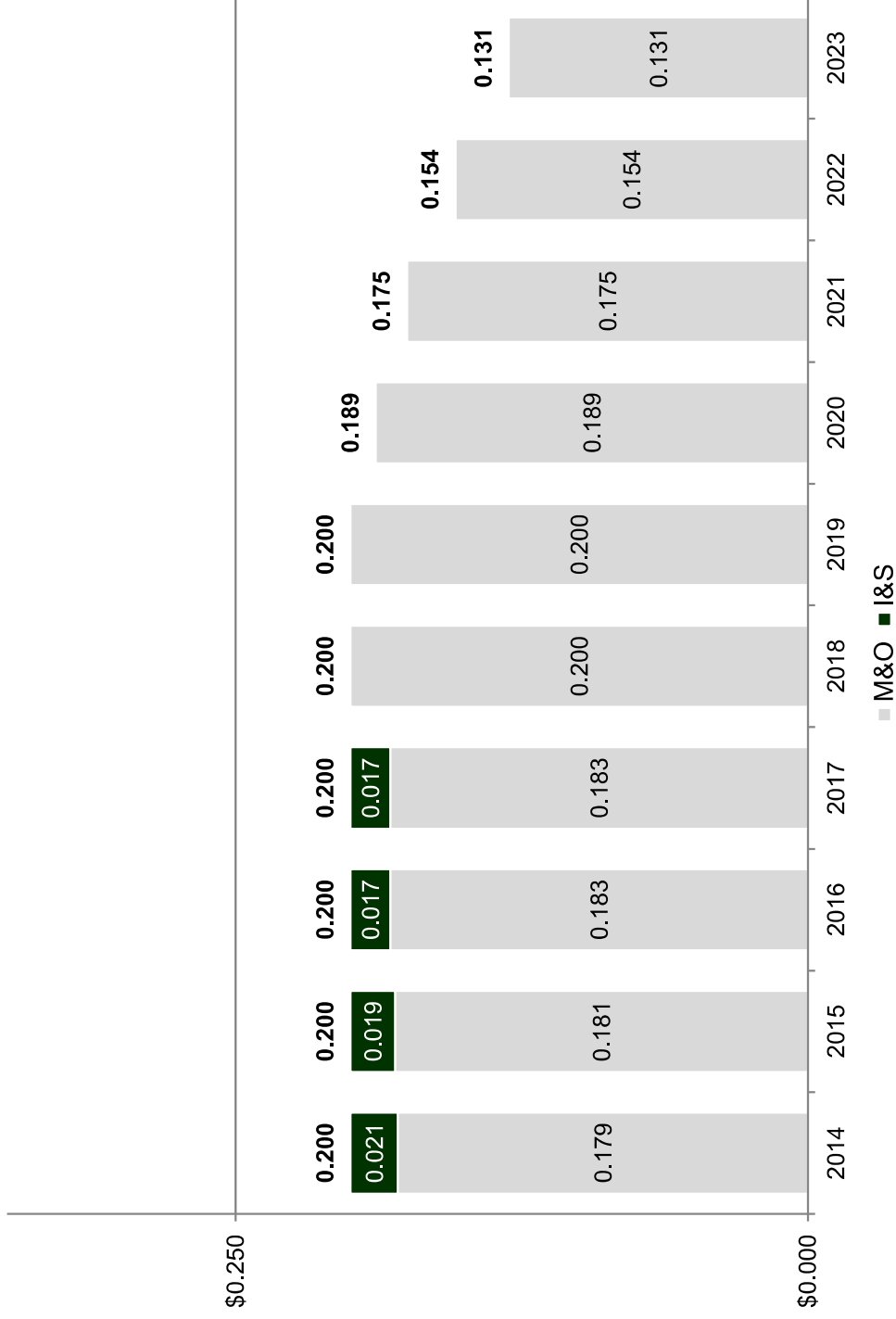
Taxable Valuation Trend



Top Ten Taxpayers

Taxpayer	Type of Property	2023 TAV	% of Total TAV
HEB Grocery Company LP	Grocery Store	\$ 10,073,530	4.37%
Karma Capital Construction LLC	Developer	4,331,120	1.88%
Columbia Realty LTD	Strip Mall/Plaza	2,782,220	1.21%
MJS Development LLC	Developer	2,174,255	0.94%
Buffalo Place LLC	Strip Mall/Plaza	2,150,670	0.93%
McDonald's Real Estate Co	Restaurant	2,106,410	0.91%
Shaw Co Home Builders Inc	Developer	1,903,250	0.83%
Koepp Chevrolet Inc	Car Dealership	1,844,210	0.80%
HLJTM Properties LLC	Real Estate	1,691,070	0.73%
Salinas Monica A	Retail	1,682,630	0.73%
Top 10 Total:		\$ 30,739,365	13.33%

Tax Rate History



Debt Service and I&S Tax Rate Impact Based on Various Borrowing Amounts

10-Year Repayment Term:

Borrowing Amount:	Annual Payment:	I&S Tax Rate:	Impact to \$100,000 Taxable Home Value:	
			Annual	Daily
\$1,000,000	\$126,379	\$0.0565	\$56.48	\$0.16
1,250,000	157,974	0.0706	70.60	0.20
1,500,000	189,568	0.0847	84.72	0.24
1,750,000	221,163	0.0988	98.84	0.27

15-Year Repayment Term:

Borrowing Amount:	Annual Payment:	I&S Tax Rate:	Impact to \$100,000 Taxable Home Value:	
			Annual	Daily
\$1,000,000	\$94,721	\$0.0423	\$42.33	\$0.12
1,250,000	118,401	0.0529	52.91	0.15
1,500,000	142,082	0.0635	63.50	0.18
1,750,000	165,762	0.0741	74.08	0.21

Assumptions:

- 10-year repayment term with a conservative interest rate of 4.5% for planning purposes.
- 15-year repayment term with a conservative interest rate of 4.75% for planning purposes.
- Tax Year 2023 Net Taxable Values of \$230,687,221 with a 97% tax collection rate.

Financing Tools Available to Texas Cities

Type:	General Obligation Bonds	Certificates of Obligation ⁽¹⁾	Tax Notes	Revenue Bonds
Purpose:	General Purpose	General Purpose	General Purpose	Enterprise System
Voter Authorization:	Yes	No ⁽²⁾	No	No
Amortization Requirements	Not to exceed 40 years	Not to exceed 40 years	Initial term limited to 7 years from date of issuance	Revenues
Source of Payment:	I&S Taxes ⁽³⁾	I&S Taxes ⁽³⁾ and/or revenues	I&S Taxes ⁽³⁾	Revenues
Interest Rate:	Strongest Credit; Lowest Interest Rates	Similar to General Obligation Bonds	Similar to General Obligation Bonds	Higher than General Obligation Bonds

⁽¹⁾ If a bond election failed, Certificates may not be issued for that purpose within 3 years of the election.

⁽²⁾ Publication of notice required; petition during notice period could require an election.

⁽³⁾ I&S Tax Rate is not subject to rollback.

General Obligation Bonds: Election Required

- Texas allows for bond elections to be held on “Uniform Election Dates” in May and November of each year.

Event	May 4, 2024
Window to Call for a Bond Election	February 4 - 16, 2024
Last day to register to vote	April 4, 2024
First day for Early Voting	April 17, 2024
Last day for Early Voting	April 30, 2024
Election Day	May 4, 2024

❖ Based on a successful election, the City may receive bond proceeds in July or August of 2024

Certificates of Obligation: No bond election, but a notice process is required

- Step 1 – Council approves a project list to be financed with Certificates of Obligation; and, separately, adopts a Notice of Intent (“NOI”) Resolution
- Step 2 – First publication of the NOI Resolution appears in the La Vernia News (45-day clock begins) and it is also posted on the City’s website
- Step 3 – Second publication of the NOI Resolution appears in the Bee-Picayune
- Step 4 – Sale of the Certificates of Obligation (lock-in rate) utilizing a Negotiated Sale Method; Council approves sale
- Step 5 – Proceeds delivered to City’s project funds

❖ From start to finish, the CO issuance process is 75-90 days

Summary

- The City does not currently utilize an I&S tax rate for repayment of debt
- The City is a highly rated entity at “AA” by Standard & Poor’s
- Drainage and quality of life projects are eligible to be financed with either General Obligation (“GO”) Bonds or Certificates of Obligation (“CO”)
- GO Bonds require an election (if the election fails, the City may NOT use CO’s for the same project for a 3-year period)
- CO’s do not require an election but there is a required “notice” process
- GO Bonds and CO’s receive the same interest rate



October 12, 2023

FY 2024 Capital Improvement Projects: Financing Options and Impact



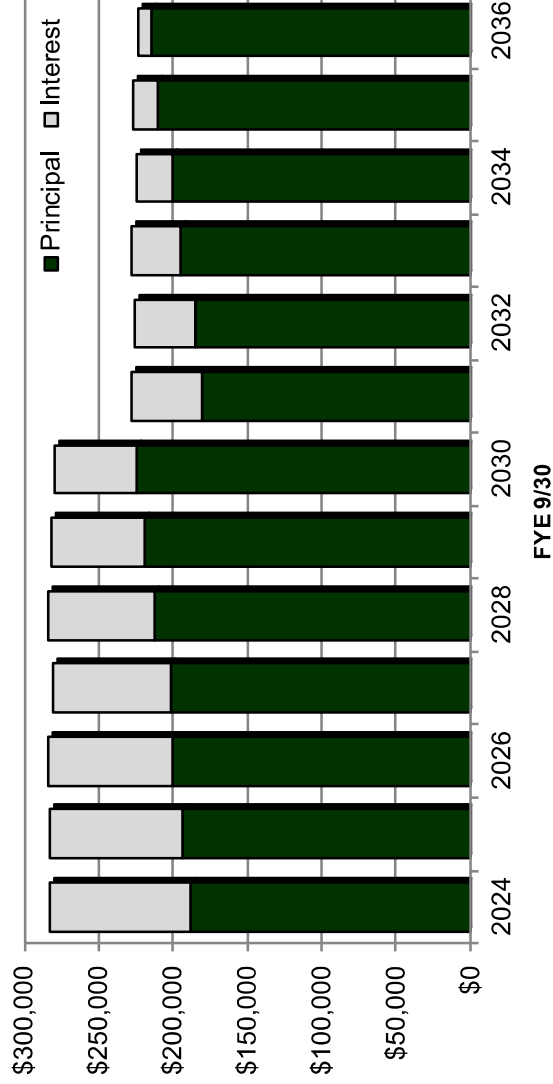
FINANCIAL ADVISORY CONTACT

Victor Quiroga
Managing Director
10010 San Pedro Avenue, Suite 301
San Antonio, Texas 78216
Cell: 210.887.1810
victor@spfmuni.com

Outstanding Debt Requirements

Issue	Purpose	Original Principal	Principal as of 10/5/23		Final Maturity	Callable	Callable Coupons	Self-Supporting	Net GO Outstanding
			Total	Callable					
Comb Tax & Ltd Pledge Rev C/O, Series 2016	New Money	\$ 3,025,000	\$ 2,265,000	\$ 1,980,000	9/1/36	9/1/25	3.00% - 4.00%	100% Water/Sewer	\$0
GO Ref Bds, Series 2017	Refunding	564,000	361,000	361,000	3/1/30	Any Date	2.10% - 2.84%	100% Water/Sewer	\$361,000
			\$ 2,626,000	\$ 2,341,000					\$ 361,000

Annual Debt Service Payments



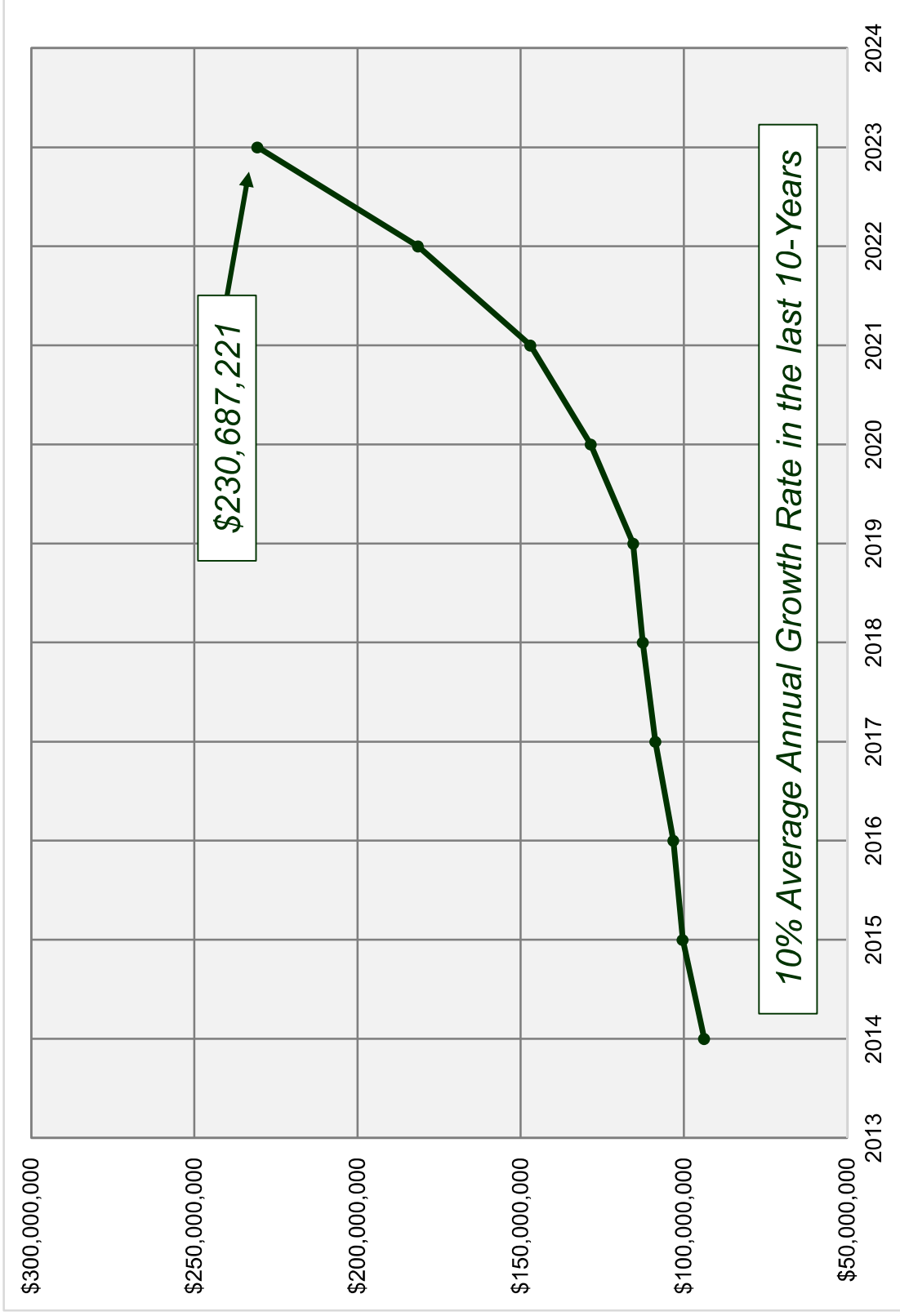
Highly Rated City: "AA" by Standard & Poor's Rating Agency

Standard & Poor's Ratings Scale
AAA
AA+
AA
AA-
A+
A
A-
BBB+
BBB+
BBB-

S&P	Moody's	Fitch	Definition
AAA	Aaa	AAA	Highest rating assigned.
AA	Aa	AA	Very strong security. Only slightly below best rating.
A	A	A	Average security, but more subject to adverse financial and economic
BBB	Baa	BBB	Adequate capacity to secure debt. Adverse developments may affect ability to meet debt service requirements.

Note: Moody's uses the designation "1," "2" or "3" to indicate greater strength within the "Baa," "A" and "Aa" categories "1" being the strongest. Standard & Poor's and Fitch use "+" and "-" to indicate relative strength or weakness in the "BBB," "A" and "AA" categories.

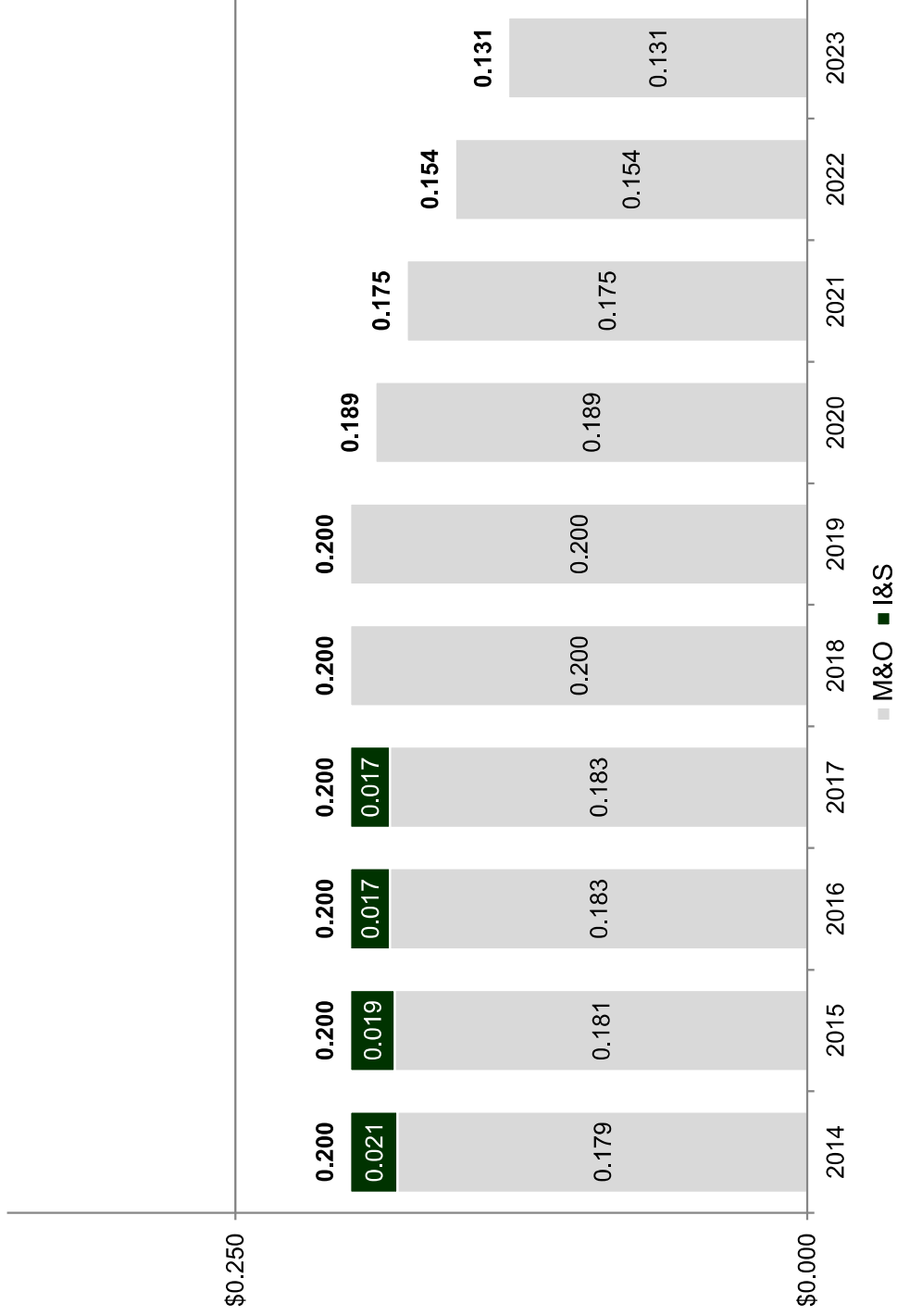
Taxable Valuation Trend



Top Ten Taxpayers

Taxpayer	Type of Property	2023 TAV	% of Total TAV
HEB Grocery Company LP	Grocery Store	\$ 10,073,530	4.37%
Karma Capital Construction LLC	Developer	4,331,120	1.88%
Columbia Realty LTD	Strip Mall/Plaza	2,782,220	1.21%
MJS Development LLC	Developer	2,174,255	0.94%
Buffalo Place LLC	Strip Mall/Plaza	2,150,670	0.93%
McDonald's Real Estate Co	Restaurant	2,106,410	0.91%
Shaw Co Home Builders Inc	Developer	1,903,250	0.83%
Koepp Chevrolet Inc	Car Dealership	1,844,210	0.80%
HLJTM Properties LLC	Real Estate	1,691,070	0.73%
Salinas Monica A	Retail	1,682,630	0.73%
Top 10 Total:		\$ 30,739,365	13.33%

Tax Rate History



Debt Service and I&S Tax Rate Impact Based on Various Borrowing Amounts

10-Year Repayment Term:

Borrowing Amount:	Annual Payment:	I&S Tax Rate:	Impact to \$100,000 Taxable Home Value:	
			Annual	Daily
\$1,000,000	\$126,379	\$0.0565	\$56.48	\$0.16
1,250,000	157,974	0.0706	70.60	0.20
1,500,000	189,568	0.0847	84.72	0.24
1,750,000	221,163	0.0988	98.84	0.27

15-Year Repayment Term:

Borrowing Amount:	Annual Payment:	I&S Tax Rate:	Impact to \$100,000 Taxable Home Value:	
			Annual	Daily
\$1,000,000	\$94,721	\$0.0423	\$42.33	\$0.12
1,250,000	118,401	0.0529	52.91	0.15
1,500,000	142,082	0.0635	63.50	0.18
1,750,000	165,762	0.0741	74.08	0.21

Assumptions:

- 10-year repayment term with a conservative interest rate of 4.5% for planning purposes.
- 15-year repayment term with a conservative interest rate of 4.75% for planning purposes.
- Tax Year 2023 Net Taxable Values of \$230,687,221 with a 97% tax collection rate.

Financing Tools Available to Texas Cities

Type:	General Obligation Bonds	Certificates of Obligation ⁽¹⁾	Tax Notes	Revenue Bonds
Purpose:	General Purpose	General Purpose	General Purpose	Enterprise System
Voter Authorization:	Yes	No ⁽²⁾	No	No
Amortization Requirements	Not to exceed 40 years	Not to exceed 40 years	Initial term limited to 7 years from date of issuance	Revenues
Source of Payment:	I&S Taxes ⁽³⁾	I&S Taxes ⁽³⁾ and/or revenues	I&S Taxes ⁽³⁾	Revenues
Interest Rate:	Strongest Credit; Lowest Interest Rates	Similar to General Obligation Bonds	Similar to General Obligation Bonds	Higher than General Obligation Bonds

⁽¹⁾ If a bond election failed, Certificates may not be issued for that purpose within 3 years of the election.

⁽²⁾ Publication of notice required; petition during notice period could require an election.

⁽³⁾ I&S Tax Rate is not subject to rollback.

General Obligation Bonds: Election Required

- Texas allows for bond elections to be held on “Uniform Election Dates” in May and November of each year.

Event	May 4, 2024
Window to Call for a Bond Election	February 4 - 16, 2024
Last day to register to vote	April 4, 2024
First day for Early Voting	April 17, 2024
Last day for Early Voting	April 30, 2024
Election Day	May 4, 2024

❖ Based on a successful election, the City may receive bond proceeds in July or August of 2024

Certificates of Obligation: No bond election, but a notice process is required

- Step 1 – Council approves a project list to be financed with Certificates of Obligation; and, separately, adopts a Notice of Intent (“NOI”) Resolution
- Step 2 – First publication of the NOI Resolution appears in the La Vernia News (45-day clock begins) and it is also posted on the City’s website
- Step 3 – Second publication of the NOI Resolution appears in the Bee-Picayune
- Step 4 – Sale of the Certificates of Obligation (lock-in rate) utilizing a Negotiated Sale Method; Council approves sale
- Step 5 – Proceeds delivered to City’s project funds

❖ From start to finish, the CO issuance process is 75-90 days

Summary

- The City does not currently utilize an I&S tax rate for repayment of debt
- The City is a highly rated entity at “AA” by Standard & Poor’s
- Drainage and quality of life projects are eligible to be financed with either General Obligation (“GO”) Bonds or Certificates of Obligation (“CO”)
- GO Bonds require an election (if the election fails, the City may NOT use CO’s for the same project for a 3-year period)
- CO’s do not require an election but there is a required “notice” process
- GO Bonds and CO’s receive the same interest rate