

## Gary Palmer

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**From:** James F. Gilley <jfgilley@uscallc.com> on behalf of James F. Gilley  
**Sent:** Friday, September 8, 2023 12:18 PM  
**To:** Gary Palmer; Chris Roznovsky; Katherine Vu; Mike Muckleroy; Maryann Carl; Dave McCorquodale; Spook Willoughby  
**Subject:** RE: Prep for Sept 7th CIP Meeting  
**Attachments:** City of Montgomery - Capital Improvement Needs draft 3 (9-8-23).pdf

Gary,

Attached as requested is a cash flow analysis showing two scenarios: 1) projects costing \$2.5 million and, 2) projects costing \$3.5 million. This assumes the City would issue Certificates of Obligation to fund the projects and the debt service would be paid from the City's utility system revenues (not taxes). Based on the parameters of the financing and the City's strong credit, we would advise that the bonds be issued in the public market via competitive (auction-type) sale.

For both scenarios I've shown the City's 2022 Utility Net Revenues (column labeled A) and the City's current outstanding Self-Supported Debt Service (paid by utility revenues) shown in column D. The proposed debt service is shown in columns E – G and the grand total outstanding plus proposed Self-Supported Debt Service is shown in column H. Column I shows that the City's 2022 net revenues are sufficient to pay the existing plus the proposed utility debt service for both the \$2.5 million and \$3.5 million scenarios. You can see that, at the lowest, the net revenues cover the total self-supported debt service by 1.09 times in 2025 for the \$3.5 million scenario (see column J).

The general timing for the issuance of COs in these scenarios is as follows:

- October 24<sup>th</sup>: Council meeting to consider adoption of Resolution authorizing the publication of a Notice of Intention ("NOI") to issue COs. (This action does not commit the City to issue the bonds.)
- October 27<sup>th</sup>: NOI is first published in local paper
- November 3<sup>rd</sup>: NOI is published in local paper (2<sup>nd</sup> and last publication)
- Mid-November: Conduct rating call with City staff and Standard & Poor's Rating agency for a bond rating on the COs (expect AA rating)
- December 12<sup>th</sup>: Competitive bond sale with bids due at 10 AM. Later that evening, regular council meeting to review bids and consider adoption of Ordinance authorizing the issuance of the COs
- January 17<sup>th</sup>, 2024: Transaction closes, funds are delivered to the City

It is possible that we could accelerate this timing depending on the City's needs, but I am providing this to you so that you can have an idea of the general steps involved.

Please let me know if you have any questions at all.

Thank you,

James Gilley, Jr.  
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**From:** Gary Palmer <gpalmer@ci.montgomery.tx.us>  
**Sent:** Wednesday, August 23, 2023 11:14 AM