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City of Woodcreek, Texas

Funding of Streets

Plan of Finance

December 14, 2022

Table of Contents

	Page
Plan of Finance.....	3
Preliminary Cash Flows.....	4
Tentative Schedule of Events.....	6
Questions and Discussion.....	7
<i>Appendix A</i>	
Bond Credit Ratings Chart.....	9
Municipal Market Update.....	10

Plan of Finance

City of Woodcreek voters approved a total of \$3,495,000 Street Bond Election on November 8, 2022

Goals

- Fund Street and Road Improvements
- Minimize potential debt rate tax rate impact to City (no more than a 2 cent increase to debt rate)

Implementation

- Debt Issue = General Obligation Bonds, Series 2023
- Structure = Level debt service
 - City to restructure Tax Note, Series 2017 to minimize budgetary impact of new debt
- Or
 - Payoff outstanding Tax Note, Series 2017 with cash on hand prior to issuing bonds
- Amortization = 20 years
- Debt Repayment Source = I&S Ad Valorem Tax (Debt Rate)
- Projected Interest Cost = 4.85% , "A" Rated Interest Rates + 0.50% as of 11/21/2022 **(subject to change)**
- Proposed Schedule of Events
 - Plan of Finance Presentation – December 14, 2022
 - Pricing and Council Approval of Debt Issuance – May 10, 2023
 - Closing & Delivery of Funds to City – June 8, 2023

Preliminary Cash Flows (Restructuring of Existing Debt)

City of Woodcreek, Texas

General Obligation Refunding & Improvement Bonds

Funding of Streets Projects and **Restructuring** of Existing Debt

A	B	C	D	E	F	G	H	I
Fiscal Year Ending 30-Sep	Tax Base Growth Factor	Taxable Assessed Valuation ⁽¹⁾	I&S Tax Supported D/S	Less: Refinanced Tax Note Series 2017 D/S	GO Refunding & Improvement Bonds, Series 2023 ⁽²⁾	Less: Debt Service Funds on Hand	NET Projected I&S Tax Supported D/S	Projected Debt Service Tax Rate ⁽³⁾
2023	18.16%	\$ 310,684,852	\$ 224,793	\$ 1,982	\$ -	\$ -	\$ 222,811	\$ 0.0780
2024	0.00%	310,684,852	219,820	219,820	286,625	-	286,625	0.0932
2025	0.00%	310,684,852	-	-	286,467	-	286,467	0.0931
2026	0.00%	310,684,852	-	-	286,583	-	286,583	0.0932
2027	0.00%	310,684,852	-	-	291,344	-	291,344	0.0947
2028	0.00%	310,684,852	-	-	290,757	-	290,757	0.0945
2029	0.00%	310,684,852	-	-	289,916	-	289,916	0.0943
2030	0.00%	310,684,852	-	-	288,823	-	288,823	0.0939
2031	0.00%	310,684,852	-	-	287,443	-	287,443	0.0935
2032	0.00%	310,684,852	-	-	290,457	-	290,457	0.0944
2033	0.00%	310,684,852	-	-	287,918	-	287,918	0.0936
2034	0.00%	310,684,852	-	-	290,052	-	290,052	0.0943
2035	0.00%	310,684,852	-	-	286,612	-	286,612	0.0932
2036	0.00%	310,684,852	-	-	287,583	-	287,583	0.0935
2037	0.00%	310,684,852	-	-	288,092	-	288,092	0.0937
2038	0.00%	310,684,852	-	-	287,884	-	287,884	0.0936
2039	0.00%	310,684,852	-	-	286,949	-	286,949	0.0933
2040	0.00%	310,684,852	-	-	290,407	-	290,407	0.0944
2041	0.00%	310,684,852	-	-	288,257	-	288,257	0.0937
2042	0.00%	310,684,852	-	-	290,418	-	290,418	0.0944
2043	0.00%	310,684,852	-	-	286,888	-	286,888	0.0933
			\$ 444,613	\$ 221,802	\$ 5,769,471	\$ -	\$ 5,992,282	

Assumptions:

(1) Source: Hays County Appraisal District. Actual for Fiscal Year 2022 & 2023.

(2) Assumes "A" rated interest rates as of 11/21/2022 + 0.50%.

True Interest Cost calculated at 4.85%. Subject to Change.

(3) Actual Tax Rate Fiscal Year 2022. Calculated thereafter.

Assumes 99% collections.

USES OF FUNDS

Project Fund Deposit	\$ -	\$3,348,750
Tax Notes, 2017 Payoff (Bond Financing)	-	219,082
Budgeted Financing Costs	-	157,168
Total	\$ -	\$3,725,000

Preliminary Cash Flows (Payoff of Existing Debt)

City of Woodcreek, Texas

General Obligation Bonds

Funding of Streets Projects and **Payoff** of Existing Debt

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>
Fiscal Year Ending 30-Sep	Tax Base Growth Factor	Taxable Assessed Valuation ⁽¹⁾	I&S Tax Supported D/S	Less: Refinanced Tax Note Series 2017 D/S	GO Bonds, Series 2023 ⁽²⁾	Less: Debt Service Funds on Hand	NET Projected I&S Tax Supported D/S	Projected Debt Service Tax Rate ⁽³⁾
2023	18.16%	\$ 310,684,852	\$ 224,793	\$ 1,982	\$ -	\$ -	\$ 222,811	\$ 0.0780
2024	0.00%	310,684,852	219,820	219,820	269,443	-	269,443	0.0876
2025	0.00%	310,684,852	-	-	271,399	-	271,399	0.0882
2026	0.00%	310,684,852	-	-	271,706	-	271,706	0.0883
2027	0.00%	310,684,852	-	-	271,759	-	271,759	0.0884
2028	0.00%	310,684,852	-	-	271,564	-	271,564	0.0883
2029	0.00%	310,684,852	-	-	271,119	-	271,119	0.0881
2030	0.00%	310,684,852	-	-	270,425	-	270,425	0.0879
2031	0.00%	310,684,852	-	-	269,451	-	269,451	0.0876
2032	0.00%	310,684,852	-	-	272,887	-	272,887	0.0887
2033	0.00%	310,684,852	-	-	270,786	-	270,786	0.0880
2034	0.00%	310,684,852	-	-	268,466	-	268,466	0.0873
2035	0.00%	310,684,852	-	-	270,585	-	270,585	0.0880
2036	0.00%	310,684,852	-	-	272,019	-	272,019	0.0884
2037	0.00%	310,684,852	-	-	268,106	-	268,106	0.0872
2038	0.00%	310,684,852	-	-	268,611	-	268,611	0.0873
2039	0.00%	310,684,852	-	-	268,405	-	268,405	0.0873
2040	0.00%	310,684,852	-	-	272,591	-	272,591	0.0886
2041	0.00%	310,684,852	-	-	271,170	-	271,170	0.0882
2042	0.00%	310,684,852	-	-	269,188	-	269,188	0.0875
2043	0.00%	310,684,852	-	-	271,519	-	271,519	0.0883
			\$ 444,613	\$ 221,802	\$ 5,411,196	\$ -	\$ 5,634,007	

Assumptions:

- (1) Source: Hays County Appraisal District. Actual for Fiscal Year 2022 & 2023.
- (2) Assumes "A" rated interest rates as of 11/21/2022 + 0.50%.
True Interest Cost calculated at 4.85%. Subject to Change.
- (3) Actual Tax Rate Fiscal Year 2022. Calculated thereafter.
Assumes 99% collections.

	<u>USES OF FUNDS</u>	
Project Fund Deposit	\$ -	\$3,352,575
Tax Notes, 2017 Payoff (City Cash)	226,582	-
Budgeted Financing Costs	-	142,425
Total	\$ 226,582	\$3,495,000

Tentative Schedule of Events

Date	Event
December 14, 2022	<p data-bbox="484 284 1835 368">Presentation of Plan of Finance to issue General Obligation Bonds, Series 2023</p> <p data-bbox="484 425 1835 515">City Council considers and approves plan of finance and directs staff and consultants to implement</p>
January 2023– April 2023	<p data-bbox="484 568 1835 609">Preparation of offering documents and credit rating calls</p>
May 10, 2023	<p data-bbox="484 711 1835 752">Pricing of General Obligation Bonds, Series 2023</p> <p data-bbox="484 853 1835 942">City Council considers and approves Ordinance authorizing the issuance of General Obligation Bonds, Series 2023</p>
<i>Prior to Closing</i>	<p data-bbox="484 996 1835 1038"><i>Texas Attorney General approves issue</i></p>
June 8, 2023	<p data-bbox="484 1082 1835 1123">Closing and Delivery of Funds to the City</p>
February 15, 2024	<p data-bbox="484 1168 1835 1209">First principal and interest payment on the bonds</p>

Key Actions to be taken by City Council

Questions and Discussion

Appendix A

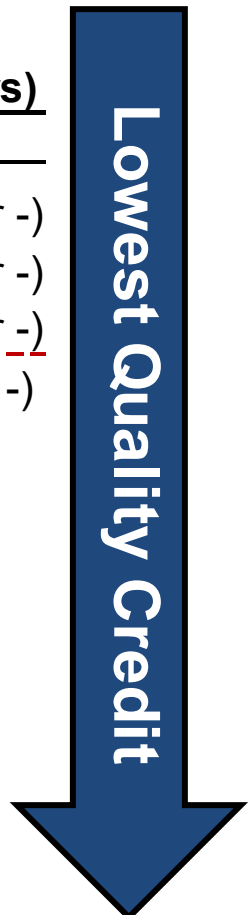
Bond Credit Ratings Chart



Long Term		
Moody's	S&P	Fitch
Aaa	AAA	AAA
Aa1	AA+	AA+
Aa2	AA	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A
A3	A-	A-
Baa1	BBB+	BBB+
Baa2	BBB	BBB
Baa3	BBB-	BBB-
Ba1	BB+	BB+
Ba2	BB	BB

Short Term (less than 3 years)		
Moody's	S&P	Fitch
MIG 1	SP-1+	F1 (+ or -)
MIG 2	SP-1	F2 (+ or -)
MIG 3	SP-2	F3 (+ or -)
SG	SP-3	B (+ or -)

Ratings below the **red line** are speculative grade.



Market Observations

Primary Market:

- 30-Day Visible Supply is approximately \$12.3 billion
- The calendar consists of \$4.285 billion of negotiated deals and \$1.608 billion of competitive deals
- The largest negotiated deal of the week is the \$649 million New York City Housing Development Corporation Multifamily Housing Revenue Bonds

Secondary Market:

- Municipal Bond Funds reported \$1.4 billion of net outflows, compared with \$438 million of net outflows the prior week
- Weekly trade volume of \$90.134 billion represents an increase of \$49.899 billion from the previous week's \$40.253 billion

General Market Overview:

- Chairman Powell's dovish comments last Wednesday relieved markets, sending equities higher as rates dropped. Then Friday's strong Payroll report sent rates back higher, briefly reversing some of the rally, before the long end continued to new low yields.
- Chairman Powell threw a bone to markets last week, as he finally conceded that the Fed will most likely begin to slow the pace of hikes at its meeting next week, where they are expected to hike "only" 50bps.
- Non-Farm Payroll release Friday showed continued strength in the job market, coming in at +263k v 200k expected for November. Average Hourly Earnings jumped to +0.6%, double expectations.

Economic Calendar: Factory Orders, ISM Services Index, International Trade in Goods and Services, Productivity and Costs, EIA Petroleum Status Report, Jobless Claims, EIA Natural Gas Report, Fed Balance Sheet, PPI-Final Demand, Consumer Sentiment

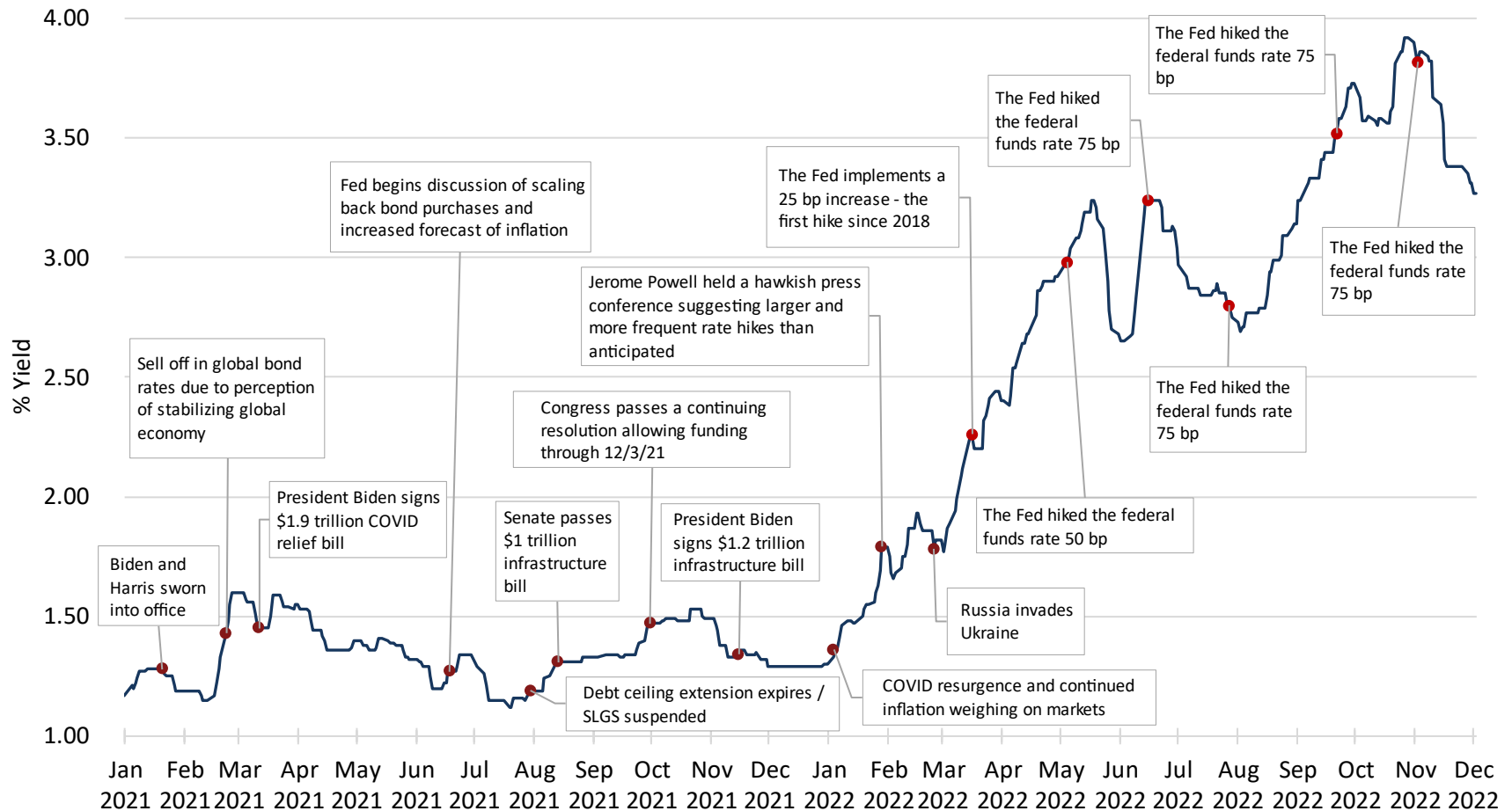
Statistics

	12/2/2022	11/25/2022	Change
5Y MMD	2.53	2.73	(0.20) ▼
10Y MMD	2.61	2.86	(0.25) ▼
15Y MMD	3.05	3.24	(0.19) ▼
20Y MMD	3.27	3.38	(0.11) ▼
30Y MMD	3.48	3.59	(0.11) ▼
MMD 2/30 Yield Curve Steepness	105	94	11 ▲
Bond Buyer 11 GO Bond Index	3.55	3.62	(0.07) ▼
Bond Buyer 20 GO Bond Index	3.65	3.72	(0.07) ▼
Bond Buyer Revenue Bond Index	3.93	4.00	(0.07) ▼
1Y UST	4.69	4.76	(0.07) ▼
5Y UST	3.67	3.85	(0.18) ▼
7Y UST	3.61	3.78	(0.17) ▼
10Y UST	3.51	3.68	(0.17) ▼
30Y UST	3.56	3.74	(0.18) ▼
UST 2/30 Yield Curve Steepness	(72)	(68)	(4) ▼
10Y MMD/UST Ratio	74	78	(3.4) ▼
30Y MMD/UST Ratio	98	96	1.8 ▲
SIFMA	1.85	1.90	(0.05) ▼
1M SOFR	3.78	3.60	0.178 ▲
30-Day Negotiated Visible Supply	7,998.4	3.6	7,994.8 ▲
30-Day Competitive Visible Supply	4,309.4	6,618.0	(2,308.6) ▼
Lipper Muni Bond Fund Flows	(1,394)	(438)	(956) ▼

Source: Ipreo, TM3, Bloomberg, BBC, Wall Street Journal, New York Times, The Bond Buyer, Econoday, CNBC

Change in 20-Year MMD

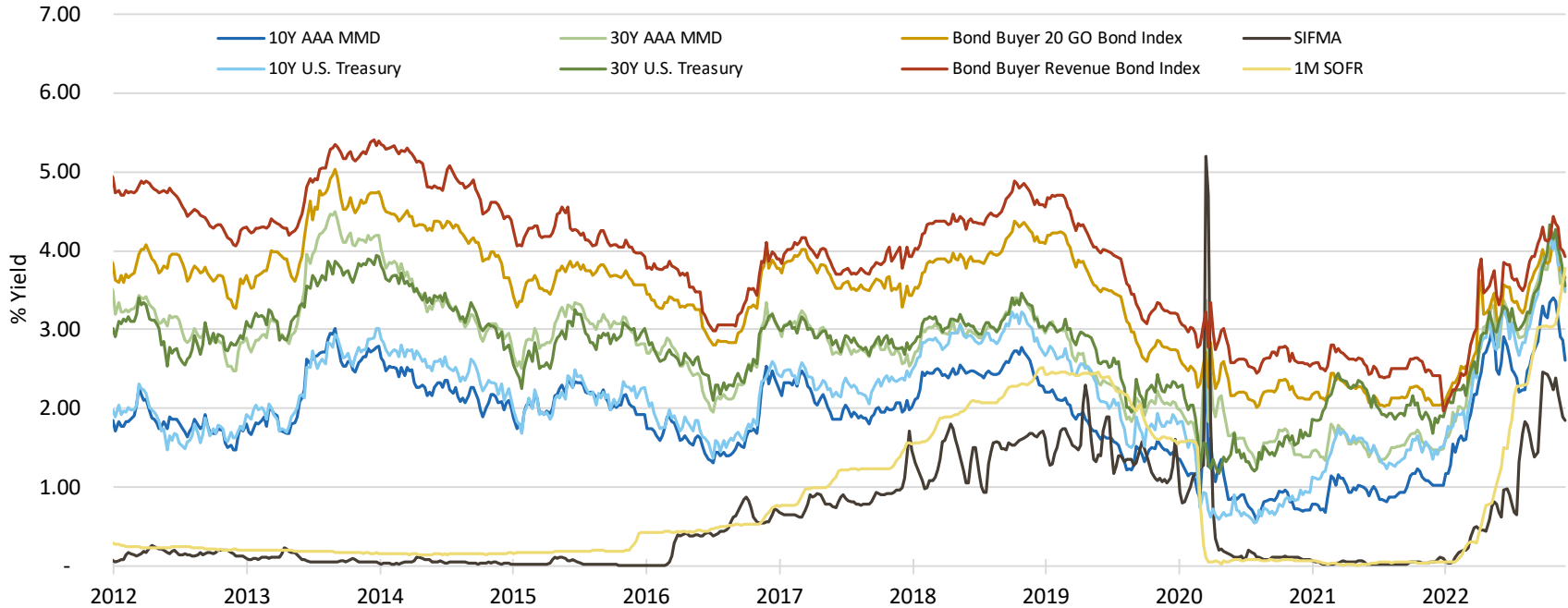
Change in 20-Year MMD with Market Commentary – 1/1/21 to 11/10/22



Source: Refinitiv Municipal Market Data and HilltopSecurities

Weekly Benchmark Interest Rates

Benchmark Interest Rates – 1/1/93 to 12/2/22



Rates Analysis – 1/1/93 to 12/2/22

	10-Year AAA MMD	30-Year AAA MMD	Bond Buyer 20 GO Bond Index	Bond Buyer Revenue Bond Index	10-Year U.S. Treasury	30-Year U.S. Treasury	SIFMA	1-Month SOFR ⁽¹⁾
Current	2.61	3.48	3.65	3.93	3.51	3.56	1.85	3.78
Maximum	6.15	6.95	7.06	7.37	8.04	8.16	7.96	6.78
Minimum	0.58	1.27	2.02	1.97	0.55	0.00	0.01	0.01
Average	3.28	4.16	4.48	4.90	3.91	3.80	1.73	2.54
% Time Lower	35.8%	32.8%	18.8%	15.7%	44.5%	48.4%	58.4%	67.6%

Source: Refinitiv Municipal Market Data, U.S. Treasury and Bloomberg

⁽¹⁾ SOFR 1 Month is blended with LIBOR 1 Month rates prior to 2019