

City of Woodcreek, Texas

GO Bond Plan of Finance and Debt Profile

May 8, 2023

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STIFEL | Public Finance

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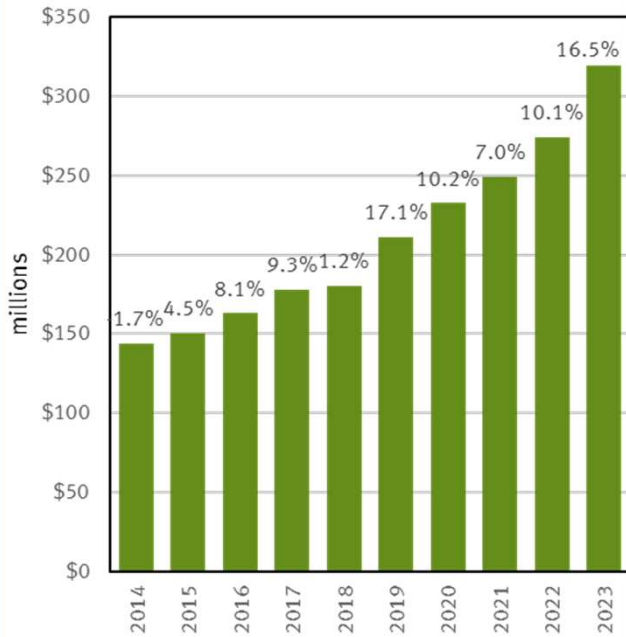
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Tax Base Overview

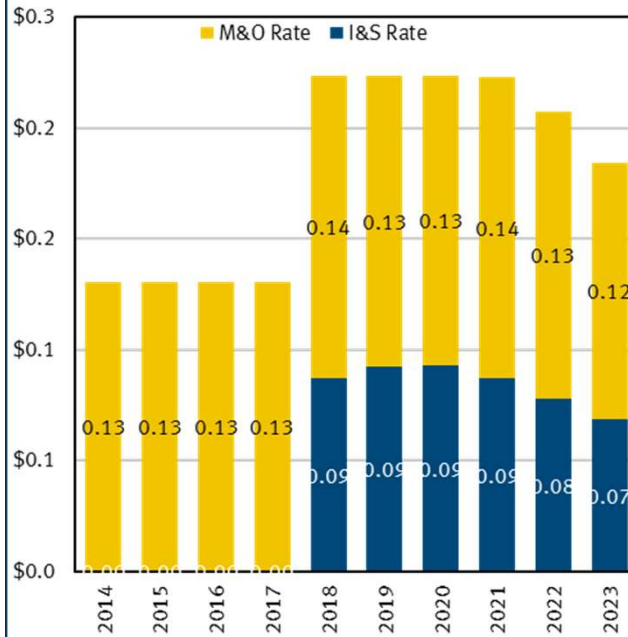
Taxable Assessed Valuation

Fiscal Year	TAV
2023	\$319,112,851
2022	\$273,904,719
2021	\$248,782,338
2020	\$232,398,293
2019	\$210,824,198
2018	\$180,082,550
2017	\$177,980,749
2016	\$162,892,561
2015	\$150,621,415
2014	\$144,067,646



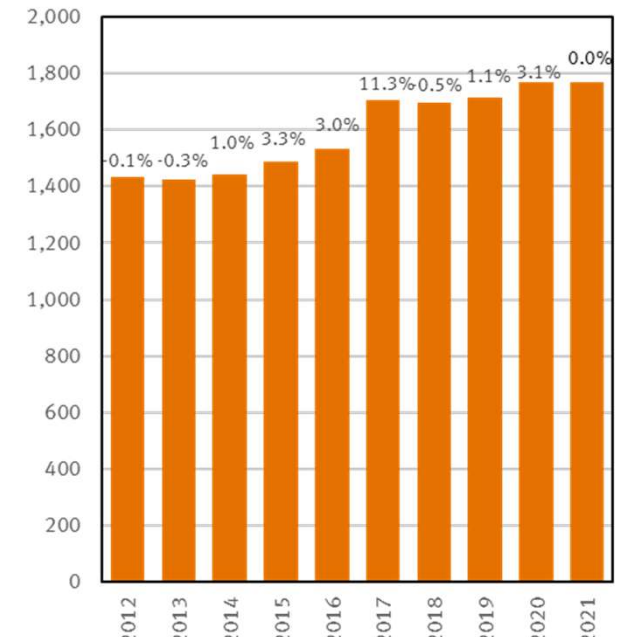
Tax Rate History

Fiscal Year	M&O	I&S	Total
2023	\$0.1152	\$0.0687	\$0.1839
2022	\$0.1291	\$0.0780	\$0.2071
2021	\$0.1361	\$0.0870	\$0.2231
2020	\$0.1306	\$0.0929	\$0.2235
2019	\$0.1311	\$0.0924	\$0.2235
2018	\$0.1362	\$0.0873	\$0.2235
2017	\$0.1305	\$0.0000	\$0.1305
2016	\$0.1305	\$0.0000	\$0.1305
2015	\$0.1305	\$0.0000	\$0.1305
2014	\$0.1305	\$0.0000	\$0.1305



Population

Year	Population
2021	1,770
2020	1,770
2019	1,716
2018	1,698
2017	1,706
2016	1,533
2015	1,488
2014	1,440
2013	1,426
2012	1,431



Tax Base Overview

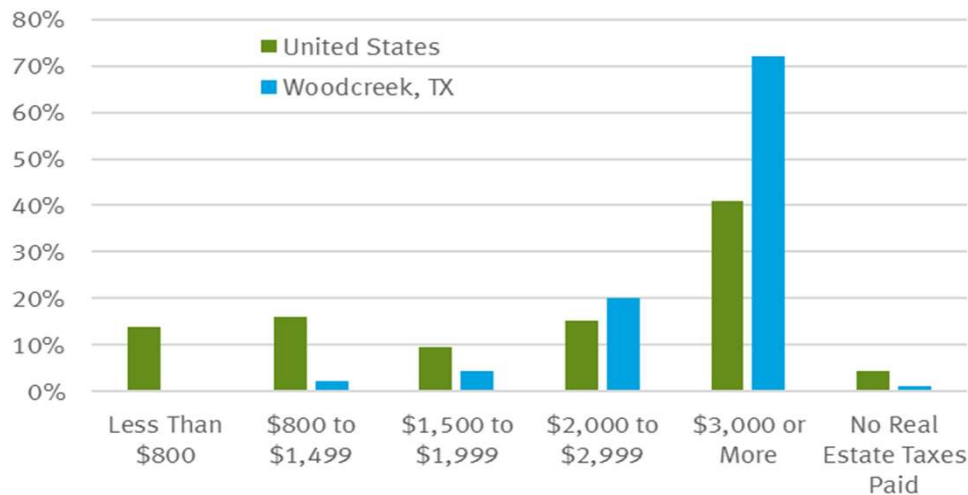
Top Taxpayers

Taxpayer	Property Type	AV	% of total
Sendera Woodcreek Investments LLC	Commercial Land	\$9,482,214	3.46%
Wimberley Springs Partners Ltd.	Developer	\$2,387,300	0.87%
Aqua Texas Inc.	Water & Sewer Utility	\$1,132,270	0.41%
Enrique Ospina & Liliana De Lima	Individual Residence	\$1,025,590	0.37%
Joe O. Jr. & Debra R. Miller	Individual Residence	\$850,170	0.31%
Shawn A. & Christina R. Stoever	Individual Residence	\$790,867	0.29%
Razar Investments Ltd.	Individual Residence	\$790,576	0.29%
Lloyd R. & Terri G. Allen Revocable Tru	Individual Residence	\$757,090	0.28%
Barbara R. Bonner	Individual Residence	\$732,170	0.27%
David Green	Individual Residence	\$700,180	0.26%
Top 10 Totals:		\$18,648,427	6.81%

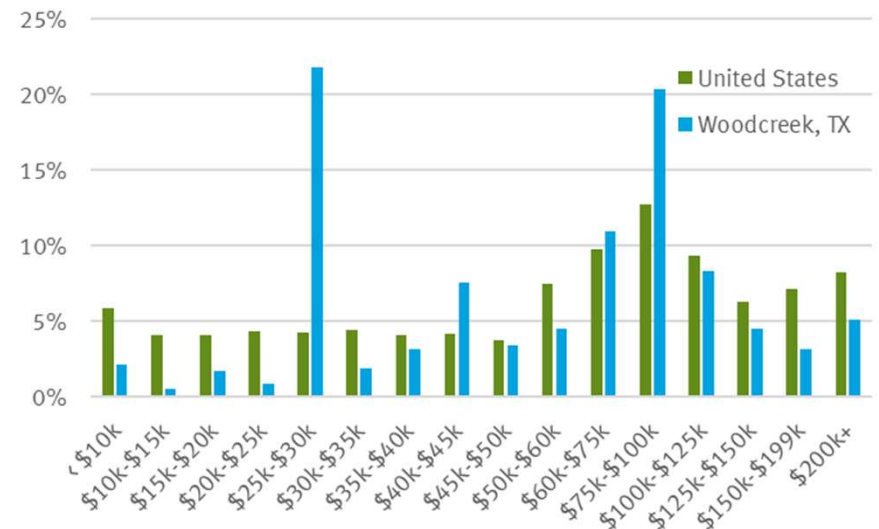
Workforce by Industry

Industry	Employees
Management	140
Construction/Maintenance	118
Sales	100
Administrative	63
Business/Finance	49
Education	42
Healthcare	37
Personal Care/Service	22

Population by Property Tax Bracket



Household Income



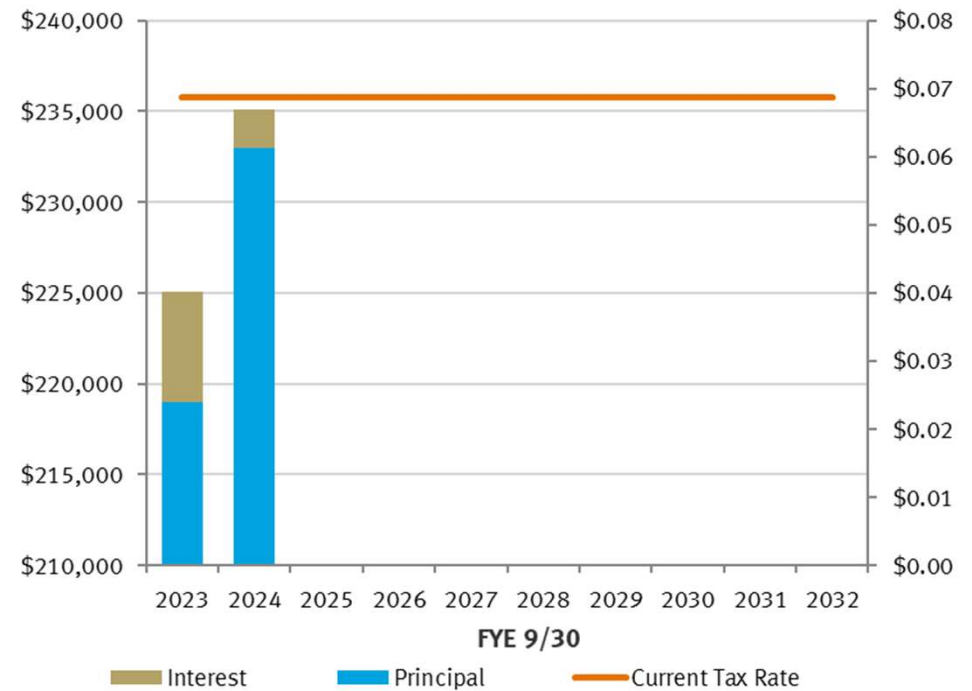
Current Debt Profile

General Obligation	Issue Date	Series	Issued Par (000's)	Outstanding Par (000's)	Callable Par (000's)	Interest Rates (%)	Call Date	Final Maturity	Tax Status
	9/29/2017	2017	\$ 1,352	\$ 233	\$ 233	1.82%	Any Date	2024	T/E
			\$ 1,352	\$ 233	\$ 233				

Voter Authorization		
Date	Authorized Amount	Unissued Amount
11/8/2022	\$3,495,000	\$3,495,000

Debt Service Requirements

Tax Notes, Series 2017					
Delivery Date:	9/29/2017				
Original Par:	\$1,352,000				
Call Date:	Any Date				
Rating:	Not Rated				
Advisor:	Hilltop Securities Inc.				
Purchaser:	Broadway National Bank				
Pledge:	General Obligation				
Project Use:	Public Improvements				
Insurance:	None				
Payment Date	Principal	Coupon	Interest	Semi-Annual Debt Service	Annual Debt Service
2/15/2023	\$219,000.00	1.67%	3,948.95	\$ 222,948.95	
8/15/2023			2,120.30	2,120.30	\$225,069.25
2/15/2024	\$233,000.00	1.82%	2,120.30	235,120.30	
8/15/2024			-	-	235,120.30
	\$ 452,000.00		\$8,189.55	\$ 460,189.55	\$ 460,189.55



Credit Rating – Moody's

➤ Woodcreek is currently unrated – obtaining a bond rating is recommended

Rating Methodology and Considerations

- **Overall Factors**

- **Economy (30%)**

- Resident Income, Full Value per Capita, and Economic Growth

- **Financial Performance (30%)**

- Available Fund Balance Ratio, Liquidity Ratio

- **Institutional Framework (10%)**

- Available Fund Balance Ratio, Liquidity Ratio

- **Leverage (30%)**

- Long-term Liabilities Ratio, Fixed-Costs Ratio

- **Notching Factors**

- Additional Strength in Local Resources (0 to +2)
- Limited Scale of Operations (-1 to +1)
- Financial Disclosures (-2 to 0)
- Potential Cost Shift to or from the State (-1 to +1)
- Potential for Significant Change in Leverage (-2 to +1.5)

2 **Plan of Finance**

Plan of Finance: Series 2023 Road Bonds

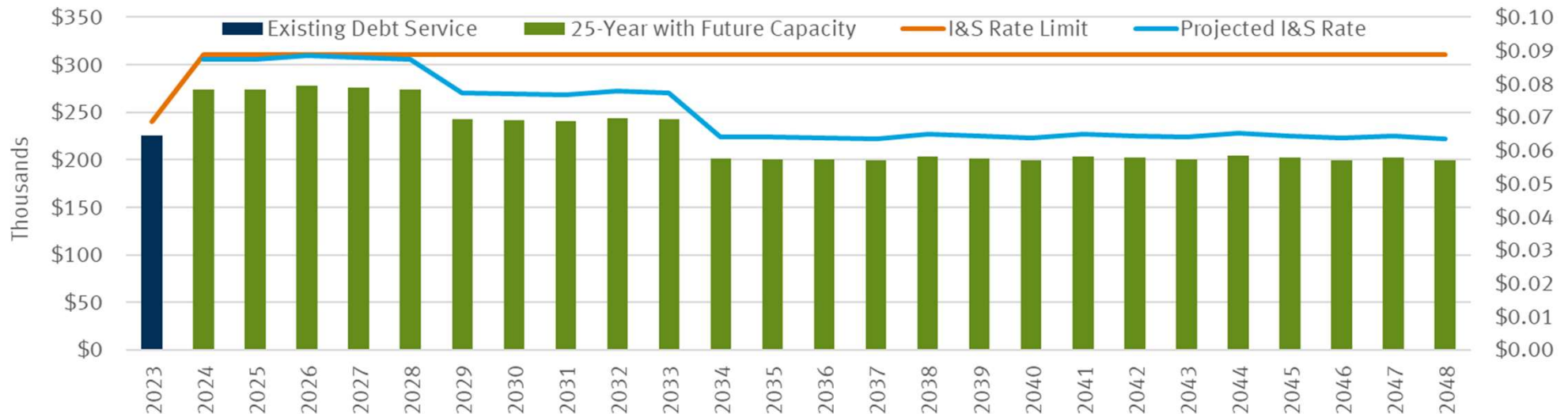
- **Debt Authorization: \$3,495,000**
- **Bond Purpose:** Fund street and road improvements
- **Plan of Finance:**
 - **I&S Rate limit of 2 cent increase** (\$100 per \$500,000 home value)
 - Public Offering of Bonds
 - Payment Source: Ad Valorem Property Tax (I&S levy)
 - Bond Rating and Insurance
 - 25-Year Final Maturity
 - Early Final Payment and Payoff of 2017 Notes
- **Proposed Timeline Milestones:**
 - April 12, 2023 Council Meeting - Plan of Finance Options Presented
 - May 24, 2023 Council Meeting – Consider approval of GO Bond Intent Resolution and Redemption Resolution
 - June 14, 2023 Council Meeting – Consider approval of Bond Offering Document
 - **July 12, 2023 – Bond Pricing and Sale**
 - **August 3, 2023 – Closing and Funding**

Plan of Finance: Series 2023 Bond Structure Scenarios

- Current I&S Rate = 6.87 cents I&S Rate Limitation = 8.87 cents
- 2 cent Increase = \$100 per \$500,000 of Home Tax Valuation Average Woodcreek Home Value = ~\$425,000
- Provides capacity for future capital improvements, maintenance and projects
- Payoff of Series 2017 to remove other debt service constraints and **limit increase to I&S rate of 2 cents**

FYE	TAV	Growth Rate	Existing I&S Rate	Existing Debt Service	Collection Rate	Total I&S Collection	Future Capacity	I&S Rate Limit	New Capacity	25-Year with Future Capacity	Projected I&S Rate
2023	\$319,112,851		\$0.0687	\$225,069	95%	\$208,269	-	\$0.0687	-	-	
2024	*\$337,899,851	5.89%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$274,099	\$0.0854
2025	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$273,675	\$0.0853
2026	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$277,425	\$0.0864
2027	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$275,800	\$0.0859
2028	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$273,925	\$0.0853
2029	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$242,550	\$0.0756

*Preliminary Certified Value from county appraisal district



Plan of Finance: Series 2023 Bond Structure Scenarios

FYE	TAV	Growth Rate	Existing I&S Rate	Existing Debt Service	Collection Rate	Total I&S Collection	Future Capacity	I&S Rate Limit	New Capacity	25-Year with Future Capacity	Projected I&S Rate
2023	\$319,112,851		\$0.0687	\$225,069	95%	\$208,269	-	\$0.0687	-	-	
2024	\$337,899,851 *	5.89%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$274,099	\$0.0854
2025	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$273,675	\$0.0853
2026	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$277,425	\$0.0864
2027	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$275,800	\$0.0859
2028	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$273,925	\$0.0853
2029	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$242,550	\$0.0756
2030	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$241,675	\$0.0753
2031	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$240,550	\$0.0749
2032	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$244,050	\$0.0760
2033	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$242,175	\$0.0754
2034	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$201,050	\$0.0626
2035	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$200,675	\$0.0625
2036	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$200,050	\$0.0623
2037	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$199,175	\$0.0620
2038	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$202,925	\$0.0632
2039	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$201,300	\$0.0627
2040	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$199,425	\$0.0621
2041	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$202,925	\$0.0632
2042	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$201,825	\$0.0629
2043	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$200,525	\$0.0625
2044	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$203,925	\$0.0635
2045	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$201,916	\$0.0629
2046	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$199,594	\$0.0622
2047	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$201,963	\$0.0629
2048	\$337,899,851	0.00%	\$0.0687		95%	\$220,530	\$220,530	\$0.0887	\$284,731	\$199,022	\$0.0620

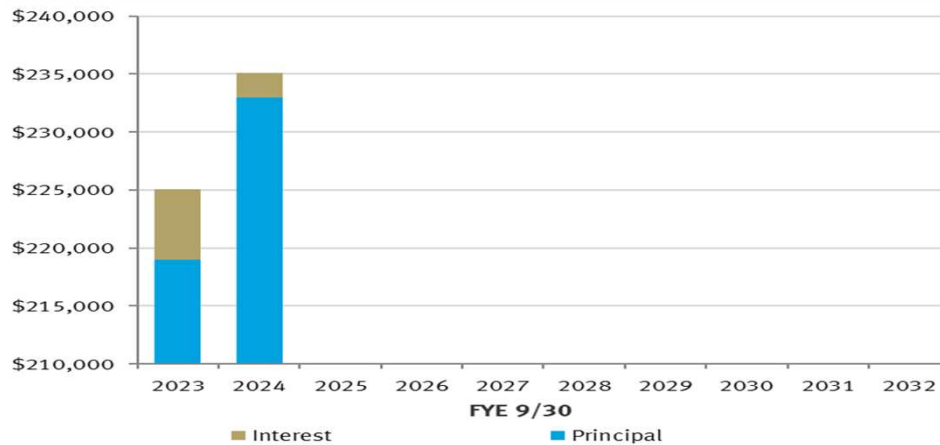
*Preliminary Certified Value from county appraisal district

2017 Notes Payoff and Defeasance

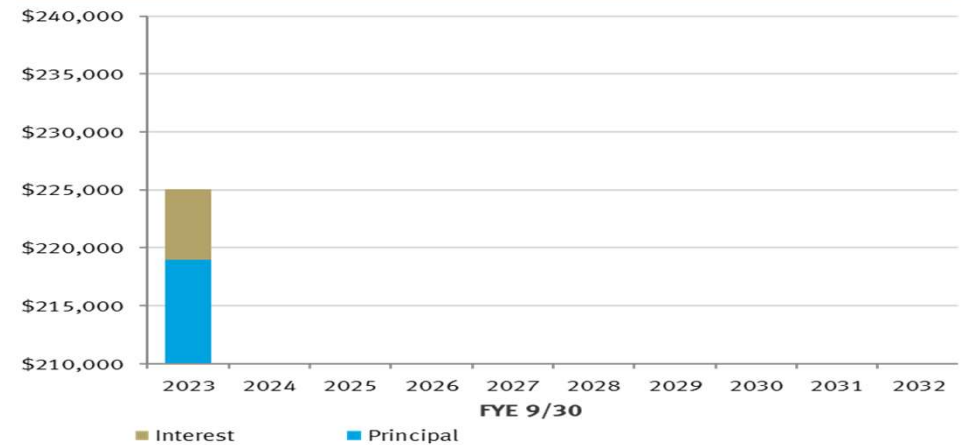
Summary of 2023 Defeasance

Estimated Date of Defeasance:	June 28, 2023
Debt and Maturities Defeased:	Series 2017 – 2/15/2024 (\$233,000)
Total Cash Contribution:	\$234,920.05
Net Present Value Savings:	\$2,320.55 (1.0%)

Before Defeasance



After Defeasance



- FY 2022 Audit – Unassigned General Fund Balance of \$1,364,149
- FY 2023 Adopted Budget includes Revenues of \$691,510, Expenditures of \$562,857, and Net Revenue of \$128,653
- **Fund Balance as a % of Operating Revenues = 197.3% (Moody’s metric for strength of reserves)**
- **Moody’s “AAA” median** for cities with a population under 10,000 = **54.2%**
 - *A Woodcreek, TX General Fund Balance of \$374,798 = 54.2%*

Proposed Finance Timeline

DATE	ACTION ITEMS	RESPONSIBILITY
April 12	City County Meeting – Plan of Finance review with Stifel and Staff	Stifel/City
May 24	City County Meeting – Consider approval of GO Bond Intent Resolution and Redemption Resolution	City/Bond Counsel
May 26	Drafting of preliminary official statement, bond documents, and rating presentation	Stifel/ Bond Counsel
June 14	City County Meeting – Consider approval of bond offering document (Preliminary Official Statement, “POS”)	City/Stifel
Wks of June 19 th and June 26 th	Rating Meeting, Due Diligence Call with Underwriter, and Posting of POS to EMMA	City/Stifel/UW
July 12	Bond Pricing – Lock in Interest Rates and Structure City Council Meeting – Approve final terms and structure, BPA signatures	All
Est. July 15	Debt Service Schedules provided to the CAD for Tax Rate Calculation	City
	Bond Transcript to AG for approval	Orrick
August 3	Bond Closing and Flow of Funds	All

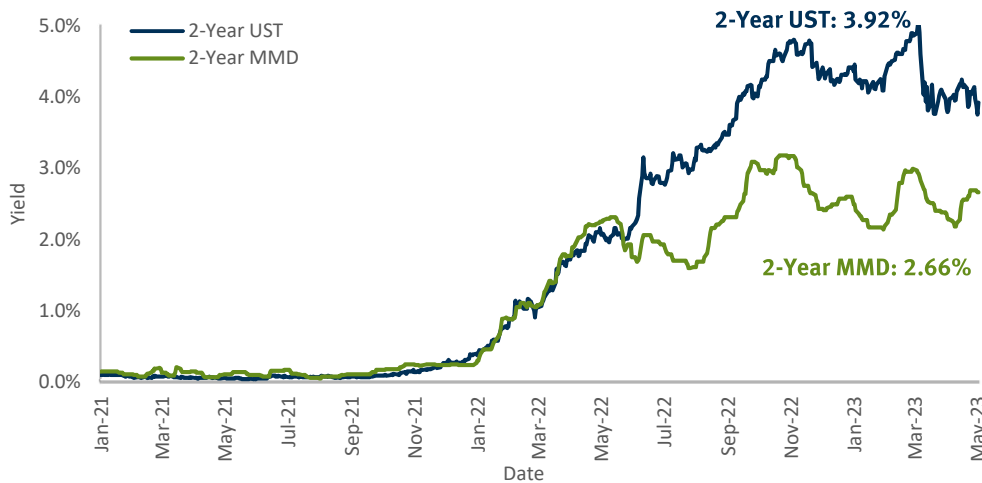
3 **Market Update**

Tax-Exempt and Taxable Interest Rate Movement

- Last Week, MMD and UST Yields Decreased in Many Maturities

Both 2-Year AAA MMD and 2-Year UST Yield Decreased

Comparing 2-Year UST and 2-Year AAA MMD since January 1, 2021



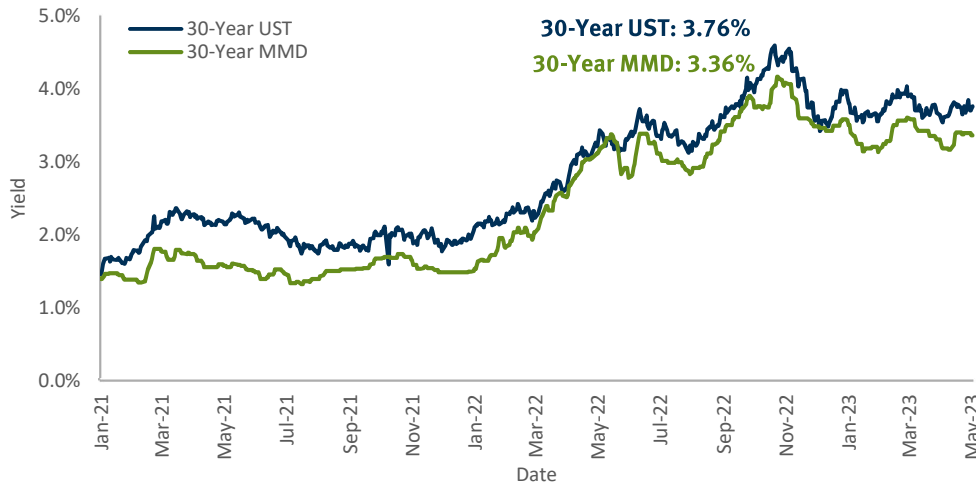
10-Year AAA MMD Decreased and 10-Year UST Yield Stayed the Same

Comparing 10-Year UST and 10-Year AAA MMD since January 1, 2021



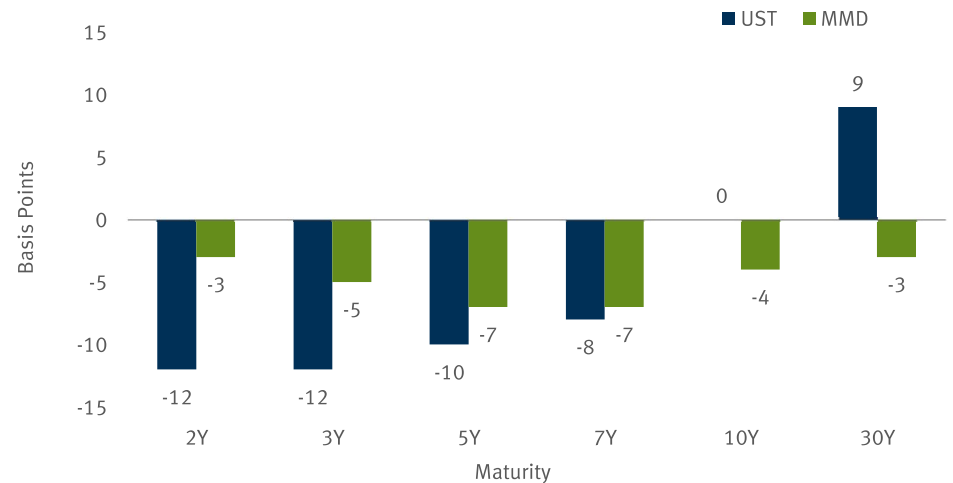
30-Year AAA MMD Decreased and 30-Year UST Yield Increased

Comparing 30-Year UST and 30-Year AAA MMD since January 1, 2021



Weekly Change in UST and AAA MMD Yields Across the Curve

From April 28, 2023 to May 5, 2023



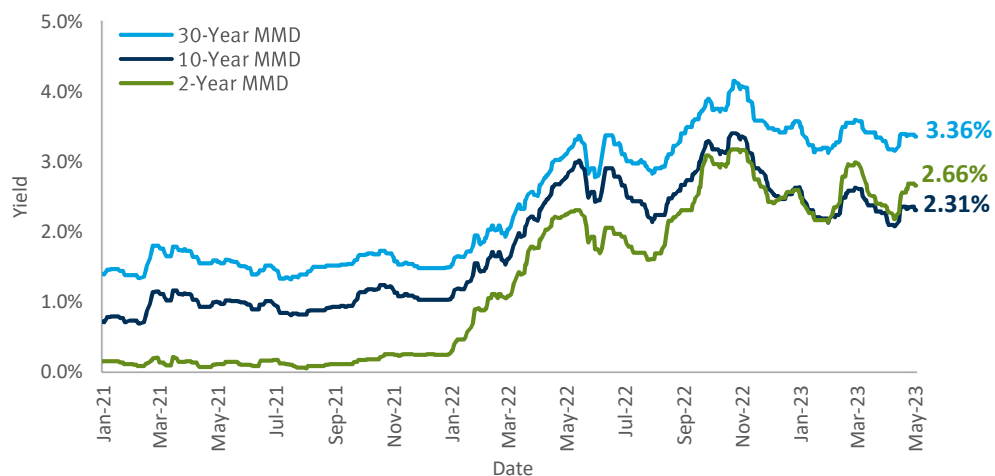
Sources: TM3, US Treasury. As of 5/5/2023.

Tax-Exempt Interest Rate Movement

- Last Week, AAA MMD Yields Decreased in Most Maturities

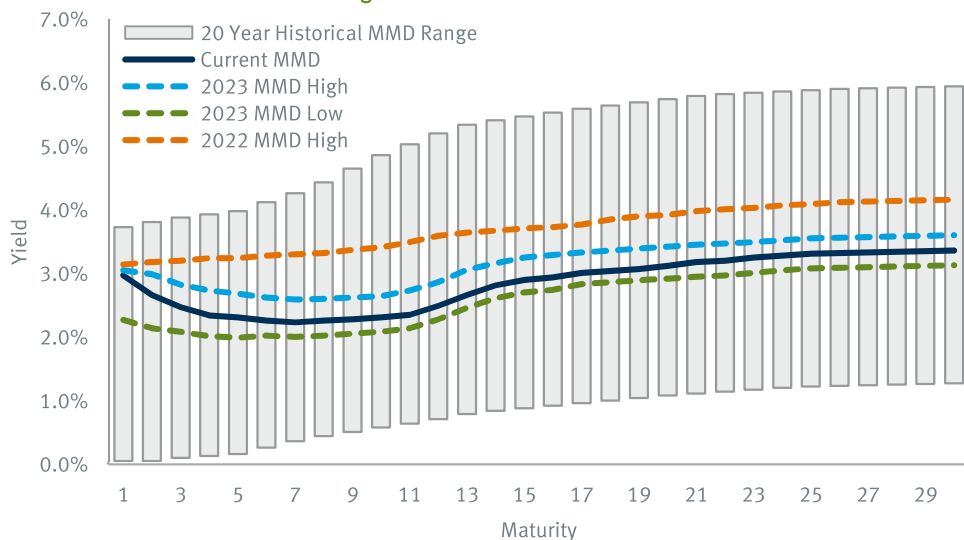
AAA MMD Yields Decreased

Comparing 2, 10 and 30-Year AAA MMD since January 1, 2021



Current MMD Yields

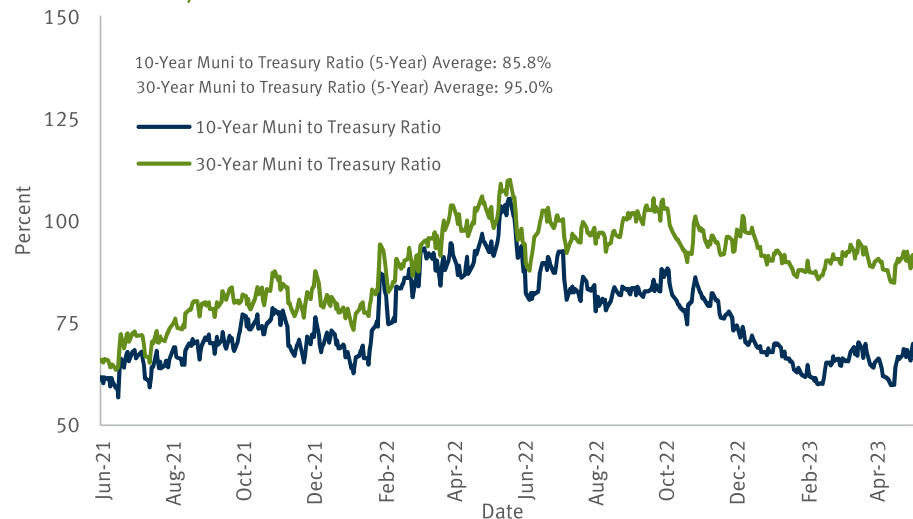
20-Year Historical AAA MMD Range vs. Current AAA MMD



Sources: TM3, US Treasury. As of 5/5/2023.

10-Year and 30-Year Muni to Treasury Ratios

Muni to Treasury Ratios Since June 2021



AAA MMD Summary Statistics

	5-Year	10-Year	30-Year
Current	2.31%	2.31%	3.36%
Weekly Change	-7 bps	-4 bps	-3 bps

2023 Year-to-Date

YTD Change	-21 bps	-32 bps	-22 bps
High	2.68%	2.64%	3.60%
Low	1.99%	2.08%	3.13%
Average	2.30%	2.34%	3.35%
Year Ending 2022	2.52%	2.63%	3.58%

Since January 1, 2018

High	3.24%	3.41%	4.16%
Low	0.16%	0.58%	1.27%
Average	1.39%	1.76%	2.41%

New Issue Supply and Demand

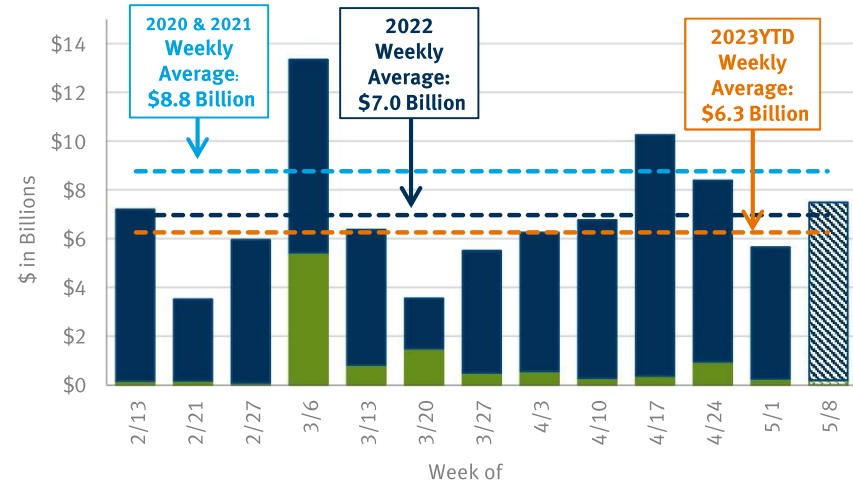
2022 Municipal Issuance Was Lower Than Both 2021 and 2020's Record Amounts

- According to The Bond Buyer, 2022 municipal bond sale volume dropped 21% from 2021, from \$483 billion to \$384 billion.
- 2020 and 2021 municipal bond issuance were the highest and second-highest ever recorded, respectively.
- Last week, municipal supply totaled \$5.65 billion, of which approximately \$250 million was taxable.
- During the week of May 8, municipal supply is anticipated to be \$7.49 billion, of which \$196 million will be taxable.

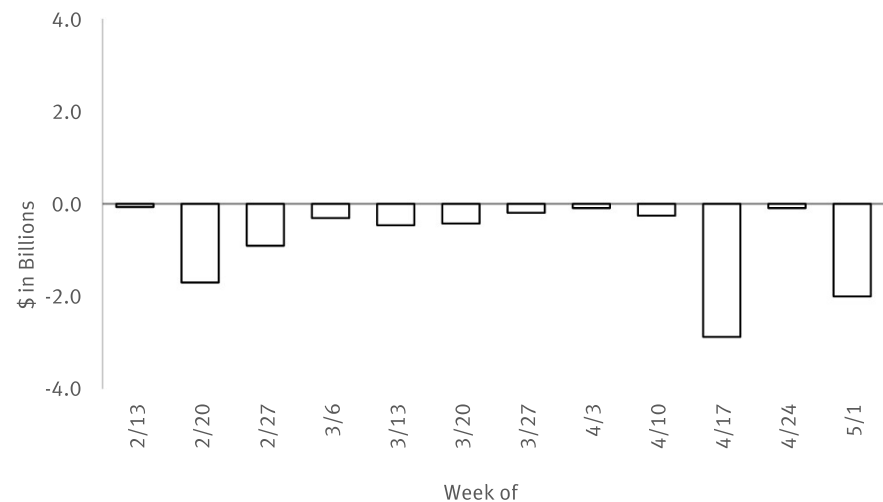
Municipal Bond Funds Record Net Outflows for 12 Consecutive Weeks

- Investors withdrew \$846 million from muni bond funds during the week of May 1, following outflows of \$92 million the week prior.
- The four-week moving average of flows increased to \$1 billion of outflows from average outflows of \$828 million last week.
- Throughout 2022 investors withdrew more than \$65 billion from municipal bond funds.
- 2022 average weekly net outflows from muni bond funds is \$1.6 billion, compared with the 2020 and 2021 averages of \$444 million and \$1.3 billion net inflows, respectively.

2022 Average Weekly Supply Ends Year Below the 2021 Average Previous 12 Weeks of New Issue Supply and Forecast of Current Week



Municipal Bond Funds Record Net Outflows Recent Weekly Municipal Bond Fund Flows



Sources: Lipper, Thomson Reuters, SIFMA, IHS Markit, Bloomberg. As of 5/5/2023.

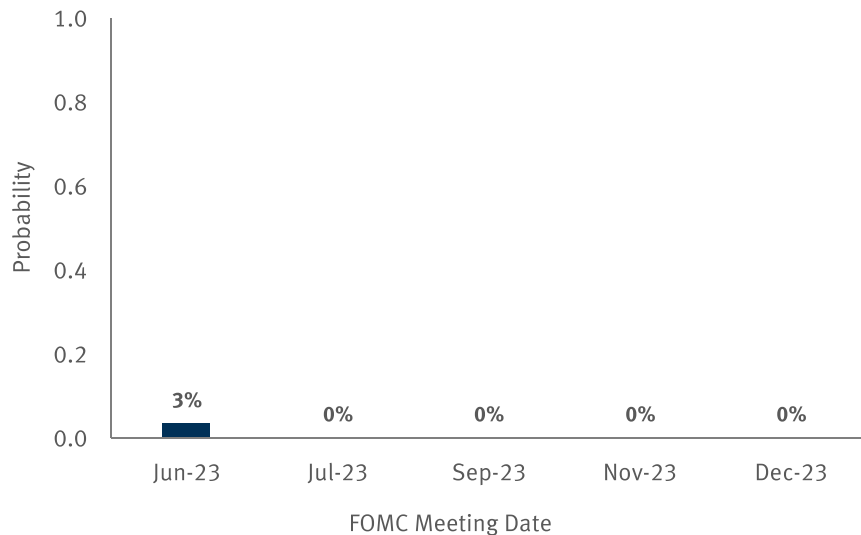
Interest Rate Forecast

- Last week, the Fed opted to raise rates another 25 basis points, as anticipated
- The April employment report was released last week, revealing an overall increase in nonfarm payrolls of 104k.
- Despite a very tight labor market, the Fed has indicated a willingness to potentially pause rate hikes in order to assess market data.
- The market is not currently anticipating any future rate hikes, and has priced in two rate cuts by the end of the year.
- Later this week, the latest April read on inflation will be released. Last month, CPI rose 5.0% year-over-year. While CPI has been slowing, we have yet to see a meaningful decline in inflation despite 10 rate hikes.

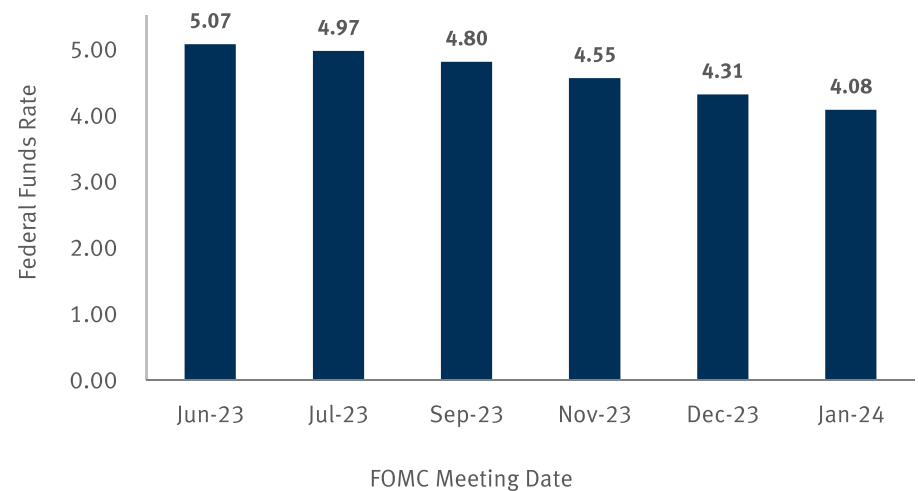
Market Consensus Yield Curve Projections (%)					
	Current	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Fed Funds	5.25	5.25	5.20	5.10	4.70
2-Yr UST	3.92	4.19	4.01	3.75	3.55
10-Yr UST	3.44	3.59	3.54	3.44	3.41
30-Yr UST	3.76	3.79	3.76	3.68	3.65

Market Consensus Probability of a Rate Hike at Upcoming Fed Meetings

Calculated Using Fed Funds Futures. (Values > 100% indicate a greater than 25 bp hike)



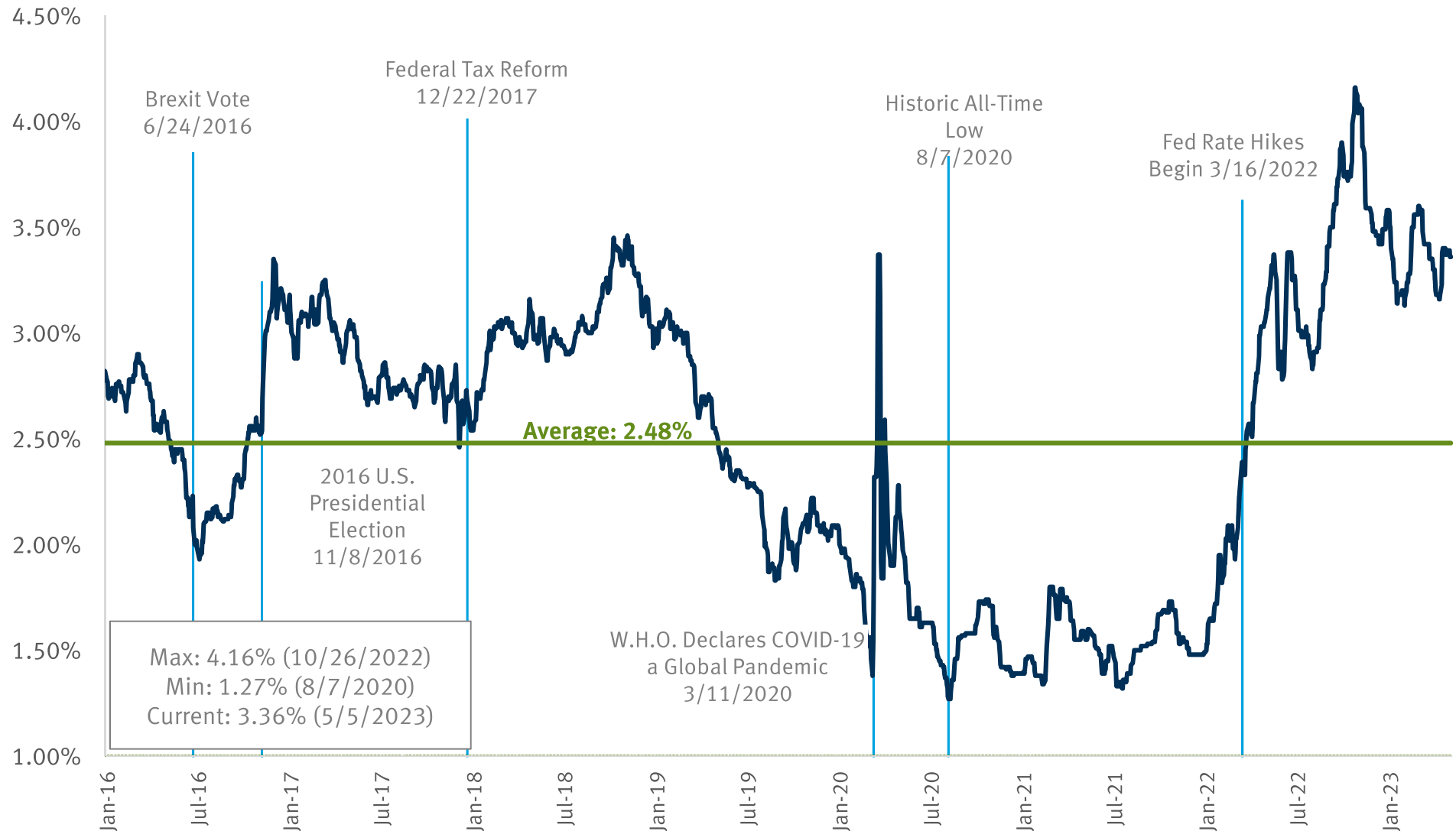
Market Implied Fed Funds Effective Rate After Each Fed Meeting



Sources: Stifel Fixed Income Strategy Department, US Treasury, Bloomberg, Thomson Reuters. As of 5/5/2023.

Market Volatility: A Defining Characteristic

30-Year AAA MMD Since January 1, 2016



Source: Thomson Reuters. As of 5/5/2023.

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