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Roads and Wastewater Treatment Plant Funding Options

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Summary



Discuss Financing of Capital Projects for the District

- Roads
- Wastewater Treatment Plant

Sources of Funds

- Road Projects
 - Unlimited Tax Road Bonds
- Wastewater Treatment Plant
 - Utility System Revenue Bonds
 - Unlimited Tax Utility Bonds
 - Cash on Hand

Roads Financing



Unlimited Tax Road Bonds

- **Must be subject to an election**
 - **2/3s (66.67%) majority affirmative vote required**
 - **Qualified voters of the district voting on the proposition to issue the bonds**
 - **Consent and approval of the county commissioner of Collin County in whose commissioner's precinct the district is located**
 - **Engineer's Report Required for Bond Election**
 - **Road Project Costs**
 - **Non-Construction Costs**
- ***November 2024 Bond Election Timing***
- ✓ ***July 20, 2024 – First Day to Call Road Bond Election***
 - ✓ ***August 19, 2024 – Last Day to Call Road Bond Election***
 - ✓ ***November 5, 2024 – Election Day***

Roads Financing Scenarios



KEY ASSUMPTIONS

2024 Preliminary Taxable Assessed Valuation⁽¹⁾	\$416,000,000
Bond Amortization (same as previous 1994 Road Bonds)	20
Bond Interest Rate (subject to change at any time)	4.50%
2024 Preliminary Average Homestead Taxable Value⁽¹⁾	\$613,536

Unlimited Tax Road Bonds⁽²⁾	Project Funds⁽³⁾	Annual Debt Service Payment	Total Debt Service	Projected Road Bond Debt Service Tax Rate⁽⁴⁾	Projected Annual Tax Levy on Average Homestead	Projected Monthly Tax Levy on Average Homestead
\$5,265,000	\$5,000,000	\$404,753	\$8,095,058	\$0.1003	\$615.41	\$51.28
\$8,425,000	\$8,000,000	\$647,682	\$12,953,630	\$0.1605	\$984.77	\$82.06
\$10,530,000	\$10,000,000	\$809,506	\$16,190,116	\$0.2006	\$1,230.82	\$102.57
\$12,635,000	\$12,000,000	\$971,330	\$19,426,602	\$0.2407	\$1,476.87	\$123.07

(1) As provided by the Collin Central Appraisal District on April 29, 2024. Subject to change until certification on July 25, 2024.

(2) Assumes 5% of bond proceeds are allocated to financing costs.

(3) As provided by District Staff for discussion purposes only.

(4) Assumes 97% property tax collections.

Wastewater Treatment Plant Financing



Utility System Tax Revenue Bonds

- District issued \$3,475,000 Utility System Revenue Bonds for the WWTP Project in April 2020
- Approx. \$3,290,000 net bond proceeds available for WWTP Project
- District currently has no utility system revenue bonds capacity
 - FYE 2023 Audited Annual Net Revenues Available for Debt Service are roughly equivalent the average annual debt service on currently outstanding utility system revenue bonds (approx. \$235,000)

Unlimited Tax Utility Bonds

- District may issue unlimited tax utility bonds if approved by District's voters (simple majority)

Cash On Hand

- FYE 2023 Audited Financials report approx. \$4,375,000 unrestricted cash and cash equivalents in the enterprise fund



Questions and Discussion



Appendix A

Market Update



Market Observations

Primary Market:

- 30-Day Visible Supply is approximately \$17.261 billion
- The calendar consists of \$9.9 billion of negotiated deals and \$1.8 billion of competitive deals
- The largest negotiated deal of the week is the \$1.8 billion New York City Transitional Finance Authority Future Tax Secured Subordinate Bonds

Secondary Market:

- Municipal Bond Funds reported \$1.1 billion of net inflows, compared with \$515 million of inflows the prior week
- Weekly trade volume of \$69.433 billion represents an increase of \$2.865 billion from the previous week's \$66.568 billion

General Market Overview:

- Supply remains elevated as the market will attempt to absorb the third of the last four weeks with an amount in excess of \$10 billion.
- Municipal fund flows remain positive into the asset class, and ratios remain at or close to 2024 YTD averages but are still 5-7 bps tighter than averages for 2023.
- Important economic data will be closely monitored with fresh inflation numbers coming this week with PPI and CPI signaling indications towards future actions from the FOMC.

Economic Calendar: PPI Final Demand, CPI, Retail Sales, Empire State Manufacturing Index, Business Inventories, Housing Market Index, EIA Petroleum Status Report, Treasury International Capital, Housing Starts and Permits, Jobless Claims, Philadelphia Fed Manufacturing Index, Import and Export Prices, Industrial Production, EIA Natural Gas Report, Fed Balance Sheet

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

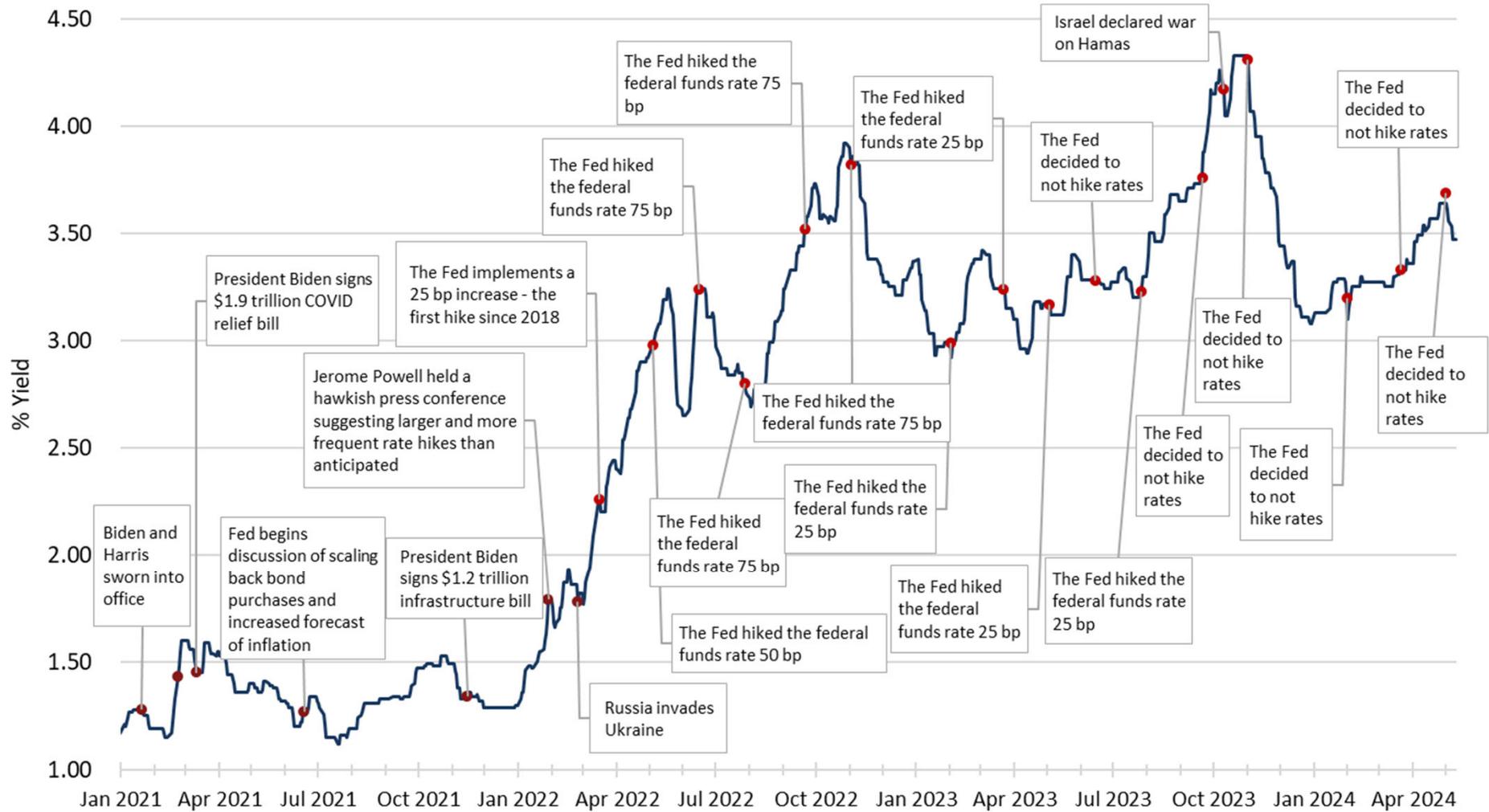
Statistics

	5/10/2024	5/3/2024	Change
5Y MMD	2.72	2.78	(0.06) ▼
10Y MMD	2.71	2.75	(0.04) ▼
15Y MMD	3.11	3.19	(0.08) ▼
20Y MMD	3.47	3.56	(0.09) ▼
30Y MMD	3.77	3.86	(0.09) ▼
MMD 2/30 Yield Curve Steepness	70	72	(2) ▼
Bond Buyer 11 GO Bond Index	3.83	3.97	(0.14) ▼
Bond Buyer 20 GO Bond Index	3.93	4.07	(0.14) ▼
Bond Buyer Revenue Bond Index	4.22	4.36	(0.14) ▼
1Y UST	5.17	5.12	0.05 ▲
5Y UST	4.52	4.48	0.04 ▲
7Y UST	4.51	4.49	0.02 ▲
10Y UST	4.50	4.50	- -
30Y UST	4.64	4.66	(0.02) ▼
UST 2/30 Yield Curve Steepness	(23)	(15)	(8) ▼
10Y MMD/UST Ratio	60	61	(0.9) ▼
30Y MMD/UST Ratio	81	83	(1.6) ▼
SIFMA	3.17	3.65	(0.48) ▼
1M SOFR	5.32	5.32	- -
30-Day Negotiated Visible Supply	12,362.0	11,303.0	1,059.0 ▲
30-Day Competitive Visible Supply	4,899.0	3,580.0	1,319.0 ▲
Lipper Muni Bond Fund Flows	1,100	515	585 ▲

Change in 20-Year MMD



Change in 20-Year MMD with Market Commentary – 1/1/21 to 5/10/2024

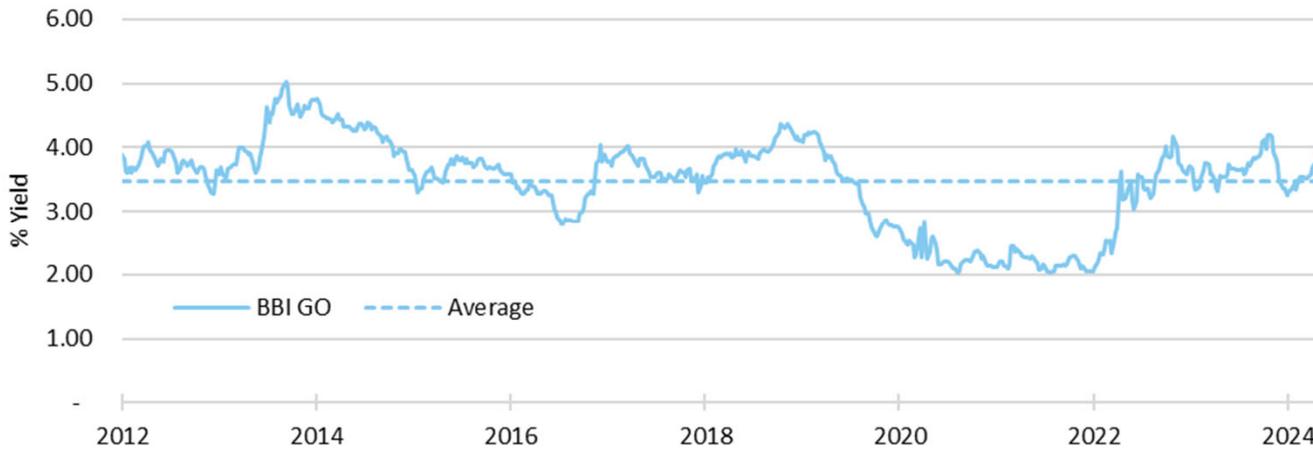


Source: Refinitiv Municipal Market Data and HilltopSecurities

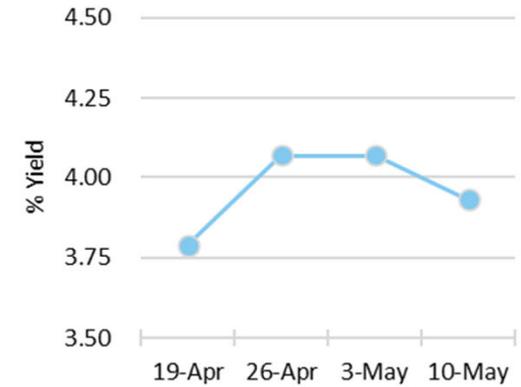
Tax-Exempt Market Overview | The Bond Buyer



The Bond Buyer 20-Bond General Obligation Index – 1/1/12 to 5/10/2024



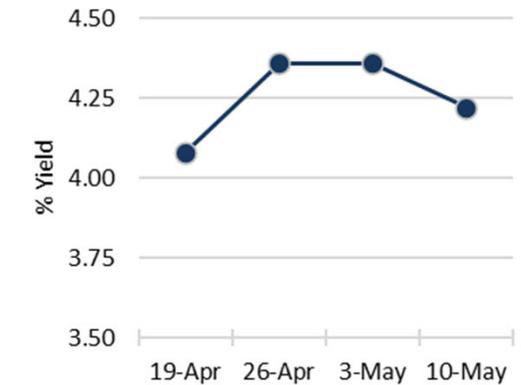
4-Week Snapshot



The Bond Buyer Revenue Bond Index – 1/1/12 to 5/10/2024



4-Week Snapshot



Source: The Bond Buyer



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