

UTILITY PROJECT FINANCING OPTIONS TEXAS MUNICIPAL UTILITIES ASSOCIATION

JASON HUGHES

SENIOR MANAGING DIRECTOR

P: 214.953.8707

E: JASON.HUGHES@HILLTOPSECURITIES.COM

ERICK MACHA

MANAGING DIRECTOR

P: 214.953.4033

E: ERICK.MACHA@HILLTOPSECURITIES.COM

BEHIND THE NUMBERS: WATER AND WASTEWATER IN THE US



28

Number of weather or climate disasters in 2023 causing at least \$1 billion in damage, more than double the 1980-2020 average of 7.9 and 10 more than 2022

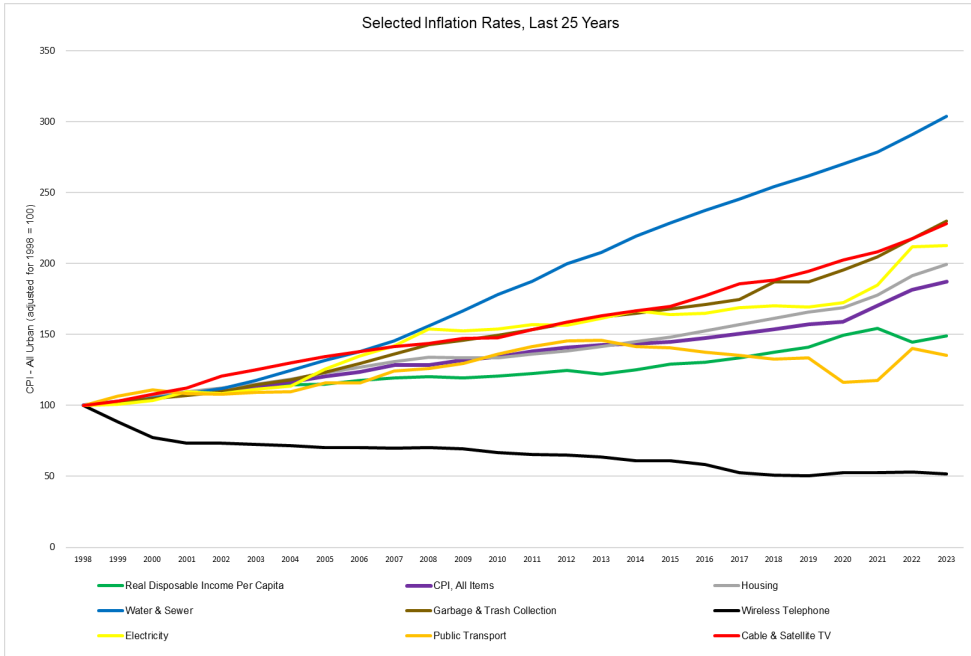
Source: NOAA



6

The total number of water/sewer payment defaults since 2013. The average number of first-time payment defaults for all municipal issuers over the same period is 64 per year.

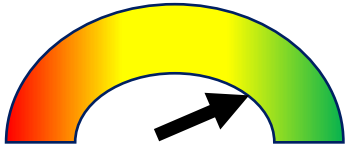
Source: Municipal Market Analytics



2.0x / 1.6x

Amount that the rate of increase of water and sewer bills have outstripped real disposable income and overall CPI in the last 25 years

Source: CPI All-Urban and FRED data since 1998

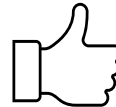


Aa3 / AA-

Modal (most common) WS revenue bond rating at Moody's Investors Service and S&P Global Ratings, respectively

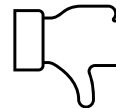
(33.7%) / (\$15.0 billion)

YoY percentage and dollar increase in municipal utility revenue bond issuance in 2024 vs. 2023. The muni market as a whole was up 36.4% in 2024. Sources: Bond Buyer, Bloomberg



0%

Percentage of E credit impact scores among rated water & sewer utilities that carry a score of 'E-1' (the most favorable)



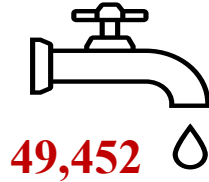
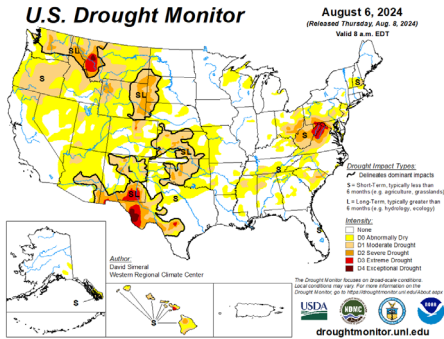
0%

Percentage of E credit impact scores among rated water & sewer utilities that carry a score of 'E-1' (the most favorable)

BEHIND THE NUMBERS: WATER AND WASTEWATER IN THE US

39 million

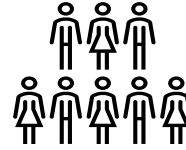
The number Americans as of August 6, 2024, that are living in at least moderate (D1) drought conditions or worse. Notably absent? California: Shasta and Oroville are >110% of average. One year ago, it was 70 million Americans



49,452

The number of community drinking water systems in the US, about 85% of which are muni owned

Source: EPA



10%; 80%

About 10% of those systems serve about 80% of the US population; most systems are very small with only a few hundred, up to a few thousand customers

Source: EPA

1,771

Formal enforcement actions in 2022 that included penalties assessed by the EPA or its state equivalent against muni, commercial and industrial wastewater systems. There are about 16,000 publicly owned treatment works (wastewater facilities) in the US

Source: EPA



\$3.46

Average nationwide price for one gallon of gasoline, as of 8/14/24. For that same price, you can get about 600 gallons of drinking water delivered to your home (i.e. your tap)

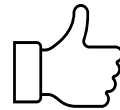
Sources: AAA; Raftelis. "2021 Water and Wastewater Rate Survey"



0%

Percentage of real-life utility workers in this picture who think water service should be free

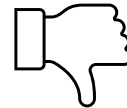
Source: USA Today / Public Domain



4.85

Score, on a 1 to 7 scale (7 = most favorable) of 3,800 water utility respondents on their 2023 view of the soundness of their sector. The 20-year average is 4.67

Source: American Water Works Association. "State of the Water Industry" (June 5, 2024)

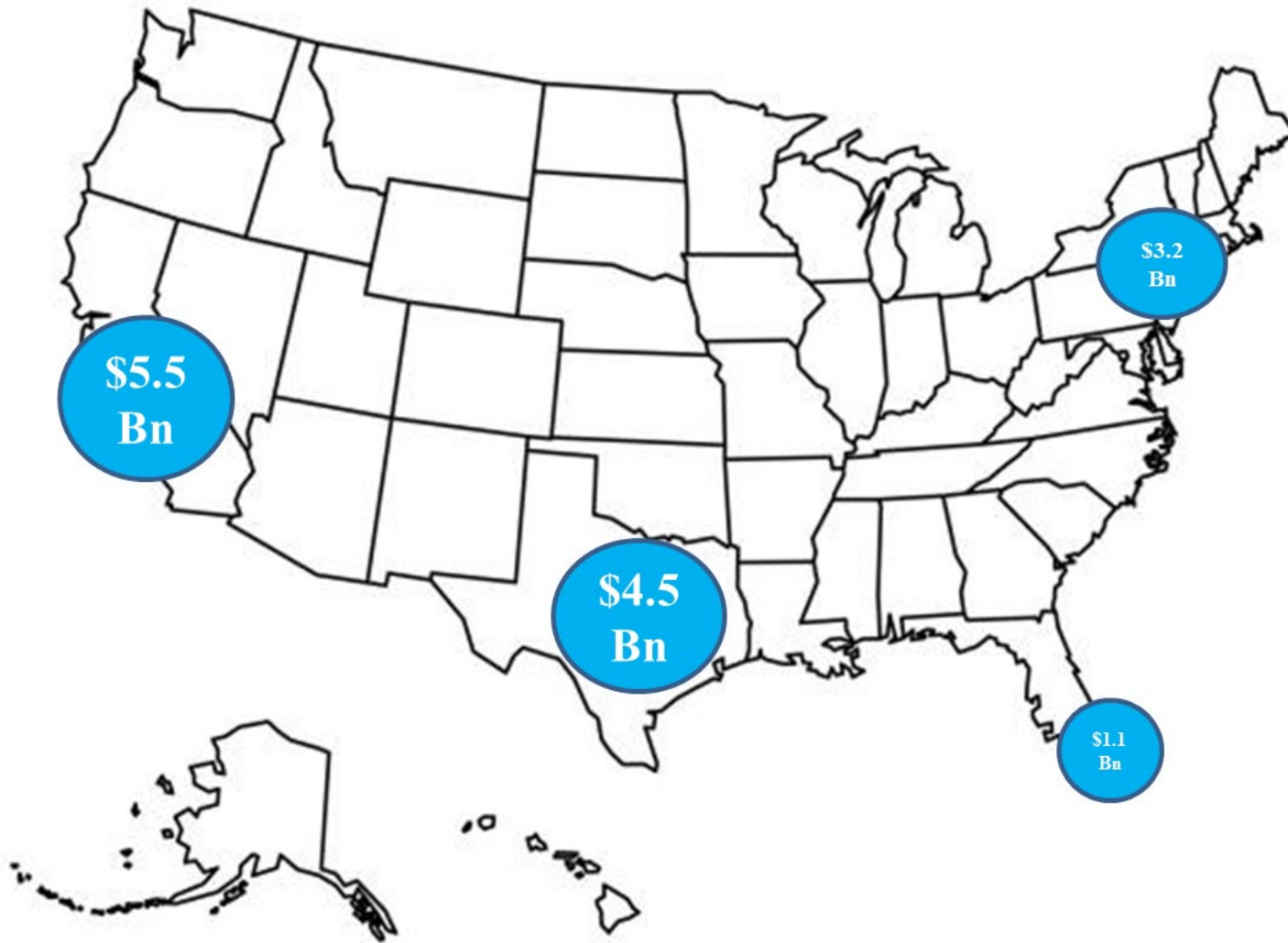


C- / D+ / D

Grades of drinking water, wastewater and stormwater, respectively, in the 2021 Infrastructure Report Card

Source: American Society of Civil Engineers

CONCENTRATION OF MUNICIPAL BORROWERS



Utilities in these four states alone accounted for >50% of the \$29 billion in utility revenue bonds issued in 2023

Issuance in these states is driven by demographics and aging assets

ADVANTAGES OF ISSUING BONDS

- Finance projects over their useful lives with a variety of repayment options
- Can finance larger projects on a more timely basis
- Helps minimize impact on user rates
- Future beneficiaries pay their “fair share” for public improvements/services
- Tax-exempt feature provides low cost, long-term financing
- Maintain larger amount of liquidity via higher cash balances

INTRODUCTION TO THE MUNICIPAL BOND MARKET

LAWFUL PURPOSES OF TAX-EXEMPT BONDS (INTERNAL REVENUE CODE)

- Payment of capital expenditures
- Reimbursing cash spent on prior capital expenditures (with some limitations)
- Payment of working capital (with *many* limitations)
- Refunding (i.e., refinancing) prior debt
 - Tax Cut and Jobs Act of 2017 eliminated tax-exempt advance refundings
- Payment of financing costs (costs of bond issuance, capitalized interest and funding reserve funds)
- A single bond issue may combine multiple purposes

- **Debt Structure and Timing**
 - Planning for the future
 - Does the term match the asset life?
 - Deferral of principal
 - Call feature
 - Ability to achieve the lowest true interest cost while maintaining future flexibility

- **Credit Ratings**

- **Disclosure**
 - Timing
 - Materiality
 - Consistency and accuracy

TYPES OF BONDS AND THE DEBT ISSUANCE PROCESS

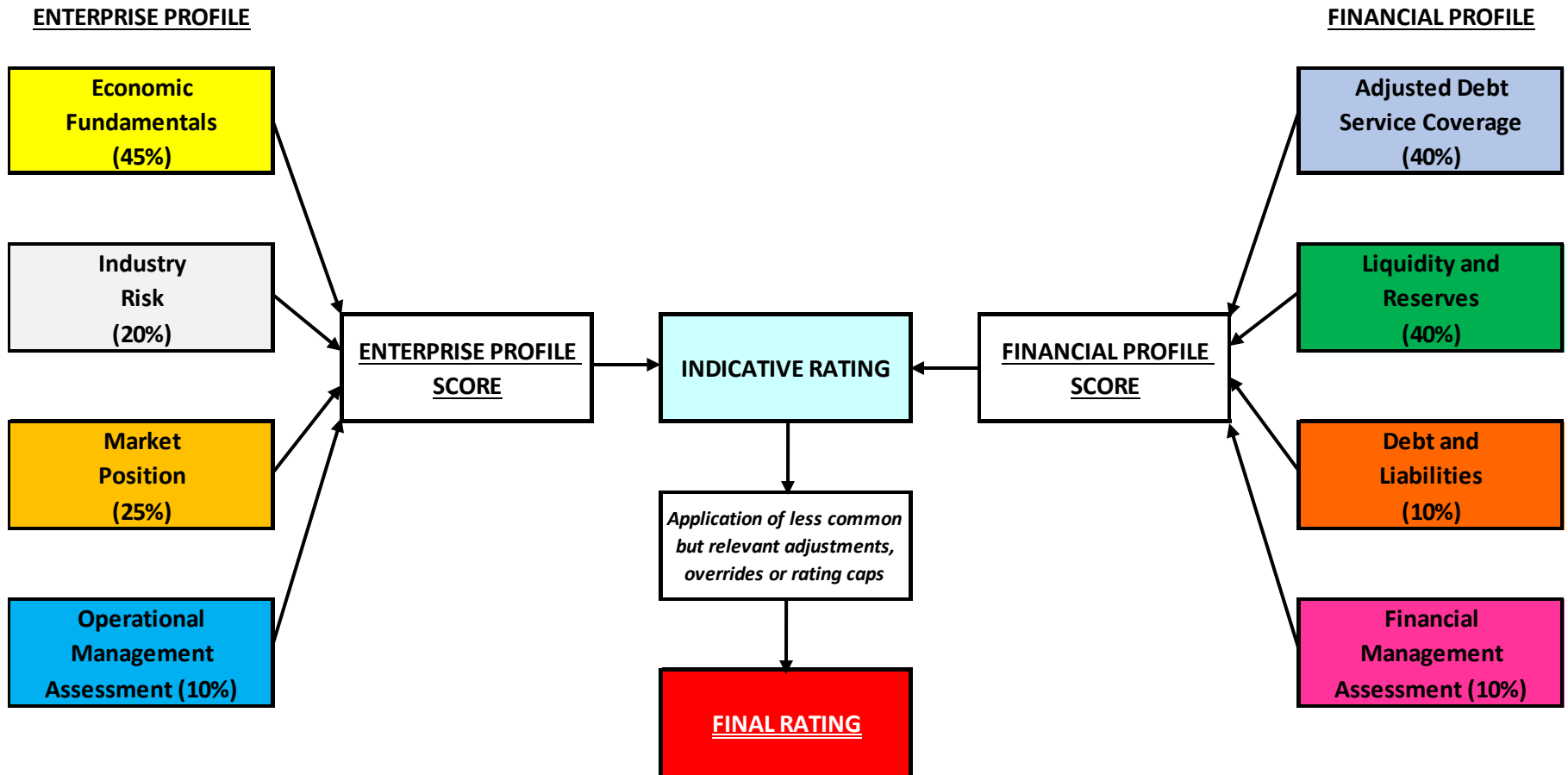
TYPES OF CITY DEBT FOR UTILITY PROJECT FINANCING

	General Obligation Bonds	Certificates of Obligation	Tax Notes	Enterprise System Revenue Bonds	PID Special Assessment Revenue Bonds
Public Approval	Bond Election (simple majority)	Council Approval of Notice of Intent	None Required	None Required	None Required
Security / Pledge	Taxes Only	Taxes and/or Revenues	Taxes and/or Revenues	Revenues Only	Assessment Revenues Only
Typical Projects	Large Scale Utility Projects; Extremely Rare for W/S/D Projects	Water, Sewer, Drainage	Emergency Needs, Smaller Projects	Water, Sewer, Drainage, Electric	Public Infrastructure, Purchase of ROW
Ratings	Highest Rated Credit for a City Based on Ad Valorem Tax Pledge			May Be On Par with to 2 Notches Lower than a Tax Credit	Non-Rated for New PIDs

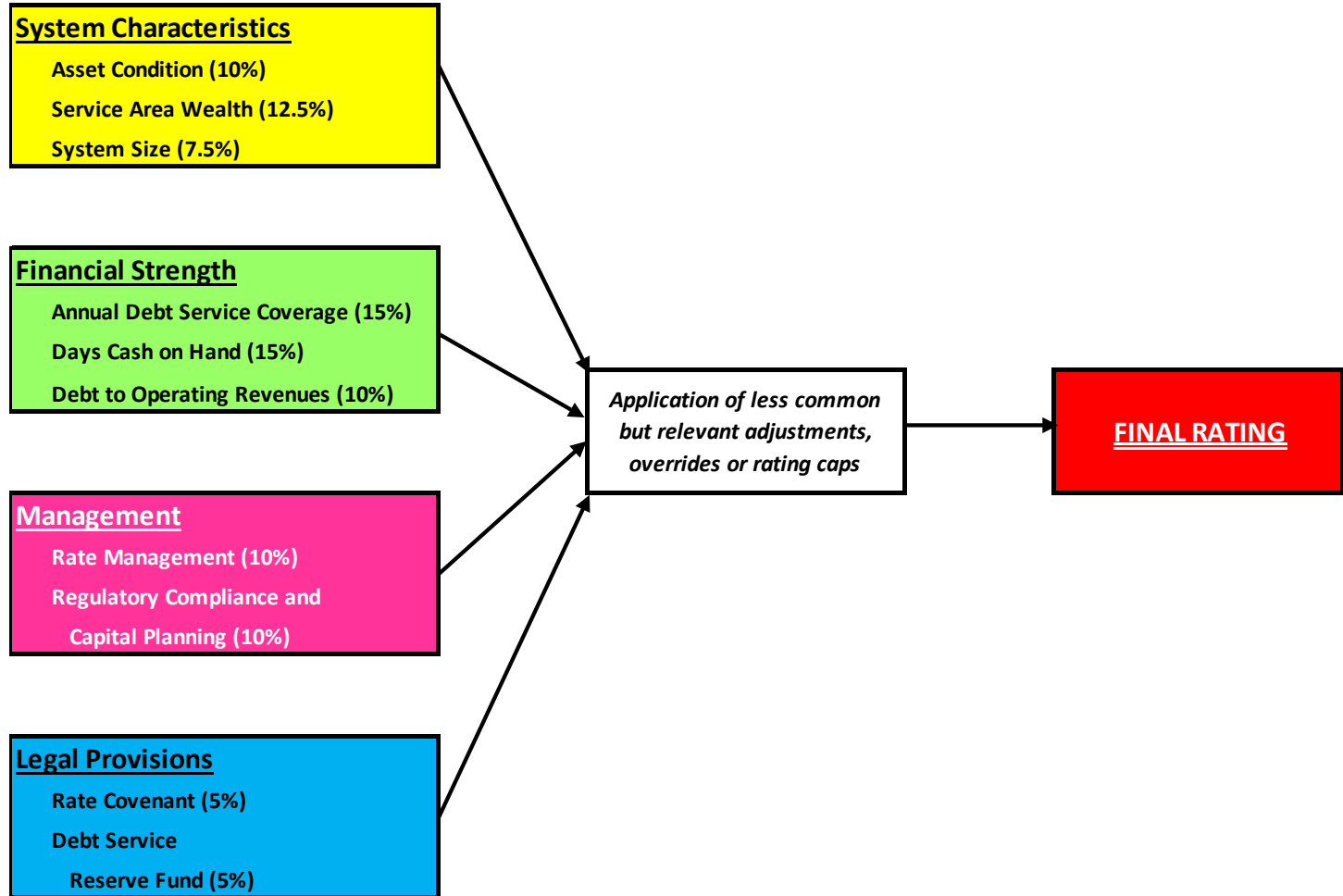
TYPES OF DEBT - CONSIDERATIONS

	General Obligation Bonds	Certificates of Obligation	Tax Notes	Revenue Bonds
Considerations	<ol style="list-style-type: none"> 1. Economic development projects must be voted in order to pledge ad valorem taxes 2. Separate and distinct propositions cannot be combined into one 3. AG typically likes to see issuance of bond election authority w/in 10 years 4. If election fails, no CO's for 3 years for same project(s) 	<ol style="list-style-type: none"> 1. May not be issued for projects which constitute "economic development" 2. Notice of Intent: projects to be financed, maximum principal amount of CO's to be issued, date/time of Council meeting to approve CO sale. First publication at least 45 days prior to sale. 3. May be petitioned by 5% of registered voters; if successful, forces CO's to a vote. 	<ol style="list-style-type: none"> 1. Maximum maturity of 7 years 2. If sold to finance a project that Council believes will not be approved by voters (GO Bonds) or may be petitioned (CO's), what are the ramifications? 	<ol style="list-style-type: none"> 1. Security is typically a first lien on net revenues 2. Flow of funds: sets forth the order in which funds generated by the enterprise will be allocated to various purposes 3. Coverage requirements, debt service reserve fund, additional bonds test 4. May allow for subordinate liens

S&P RATING METHODOLOGY



MOODY'S RATING METHODOLOGY



CORRELATION BETWEEN MANAGEMENT AND FINANCIAL HEALTH

What can utility managers really do to affect things?

Probably	Maybe	Probably Not
<p>Operations</p> <ul style="list-style-type: none">▶ System condition▶ Asset management <p>Risk management</p> <ul style="list-style-type: none">▶ Environmental stewardship▶ Resilience, mitigation, adaptation▶ Cyber and other emerging risks <p>Financial management</p> <ul style="list-style-type: none">▶ Cash flow▶ Cash reserves▶ Forward-looking plans: operating expenses, capital expenditures, future rate adjustments	<ul style="list-style-type: none">▶ Attracting and retaining staff▶ Mentoring and succession planning▶ Public outreach and support▶ Pass-through costs	<ul style="list-style-type: none">▶ Weather, climate, hydrology▶ Regulations▶ Macroeconomic conditions and economic development▶ Demographics▶ Trends in the number of metered accounts▶ National emergencies

Nearly all of these are - or potentially could be - **relevant and material** to credit quality

If a rating change is attributed to an **ESG factor**, **about 2/3 of the time the rating agencies attribute the downgrade to management and governance (“G”)**



Insurance providers are increasingly informing their opinion of your insurability on **climate risks** and the mitigation and adaption efforts your utility has or hasn't done

Source: Addressing Risks Across the Organization: Enterprise Risk Management” (Chapman, Sharma, Garrison). *Journal AWWA*, Volume: 113, Issue: 5, Pages: 54-62, First published: 02 June 2021, DOI: (10.1002/awwa.1727)

KEY FINANCIAL RATIOS AND WHAT THEY CAN TELL YOU

Some are more meaningful than others

Ratio/Concept	What It Tells You	Usefulness
Days Cash on Hand	Utilities derive a disproportionately large amount of revenues between Memorial Day and Labor Day, but have expenses all 12 months and have unbudgeted things come up. Cash is always the first line of defense	Extremely useful
Capital outlays versus depreciation expense	Is there a risk of deferred maintenance? Unaddressed items are always more expensive down the road	Medium
Average age of plant	Similar to the above	Medium
Any debt-related metric such as debt to revenues; debt to equity or cash to debt	How leveraged is the system?	Not useful. Municipal systems have no other option but to borrow. There is no such thing as a muni IPO or equity cushion and these are really expensive assets

- Open Market Financing: typically most efficient method of funding for the majority of projects
- Private Placement: typically local, regional or even national banks
- Grants: Generally available to lower income areas to provide basic service
- Texas Water Development Board
 - Has revolving loan programs for both sewer and water related projects
 - Certain programs offer subsidized interest rates
 - Additional project and professional costs may be associated with this process

CONTINUING DISCLOSURE

- The Official Statement (or offering memorandum or private placement memorandum) is the document used to sell bonds to potential investors
- The Official Statement is the issuers document
- Issuer focus should be SEC Rule 10b-5
 - “It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange,
 - (a) To employ any device, scheme, or artifice to defraud,
 - (b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or
 - (c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.”

- Rule 15c2-12 requires an issuer of municipal securities to undertake to provide: (i) certain annual financial and operating information and audited financial statements, if available (“**annual filings**”); (ii) timely notices of the occurrence of certain events (“**event notices**”) and (iii) timely notices of the failure of an issuer to provide required annual financial information on or before the date specified in the continuing disclosure agreement (“**failure to file notices**”)
- Recent amendments add two event notices which require notice of the event to be filed no later than ten business days after the occurrence of the event. The compliance date for the amendments is February 27, 2019. The amendments will only affect continuing disclosure agreements entered into on or after the compliance date.

MATERIAL EVENTS

- Principal and interest payment delinquencies
- Non-payment related defaults
- Unscheduled draws on debt service reserves
- Unscheduled draws on credit enhancements
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions or events affecting the tax-exempt status of a security
- Modifications to rights of security holders
- Bonds calls and tender offers
- Defeasances
- Release, substitution, or sale of property securing repayment of the securities
- Rating changes
- Bankruptcy, insolvency, receivership or similar event
- Merger, consolidation, or acquisition
- Appointment of a successor or additional trustee or name change of a trustee
- Incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation
- Default, event of acceleration, termination event, modification of terms, or other similar events of a financial obligation, any of which reflect financial difficulties

WATER AND WASTEWATER

TWDB OVERVIEW



- Some programs invitation to apply based on rank
- Streamlined Environmental Process with EA and EID templates
- Automatic eligibility of Categorical Exclusion (CE) for repair and replacement – water and sewer
- On-Line financial applications (OLA) and Project Information Forms (PIFs)
- Structured Teams – constant contact with the same staff for your region
- Renewed focus on financial history and audited financials (Dec 17, 2024 Agenda Memo)

REGIONAL WATER PROJECT DEVELOPMENT TEAMS

Team #1 - Panhandle/West (regions A/O/E/F)

Theresa Finch, (512) 475-1713

Team #2 - Brazos (regions G/B)

Nancy Richards, (512) 463-0250

Team #3 - Northeast (regions C/D)

Joe Koen, P.E. (512) 936-8169

Team #4 - East (regions H/I)

Nancy Richards, (512) 463-0250

Team #5 - Central (regions J/K/L/P)

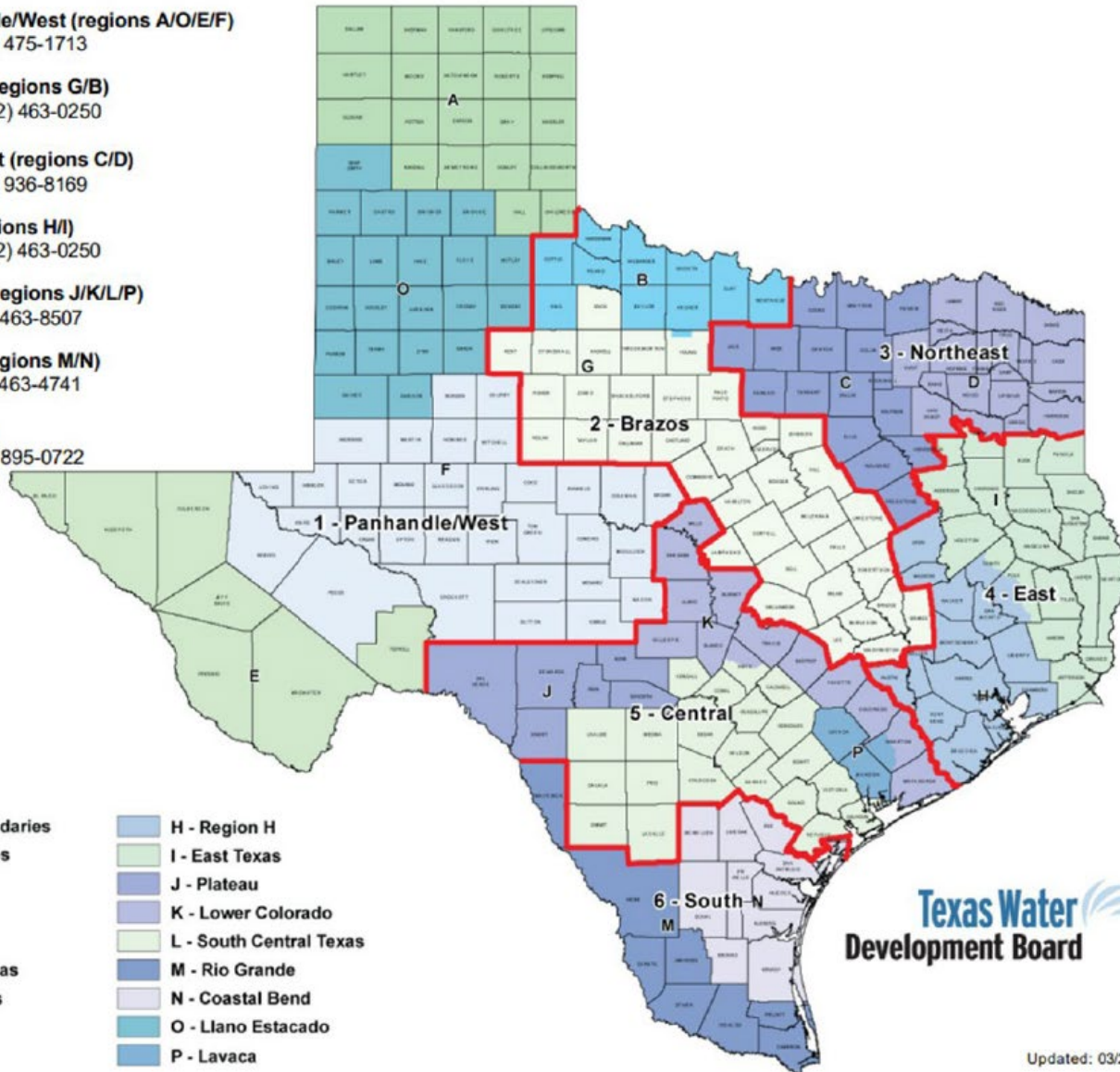
David Firgens, (512) 463-8507

Team #6 - South (regions M/N)

William Alfaro, (512) 463-4741

Team #7 - Statewide

Bill Blaik, P.E., (281) 895-0722



Updated: 03/25

TWDB FUNDING PROGRAMS

State Revolving Funds

- Clean Water (CWSRF)
- Drinking Water (DWSRF)

Economically Distressed Areas Program (EDAP)

Rural Water Assistance Fund (RWAF)

Development Fund (Dfund) – **Currently not accepting applications for this cycle**

State Water Implementation Fund for Texas (SWIFT)

Flood Protection Planning/Mitigation

Agriculture Water Conservation Grants/Loans

Lead Service Line Replacement (LSLR) & Emerging Contaminants (EC)

TWDB FUNDING PROGRAMS

	SWIFT	CWSRF	DWSRF	DFund
Water Supply: Current Need			💧	💧
Water Supply: Future Need	💧			
Water Treatment	💧		💧	💧
Water Transmission & Distribution	💧		💧	💧
Potable Reuse	💧	💧	💧	💧
Wastewater Collection		💧		💧
Wastewater Treatment		💧		💧
Nonpoint Source Pollution Control		💧		
Flood Control & Storm Water Management		💧	💧	💧

Program	Amount Committed	Num. of Commit.
SWIFT	\$14,541,455,000	391
CWSRF	\$11,773,005,598	1292
DWSRF	\$4,070,234,536	935
WDF	\$2,991,523,405	729
CGP	\$1,879,279,687	1075
WIF	\$1,034,963,000	52
FIF	\$706,651,218	221
TWRFA	\$694,719,513	619
EDAP	\$610,980,389	375
CWTAP	\$393,979,828	69
SP	\$367,649,000	23
RWAF	\$229,784,153	91
GRG	\$192,825,854	10
AGRIC	\$87,390,876	107
WAF	\$77,312,694	104
TIRF	\$30,000,000	1
CPLP	\$6,375,872	20
SECO	\$3,909,370	16
SCHAP	\$3,470,500	6
WIIN	\$3,346,000	1
CSHP	\$668,461	14
CAMSP	\$300,050	5
GDLP	\$281,000	5
Total	\$39,700,106,004	6161

FUNDING INCENTIVES AND PROCESS

KEY FINANCIAL INCENTIVES

Opportunity of subsidized loans

Opportunity for grant funding in the form of Principal Forgiveness

CWSRF and DWSRF offer Loan Forgiveness up to 70% dependent on need and availability of funds

- Additional Loan Forgiveness funding available for certain green projects

CWSRF & DWSRF interest rate is subsidized 30-35%

DWSRF also offers up to \$400,000 Loan Forgiveness for Small Communities and \$800,000 Loan Forgiveness for Urgent Need

Urgent Needs – Disasters, Contaminants, 'Safe' Water Initiatives

SWIFT currently offers interest rate subsidies up to 10-25% depending on repayment term

- Currently there is additional subsidy, up to a total of 50%, for rural/agriculture entities

Disadvantaged Community Eligibility

- 75% or less of state-wide Annual Median Household Income (AMHI)
- May be documented with Census data or a household survey
- Used to calculate level of principal forgiveness (30%, 50% or 70%)

What does “Equivalency” mean?

- Equivalency projects = Federal Requirements
 - A portion of CWSRF/DWSRF must follow federal ‘cross-cutters’
- Non-equivalency projects = State Requirements
 - Not subject to cross-cutters with exception of anti-discrimination laws

Disadvantaged Business Enterprise (DBE) Procurement

- Associated with Federal funding programs
- Ensures minority and women-owned business have opportunities to bid
- Resources:
 - DBE coordinator
 - DBE webpage
 - Available language

ILLUSTRATIVE LENDING RATES (FEB 28, 2025)

State Revolving Funds for Projects in the SFY 2025 Intended Use Plan

Clean Water State Revolving Fund - 20 Year Term

Equivalency CWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	3.37%	2.02%
AA	3.50%	2.10%
A	3.70%	2.22%
BAA	4.06%	2.44%

Non-Equivalency CWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	3.37%	2.19%
AA	3.50%	2.28%
A	3.70%	2.41%
BAA	4.06%	2.64%

Clean Water State Revolving Fund - 30 Year Term

Equivalency CWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	4.20%	2.52%
AA	4.33%	2.60%
A	4.47%	2.68%
BAA	4.75%	2.85%

Non-Equivalency CWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	4.20%	2.73%
AA	4.33%	2.81%
A	4.47%	2.91%
BAA	4.75%	3.09%

Table Legend

1. Market rates applicable to the State Revolving Funds utilize the 13th and 20th year MMD rates, converted to yield to maturity, for the corresponding rating to approximate 20 and 30-year terms, respectively.
2. TWDB rates utilize the 13th and 20th year MMD rates for the applicable credit rating, converted to yield to maturity, and reduced by a percentage subsidy as shown below, to approximate 20 and 30-year terms, respectively.

Interest Rate Subsidies – All Ratings

Rating	Equivalency	Non-Equivalency
CWSRF	40%	35%
DWSRF	35%	30%

3. Origination fee (not applicable to principal forgiveness) is 1.75% for CWSRF or 2.00% for DWSRF.

ILLUSTRATIVE LENDING RATES (FEB 28, 2025)

General Obligation Programs – Estimated Rates

<i>Type of Funds</i>	<i>Terms</i>	<i>Market¹</i>	<i>TWDB²</i>	<i>Difference</i>
<i>Development Fund (Tax Exempt)</i>	20	4.20%	4.04%	0.16%
<i>Development Fund (Tax Exempt)</i>	30	4.62%	4.46%	0.16%
<i>Development Fund (Taxable)</i>	20	5.97%	5.81%	0.16%
<i>Agricultural Loans (Taxable)</i>	7	5.12%	4.08%	1.04%
<i>EDAP (Tax Exempt)</i>	20	4.20%	3.60%	0.60%
<i>EDAP (Taxable)</i>	20	5.97%	4.91%	1.06%

Table Legend

1. Market GO rates are calculated from sample level debt service schedules using the BAA-rated MMD tax-exempt and taxable scales, as appropriate.
2. TWDB GO rates are calculated from sample level debt service schedules using TWDB-adopted rate scales.

EXAMPLE DEBT SERVICE COST SAVINGS

Clean Water: Non-Equivalency 35% Reduction

20-yr term	Principal	Interest	Total Debt Service
TWDB	\$10,000,000	\$ 1,945,605	\$ 11,945,605
Market 2.79%	\$9,828,010	\$3,235,573	\$13,063,583

Net Interest Rate*
1.695%

Cost Savings
\$1,117,978

Drinking Water: Non-Equivalency 30% Reduction

20-yr term	Principal	Interest	Total Debt Service
TWDB	\$10,000,000	\$2,103,349	\$12,103,349
Market 2.79%	\$9,803,922	\$3,255,992	\$13,029,913

Net Interest Rate*
1.774%

Cost Savings
\$926,564

*Illustrative Rates only based on Baa rating for non-rated entities

APPLICATION AND CLOSING PROCESS



ONLINE APPLICATION

“OLA” (ONLINE APPLICATION FOR FINANCIAL ASSISTANCE)



OLA allows entities to submit and manage PIFs and funding applications



Designed to streamline and simplify the application process



Same portal used for each funding program



TWDB will continue to accept paper applications (form TWDB-0148)

“OLA” (ONLINE APPLICATION FOR FINANCIAL ASSISTANCE)

Login



LOGIN

TWDB On-line Loan Application Login

Welcome to OLA, the Texas Water Development Board's Online Application. OLA allows entities to submit and manage Project Information Forms and applications for financial assistance from any of the TWDB's funding programs. It is designed to streamline and simplify the application process.

Follow the link for more information regarding the [TWDB's funding programs](#).

The TWDB will continue to accept paper applications. Follow the link if you would prefer to use the [paper application](#).

Username/email

Password

[Sign In](#) [Forgot/Change Password](#) [Register](#)

Please use the latest version of your browser for best performance. If you experience problems with this application, check your browser settings and adjust if necessary. If you are using IE, be sure Compatibility View mode is turned off.

Review

PIF Review

Editing PIF #100321

section 15

Please click on each issue below to fix them before submitting the PIF:

Issue List
Missing Project Name
Missing Project Short Desc
Missing Project Need Desc
Missing Project Long Desc
Missing County
Missing Start Date for First Contract
Missing Estimated Completion Date for Last Contract
Missing Entity First Name

ENGINEERING COMPONENTS

PROJECT INFORMATION FORM (PIF) – KEY ELEMENTS



DOCUMENTATION OF ISSUES --
WATER/PRESSURE LOSS, LINE
BREAKS/REPAIRS, SEWER
OVERFLOWS, TREATMENT
ISSUES AND OTHERS



UNDERSTAND THE SCORING
CRITERIA



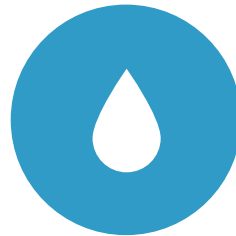
TCEQ ENFORCEMENT ACTIONS



IS IT PAD OR PADC?



PROJECT DESCRIPTION AND
COST



WATER & WASTEWATER RATES



*REMINDER – PIF AMOUNT
DOES NOT INCLUDE
ORIGINATION FEE FOR SRF
FUNDING*

- Water Rights/Permitting Certification (WRD-208 (a) and (b))
- Site Certificate (ED-101)
- Water Conservation Plan (\$500,000 or more)
- MWBE Documentation
- Preliminary Engineering Feasibility Report (PFER)
- Project Schedule and Cash Flow
- Percent Green of Project (greater than 30% for benefit)
- Add Contingency to the Funding Resolution

SUMMARY OF PRO-ACTIVE STRATEGIES

Leak Detection/Water Line Replacement

Meter Replacement - Check the Cash Register

Rate Studies/Repair & Replacement Fund

Identify Green Elements of the Project

Water Conservation and Drought Management Plan Development

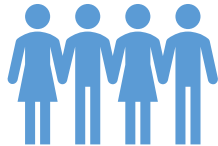
Multiple Funding Sources (USDA, CDBG)

Document Issues

Timely Audits!

GIS Development/CIP Planning

FINANCIAL RELATED COMPONENTS



Number of customers

Current and historical



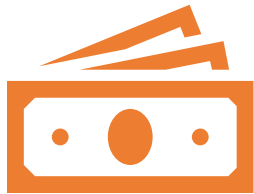
Top ten customers

Usage and percentage of revenue



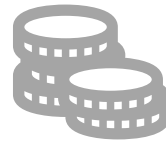
Rate structure

Average monthly bill
Planned increases



Tax base and tax rates (if applicable)

Overlapping taxing entities
Tax base classification and makeup
Top ten taxpayers



Sales tax collection history (if applicable)



Largest employers



Operating statements

Five-year history

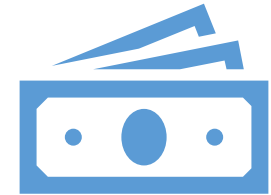


Most recent audit



Outstanding debt by type (if applicable)

Bond rating



Pro-forma

System revenues

Property tax supported

Combination of system revenues and property taxes

SAMPLE PRO-FORMA

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Fiscal Year 9/30	Water System - Projected Revenues Available for Debt Service					Existing Water System Supported Debt Service ⁽²⁾	DWSRF - PAD Existing Debt Service	\$10,000,000 - DWSRF - Construction Phase * Series 2025 - 2/15/2025 - 3.50%			Aggregate Water System Supported Debt Service	Annual Coverage	Fiscal Year 9/30
	Gross Revenues ⁽¹⁾	Grow th	Operating Expenses	Grow th	Net Revenues Available			Principal	Interest	Debt Service			
2025	\$ 1,000,000		\$ 600,000		\$ 400,000	\$ 36,361	\$ 29,894	\$ -	\$ 175,000	\$ 175,000	\$ 241,255	1.66x	2025
2026	1,055,427	5.5%	600,000	0.0%	455,427	34,693	29,331	-	350,000	350,000	414,025	1.10x	2026
2027	1,236,658	17.2%	600,000	0.0%	636,658	32,986	28,769	170,000	347,025	517,025	578,780	1.10x	2027
2028	1,238,366	0.1%	600,000	0.0%	638,366	31,226	28,206	180,000	340,900	520,900	580,332	1.10x	2028
2029	1,238,366	0.0%	600,000	0.0%	638,366	-	27,644	185,000	334,513	519,513	547,156	1.17x	2029
2030	1,238,366	0.0%	600,000	0.0%	638,366	-	27,081	195,000	327,863	522,863	549,944	1.16x	2030
2031	1,238,366	0.0%	600,000	0.0%	638,366	-	26,519	200,000	320,950	520,950	547,469	1.17x	2031
2032	1,238,366	0.0%	600,000	0.0%	638,366	-	25,956	210,000	313,775	523,775	549,731	1.16x	2032
2033	1,238,366	0.0%	600,000	0.0%	638,366	-	30,338	210,000	306,425	516,425	546,763	1.17x	2033
2034	1,238,366	0.0%	600,000	0.0%	638,366	-	-	250,000	298,375	548,375	548,375	1.16x	2034
2035	1,238,366	0.0%	600,000	0.0%	638,366	-	-	260,000	289,450	549,450	549,450	1.16x	2035
2036	1,238,366	0.0%	600,000	0.0%	638,366	-	-	270,000	280,175	550,175	550,175	1.16x	2036
2037	1,238,366	0.0%	600,000	0.0%	638,366	-	-	275,000	270,638	545,638	545,638	1.17x	2037
2038	1,238,366	0.0%	600,000	0.0%	638,366	-	-	285,000	260,838	545,838	545,838	1.17x	2038
2039	1,238,366	0.0%	600,000	0.0%	638,366	-	-	295,000	250,688	545,688	545,688	1.17x	2039
2040	1,238,366	0.0%	600,000	0.0%	638,366	-	-	305,000	240,188	545,188	545,188	1.17x	2040
2041	1,238,366	0.0%	600,000	0.0%	638,366	-	-	320,000	229,250	549,250	549,250	1.16x	2041
2042	1,238,366	0.0%	600,000	0.0%	638,366	-	-	330,000	217,875	547,875	547,875	1.17x	2042
2043	1,238,366	0.0%	600,000	0.0%	638,366	-	-	340,000	206,150	546,150	546,150	1.17x	2043
2044	1,238,366	0.0%	600,000	0.0%	638,366	-	-	355,000	193,988	548,988	548,988	1.16x	2044
2045	1,238,366	0.0%	600,000	0.0%	638,366	-	-	365,000	181,388	546,388	546,388	1.17x	2045
2046	1,238,366	0.0%	600,000	0.0%	638,366	-	-	380,000	168,350	548,350	548,350	1.16x	2046
2047	1,238,366	0.0%	600,000	0.0%	638,366	-	-	395,000	154,788	549,788	549,788	1.16x	2047
2048	1,238,366	0.0%	600,000	0.0%	638,366	-	-	405,000	140,788	545,788	545,788	1.17x	2048
2049	1,238,366	0.0%	600,000	0.0%	638,366	-	-	420,000	126,350	546,350	546,350	1.17x	2049
2050	1,238,366	0.0%	600,000	0.0%	638,366	-	-	435,000	111,388	546,388	546,388	1.17x	2050
2051	1,238,366	0.0%	600,000	0.0%	638,366	-	-	450,000	95,900	545,900	545,900	1.17x	2051
2052	1,238,366	0.0%	600,000	0.0%	638,366	-	-	470,000	79,800	549,800	549,800	1.16x	2052
2053	1,238,366	0.0%	600,000	0.0%	638,366	-	-	485,000	63,088	548,088	548,088	1.16x	2053
2054	1,238,366	0.0%	600,000	0.0%	638,366	-	-	500,000	45,850	545,850	545,850	1.17x	2054
2055	1,238,366	0.0%	600,000	0.0%	638,366	-	-	520,000	28,000	548,000	548,000	1.16x	2055
2056	1,238,366	0.0%	600,000	0.0%	638,366	-	-	540,000	9,450	549,450	549,450	1.16x	2056
						\$ 135,267	\$ 253,738	\$ 10,000,000	\$ 6,759,200	\$ 16,759,200	\$ 17,148,205		

Notes:

(1) Assumes growth in revenue to maintain 1.1x coverage.

(2) See breakdown of water system supported debt on question B10.

* Principal paid annually 2/15, first interest payment scheduled 8/15/2025.

LEGAL COMPONENTS

Procurement

Notice to apply

Revenue Pledge

Existing contract

Parity debt

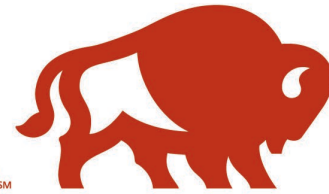
Wholesale Contracts

CCN

Service area



HilltopSecuritiesSM



Investment Banking Solutions