



STRATEGIC PLAN – FINANCING IDENTIFIED CAPITAL IMPROVEMENTS

March 31, 2021



Identified Capital Improvements

| | |
|--|--------------------|
| Street Maintenance | \$1,751,000 |
| City Hall Relocation | 1,225,000 |
| Market Street Improvements | 1,115,000 |
| Police/Fire/EMS Improvements | 560,000 |
| Farmers Market Improvements | 475,000 |
| Civic Center Improvements | 400,000 |
| Broadway & Walnut Parking Improvements | <u>350,000</u> |
| TOTAL COST OF IMPROVEMENTS | \$5,876,000 |





Capital Improvements Financing⁽¹⁾

In addition to grant funding and other alternative funding sources available to the City, one of the most significant and frequently used forms of capital funding for local governments in Texas are **Certificates of Obligation (“COs”)**.

COs were initially authorized by Texas’ Certificate of Obligation Act of 1971 and provide local governments with important flexibility to fund public works. COs don’t require an election unless 5 percent of qualified voters within the jurisdiction petition for an election on the spending in question.

Local governments opting to use COs must publish a description of the projects/improvements to be financed in local newspapers at least twice, the first at least forty-five (45) days before the governing body’s vote on the issuance of COs. The publication must describe the general purpose and amount of the debt to be issued, name the method of repayment (taxes and/or other available revenues) and list the time and date of the date the governing body intends to vote.



Capital Improvements Financing⁽¹⁾

Proceeds of COs can be used for:

- Construction and/or restoration of structures
- Purchase of materials and supplies
- Purchase of equipment, machinery, buildings and land
- Professional services (architects, engineers, etc.)

⁽¹⁾Source: Texas Comptroller of Public Accounts



Estimated Sources and Uses of Funds – Issuance of COs

Combination Tax and Revenue Certificates of Obligation

Estimated Sources & Uses of Funds

Sources Of Funds

| | |
|----------------------|-----------------------|
| Par Amount of Bonds | \$6,080,000.00 |
| Total Sources | \$6,080,000.00 |

Uses Of Funds

| | |
|---|-----------------------|
| Costs of Issuance (underwriter's discount, legal fees, advisory fees, and bond insurance) | 204,000.00 |
| Market Street Renovation | 1,115,000.00 |
| Farmers Market | 475,000.00 |
| Parking - Broadway and Walnut | 350,000.00 |
| City Hall-Civic Ctr | 1,625,000.00 |
| PD-FD Renovation | 560,000.00 |
| Street Maintenance Equipment | 1,751,000.00 |
| Total Uses | \$6,080,000.00 |





Estimated Debt Service Schedule – Issuance of COs

Estimated Debt Service Schedule

| Date | Principal | Interest | Total P+I | Net New D/S |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 09/30/2021 | - | - | - | - |
| 09/30/2022 | - | 167,200.00 | 167,200.00 | 167,200.00 |
| 09/30/2023 | - | 167,200.00 | 167,200.00 | 167,200.00 |
| 09/30/2024 | - | 167,200.00 | 167,200.00 | 167,200.00 |
| 09/30/2025 | - | 167,200.00 | 167,200.00 | 167,200.00 |
| 09/30/2026 | - | 167,200.00 | 167,200.00 | 167,200.00 |
| 09/30/2027 | - | 167,200.00 | 167,200.00 | 167,200.00 |
| 09/30/2028 | - | 167,200.00 | 167,200.00 | 167,200.00 |
| 09/30/2029 | - | 167,200.00 | 167,200.00 | 167,200.00 |
| 09/30/2030 | - | 167,200.00 | 167,200.00 | 167,200.00 |
| 09/30/2031 | - | 167,200.00 | 167,200.00 | 167,200.00 |
| 09/30/2032 | 335,000.00 | 167,200.00 | 502,200.00 | 502,200.00 |
| 09/30/2033 | 345,000.00 | 157,987.50 | 502,987.50 | 502,987.50 |
| 09/30/2034 | 350,000.00 | 148,500.00 | 498,500.00 | 498,500.00 |
| 09/30/2035 | 360,000.00 | 138,875.00 | 498,875.00 | 498,875.00 |
| 09/30/2036 | 370,000.00 | 128,975.00 | 498,975.00 | 498,975.00 |
| 09/30/2037 | 380,000.00 | 118,800.00 | 498,800.00 | 498,800.00 |
| 09/30/2038 | 390,000.00 | 108,350.00 | 498,350.00 | 498,350.00 |
| 09/30/2039 | 405,000.00 | 97,625.00 | 502,625.00 | 502,625.00 |
| 09/30/2040 | 415,000.00 | 86,487.50 | 501,487.50 | 501,487.50 |
| 09/30/2041 | 425,000.00 | 75,075.00 | 500,075.00 | 500,075.00 |
| 09/30/2042 | 435,000.00 | 63,387.50 | 498,387.50 | 498,387.50 |
| 09/30/2043 | 450,000.00 | 51,425.00 | 501,425.00 | 501,425.00 |
| 09/30/2044 | 460,000.00 | 39,050.00 | 499,050.00 | 499,050.00 |
| 09/30/2045 | 475,000.00 | 26,400.00 | 501,400.00 | 501,400.00 |
| 09/30/2046 | 485,000.00 | 13,337.50 | 498,337.50 | 498,337.50 |
| Total | \$6,080,000.00 | \$3,093,475.00 | \$9,173,475.00 | \$9,173,475.00 |

Estimated True Interest Cost: 2.8063%
 Estimated Bond Rating: AA/Stable/Insured (A+ underlying rating)





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