

City of Fulshear, Texas

Combination Tax and Revenue Certificates of Obligation, Series 2024

Plan of Finance

July 16, 2024

Summary of Certificates

Project	Engineering/		Total
	Design	Construction	
Waste Water Treatment Plant @ CCR Site		21,610,000	21,610,000
Downtown W Plant No. 2 Offsite Wells & Impr	2,578,000		2,578,000
Diversion Lift Station		11,652,000	11,652,000
Lift Station No. 2 Capacity Expansion	462,000		462,000
Lift Station No. 4 Capacity Expansion	102,000	612,000	714,000
Lift Station No. 10 Upgrades		1,572,000	1,572,000
Lift Station No. 11		4,788,000	4,788,000
	3,142,000	40,234,000	43,376,000
2022 CO Issuance Bond Proceeds			2,120,820
2024 CO Issuance Bond Proceeds			41,255,180

Preliminary Statistics - Rates as of July 10, 2024 + 50 bps

Total Par Amount*	\$40,515,000
Total Debt Service*	\$74,801,119
All-in True Interest Cost*	4.70%

*Preliminary, subject to change.

Fiscal Year	Outstanding Debt Service (Utility Fund)	Proposed 2024 Bonds (Utility Fund)	Total Debt Service
2024	\$ 1,898,081		\$ 1,898,081
2025	2,375,581	1,204,819	3,580,400
2026	2,373,831	2,159,150	4,532,981
2027	2,375,581	2,549,150	4,924,731
2028	2,375,581	2,754,150	5,129,731
2029	2,373,831	2,757,400	5,131,231
2030	2,375,331	2,753,400	5,128,731
2031	2,374,831	2,757,400	5,132,231
2032	2,377,331	2,753,900	5,131,231
2033	2,377,581	2,758,150	5,135,731
2034	2,375,581	2,754,650	5,130,231
2035	2,376,331	2,753,650	5,129,981
2036	2,374,581	2,754,900	5,129,481
2037	2,375,331	2,758,150	5,133,481
2038	2,378,331	2,758,150	5,136,481
2039	2,375,331	2,754,900	5,130,231
2040	2,373,975	2,758,400	5,132,375
2041	2,375,700	2,753,150	5,128,850
2042	2,374,725	2,749,400	5,124,125
2043	2,374,588	2,753,400	5,127,988
2044	2,377,150	2,754,600	5,131,750
2045	2,375,513	2,758,000	5,133,513
2046	2,374,675	2,754,750	5,129,425
2047	2,374,375	2,757,000	5,131,375
2048	2,374,350	2,754,250	5,128,600
2049	2,378,625	2,756,500	5,135,125
2050	2,373,850	2,758,250	5,132,100
2051	2,375,250	2,754,250	5,129,500
2052	2,326,188	2,757,250	5,083,438
	\$ 68,362,013	\$ 74,801,119	\$ 143,163,131

Timeline

Jul-24						
S	M	T	W	Th	F	S

	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Aug-24						
S	M	T	W	Th	F	S

				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Sep-24						
S	M	T	W	Th	F	S

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Oct-24						
S	M	T	W	Th	F	S

		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Date	Action	Responsible Party
Tue - Jul 16	» Council Meeting - Present Plan of Finance	City
Tue - Aug 13	» Distribute Draft of Bond Documents for Council Packets	FA
Tue - Aug 20	» City Council Meeting - Adopt a Resolution authorizing the Notice of Intent to issue the Certificates & Approve the Preliminary Official Statement and Notice of Sale	City
Wed - Aug 21	» Publish 1st Notice of Intent & Post Notice to City website	City
Wed - Aug 28	» Publish 2nd Notice of Intent	City
Mon - Sep 23	» Receive Rating	FA
Tue - Sep 24	» Electronically Distribute Offering Documents	FA
Tue - Oct 8	» Pricing	FWG
Tue - Oct 15	» Council Meeting - Sale Discussion and Document Review	City
Thu - Oct 31	» Closing	FWG

Abbreviation	Name of Participant	Role
City	City of Fulshear	City
FA	Masterson Advisors LLC	Financial Advisor
BC	McCall Parkhurst Hornton	Bond Counsel
IP	TBD	Initial Purchaser
PA	Bank of New York Mellon	Paying Agent
FWG	Finance Working Group	All Participants

Methods of Sale

When offering public securities, Issuers must choose which method of sale to employ

NEGOTIATED SALE

- Issuer selects underwriter or underwriting syndicate upfront and negotiates the purchase of new municipal securities
- Among the primary points of negotiation for an issuer are the interest rate, call features and purchase price of the issue

COMPETITIVE SALE

- Method of sale requesting underwriters to submit a bid or firm offer to purchase a new issue of municipal securities
- The Issuer awards the municipal securities to the “winning” underwriter or syndicate based on lowest interest cost

Decision Process

- There are many factors to consider, and each bond sale will have different needs, structures, complexity, market conditions, etc.

Considerations for Negotiated Sale

- Unusually Large Issue
- New Entity / First time Issuer
- Priority for MWBE Participation
- Unusual Financing Terms
- Complex Refunding
- Market Volatility
- Unrated/Lower Rated Credit
- Retail Order Period

Considerations for Competitive Sale

- High Grade Credit
- Stable Market
- Straight Forward Structure
- Legal / Statutory Requirements

Method of Sale | Pros & Cons

Negotiated

Competitive

Advantages

- ✓ Ability to negotiate
- ✓ The underwriter can do more presale marketing
- ✓ The issuer and underwriter can respond to changing market conditions or change sale date
- ✓ Can maximize investor structuring preferences and accommodate reverse inquiries
- ✓ Have Retail Order period
- ✓ The issuer has greater control over the composition of the underwriting syndicate to include regional firms and/or minority owned firms
- ✓ Competition is driven by order flow and investor appetite

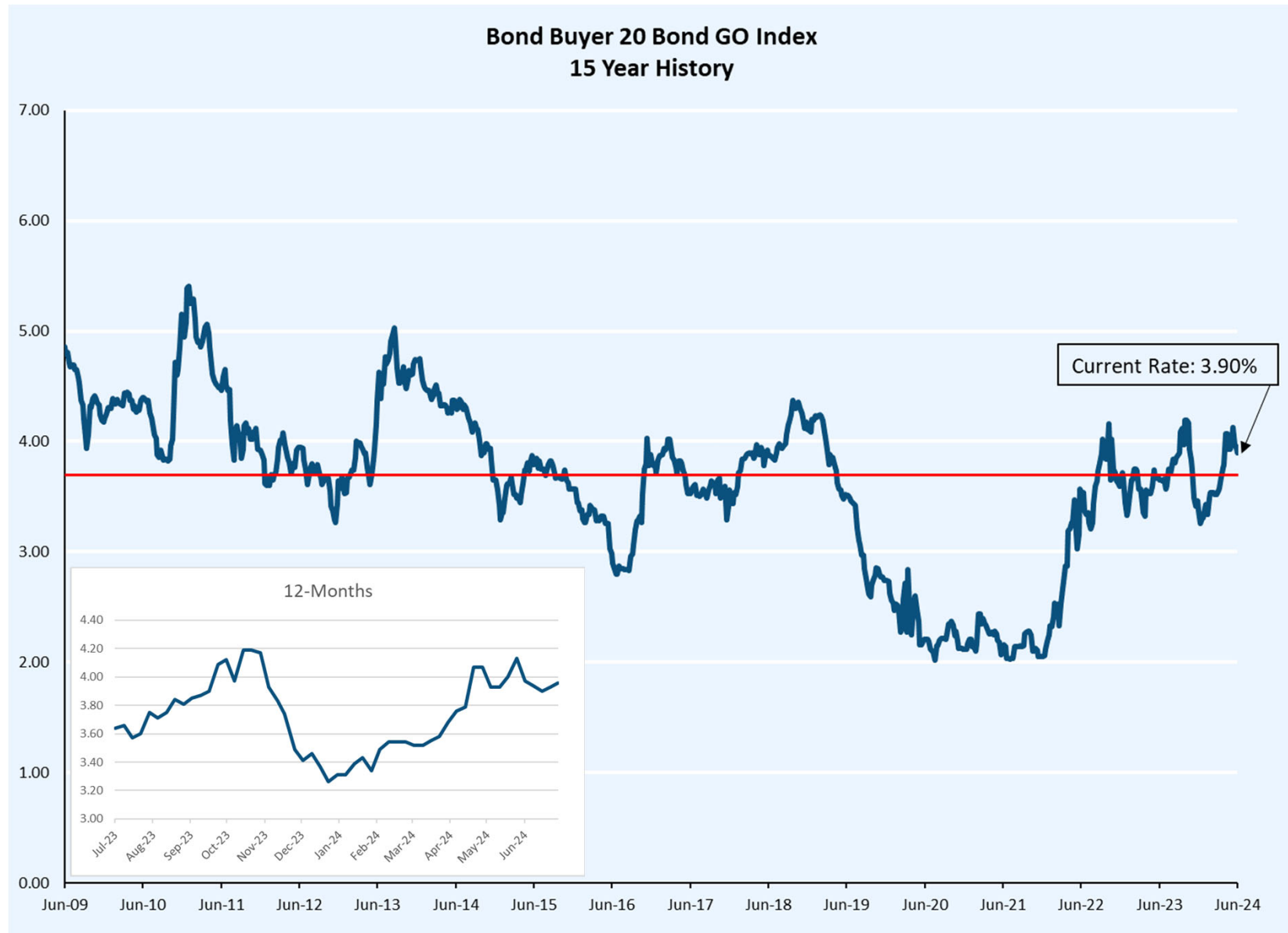
- ✓ Avoids the procurement process of underwriter selection
- ✓ Underwriters may bid aggressively to help secure a future negotiated underwriting
- ✓ With flexible “Notice of Sale”, sale date can be rescheduled
- ✓ Outliers often bid well through other firms
- ✓ Required by law: New money MUD bonds in Texas
- ✓ Emphasis on lowest True Interest Cost drives lower couponing structure

Disadvantages

- ✗ There is no direct competition among underwriters in setting the terms of the offering
- ✗ The gross underwriting spread covers additional services that may differ from one issuer to another
- ✗ Municipal officials may be open to accusations of favoritism toward the selected underwriter
- ✗ Can place too much emphasis on underwriters discount (i.e. limit takedown)

- ✗ Bidders may factor in a risk premium – especially in turbulent markets
- ✗ An issuer has little control over the composition of the underwriting syndicate
- ✗ Focus on lowest rate ignores considerations like optionality
- ✗ Some small firms are less likely to participate because of the higher risk

Bond Buyer Index



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