

*Financing Overview*

# City of Amarillo, Texas

*May 1, 2018*



**SPECIALIZED PUBLIC FINANCE INC.**  
FINANCIAL ADVISORY SERVICES

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## Overview of the Plan of Finance

- **The City of Amarillo (the “City”) is considering financing capital improvement projects through the issuance of:**
  - **General Obligation Bonds (2016 Bond Referendum)**
  - **Certificates of Obligation (Paid from Public Improvement District assessments)**
  - **Water and Sewer Revenue Bonds – Texas Water Development Board Clean Water SRF**
  - **Water and Sewer Revenue Bonds – Open Market**
  
- **The following presentation will outline the projected financial impact of each of the four issuances outlined above.**
  
- **It is anticipated the issuances will lock-in their respective interest rates on June 19<sup>th</sup> (except the Texas Water Development Board loan which will lock-in interest rates on June 12<sup>th</sup>).**
  
- **Closing is anticipated to occur on July 18<sup>th</sup>.**

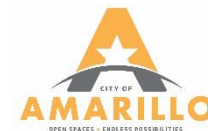
# Proposed Financing Timeline – Bonds & Certificates

May							June							July						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2	1	2	3	4	5	6	7
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31				

- Tuesday, May 1, 2018** City Council authorizes the publication for the notice of the intent to issue the Certificates. Financing update from Specialized Public Finance Inc. (“SPFI”) for the issuance of the Bonds and Certificates.
- Thursday, May 3, 2018** First publication of the Notice of Intent to issue Certificates in the newspaper of general circulation.
- Thursday, May 10, 2018** Second publication of the Notice of Intent to issue Certificates in the newspaper of general circulation.
- Week of Monday, May 14, 2018** Distribute Preliminary Official Statement (“POS”) for comments. SPFI makes application to Standard and Poor’s Global Ratings (“S&P”) and Moody’s Investors Service (“Moody’s”).
- Week of: Monday, May 21, 2018** Conference calls with S&P and Moody’s.
- Wednesday, June 6, 2018** Receive bond ratings from S&P and Moody’s.
- Friday, June 8, 2018** SPFI to post the POS for the Bonds and Certificates.
- Tuesday, June 19, 2018** **Competitive Sale** – Receive bids on the Bonds and Certificates from Broker/Dealers, bids are verified by SPFI. (10:00 a.m., 10:30 a.m. respectively)
- Tuesday, June 19, 2018** **Award** – The City Council will consider ordinances authorizing the issuance of the Bonds and Certificates awarding to their respective winning bidders.
- Wednesday, July 18, 2018** **Closing Date** – Proceeds from the Bonds and Certificates will be delivered into their respective construction funds.



Denotes City Council Meeting Date  
 Denotes Closing Date



# Proposed Financing Timeline – Waterworks & Sewer System Revenue Bonds

May							June							July						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2	1	2	3	4	5	6	7
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31				

**Tuesday, May 1, 2018**

**City Council Meeting-** – Financing update from Specialized Public Finance Inc. (“SPFI”) for the Bonds.

**Week of**

**Monday, May 14, 2018**

Bond Counsel to distribute a draft of the Ordinance to the working group, including the Texas Water Development Board (“TWDB”).

**Week of**

**Monday, May 14, 2018**

Distribute Preliminary Official Statement (“POS”) for comments.  
SPFI makes application to the Standard & Poor’s Global Ratings (“S&P”).

**Week of:**

**Monday, May 21, 2018**

Conference call with S&P.

**Wednesday, June 6, 2018**

Receive bond rating from S&P.

**Friday, June 8, 2018**

SPFI to post the POS for the Bonds.

**Wednesday, June 13, 2018**

Receive interest rates from the TWDB.

**Tuesday, June 19, 2018**

**Competitive Sale** – Receive bids on the Bonds from Broker/Dealers, bids are verified by SPFI (9:00 a.m.).

**Tuesday, June 19, 2018**

**Award** – The City Council will consider the Ordinance authorizing the issuance of the Bonds and awarding them to the Texas Water Development Board.

**By:**

**Friday, June 22, 2018**

SPFI submits the Private Placement Memorandum to the TWDB.

**Wednesday, July 18, 2018**

**Closing Date** – The bond proceeds are delivered into the construction fund.



Denotes City Council Meeting Date  
 Denotes Closing Date

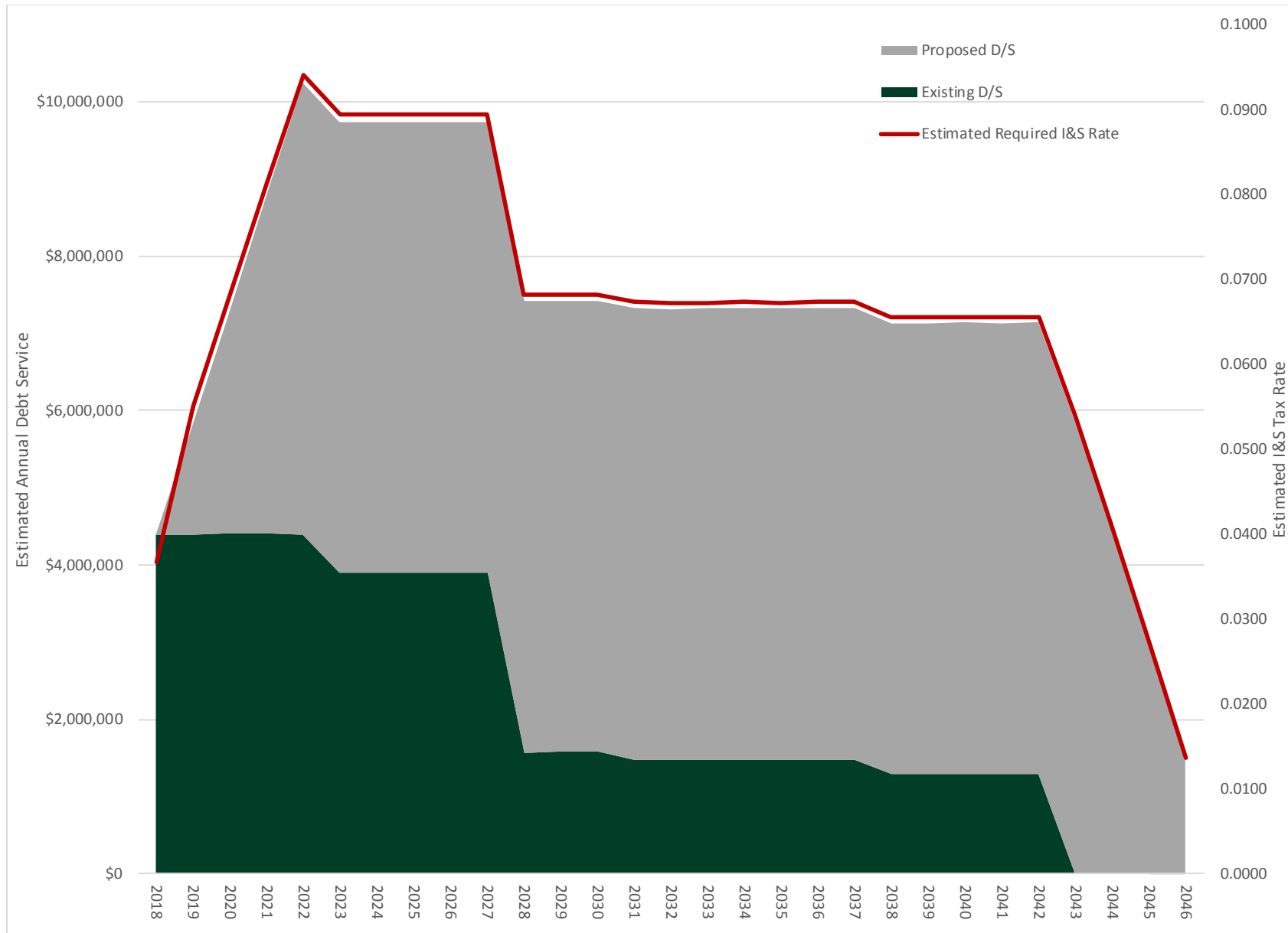


## SECTION A: GENERAL OBLIGATION BONDS (2016 REFERENDUM)



**SPECIALIZED PUBLIC FINANCE INC.**  
FINANCIAL ADVISORY SERVICES

# Graphic Summary (2016 Bond Election Issued in Equal Parts over 5 Years)



# Summary (Bonds Issued in Equal Parts over 5 Year Period) <sup>(1)</sup>

FYE 9/30	Taxable Assessed Value <sup>(2)</sup>	Assumed Growth	Existing Tax Supported Debt Service <sup>(3)</sup>	Proposed Debt Service for the 2016 Bond Election				Proposed & Existing D/S  Estimated Aggregate Debt Service	Proposed & Existing I&S Rate  Estimated Required I&S Rate
				Par: \$21,915,000 Series 2018 Debt Service TIC: 4.13%	Par: \$21,915,000 Series 2019 Debt Service TIC: 4.34%	Par: \$21,915,000 Series 2020 Debt Service TIC: 4.58%	Par: \$21,910,000 Series 2021 Debt Service TIC: 4.58%		
2018	10,619,896,655	-	\$ 4,395,132	\$ -	\$ -	\$ -	\$ -	\$ 4,395,132	0.0367
2019	10,726,095,622	1.00%	4,396,473	1,407,221	-	-	-	5,803,694	0.0549
2020	10,833,356,578	1.00%	4,403,682	1,407,423	1,450,861	-	-	7,261,965	0.0681
2021	10,941,690,144	1.00%	4,402,727	1,409,278	1,450,568	1,490,894	-	8,753,466	0.0812
2022	11,051,107,045	1.00%	4,394,578	1,410,803	1,452,533	1,488,990	1,490,894	10,237,796	0.0941
2023	11,051,107,045	0.00%	3,894,377	1,411,998	1,454,168	1,489,084	1,488,990	9,738,616	0.0895
2024	11,051,107,045	0.00%	3,894,994	1,410,263	1,455,473	1,487,328	1,489,084	9,737,140	0.0895
2025	11,051,107,045	0.00%	3,890,948	1,410,463	1,453,868	1,489,328	1,487,328	9,731,933	0.0894
2026	11,051,107,045	0.00%	3,891,162	1,410,063	1,454,051	1,489,940	1,489,328	9,734,543	0.0894
2027	11,051,107,045	0.00%	3,893,395	1,409,063	1,453,121	1,488,328	1,489,940	9,733,846	0.0894
2028	11,051,107,045	0.00%	1,570,881	1,411,469	1,451,229	1,490,140	1,488,328	7,412,046	0.0681
2029	11,051,107,045	0.00%	1,574,254	1,410,275	1,453,263	1,491,078	1,490,140	7,419,009	0.0682
2030	11,051,107,045	0.00%	1,574,406	1,411,213	1,455,250	1,490,234	1,491,078	7,422,180	0.0682
2031	11,051,107,045	0.00%	1,482,694	1,410,000	1,452,313	1,490,219	1,490,234	7,325,459	0.0673
2032	11,051,107,045	0.00%	1,475,872	1,410,431	1,452,994	1,486,135	1,490,219	7,315,651	0.0672
2033	11,051,107,045	0.00%	1,477,359	1,408,350	1,452,188	1,489,910	1,486,135	7,313,942	0.0672
2034	11,051,107,045	0.00%	1,481,997	1,409,675	1,454,788	1,486,998	1,489,910	7,323,367	0.0673
2035	11,051,107,045	0.00%	1,479,716	1,409,300	1,450,794	1,487,398	1,486,998	7,314,204	0.0672
2036	11,051,107,045	0.00%	1,480,381	1,407,225	1,455,100	1,490,885	1,487,398	7,320,989	0.0673
2037	11,051,107,045	0.00%	1,479,625	1,408,344	1,452,600	1,487,460	1,490,885	7,318,914	0.0672
2038	11,051,107,045	0.00%	1,290,881	1,407,550	1,451,963	1,487,380	1,487,460	7,125,234	0.0655
2039	11,051,107,045	0.00%	1,288,522	1,408,300	1,452,913	1,488,813	1,487,380	7,125,927	0.0655
2040	11,051,107,045	0.00%	1,289,203	1,410,313	1,454,453	1,491,206	1,488,813	7,133,987	0.0655
2041	11,051,107,045	0.00%	1,288,534	1,409,850	1,451,374	1,489,500	1,491,206	7,130,464	0.0655
2042	11,051,107,045	0.00%	1,291,431	1,411,800	1,450,506	1,488,500	1,489,500	7,131,738	0.0655
2043	11,051,107,045	0.00%	-	1,411,050	1,451,608	1,489,375	1,488,500	5,840,533	0.0537
2044	11,051,107,045	0.00%	-	-	1,454,435	1,487,000	1,489,375	4,430,810	0.0407
2045	11,051,107,045	0.00%	-	-	-	1,486,250	1,487,000	2,973,250	0.0273
2046	11,051,107,045	0.00%	-	-	-	-	1,486,250	1,486,250	0.0137
			<b>\$ 62,983,224</b>	<b>\$ 35,241,714</b>	<b>\$ 36,322,407</b>	<b>\$ 37,222,369</b>	<b>\$ 37,222,369</b>	<b>\$ 208,992,083</b>	

Current Interest Rates plus a hedge of:

+30 bps Cushion

+50 bps Cushion

+75 bps Cushion

+75 bps Cushion

**Assumptions:**

<sup>(1)</sup> All financing assumptions are as of April 20, 2018 (cushion as a hedge for unforeseen market movement).

<sup>(2)</sup> Taxable Assessed Value in blue represent actual Net Taxable Value. Projections provided by the City.

<sup>(3)</sup> Includes Federal Subsidy for Build America Bonds. See page 212 of the FY 2017 Audit.

<sup>(4)</sup> Estimated collection rate: 98.5%

# Individual Estimated Debt Service for the Series 2018 G.O. Bonds

FYE 9/30	Taxable Assessed Value	Growth	Portion Only		
			Series 2018 Est. TIC: 4.13%		
			Principal	Interest	Total D/S
2018	10,619,896,655	1.00%	-	-	-
2019	10,726,095,622	1.00%	515,000	892,221	1,407,221
2020	10,833,356,578	1.00%	590,000	817,423	1,407,423
2021	10,941,690,144	1.00%	605,000	804,278	1,409,278
2022	11,051,107,045	1.00%	620,000	790,803	1,410,803
2023	11,051,107,045	0.00%	635,000	776,998	1,411,998
2024	11,051,107,045	0.00%	650,000	760,263	1,410,263
2025	11,051,107,045	0.00%	670,000	740,463	1,410,463
2026	11,051,107,045	0.00%	690,000	720,063	1,410,063
2027	11,051,107,045	0.00%	710,000	699,063	1,409,063
2028	11,051,107,045	0.00%	735,000	676,469	1,411,469
2029	11,051,107,045	0.00%	760,000	650,275	1,410,275
2030	11,051,107,045	0.00%	790,000	621,213	1,411,213
2031	11,051,107,045	0.00%	820,000	590,000	1,410,000
2032	11,051,107,045	0.00%	855,000	555,431	1,410,431
2033	11,051,107,045	0.00%	890,000	518,350	1,408,350
2034	11,051,107,045	0.00%	930,000	479,675	1,409,675
2035	11,051,107,045	0.00%	970,000	439,300	1,409,300
2036	11,051,107,045	0.00%	1,010,000	397,225	1,407,225
2037	11,051,107,045	0.00%	1,055,000	353,344	1,408,344
2038	11,051,107,045	0.00%	1,100,000	307,550	1,407,550
2039	11,051,107,045	0.00%	1,150,000	258,300	1,408,300
2040	11,051,107,045	0.00%	1,205,000	205,313	1,410,313
2041	11,051,107,045	0.00%	1,260,000	149,850	1,409,850
2042	11,051,107,045	0.00%	1,320,000	91,800	1,411,800
2043	11,051,107,045	0.00%	1,380,000	31,050	1,411,050
2044	11,051,107,045	0.00%	-	-	-
2045	11,051,107,045	0.00%	-	-	-
2046	11,051,107,045	0.00%	-	-	-
			\$ 21,915,000	\$ 13,326,714	\$ 35,241,714

**Assumptions:**

All financing assumptions are as of April 20, 2018 (+30 basis points cushion for unforeseen market movement)



## 2018 General Obligation Bonds – Estimated Sources and Uses of Funds

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<b><i>Total Sources of Funds</i></b>	
<b>Par Amount</b>	<b>\$21,915,000</b>
<b><i>Total Uses of Funds</i></b>	
Costs of Issuance	\$ 140,000
Deposit to Project Construction Fund	21,775,000
Rounding Amount	-
<b>Total Uses of Funds</b>	<b>\$ 21,915,000</b>

## SECTION B: CERTIFICATES OF OBLIGATION



**SPECIALIZED PUBLIC FINANCE INC.**  
FINANCIAL ADVISORY SERVICES

# Proposed Certificates of Obligation - Estimated Impact Analysis

FYE 9/30	Taxable Assessed Value <sup>(2)</sup>	Growth	Proposed 2018 Certificates of Obligation			Proposed Debt
			Principal	Est. TIC: 3.85% Interest	Total D/S	Estimated Required I&S Rate <sup>(3)</sup>
2018	10,619,896,655	1.00%	-	-	-	-
2019	10,726,095,622	1.00%	105,000	111,425	216,425	0.0021
2020	10,833,356,578	1.00%	115,000	101,378	216,378	0.0020
2021	10,941,690,144	1.00%	115,000	99,078	214,078	0.0020
2022	11,051,107,045	1.00%	120,000	96,728	216,728	0.0020
2023	11,051,107,045	0.00%	120,000	94,208	214,208	0.0020
2024	11,051,107,045	0.00%	125,000	91,013	216,013	0.0020
2025	11,051,107,045	0.00%	130,000	87,188	217,188	0.0020
2026	11,051,107,045	0.00%	135,000	83,213	218,213	0.0020
2027	11,051,107,045	0.00%	135,000	79,163	214,163	0.0020
2028	11,051,107,045	0.00%	140,000	75,038	215,038	0.0020
2029	11,051,107,045	0.00%	145,000	70,219	215,219	0.0020
2030	11,051,107,045	0.00%	150,000	64,688	214,688	0.0020
2031	11,051,107,045	0.00%	155,000	58,775	213,775	0.0020
2032	11,051,107,045	0.00%	165,000	52,169	217,169	0.0020
2033	11,051,107,045	0.00%	170,000	45,050	215,050	0.0020
2034	11,051,107,045	0.00%	180,000	37,613	217,613	0.0020
2035	11,051,107,045	0.00%	185,000	29,856	214,856	0.0020
2036	11,051,107,045	0.00%	195,000	21,781	216,781	0.0020
2037	11,051,107,045	0.00%	205,000	13,281	218,281	0.0020
2038	11,051,107,045	0.00%	210,000	4,463	214,463	0.0020
			<b>\$ 3,000,000</b>	<b>\$ 1,316,321</b>	<b>\$ 4,316,321</b>	

**Assumptions:**

<sup>(1)</sup> All financing assumptions are as of April 20, 2018 (cushion as a hedge for unforeseen market movement).

<sup>(2)</sup> Taxable Assessed Value in blue represent actual Net Taxable Value. Projections provided by the City.

<sup>(3)</sup> Estimated collection rate: 98%

## Proposed Certificates of Obligation - Estimated Impact Analysis

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<b><i>Total Sources of Funds</i></b>	
<b>Par Amount</b>	<b>\$3,000,000</b>

<b><i>Total Uses of Funds</i></b>	
Costs of Issuance	\$ 75,000
Deposit to Project Construction Fund	2,925,000
Rounding Amount	-
<b>Total Uses of Funds</b>	<b>\$ 3,000,000</b>

## SECTION C: WATERWORKS & SEWER SYSTEM REVENUE BONDS



**SPECIALIZED PUBLIC FINANCE INC.**  
FINANCIAL ADVISORY SERVICES

# Pro Forma Analysis – Waterworks and Sewer System Bonds

FYE 9/30	Net Revenues Available for D/S <sup>(1)</sup>	Outstanding Revenue Supported Debt Service <sup>(2)</sup>			New Series 2018A (TWDB) Debt Service <sup>(3)</sup> : 1.85% TIC			New Series 2018B (Open Market) Debt Service <sup>(3)</sup> : 3.59% TIC			Coverage	
		Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Ratio	
2018	30,481,498	10,440,000	3,727,268	14,167,268	-	-	-	-	-	-	14,167,268	2.15
2019	30,481,498	10,460,000	3,715,022	14,175,022	605,000	142,329	747,329	735,000	360,205	1,095,205	16,017,556	1.90
2020	30,481,498	10,675,000	3,542,046	14,217,046	550,000	198,470	748,470	600,000	497,845	1,097,845	16,063,361	1.90
2021	30,481,498	10,895,000	3,338,207	14,233,207	555,000	193,960	748,960	610,000	485,845	1,095,845	16,078,012	1.90
2022	30,481,498	11,140,000	3,106,035	14,246,035	560,000	188,632	748,632	625,000	473,645	1,098,645	16,093,312	1.89
2023	30,481,498	11,415,000	2,827,658	14,242,658	565,000	182,640	747,640	640,000	458,020	1,098,020	16,088,318	1.89
2024	30,481,498	11,290,000	2,524,411	13,814,411	575,000	175,917	750,917	655,000	440,740	1,095,740	15,661,067	1.95
2025	30,481,498	11,600,000	2,218,976	13,818,976	580,000	168,442	748,442	675,000	422,400	1,097,400	15,664,817	1.95
2026	30,481,498	11,835,000	1,892,801	13,727,801	590,000	160,380	750,380	695,000	402,150	1,097,150	15,575,330	1.96
2027	30,481,498	12,055,000	1,570,400	13,625,400	595,000	151,589	746,589	715,000	381,300	1,096,300	15,468,289	1.97
2028	30,481,498	10,985,000	1,237,568	12,222,568	605,000	142,247	747,247	735,000	359,850	1,094,850	14,064,665	2.17
2029	30,481,498	8,650,000	945,031	9,595,031	615,000	132,325	747,325	760,000	337,800	1,097,800	11,440,156	2.66
2030	30,481,498	5,400,000	718,827	6,118,827	625,000	121,809	746,809	785,000	313,480	1,098,480	7,964,115	3.83
2031	30,481,498	5,525,000	589,994	6,114,994	640,000	110,746	750,746	810,000	287,575	1,097,575	7,963,315	3.83
2032	30,481,498	3,555,000	454,507	4,009,507	650,000	99,034	749,034	835,000	259,225	1,094,225	5,852,766	5.21
2033	30,481,498	3,210,000	362,788	3,572,788	665,000	86,684	751,684	865,000	230,000	1,095,000	5,419,472	5.62
2034	30,481,498	2,785,000	279,741	3,064,741	675,000	73,650	748,650	900,000	195,400	1,095,400	4,908,791	6.21
2035	30,481,498	2,860,000	207,343	3,067,343	690,000	60,015	750,015	940,000	159,400	1,099,400	4,916,758	6.20
2036	30,481,498	1,970,000	130,163	2,100,163	705,000	45,801	750,801	975,000	121,800	1,096,800	3,947,764	7.72
2037	30,481,498	2,035,000	66,138	2,101,138	720,000	31,067	751,067	1,015,000	82,800	1,097,800	3,950,004	7.72
2038	30,481,498	-	-	-	735,000	15,803	750,803	1,055,000	42,200	1,097,200	1,848,003	16.49
		\$ 158,780,000	\$ 33,454,921	\$ 192,234,921	\$ 12,500,000	\$ 2,481,537	\$ 14,981,537	\$ 15,625,000	\$ 6,311,680	\$ 21,936,680	\$ 229,153,138	

(1) Fiscal Year 2017 Audit, page 217.

(2) Includes self-supporting general obligation debt.

(2) Reflects estimated interest rates as of April 25, 2018 (including 20 basis points of cushion).

## Estimated Sources and Uses of Funds – Waterworks and Sewer System Bonds

TWDB - Series 2018A	
Sources of Funds	
Par Amount of Bonds	12,500,000
Planned Issuer Equity contribution - COI	83,000
Planned Issuer Equity contribution - DSRF	748,960
<b>Total Sources of Funds</b>	<b>12,500,000</b>
Uses of Funds	
Costs of Issuance	83,000
Deposit to Debt Service Reserve Fund (DSRF)	748,960
Deposit to Project Construction Fund	12,285,012
TWDB Loan Origination Fee	214,988
<b>Total Uses of Funds</b>	<b>12,583,000</b>
Open Market - Series 2018B	
Sources of Funds	
Par Amount of Bonds	15,625,000
<b>Total Sources of Funds</b>	<b>15,625,000</b>
Uses of Funds	
Costs of Issuance	125,000
Deposit to Project Construction Fund	15,500,000
<b>Total Uses of Funds</b>	<b>15,625,000</b>