

Update on Bond Issuance

for

Lake Placid

Water Control and Improvement District No. 1



POST OAK
MUNICIPAL ADVISORS

Presented March 17, 2021

Update on Bond Issuance

Lake Placid Water Control and Improvement District No. 1

Summary of Bond Issuance Scenarios – August 2020

Best Case	
Project Amount	\$30,000,000
Capitalized Interest	152,250
Total Bond Proceeds to District	<u>\$30,152,250</u>
Costs of Issuance	297,750
Less: Bond Premium	<u>0</u>
Bond Issue Amount	\$30,450,000
All-In True Interest Cost Rate	0.56%

Tax Rate per \$100 Taxable Value	\$0.470
Annual Taxes for \$200,000 Taxable Value	\$940
Annual Taxes for \$500,000 Taxable Value	\$2,350

Worst Case	
Project Amount	\$40,000,000
Capitalized Interest	1,361,125
Total Bond Proceeds to District	<u>\$41,361,125</u>
Costs of Issuance	556,500
Less: Bond Premium	<u>(1,917,625)</u>
Bond Issue Amount	\$40,000,000
All-In True Interest Cost Rate	2.58%

Tax Rate per \$100 Taxable Value	\$0.900
Annual Taxes for \$200,000 Taxable Value	\$1,800
Annual Taxes for \$500,000 Taxable Value	\$4,500

TWDB Notice of Rate Change

The amount of SRF funds requested, combined with a historically low-interest rate environment for municipal bonds, compels us to make some changes to the interest rates we can offer for your loans, which are reflected in the amended IUP. As you may know, the program's capacity and long-term sustainability depend on a number of factors, which includes income from interest rates.

As a result, for all existing applications under the SFY 2020 Intended Use Plan, the TWDB will establish a minimum interest rate floor that will provide significant long-term financial benefits to the SRFs, while at the same time offering you a lower interest rate than available under the SFY 2021 IUP.

The draft amended SFY 2020 IUPs for both the Clean Water and Drinking Water SRF programs will propose a minimum interest rate or floor as follows:

The minimum annual interest rate (per maturity for bonds or for each interest payment for loans) for the Thomson Reuters Municipal Market Data (MMD) rating scale and for Non-rated securities for both Equivalency and Non-Equivalency funding adjusted for yield to maturity is:

AAA	AA	A	Baa and Non-rated
0.45%	0.60%	0.80%	1.10%

The minimum interest rate or floor applies to all commitments made after the effective date of the amended IUP.

Impact of Rate Change

The impact of the rate change is two-fold:

- Interest rate floor (higher interest rates for shorter-term maturities).
- Interest rate calculation now based on Yield to Maturity rather than Yield to Call (more dramatic increase for longer-term maturities).

Sample of interest rate impact based on TWDB changes:

Maturity Date	Coupon	Yield to Call	Price to Call	Yield to Maturity	Interest Rate Based on Yield to Call	Interest Rate Based on Yield to Maturity	Change in Interest Rate
8/15/2022	5.00%	0.20%	105.68	0.09%	0.00%	0.60%	0.60%
8/15/2027	5.00%	0.54%	127.84	0.30%	0.00%	0.60%	0.60%
8/15/2032	5.00%	1.00%	139.45	1.22%	0.00%	0.60%	0.60%
8/15/2037	5.00%	1.25%	136.31	2.30%	0.00%	1.00%	1.00%
8/15/2042	5.00%	1.67%	133.93	2.85%	0.37%	1.55%	1.18%
8/15/2047	5.00%	1.78%	132.37	3.17%	0.48%	1.87%	1.39%
8/15/2051	5.00%	1.82%	131.93	3.32%	0.52%	2.02%	1.50%

Assumptions for Updated Bond Issuance Scenario

Project	
Total project cost	\$30 Million
Start date	2/1/2022
Completion date	2/1/2024

Other Revenues/Expenses	
Annual hydro revenues (beginning 2024)	\$350,000
Annual admin costs (beginning 2022)	\$100,000
Annual M&O costs (beginning 2024)	\$150,000

Property Taxes	
Property value growth rates (tax year as of January 1):	
2023 - 2025	8.0%
2026 - 2040	2.0%
Thereafter	1.0%
Tax collections rate	95.0%

Bonds	
Sale Date	9/15/2021
Final Maturity	8/15/2050
Capitalized interest	-\$1,485,000
Issuance Expenses (including loan origination fee)	~3%

Notes:

- Using current TWDB interest rates (preliminary and will change until locked in)

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Summary of Updated Bond Issuance Scenario – March 2021

Project Amount	\$30,000,000
GBRA Project Cost	(1,485,000)
WCID 1 Project Cost	\$28,515,000
Capitalized Interest	358,174
Bond Issuance Expenses	759,924
Bond Issue Amount	\$29,635,000
All-In True Interest Cost Rate	1.75%
Tax Rate per \$100 Taxable Value	\$0.600
Annual Taxes for \$500,000 Taxable Value	\$3,000
Annual Taxes for \$1,000,000 Taxable Value	\$6,000
Estimated Bond Issuance Expenses:	
Paid from Bond Proceeds:	
Bond Counsel to GBRA	\$96,100
Financial Advisor to GBRA	126,131
Fiscal/Legal	17,000
Issuance Costs	11,000
Loan Origination Fee	509,693
	<u>759,924</u>
Paid from Other Funds:	
Bond Counsel to WCID 1	95,000
Financial Advisor to WCID 1	44,453
	<u>139,453</u>
Total Bond Issuance Expenses	<u>\$899,376</u>

Update on Bond Issuance

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Updated Bond Issuance Scenario – March 2021

Tax Collections							Debt Service Fund										
Tax Year	Taxable Value ^(a)	% Value Change	M&O Tax Rate	Debt Tax Rate	Total Tax Rate	Total Tax Levy	Calendar Year	Tax Collections	Transfer of GBRA Hydro Revenues	Total Available Funds	Bond Issuance ^(b)				Ending Fund Balance	% of Next Year's Debt Service	
							Year				Principal ^(c)	Interest	Capitalized Interest ^(d)	Other Expenses ^(d)	Net Debt Service		
2021	\$175,000,000		0.1200	0.4800	0.6000	\$1,050,000	2022	\$798,000	\$0	\$798,000	\$0	(\$358,174)	\$358,174	(\$139,453)	(\$139,453)	\$658,548	168.5%
2022	175,000,000	0.00%	0.1200	0.4800	0.6000	1,050,000	2023	798,000	0	1,456,548	0	(390,736)	0	(390,736)	(390,736)	1,065,812	78.3%
2023	189,000,000	8.00%	0.1200	0.4800	0.6000	1,134,000	2024	861,840	350,000	2,277,652	(970,000)	(390,736)	0	(1,360,736)	916,917	67.4%	
2024	204,120,000	8.00%	0.1200	0.4550	0.5750	1,173,690	2025	882,309	350,000	2,149,225	(975,000)	(384,916)	0	(1,359,916)	789,310	57.9%	
2025	220,449,600	8.00%	0.1200	0.4310	0.5510	1,214,769	2026	902,718	350,000	2,042,028	(985,000)	(379,066)	0	(1,364,066)	677,962	49.7%	
2026	224,858,592	2.00%	0.1200	0.4391	0.5591	1,257,286	2027	938,083	350,000	1,966,045	(990,000)	(373,156)	0	(1,363,156)	602,890	44.3%	
2027	229,355,764	2.00%	0.1200	0.4474	0.5674	1,301,291	2028	974,761	350,000	1,927,651	(995,000)	(367,216)	0	(1,362,216)	565,435	41.5%	
2028	233,942,879	2.00%	0.1200	0.4557	0.5757	1,346,836	2029	1,012,800	350,000	1,928,235	(1,000,000)	(361,246)	0	(1,361,246)	566,989	41.7%	
2029	238,621,737	2.00%	0.1200	0.4642	0.5842	1,393,976	2030	1,052,248	350,000	1,969,237	(1,005,000)	(355,246)	0	(1,360,246)	608,992	44.8%	
2030	243,394,171	2.00%	0.1200	0.4728	0.5928	1,442,765	2031	1,093,157	350,000	2,052,149	(1,010,000)	(349,216)	0	(1,359,216)	692,933	50.8%	
2031	248,262,055	2.00%	0.1200	0.4800	0.6000	1,489,572	2032	1,132,075	350,000	2,175,008	(1,020,000)	(343,156)	0	(1,363,156)	811,853	59.6%	
2032	253,227,296	2.00%	0.1200	0.4800	0.6000	1,519,364	2033	1,154,716	350,000	2,316,569	(1,025,000)	(337,036)	0	(1,362,036)	954,534	70.1%	
2033	258,291,842	2.00%	0.1200	0.4800	0.6000	1,549,751	2034	1,177,811	350,000	2,482,345	(1,030,000)	(330,886)	0	(1,360,886)	1,121,459	82.3%	
2034	263,457,679	2.00%	0.1200	0.4800	0.6000	1,580,746	2035	1,201,367	350,000	2,672,826	(1,040,000)	(323,264)	0	(1,363,264)	1,309,563	96.1%	
2035	268,726,832	2.00%	0.1200	0.4800	0.6000	1,612,361	2036	1,225,394	350,000	2,884,957	(1,050,000)	(313,384)	0	(1,363,384)	1,521,574	111.7%	
2036	274,101,369	2.00%	0.1200	0.4800	0.6000	1,644,608	2037	1,249,902	350,000	3,121,476	(1,060,000)	(301,729)	0	(1,361,729)	1,759,747	129.1%	
2037	279,583,396	2.00%	0.1200	0.4800	0.6000	1,677,500	2038	1,274,900	350,000	3,384,648	(1,075,000)	(288,479)	0	(1,363,479)	2,021,169	148.2%	
2038	285,175,064	2.00%	0.1200	0.4800	0.6000	1,711,050	2039	1,300,398	350,000	3,671,567	(1,090,000)	(273,644)	0	(1,363,644)	2,307,924	169.4%	
2039	290,878,566	2.00%	0.1200	0.4800	0.6000	1,745,271	2040	1,326,406	350,000	3,984,330	(1,105,000)	(257,403)	0	(1,362,403)	2,621,928	192.8%	
2040	296,696,137	2.00%	0.1200	0.4800	0.6000	1,780,177	2041	1,352,934	350,000	4,324,862	(1,120,000)	(239,833)	0	(1,359,833)	2,965,029	217.9%	
2041	299,663,098	1.00%	0.1200	0.4800	0.6000	1,797,979	2042	1,366,464	350,000	4,681,493	(1,140,000)	(221,017)	0	(1,361,017)	3,320,476	244.0%	
2042	302,659,729	1.00%	0.1200	0.4800	0.6000	1,815,958	2043	1,380,128	350,000	5,050,604	(1,160,000)	(200,953)	0	(1,360,953)	3,689,651	271.4%	
2043	305,686,326	1.00%	0.1200	0.4800	0.6000	1,834,118	2044	1,393,930	0	5,083,581	(1,180,000)	(179,609)	0	(1,359,609)	3,723,972	273.4%	
2044	308,743,190	1.00%	0.1200	0.4800	0.6000	1,852,459	2045	1,407,869	0	5,131,841	(1,205,000)	(157,189)	0	(1,362,189)	3,769,652	276.5%	
2045	311,830,622	1.00%	0.1200	0.4800	0.6000	1,870,984	2046	1,421,948	0	5,191,599	(1,230,000)	(133,571)	0	(1,363,571)	3,828,028	280.7%	
2046	314,948,928	1.00%	0.1200	0.4800	0.6000	1,889,694	2047	1,436,167	0	5,264,195	(1,255,000)	(108,848)	0	(1,363,848)	3,900,347	286.1%	
2047	318,098,417	1.00%	0.1200	0.4800	0.6000	1,908,591	2048	1,450,529	0	5,350,876	(1,280,000)	(83,121)	0	(1,363,121)	3,987,756	292.9%	
2048	321,279,401	1.00%	0.1200	0.4800	0.6000	1,927,676	2049	1,465,034	0	5,452,790	(1,305,000)	(56,369)	0	(1,361,369)	4,091,421	300.0%	
2049	324,492,195	1.00%	0.1200	0.4800	0.6000	1,946,953	2050	1,479,684	0	5,571,106	(1,335,000)	(28,703)	0	(1,363,703)	4,207,403		
								\$34,511,573	\$7,000,000	\$96,363,443	(\$29,635,000)	(\$7,887,892)	\$358,174	(\$139,453)	(\$37,304,170)		

Footnotes:
(a) Represents the estimated taxable valuation on January 1 of each year.
(b) Assumes bonds issued in September 2021.
(c) Assumes principal payments on each August 15.
(d) For bond issuance expenses not included in project funding request to TWDB.

Assumptions	
Project Completion	Oct 2023
Tax Collections Rate	95%
All-in True Interest Cost	1.75%
Debt amortization (years)	29

Use of Bond Proceeds	
Available for WCID 1 Project Cost	\$28,516,902
Capitalized Interest (1 year)	358,174
Bond Issuance Expenses	759,924
Bond Issue Amount	\$29,635,000

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Updated Bond Issuance Scenario – March 2021

Maintenance & Operations Fund						Reserve Funds								
Calendar Year	Tax Collections	Transfer of		Ending Fund Balance	Calendar Year	GBRA Hydro Revenues	Transfer to Debt Service Fund	Transfer to M&O Fund	Deposits to CCR & Hydro Funds	CCR Fund ^(f)		Hydro Fund ^(g)		
		GBRA Hydro Revenues	WCID Admin ^(e)							GBRA M&O ^(e)	Deposits	Balance	Deposits	Balance
2022	\$199,500	\$0	(\$100,000)	\$0	2022									
2023	199,500	0	(102,000)	0	2023									
2024	215,460	20,000	(104,040)	(150,000)	2024	\$450,000	(\$350,000)	(\$20,000)	(\$80,000)	\$80,000	\$80,000	\$0	\$0	
2025	232,697	20,000	(106,121)	(153,000)	2025	450,000	(350,000)	(20,000)	(80,000)	80,000	160,000	0	0	
2026	251,313	20,000	(108,243)	(156,060)	2026	450,000	(350,000)	(20,000)	(80,000)	80,000	240,000	0	0	
2027	256,339	20,000	(110,408)	(159,181)	2027	450,000	(350,000)	(20,000)	(80,000)	80,000	320,000	0	0	
2028	261,466	20,000	(112,616)	(162,365)	2028	450,000	(350,000)	(20,000)	(80,000)	80,000	400,000	0	0	
2029	266,695	20,000	(114,869)	(165,612)	2029	450,000	(350,000)	(20,000)	(80,000)	80,000	480,000	0	0	
2030	272,029	20,000	(117,166)	(168,924)	2030	450,000	(350,000)	(20,000)	(80,000)	80,000	560,000	0	0	
2031	277,469	20,000	(119,509)	(172,303)	2031	450,000	(350,000)	(20,000)	(80,000)	80,000	640,000	0	0	
2032	283,019	20,000	(121,899)	(175,749)	2032	450,000	(350,000)	(20,000)	(80,000)	80,000	720,000	0	0	
2033	288,679	20,000	(124,337)	(179,264)	2033	450,000	(350,000)	(20,000)	(80,000)	80,000	800,000	0	0	
2034	294,453	20,000	(126,824)	(182,849)	2034	450,000	(350,000)	(20,000)	(80,000)	80,000	880,000	0	0	
2035	300,342	20,000	(129,361)	(186,506)	2035	450,000	(350,000)	(20,000)	(80,000)	80,000	960,000	0	0	
2036	306,349	20,000	(131,948)	(190,236)	2036	450,000	(350,000)	(20,000)	(80,000)	80,000	1,040,000	0	0	
2037	312,476	20,000	(134,587)	(194,041)	2037	450,000	(350,000)	(20,000)	(80,000)	80,000	1,120,000	0	0	
2038	318,725	20,000	(137,279)	(197,922)	2038	450,000	(350,000)	(20,000)	(80,000)	80,000	1,200,000	0	0	
2039	325,100	20,000	(140,024)	(201,880)	2039	450,000	(350,000)	(20,000)	(80,000)	80,000	1,280,000	0	0	
2040	331,602	20,000	(142,825)	(205,918)	2040	450,000	(350,000)	(20,000)	(80,000)	80,000	1,360,000	0	0	
2041	338,234	20,000	(144,253)	(207,977)	2041	450,000	(350,000)	(20,000)	(80,000)	80,000	1,440,000	0	0	
2042	341,616	20,000	(145,695)	(210,057)	2042	450,000	(350,000)	(20,000)	(80,000)	80,000	1,520,000	0	0	
2043	345,032	20,000	(147,152)	(212,157)	2043	450,000	(350,000)	(20,000)	(80,000)	80,000	1,600,000	0	0	
2044	348,482		(148,624)	(214,279)	2044						1,600,000	0	0	
2045	351,967		(150,110)	(216,422)	2045						1,600,000	0	0	
2046	355,487		(151,611)	(218,586)	2046						1,600,000	0	0	
2047	359,042		(153,127)	(220,772)	2047						1,600,000	0	0	
2048	362,632		(154,659)	(222,980)	2048						1,600,000	0	0	
2049	366,259		(156,205)	(225,209)	2049						1,600,000	0	0	
2050	369,921		(157,767)	(227,461)	2050						1,600,000	0	0	
	\$8,731,881	\$400,000	(\$3,793,260)	(\$5,177,711)		\$9,000,000	(\$7,000,000)	(\$400,000)	(\$1,600,000)	\$1,600,000		\$0		

Footnotes:
 (e) Estimated for purposes of illustration. Assumes 2% growth through 2040, then 1% thereafter.
 (f) Maximum required CCR fund balance is \$750,000. Excess fund balance can be used for any lawful purpose.
 (g) Maximum required Hydro fund balance is \$500,000. Excess fund balance can be used for any lawful purpose.

Considerations

- Project costs are preliminary and subject to change based on final bids
- Interest rates are preliminary and will change based on market conditions
- Taxable values could vary significantly from those shown in the model

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