**Mayor:** Mario Garza
**Mayor Pro-Tem:** Leonardo "Lenny" Sanchez
**Commissioners:** Jesus "Jesse" Ramirez
Ernesto "Neto" Guajardo
Marco "Markie" Villegas

The City of San Juan does not discriminate on the basis of disability in the admission of, access to, treatment of, or employment in its programs, activities, or public meetings. Any individual with a disability in need of an accommodation is encouraged to contact the Office of the City Secretary at 956-223-2200 at least 24 hours prior to the scheduled meeting to make proper arrangements.

**SAN JUAN CITY COMMISSION**

**Location:** San Juan Memorial Library
Multipurpose Meeting Room
1010 S. Standard
San Juan, Texas 78589
**Monday, June 15, 2020**

**SPECIAL CALLED MEETING AGENDA**
**4:00 PM**

**I. CALL TO ORDER**

**II. DISCUSSION AND POSSIBLE ACTION ON THE FOLLOWING MATTERS:**

**A.** Presentation by First Southwest, a Division of Hilltop Securities on Combination Tax & Revenue Certificate of Obligation, Series 2020, Preliminary Plan of Finance for the Funding of the City Hall/Public Transit Terminal Building.

**III. ADJOURNMENT**

## C E R T I F I C A T I O N

I certify that the above notice of the Special Called Meeting of the City of San Juan is true and correct; and that I posted such notice on the bulletin board. A place convenient and readily accessible to the public on the  in accordance with the Texas Open Meetings Act (Tex. Gov't. Code §551-041 - §551.050).

______________________________
DIANA CAVAZOS
CITY SECRETARY
CITY OF SAN JUAN, TEXAS

**C E R T I F I C A T I O N O F R E M O V A L**

I certify that the agenda of items to be considered by the City Commission was removed by the City Secretary's Office from the San Juan City Hall bulletin area on the the ________ of __________________ , 2020.

________________________________
OFFICE OF THE CITY SECRETARY

# AGENDA ITEM AND RECOMMENDATION SUMMARY
## CITY COMMISSION REGULAR MEETING
## JUNE 15, 2020

Presentation by First Southwest, a Division of Hilltop Securities on Combination Tax & Revenue Certificate of Obligation, Series 2020, Preliminary Plan of Finance for the Funding of the City Hall/Public Transit Terminal Building.

---

**STAFF COMMENTS AND RECOMMENDATIONS:**

Presentation by First Southwest, a Division of Hilltop Securities on Combination Tax & Revenue Certificate of Obligation, Series 2020, Preliminary Plan of Finance for the Funding of the City Hall/Public Transit Terminal Building.

**RECOMMENDATION:**

Staff Recommends Approval of Plan of Finance.

**PREPARED BY:**
Benjamin Arjona,
City Manager

**APPROVED BY:**
Benjamin Arjona, City
Manager

---

Contacts

**Cris S. Vela**
Director
100 East Nolana Loop
Pharr, Texas 78577
Direct 956.686.0991
Fax 956.618.4791
cris.vela@hilltopsecurities.com

**Andre Ayala**
Director
1201 Elm Street, Suite 3500
Dallas, Texas 75201
Direct 214.953.4184
Fax 214.953.4050
andre.ayala@hilltopsecurities.com

**Jorge Delgado**
Assistant Vice President
1201 Elm Street, Suite 3500
Dallas, Texas 75270
Direct 214.859.1714
Fax 214.953.4050
jorge.delgado@hilltopsecurities.com

Combination Tax & Revenue Certificates of Obligation, Series 2020

**PRELIMINARY Plan of Finance**

City of San Juan, Texas

June 15, 2020

CITY OF SAN JUAN

# Table of Contents



CITY OF SAN JUAN, TEXAS

HilltopSecurities
A Hilltop Holdings Company.

# PRELIMINARY Plan of Finance

- The City of San Juan, Texas (the "City") intends to finance a portion of a Municipal Complex & Park Improvements with the issuance of Combination Tax & Revenue Certificates of Obligation, Series 2020 (the "Certificates")

- The Certificates would fund a total of **$5,000,000** in projects:
  - **$4,700,000** to finance the Municipal Complex (Supported by the City, Utility Department, EDC 4B Corporation, and Sanitation Department)
  - **$300,000** to finance Park improvements (Supported by the City only)

- The Municipal Complex would be utilized by various departments within the City and each department would partially support the financing of as follows

| Department | Repayment Source |
| --- | --- |
| City Administration | I&S Taxes (Debt Service Taxes) |
| Utility Department | Utility System Net Revenues |
| EDC (4B Corporation) | 4B Sales Taxes |
| Sanitation Department | Sanitation System Net Revenues |

- New debt capacity obtained through:

  - Growth in taxable assessed valuation in Tax Year 2020/Fiscal Year 2021. (Assumes preliminary taxable assessed valuation as provided by Hidalgo CAD) – **No tax rate impact**

  - Organic growth and adequate rates and charges for the Utility Fund – **No utility rates impact**

  - Organic growth and adequate rates and charges for the Sanitation Fund – **No sanitation rate impact**

  - Existing 4B Sales Tax Revenues as reported by the Texas Comptroller of Public Accounts as of June 2020

- The Certificates can be issued as Bank Qualified for lower interest rates (fixed interest rates)
  - City's total tax-exempt debt issuance of less than $10 million for calendar year 2020

- The Certificates would be rated by Standard & Poor's. The City's current outstanding GO debt rating by Standard & Poor's is "A"

- The Certificates would be sold through an open market competitive sale

CITY OF SAN JUAN

## City of San Juan, Texas

**Preliminary; For Purposes of Discussion Only**

### City Hall & Park Improvements Cost Allocation Analysis

| | |
|---|---|
| Total City Hall / Municipal Complex Project Cost | $7,600,000 |
| Less: Total Grant Funds | $1,900,000 |
| Less: 2018 Certificates of Obligation Remaining Proceeds | $1,000,000 |
| ***Remaining Total to Finance City Hall*** | ***$4,700,000*** |

| Department | % Utilization per Dept.[1] | % Utilization to Project Cost | Less: % Allocation to Total Grant Funds[2] | Less: 2018 Certificates Remaining Proceeds (City Only)[3] | Plus: Park Improvements (City Only)[4] | **Remaining Total to Finance City Hall & Park Improvements** |
|---|---|---|---|---|---|---|
| City Administration | *50.00%* | $3,800,000 | $950,000 | $1,000,000 | $300,000 | **$2,150,000** |
| Utility Department | *20.00%* | $1,520,000 | $380,000 | $0 | $0 | **$1,140,000** |
| EDC (4B Corporation) | *20.00%* | $1,520,000 | $380,000 | $0 | $0 | **$1,140,000** |
| Sanitation Department | *10.00%* | $760,000 | $190,000 | $0 | $0 | **$570,000** |
| **TOTAL** | ***100.00%*** | **$7,600,000** | **$1,900,000** | **$1,000,000** | **$300,000** | ***$5,000,000*** |

*Notes:*

(1) Percentage utilitization by department as provided by City Staff. Subject to Change.

(2) Assumes grant funds of $1,900,000 will be allocated on a pro rata basis per department.

(3) Assumes the 2018 Certificates of Obligation will be applied towards the City portion as the 2018 Certificates were issued for the City Hall Complex.

(4) The City intends to fund $300,000 for park improvements with the 2020 Certificates.

# Next Steps / Schedule of Events

# Next Steps / Schedule of Events

City of San Juan, Texas

CITY OF SAN JUAN

| Combination Tax & Revenue Certificates of Obligation, Series 2020 | |
|---|---|
| **Date** | **Event** |
| 6/15/2020 | ▪ Presentation of PRELIMINARY Plan of Finance to City Commission |
| 6/23/2020 | ▪ Presentation of FINAL Plan of Finance to City Commission<br>▪ **City Commission directs Staff and Consultants to implement the 2020 Plan of Finance**<br>▪ **City Commission approves a resolution authorizing the Notice of Intent to issue Certificates of Obligation, Series 2020**<br>▪ **City Commission considers and approves reimbursement resolution** |
| 8/25/2020 | ▪ Competitive pricing of the Certificates of Obligation, Series 2020<br>▪ **City Commission Approves an Ordinance authorizing the Issuance of the Certificates of Obligation, Series 2020** |
| *Before Closing - Attorney General Approves Sale* | |
| 9/22/2020 | ▪ Closing and delivery of funds to the City |

**Key Actions to be Taken by City Commission**

CITY OF SAN JUAN, TEXAS

# Appendix A

## Preliminary Cash Flows

# Preliminary Cash Flows (I&S Tax Portion)

City of San Juan, Texas

CITY OF SAN JUAN

| A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | I&S Tax Portion | | | |
| FYE 9/30 | Freeze Adjusted Taxable Assessed Valuation[1] | Est. Growth Factor[2] | I&S Tax Rate Target[3] | I&S Tax Collections at 95% | Plus: 22.41% of $860,937 Frozen Levy[4] | ***TOTAL I&S Tax Collections Budget*** | Less: Existing I&S Tax Supported Debt Service | Net Available for C/O's Series 2020 Debt Service | **$2,235,000 Combination Tax & Revenue Certificates of Obligation, Series 2020** ***All-in True Interest Cost = 2.27%***[5] **Principal** | **Interest** | **Total D/S** | ***New Estimated*** **I&S Tax Supported Debt Service** |
| 2020 | $ 1,002,624,028 | 7.37% | $ 0.1734 | $ 1,643,347 | $ 178,416 | ***$ 1,821,763*** | $ 1,735,926 | $ 85,837 | **$ -** | **$ -** | **$ -** | **$ 1,735,926** |
| 2021 | 1,126,895,387 | 12.39% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,803,632 | 236,313 | **100,000** | **33,713** | **133,713** | **1,937,345** |
| 2022 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,799,563 | 240,382 | **100,000** | **36,041** | **136,041** | **1,935,604** |
| 2023 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,799,488 | 240,457 | **100,000** | **35,206** | **135,206** | **1,934,694** |
| 2024 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,802,638 | 237,307 | **100,000** | **34,291** | **134,291** | **1,936,929** |
| 2025 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,642,750 | 397,195 | **100,000** | **33,276** | **133,276** | **1,776,026** |
| 2026 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,647,600 | 392,345 | **100,000** | **32,126** | **132,126** | **1,779,726** |
| 2027 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,638,500 | 401,445 | **105,000** | **30,781** | **135,781** | **1,774,281** |
| 2028 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,317,600 | 722,345 | **105,000** | **29,269** | **134,269** | **1,451,869** |
| 2029 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,321,300 | 718,645 | **105,000** | **27,658** | **132,658** | **1,453,958** |
| 2030 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,313,400 | 726,545 | **110,000** | **25,910** | **135,910** | **1,449,310** |
| 2031 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,147,300 | 892,645 | **110,000** | **24,023** | **134,023** | **1,281,323** |
| 2032 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 1,152,800 | 887,145 | **115,000** | **21,986** | **136,986** | **1,289,786** |
| 2033 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 784,100 | 1,255,845 | **115,000** | **19,789** | **134,789** | **918,889** |
| 2034 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 781,600 | 1,258,345 | **115,000** | **17,495** | **132,495** | **914,095** |
| 2035 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 778,100 | 1,261,845 | **120,000** | **15,092** | **135,092** | **913,192** |
| 2036 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 381,600 | 1,658,345 | **120,000** | **12,596** | **132,596** | **514,196** |
| 2037 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 382,300 | 1,657,645 | **125,000** | **9,992** | **134,992** | **517,292** |
| 2038 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | 255,000 | 1,784,945 | **125,000** | **7,279** | **132,279** | **387,279** |
| 2039 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | - | 2,039,945 | **130,000** | **4,474** | **134,474** | **134,474** |
| 2040 | 1,126,895,387 | 0.00% | 0.1734 | 1,847,034 | 192,911 | ***2,039,945*** | - | 2,039,945 | **135,000** | **1,519** | **136,519** | **136,519** |
| | | | | | | | $ 23,485,196 | | **$ 2,235,000** | **$ 452,513** | **$ 2,687,513** | **$ 26,172,709** |

*Notes:*

(1) Tax Year 2020 Freeze adjusted *Certified* taxable assessed valuation as reported by Hidalgo County Appraisal District.
Tax Year 2021 Freeze adjusted *Preliminary* taxable assessed valuation as reported by Hidalgo County Appraisal District.

(2) Actual growth for FY 2020 and FY 2021. Assumes 0% growth thereafter for purposes of illustration.

(3) FY 2020 I&S tax rate actual. FY 2021 assumes a 1 cent decrease in I&S Tax Rate.

(4) Percentage calculated using the target I&S tax rate divided by the target $0.6893 total tax rate times a 95.00% collection factor.
The Preliminary Tax Year 2021 Frozen Levy is as reported by Hidalgo County Appraisal District.

**(5) Assumes "A" Rated Insured Bank Qualified Interest Rates plus 0.25% as of 6/10/2020.** Subject to Change at Anytime.

**USES OF FUNDS**

| | |
|---|---|
| Project Fund Deposit | $ 2,150,000 |
| *Budgeted* Financing Costs* | 85,000 |
| **Total Par Amount** | **$ 2,235,000** |

# Preliminary Cash Flows (Utility Fund Portion)

City of San Juan, Texas



| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Utility Fund Portion | | | | |
| | | | | | $1,185,000 Combination Tax & Revenue Certificates of Obligation, Series 2020 | | | | |
| | | | | | All-in True Interest Cost = 2.27%[2] | | | | |
| FYE 9/30 | Required Utility Fund Net Revenues[1] | *Outstanding Senior Lien W&S Revenue D/S* | *Outstanding W&S Revenue Supp. GO D/S* | TOTAL Outstanding System D/S | *Principal* | *Interest* | *Total D/S* | NEW Estimated TOTAL W&S Revenue Debt Service | Surplus Cash Flow |
| 2020 | **$ 1,605,000** | $ 1,060,206 | $ 411,575 | $ 1,471,781 | **$ -** | **$ -** | **$ -** | $ 1,471,781 | $ 133,219 |
| 2021 | **1,605,000** | 1,058,226 | 519,729 | 1,577,955 | **-** | **20,242** | **20,242** | 1,598,197 | 6,804 |
| 2022 | **1,605,000** | 1,060,944 | 516,100 | 1,577,044 | **-** | **22,082** | **22,082** | 1,599,126 | 5,874 |
| 2023 | **1,605,000** | 1,012,679 | 566,138 | 1,578,816 | **-** | **22,082** | **22,082** | 1,600,898 | 4,102 |
| 2024 | **1,605,000** | 1,013,661 | 560,138 | 1,573,799 | **-** | **22,082** | **22,082** | 1,595,881 | 9,120 |
| 2025 | **1,605,000** | 998,828 | 579,025 | 1,577,853 | **-** | **22,082** | **22,082** | 1,599,935 | 5,065 |
| 2026 | **1,605,000** | 1,003,167 | 570,800 | 1,573,967 | **-** | **22,082** | **22,082** | 1,596,049 | 8,951 |
| 2027 | **1,605,000** | 1,001,446 | 580,200 | 1,581,646 | **-** | **22,082** | **22,082** | 1,603,728 | 1,272 |
| 2028 | **1,605,000** | 998,752 | 162,100 | 1,160,852 | **80,000** | **21,526** | **101,526** | 1,262,378 | 342,622 |
| 2029 | **1,605,000** | 1,000,068 | 162,000 | 1,162,068 | **85,000** | **20,341** | **105,341** | 1,267,409 | 337,591 |
| 2030 | **1,605,000** | 1,010,277 | 161,700 | 1,171,977 | **85,000** | **19,045** | **104,045** | 1,276,022 | 328,978 |
| 2031 | **1,605,000** | 1,004,423 | 161,200 | 1,165,623 | **85,000** | **17,672** | **102,672** | 1,268,295 | 336,706 |
| 2032 | **1,605,000** | 997,644 | 160,500 | 1,158,144 | **85,000** | **16,219** | **101,219** | 1,259,363 | 345,637 |
| 2033 | **1,605,000** | 999,909 | 164,500 | 1,164,409 | **90,000** | **14,634** | **104,634** | 1,269,043 | 335,958 |
| 2034 | **1,605,000** | 488,298 | 163,200 | 651,498 | **90,000** | **12,928** | **102,928** | 754,426 | 850,575 |
| 2035 | **1,605,000** | 488,200 | - | 488,200 | **95,000** | **11,129** | **106,129** | 594,329 | 1,010,672 |
| 2036 | **1,605,000** | 487,857 | - | 487,857 | **95,000** | **9,248** | **104,248** | 592,105 | 1,012,896 |
| 2037 | **1,605,000** | 482,298 | - | 482,298 | **95,000** | **7,324** | **102,324** | 584,621 | 1,020,379 |
| 2038 | **1,605,000** | 491,474 | - | 491,474 | **100,000** | **5,305** | **105,305** | 596,779 | 1,008,221 |
| 2039 | **1,605,000** | 490,371 | - | 490,371 | **100,000** | **3,205** | **103,205** | 593,576 | 1,011,425 |
| 2040 | **1,605,000** | 484,093 | - | 484,093 | **100,000** | **1,075** | **101,075** | 585,168 | 1,019,832 |
| 2041 | **1,605,000** | 492,557 | - | 492,557 | **-** | **-** | **-** | 492,557 | 1,112,443 |
| 2042 | **1,605,000** | 485,792 | - | 485,792 | **-** | **-** | **-** | 485,792 | 1,119,208 |
| 2043 | **1,605,000** | 488,861 | - | 488,861 | **-** | **-** | **-** | 488,861 | 1,116,140 |
| 2044 | **1,605,000** | 491,711 | - | 491,711 | **-** | **-** | **-** | 491,711 | 1,113,289 |
| 2045 | **1,605,000** | 484,448 | - | 484,448 | **-** | **-** | **-** | 484,448 | 1,120,552 |
| 2046 | **1,605,000** | 492,001 | - | 492,001 | **-** | **-** | **-** | 492,001 | 1,112,999 |
| 2047 | **1,605,000** | 489,335 | - | 489,335 | **-** | **-** | **-** | 489,335 | 1,115,665 |
| 2048 | **1,605,000** | 387,596 | - | 387,596 | **-** | **-** | **-** | 387,596 | 1,217,404 |
| 2049 | **1,605,000** | 332,360 | - | 332,360 | **-** | **-** | **-** | 332,360 | 1,272,641 |
| | | $ 21,777,480 | $ 5,438,904 | $ 27,216,384 | **$ 1,185,000** | **$ 312,382** | **$ 1,497,382** | $ 28,713,766 | |

*Notes:*

(1) Assumes net revenues required to cash flow City Hall portion of the Utility Fund. For purposes of illustration only. The City's historical previous five year audited average has been $1,639,825.

**(2) Assumes "A" Rated Insured Bank Qualified Interest Rates plus 0.25% as of 6/10/2020.**
**Subject to Change at Anytime.**

**USES OF FUNDS**

| | |
|---|---|
| Project Fund Deposit | $ 1,140,000 |
| *Budgeted* Financing Costs* | 45,000 |
| **Total Par Amount** | **$ 1,185,000** |

*Includes UW Discount and Bond Insurance*

# Preliminary Cash Flows (EDC 4B Sales Tax Portion)

City of San Juan, Texas

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 4B Sales Tax Portion | | | | |
| Fiscal Year Ending 30-Sep | **Last 12-months' Sales Tax Revenues[1]** | Outstanding 4B Sales Tax Revenue Debt Service | Outstanding 4B Sales Tax GO Supported Debt Service | TOTAL 4B Sales Tax Revenue & GO Supported Debt Service | **$0 Combination Tax & Revenue Certificates of Obligation, Series 2020 — All-in True Interest Cost = 2.27%[2]** *Principal* | *Interest* | *Total D/S* | Projected 4B Sales Tax Supported Debt Service | Projected Surplus Cash Flow |
| 2020 | **$ 1,093,489** | $ 105,156 | $ 146,350 | $ 251,506 | **$ -** | **$ -** | **$ -** | $ 251,506 | $ 841,983 |
| 2021 | **1,093,489** | 102,538 | 148,575 | 251,113 | **55,000** | **16,762** | **71,762** | 322,875 | 770,614 |
| 2022 | **1,093,489** | 104,827 | 145,725 | 250,552 | **50,000** | **17,951** | **67,951** | 318,503 | 774,987 |
| 2023 | **1,093,489** | 102,022 | 147,800 | 249,822 | **55,000** | **17,564** | **72,564** | 322,386 | 771,104 |
| 2024 | **1,093,489** | 104,123 | 144,800 | 248,923 | **55,000** | **17,116** | **72,116** | 321,039 | 772,450 |
| 2025 | **1,093,489** | 106,038 | 146,725 | 252,763 | **55,000** | **16,613** | **71,613** | 324,375 | 769,114 |
| 2026 | **1,093,489** | 83,233 | 167,875 | 251,108 | **55,000** | **16,035** | **71,035** | 322,143 | 771,347 |
| 2027 | **1,093,489** | 85,708 | 167,900 | 253,608 | **55,000** | **15,370** | **70,370** | 323,978 | 769,512 |
| 2028 | **1,093,489** | 83,090 | 167,400 | 250,490 | **55,000** | **14,633** | **69,633** | 320,123 | 773,367 |
| 2029 | **1,093,489** | 85,379 | 166,700 | 252,079 | **55,000** | **13,844** | **68,844** | 320,922 | 772,567 |
| 2030 | **1,093,489** | 87,480 | 165,800 | 253,280 | **55,000** | **13,005** | **68,005** | 321,285 | 772,205 |
| 2031 | **1,093,489** | 84,488 | 164,700 | 249,188 | **60,000** | **12,075** | **72,075** | 321,263 | 772,226 |
| 2032 | **1,093,489** | 81,496 | 168,300 | 249,796 | **60,000** | **11,049** | **71,049** | 320,845 | 772,644 |
| 2033 | **1,093,489** | - | - | - | **60,000** | **9,963** | **69,963** | 69,963 | 1,023,526 |
| 2034 | **1,093,489** | - | - | - | **60,000** | **8,826** | **68,826** | 68,826 | 1,024,663 |
| 2035 | **1,093,489** | - | - | - | **65,000** | **7,610** | **72,610** | 72,610 | 1,020,879 |
| 2036 | **1,093,489** | - | - | - | **65,000** | **6,323** | **71,323** | 71,323 | 1,022,166 |
| 2037 | **1,093,489** | - | - | - | **65,000** | **5,007** | **70,007** | 70,007 | 1,023,483 |
| 2038 | **1,093,489** | - | - | - | **65,000** | **3,661** | **68,661** | 68,661 | 1,024,828 |
| 2039 | **1,093,489** | - | - | - | **70,000** | **2,244** | **72,244** | 72,244 | 1,021,246 |
| 2040 | **1,093,489** | - | - | - | **70,000** | **753** | **70,753** | 70,753 | 1,022,737 |
| | | $ 1,215,576 | $ 2,048,650 | $ 3,264,226 | **$1,185,000** | **$ 226,402** | **$1,411,402** | $4,675,628 | |

*Notes:*

(1) Sales Tax Revenues as reported by the Texas Comptroller of Public Accounts as of June 2020.

**(2) Assumes "A" Rated Insured Bank Qualified Interest Rates plus 0.25% as of 6/10/2020.**

**Subject to Change at Anytime.**

**USES OF FUNDS**

| | |
|---|---|
| Project Fund Deposit | $1,140,000 |
| *Budgeted* Financing Costs* | 45,000 |
| **Total Par Amount** | **$1,185,000** |

**Includes UW Discount and Bond Insurance*

# Preliminary Cash Flows (Sanitation Fund Portion)

City of San Juan, Texas

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Sanitation Fund Portion | | | | |
| | | Less: 7% Sanitation Franchise Fee | TOTAL Revenue | Existing Sanitation Fund | $590,000 Combination Tax & Revenue Certificates of Obligation, Series 2020 | | | NEW Estimated Sanitation Fund | |
| FYE | Net | on Sanitation | Available for | Supported | All-in True Interest Cost = 2.27%[3] | | | Supported | Surplus |
| 9/30 | Revenues[1] | Fund[2] | D/S | D/S | Principal | Interest | Total D/S | Debt Service | Cash Flow |
| 2020 | $ 539,885 | $ 229,638 | $ 310,247 | $ 111,600 | $ - | $ - | $ - | $ 111,600 | $ 198,647 |
| 2021 | 539,885 | 229,638 | 310,247 | 114,100 | 25,000 | 8,424 | 33,424 | 147,524 | 162,722 |
| 2022 | 539,885 | 229,638 | 310,247 | 111,500 | 25,000 | 9,030 | 34,030 | 145,530 | 164,717 |
| 2023 | 539,885 | 229,638 | 310,247 | 113,300 | 25,000 | 8,846 | 33,846 | 147,146 | 163,101 |
| 2024 | 539,885 | 229,638 | 310,247 | 109,500 | 25,000 | 8,643 | 33,643 | 143,143 | 167,104 |
| 2025 | 539,885 | 229,638 | 310,247 | 110,600 | 25,000 | 8,414 | 33,414 | 144,014 | 166,233 |
| 2026 | 539,885 | 229,638 | 310,247 | 111,500 | 25,000 | 8,151 | 33,151 | 144,651 | 165,596 |
| 2027 | 539,885 | 229,638 | 310,247 | 112,200 | 30,000 | 7,817 | 37,817 | 150,017 | 160,230 |
| 2028 | 539,885 | 229,638 | 310,247 | - | 30,000 | 7,415 | 37,415 | 37,415 | 272,832 |
| 2029 | 539,885 | 229,638 | 310,247 | - | 30,000 | 6,984 | 36,984 | 36,984 | 273,263 |
| 2030 | 539,885 | 229,638 | 310,247 | - | 30,000 | 6,527 | 36,527 | 36,527 | 273,720 |
| 2031 | 539,885 | 229,638 | 310,247 | - | 30,000 | 6,042 | 36,042 | 36,042 | 274,205 |
| 2032 | 539,885 | 229,638 | 310,247 | - | 30,000 | 5,529 | 35,529 | 35,529 | 274,718 |
| 2033 | 539,885 | 229,638 | 310,247 | - | 30,000 | 4,986 | 34,986 | 34,986 | 275,261 |
| 2034 | 539,885 | 229,638 | 310,247 | - | 30,000 | 4,418 | 34,418 | 34,418 | 275,829 |
| 2035 | 539,885 | 229,638 | 310,247 | - | 30,000 | 3,834 | 33,834 | 33,834 | 276,413 |
| 2036 | 539,885 | 229,638 | 310,247 | - | 30,000 | 3,240 | 33,240 | 33,240 | 277,007 |
| 2037 | 539,885 | 229,638 | 310,247 | - | 35,000 | 2,581 | 37,581 | 37,581 | 272,666 |
| 2038 | 539,885 | 229,638 | 310,247 | - | 35,000 | 1,857 | 36,857 | 36,857 | 273,390 |
| 2039 | 539,885 | 229,638 | 310,247 | - | 35,000 | 1,122 | 36,122 | 36,122 | 274,125 |
| 2040 | 539,885 | 229,638 | 310,247 | - | 35,000 | 376 | 35,376 | 35,376 | 274,871 |
| | | | $ 6,515,182 | $ 894,300 | $ 590,000 | $ 114,234 | $ 704,234 | $ 1,598,534 | |

*Notes:*

(1) Audited as of Fiscal Year 2019. Excludes depreciation expense and capital outlay.

(2) Represents franchise fee of 7% of the gross revenues of the City's Sanitation Fund.
The City imposed such franchise fee on September 13, 2016.

**(3) Assumes "A" Rated Insured Bank Qualified Interest Rates plus 0.25% as of 6/10/2020.**
**Subject to Change at Anytime.**

**USES OF FUNDS**

| | |
|---|---|
| Project Fund Deposit | $ 570,000 |
| *Budgeted* Financing Costs* | 20,000 |
| **Total Par Amount** | **$ 590,000** |

**Includes UW Discount and Bond Insurance*

# Appendix B
## Municipal Market Update

# Market Commentary

City of San Juan, Texas

## Market Observations

**Primary Market:**

- Visible supply is approximately $15.685 billion
- The largest deal of the week is $800 million University of Michigan Regents, General Revenue Bonds

**Secondary Market:**

- Municipal Bond Funds reported $1.206 billion in net inflows last week, compared with $1.092 million of inflows the prior week
- Weekly trade volume of $60.5 billion represents a increase of $17.925 billion from the previous week's $42.626 billion

**General Market Overview:**

- Phase one of 're-opening" New York City starts Monday, but officials haves stated it will not be a quick return to normal
- Protests over racial injustice continue around the country; 100,000+ crowd marched in Washington on Saturday
- May employment report was far stronger than the consensus estimate with survey of -7,500 and actual number +2,509
- Stocks continue to rally and are approaching pre corona virus level
- Economic data: Initial Jobless Claims, FOMC Rate Decision, CPI, Mortgage Applications, PPI, Wholesale Inventories

## Statistics

| | 6/5/2020 | 5/29/2020 | Change | |
|---|---|---|---|---|
| 5Y MMD | 0.38 | 0.38 | - | ▪ |
| 10Y MMD | 0.89 | 0.84 | 0.05 | ▲ |
| 15Y MMD | 1.28 | 1.23 | 0.05 | ▲ |
| 20Y MMD | 1.49 | 1.44 | 0.05 | ▲ |
| 30Y MMD | 1.70 | 1.65 | 0.05 | ▲ |
| MMD 2/30 Yield Curve Steepness | 151 | 149 | 2 | ▲ |
| Bond Buyer 11 GO Bond Index | 1.69 | 1.69 | - | ▪ |
| Bond Buyer 20 GO Bond Index | 2.16 | 2.16 | - | ▪ |
| Bond Buyer Revenue Bond Index | 2.58 | 2.58 | - | ▪ |
| 1Y UST | 0.18 | 0.17 | 0.01 | ▲ |
| 5Y UST | 0.47 | 0.30 | 0.17 | ▲ |
| 7Y UST | 0.71 | 0.50 | 0.21 | ▲ |
| 10Y UST | 0.91 | 0.65 | 0.26 | ▲ |
| 30Y UST | 1.68 | 1.41 | 0.27 | ▲ |
| UST 2/30 Yield Curve Steepness | 146 | 125 | 21 | ▲ |
| 10Y MMD/UST Ratio | 98 | 129 | (31.4) | ▼ |
| 30Y MMD/UST Ratio | 101 | 117 | (15.8) | ▼ |
| SIFMA | 0.11 | 0.14 | (0.03) | ▼ |
| 1M LIBOR | 0.18 | 0.18 | (0.00) | ▼ |
| 30-Day Negotiated Visible Supply | 11,864.2 | 9,576.1 | 2,288.1 | ▲ |
| 30-Day Competitive Visible Supply | 3,217.3 | 2,792.4 | 424.9 | ▲ |
| Lipper Muni Bond Fund Flows | 1,206 | 1,092 | 114 | ▲ |

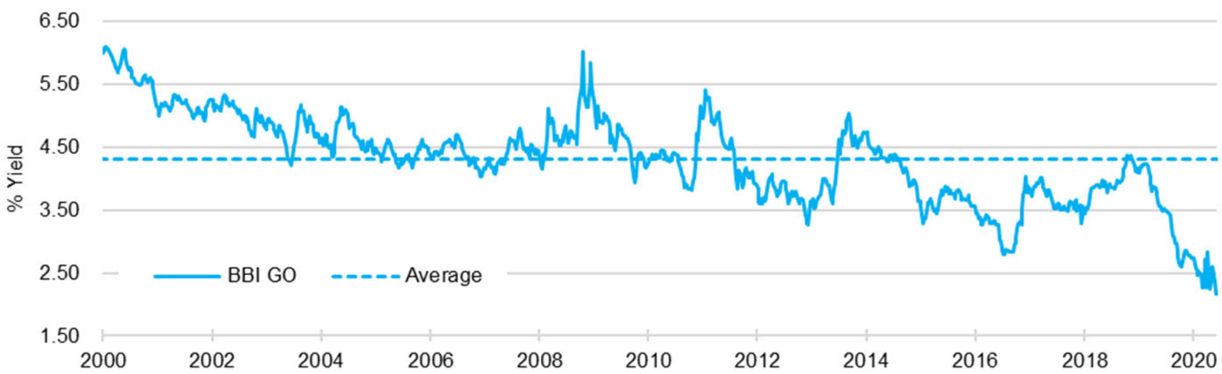
CITY OF SAN JUAN, TEXAS

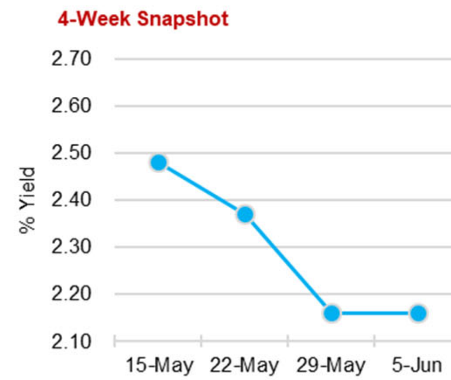
Source: Ipreo, TM3 Refinitiv, Bloomberg, BBC, Wall Street Journal, New York Times, AXIOS

# Tax-Exempt Market Overview | The Bond Buyer

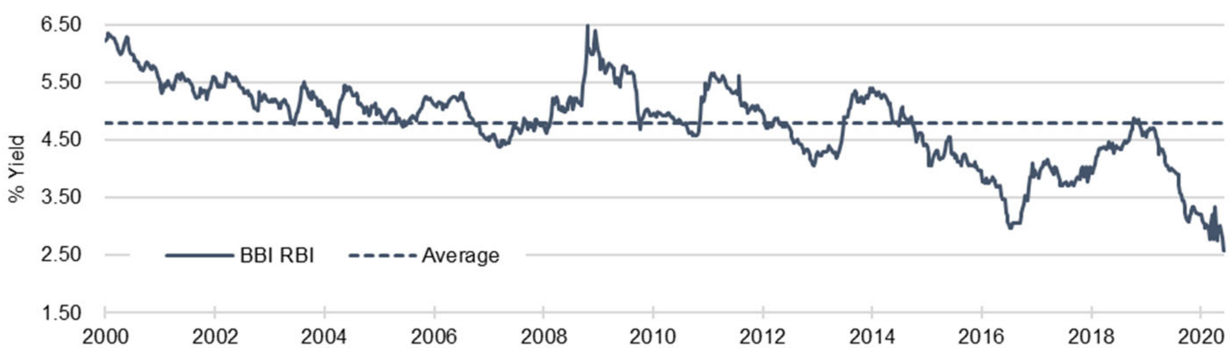
City of San Juan, Texas

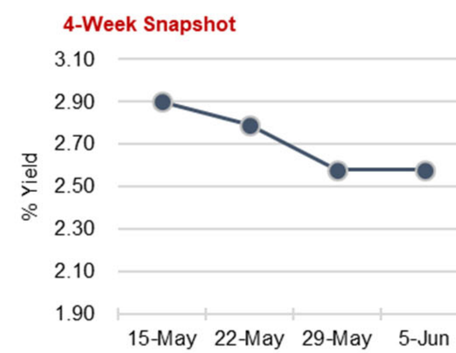
**The Bond Buyer 20-Bond General Obligation Index**




**The Bond Buyer Revenue Bond Index**



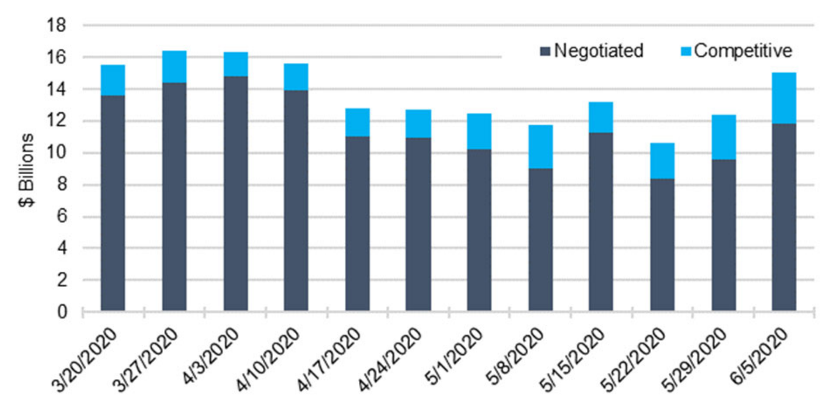




Source: The Bond Buyer

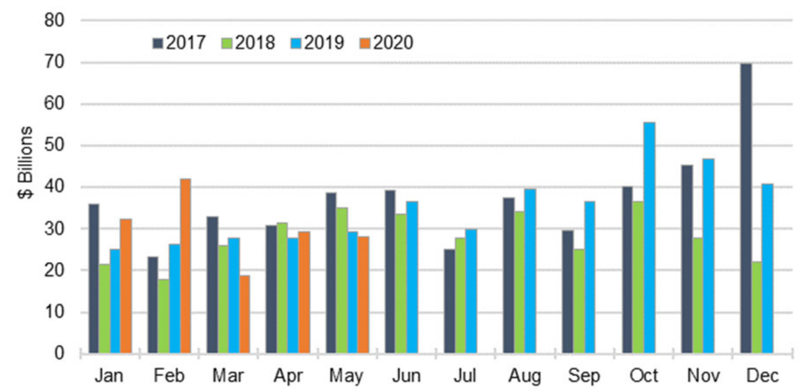
# Municipal Issuance Statistics | Supply and Demand

City of San Juan, Texas

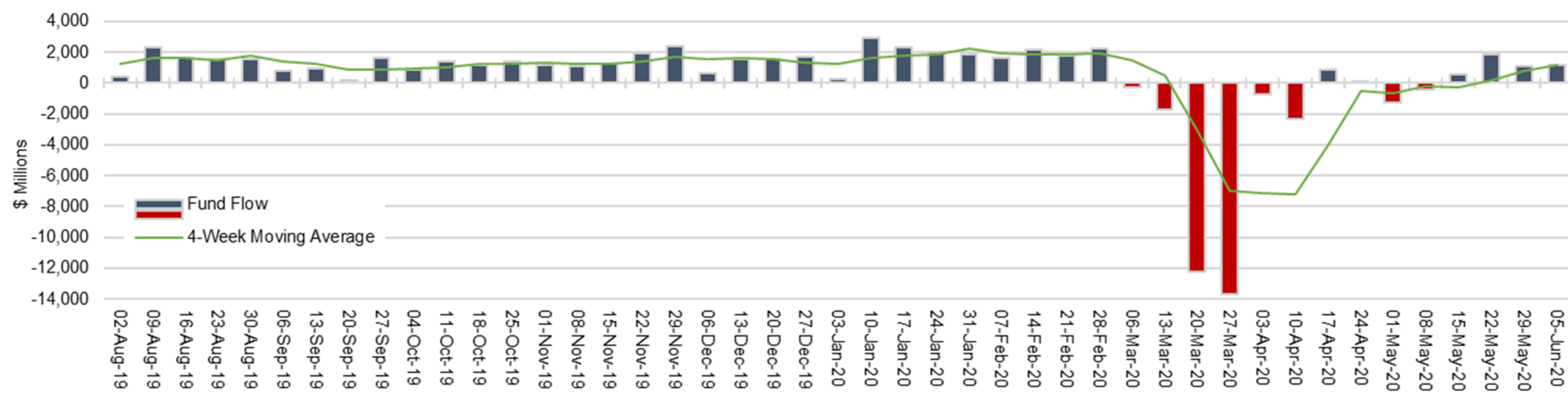
## Visible Supply




## Monthly Bond Issuance




## Municipal Bond Fund Flows




Source: The Bond Buyer, Bloomberg and Lipper

CITY OF SAN JUAN, TEXAS

HilltopSecurities
A Hilltop Holdings Company.