



## Contacts

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# Overview of League City Debt Profile

## Debt for Cities in Texas

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- ✓ Must Have Specific Authorization
  - Texas Constitution Gives Authority
  - State Statutes Give Types of Obligations
- ✓ Valid and legal debt obligations are one of the few ways that the current City Council can commit future City Councils.
- ✓ Texas Attorney General approve all debt issues for compliance with Texas Laws.

# Types of Debt Obligations

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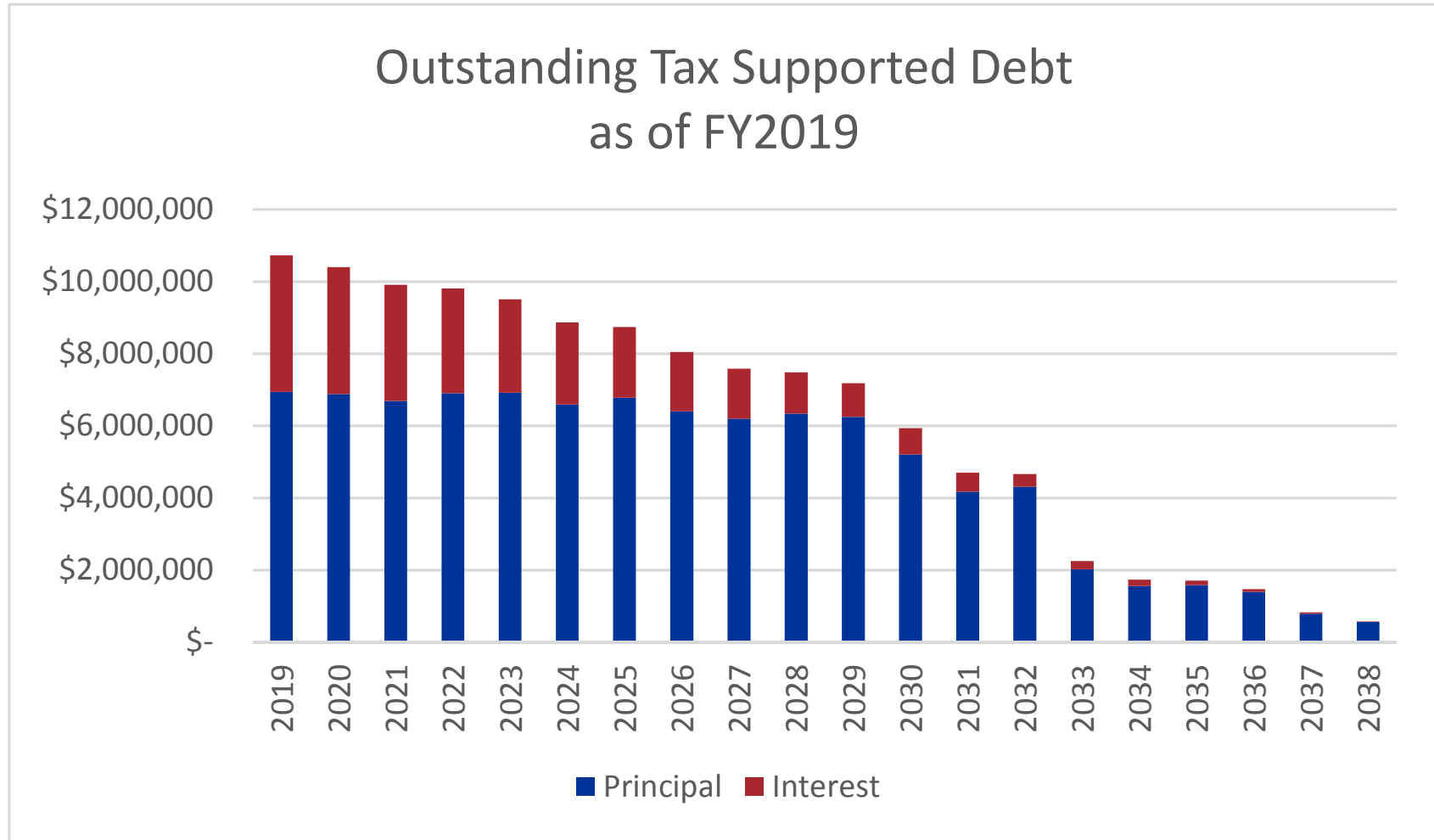
- ✓ General Obligation Bonds
  - Wide range of uses – Public Purpose
  - Voted
  - Ad Valorem Taxes
- ✓ Certificates of Obligation
  - Wide range of uses – Public Purpose
  - Subject to Petition
  - Ad Valorem Taxes and/or User Revenues
- ✓ Contractual Obligations
  - Only for acquisition of personal property (equipment)
  - Non Voted
  - Ad Valorem Taxes – Maintenance Tax

# Types of Debt Obligations

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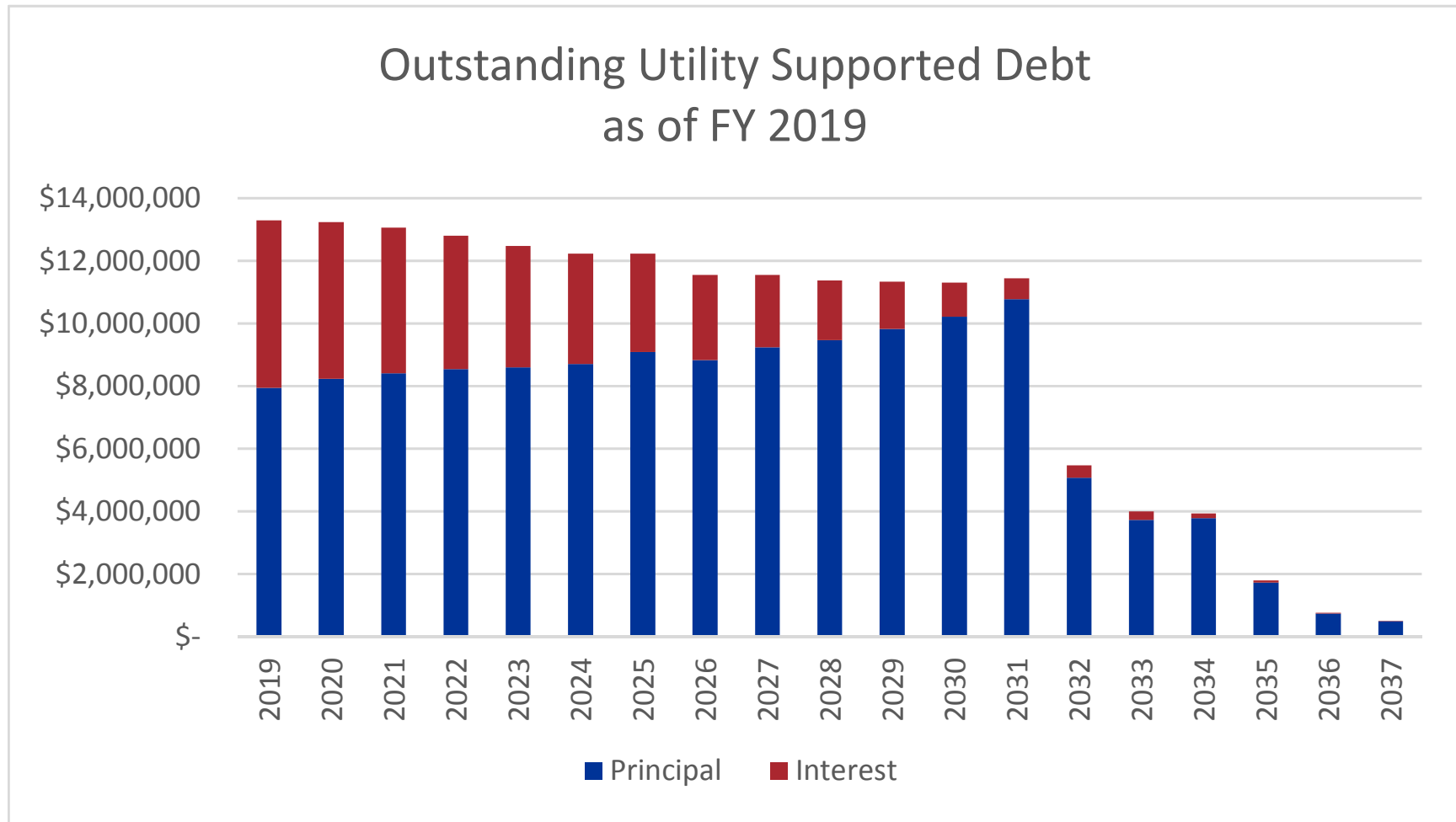
- ✓ Tax Notes / Revenue Notes
  - Wide range of uses – Public Purpose
  - Non Voted, Limited to seven year term
  - Ad Valorem Taxes and/or User Revenues
  
- ✓ Revenue Bonds
  - Usually for Utility System improvement or extension
  - Non Voted
  - User Fees – Net Revenues from Operations
  
- ✓ Contract Revenue Bonds
  - Example – Gulf Coast Water Authority
  - Non Voted
  - User Fees – Net Revenues from Operations - Maintenance Taxes

# League City's Debt Profile – Debt Paid From Ad Valorem Taxes



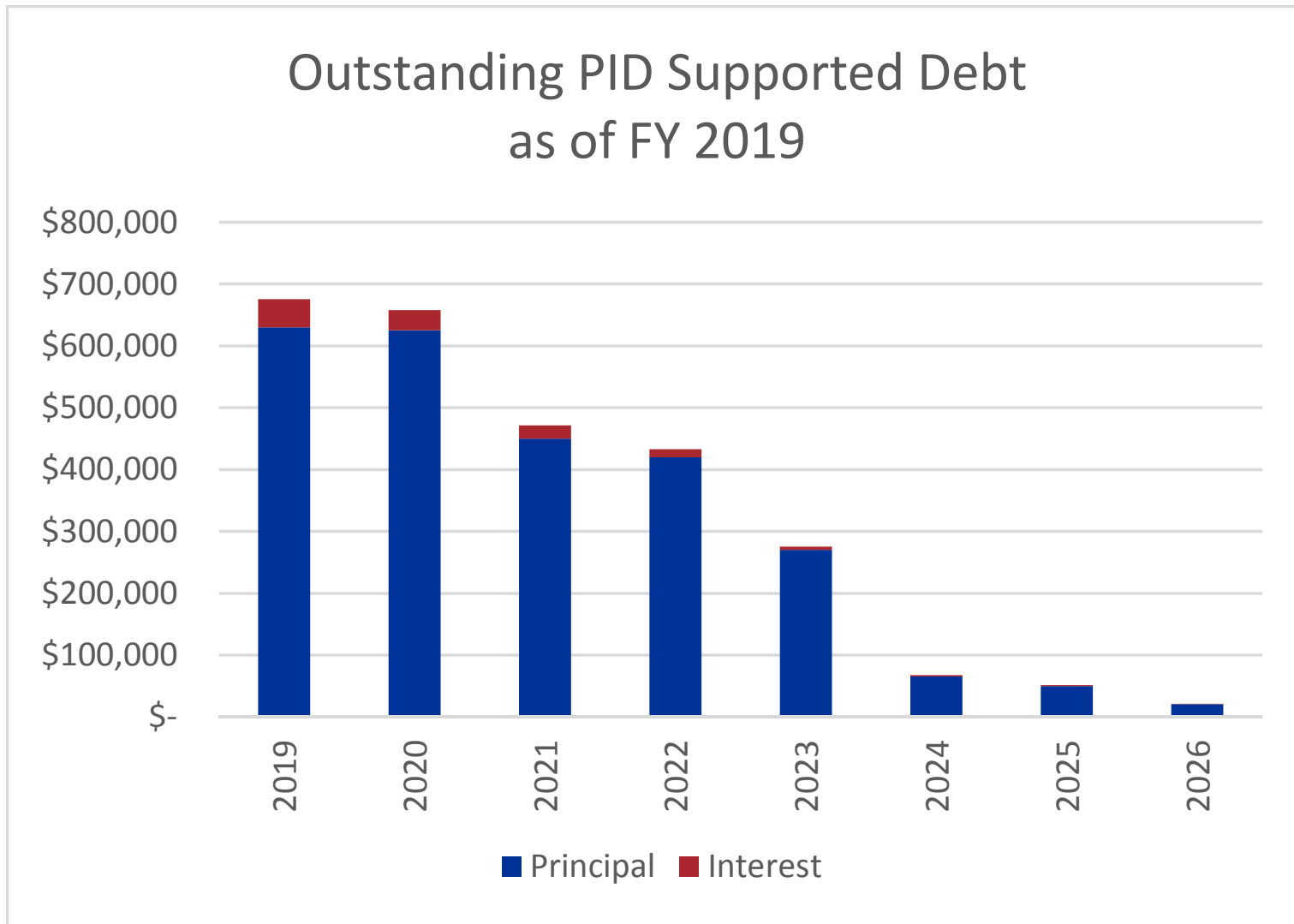
This does not include any of the pending voted bonds to be issued.

# League City's Debt Profile – Debt Paid From Utility Revenue

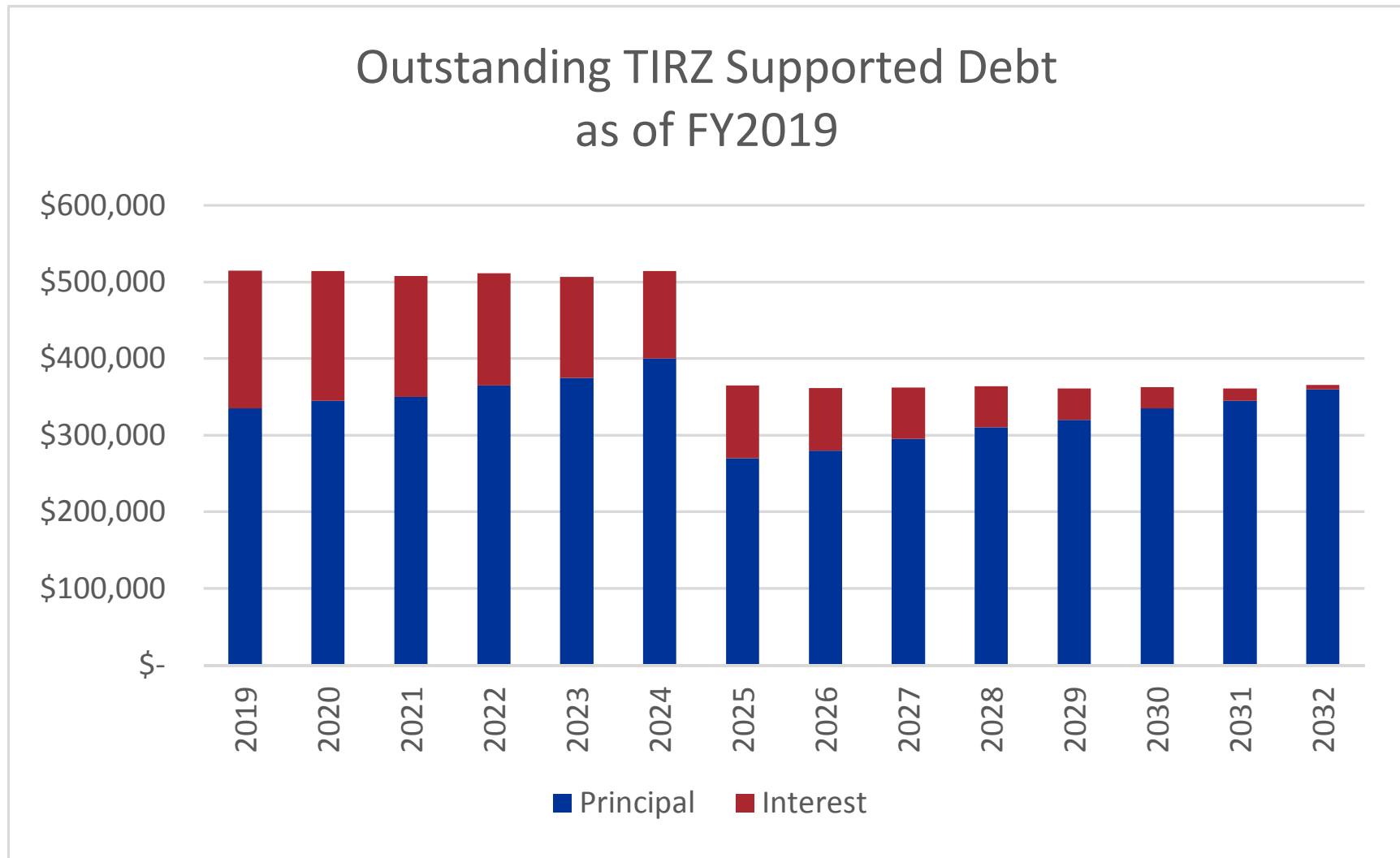


This does not include any of the planned CIP issuance for utility projects.

# League City's Debt Profile – Debt Paid From PID Revenue

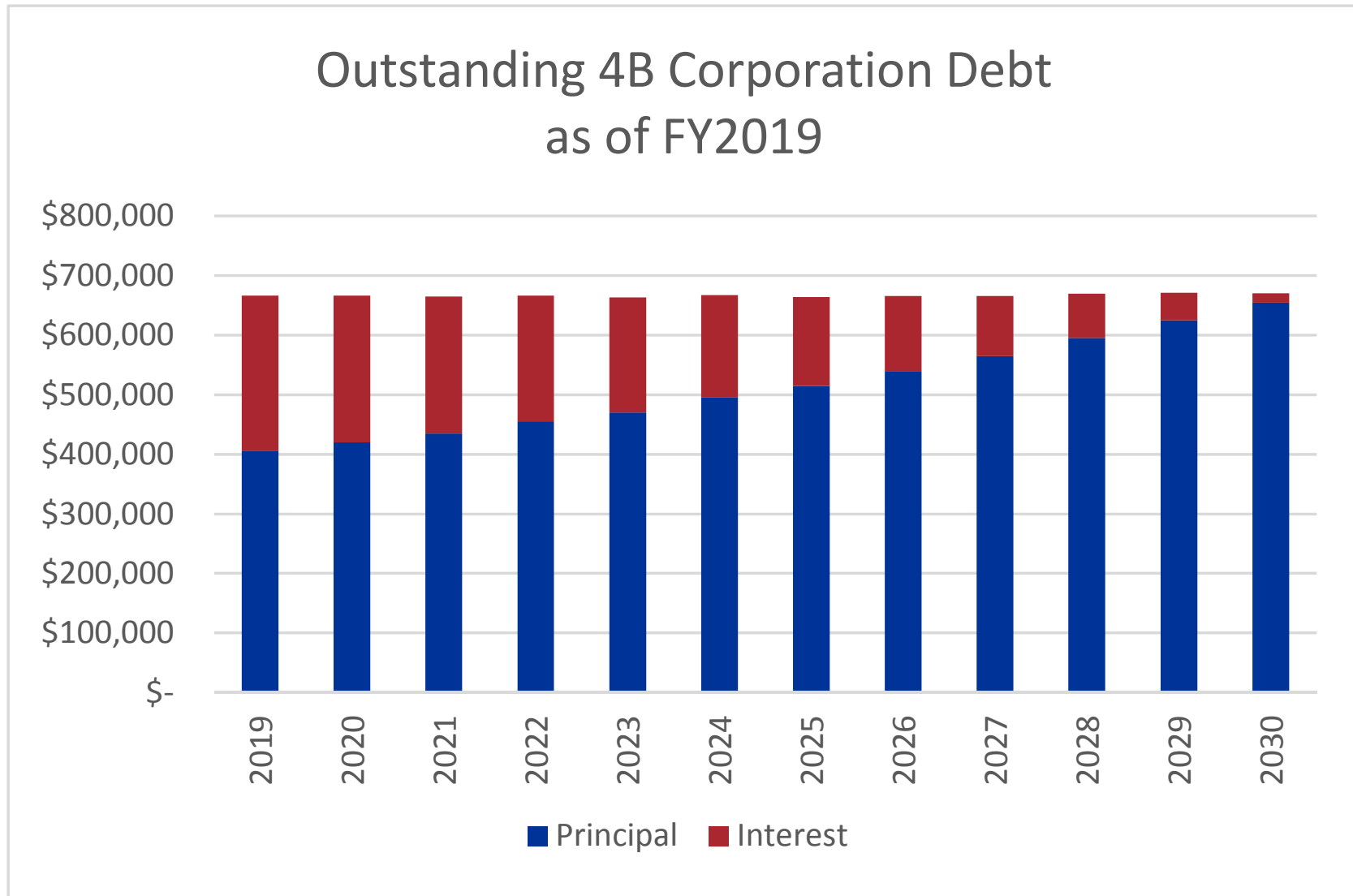


# League City's Debt Profile – Debt Paid From TIRZ Revenue





# League City's Debt Profile – Debt Paid From Sales Tax Revenue



# Rating Considerations

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- ✓ Debt is a major category in rating scorecards
  - Moody's: 10%, 20% when factoring in Pension and Other Post Employment Benefits
  - Standard and Poor's: 10%
- ✓ Structure – Individual and Aggregate
- ✓ Term – Average Life: Individual and Aggregate
- ✓ Metrics (Examples)

Debt to Assessed Valuation	Rate of Pay Down	Net Direct Debt
Debt Per Capita	Wealth and Income	Net Direct and Overlapping Debt

# Issuance Considerations

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- ✓ Project Timing
  - Will Certify expectation to spend proceeds within 3 years of issuance
  - Size of Issue Driven by Contract Size
  - Need to Have All Funds Available at Contract Award – City Attorney
- ✓ Planning and Design – Construction
- ✓ Structure – Try to Maintain a Downward Slope on Aggregate Debt. This may be challenging given the amount of debt that may be issued in the next five years.
- ✓ Term – Consider Useful Life, Future Resident Vs. Current
- ✓ Reimbursement Resolutions – Preserve ability to repay yourself for upfront contributions
- ✓ Continue Cash Funding