

City Debt Profile Overview Presentation | February 27, 2024

City of Corpus Christi, Texas



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FINANCIAL ADVISORY SERVICES

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Common Debt Financing Tools

Texas Cities have *four* primary and most common debt issuance options that include:

Type:	General Obligation Bonds	Certificates of Obligation ⁽¹⁾	Tax Notes	Revenue Bonds
Purpose:	General Purpose	General Purpose	General Purpose	Enterprise System
Voter Authorization:	Yes ⁽¹⁾	No ⁽²⁾	No	No
Amortization Requirements	Not to exceed 40 years	Not to exceed 40 years	Not to exceed 7 years from date of issuance	Not to exceed 40 years
Source of Payment:	I&S Taxes ⁽³⁾	I&S Taxes ⁽³⁾ and/or revenues	I&S Taxes ⁽³⁾	Revenues
Interest Rate:	Strongest Credit; Lowest Interest Rates	Similar to General Obligation Bonds	Similar to General Obligation Bonds	Higher than General Obligation Bonds

⁽¹⁾ If a bond election failed, Certificates of Obligation may not be issued for that purpose within 3 years of the election.

⁽²⁾ Publication of notice required; petition during notice period could require an election.

⁽³⁾ I&S Tax Rate is not subject to rollback.

City's Bond Ratings

Rating Agency Analyses

Economy

Financial Performance

Management

Debt Position

	S&P Global Ratings	MOODY'S	Fitch Ratings
Highest Possible Rating	AAA	Aaa	AAA
High Grade / High Quality	AA+	Aa1	AA+
	AA	Aa2	AA
Upper Medium Grade	AA-	Aa3	AA-
	A+	A1	A+
	A	A2	A
Lower Medium Grade	A-	A3	A-
	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
Speculative Grade	BBB-	Baa3	BBB-
	BB+	Ba1	BB+
	BB	Ba2	BB
	BB-	Ba3	BB-
	B+	B1	B+
	B	B2	B
Highly Speculative Grade	B-	B3	B-
	CCC (+,-), CC or C	Caa1, Caa2 or Caa3	CCC (+,-), CC or C
In Default	D	Ca	D



- Current Corpus Christi General Obligation Bond rating
- Current Corpus Christi Utility System Bond rating
- Minimum Investment Grade

Rating Agency Reflections on the City (June 2023)

- Continued economic growth expected

- Very strong financial policies and practices
 - Conservative budgeting
 - Capital planning
 - Strong institutional framework

- Consistently positive operating results

- Strong management team

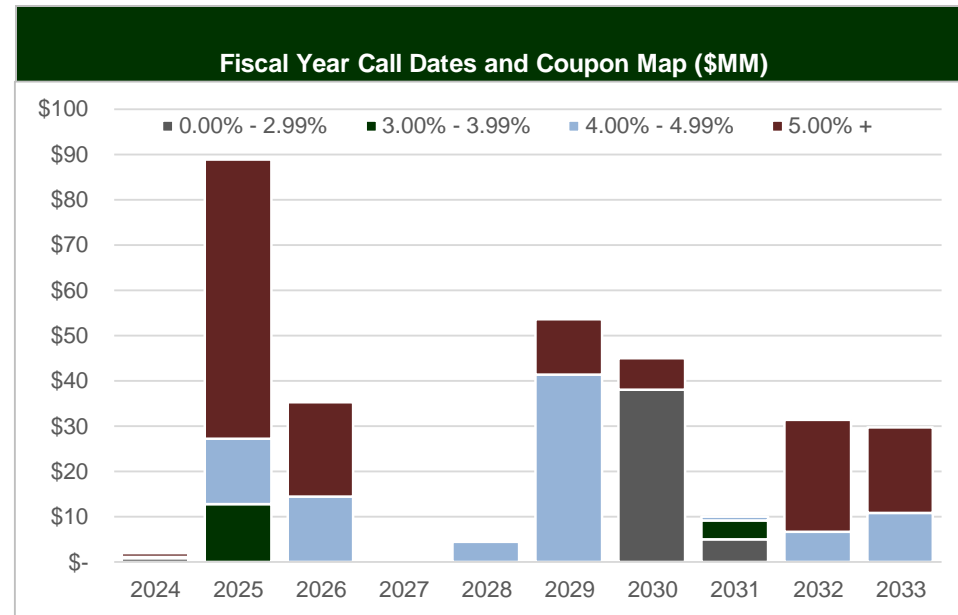
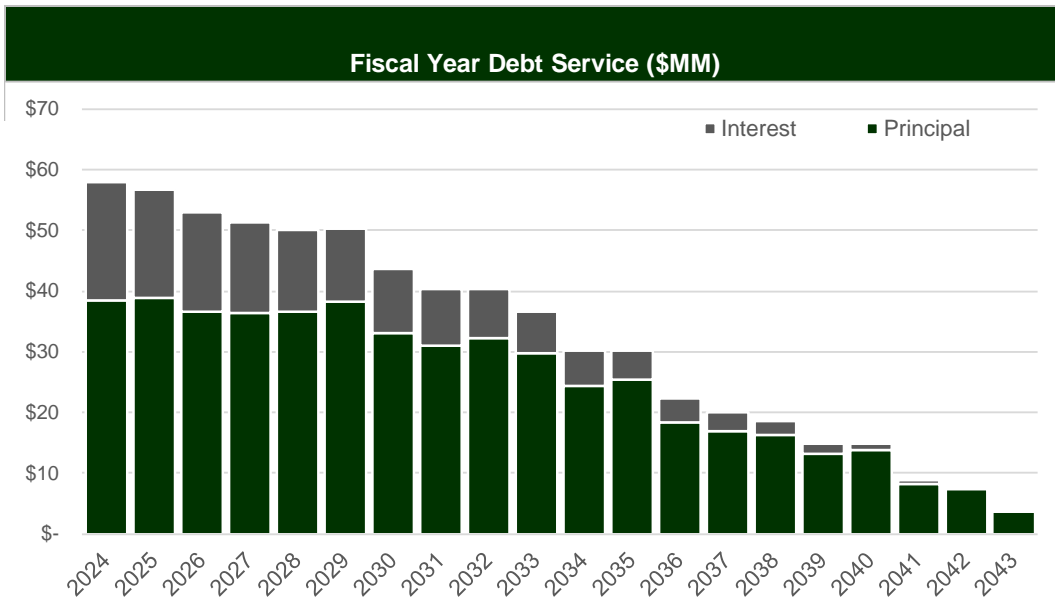
Current Outstanding Debt Summary

Security Mechanism	Principal Outstanding (as of 2/1/24)
Property Taxes (General Obligation) *	\$498,900,000
Utility System	976,219,000
Marina	<u>1,360,000</u>
Total	\$1,476,479,000

(Includes self-supporting debt of \$83,736,464.50 from Solid Waste and Airport*

Property Tax-Supported (GO) Debt Profile

Property Tax-Supported	Principal Outstanding (as of 2/1/24)	Percent of Total
General Improvement Bonds	\$402,510,000	80.68%
Certificates of Obligation	89,855,000	18.01%
Tax Notes	3,315,000	0.66%
Public Property Contractual Obligations	<u>3,220,000</u>	<u>0.65%</u>
Total	\$498,900,000	100.00%



Principal Amortization

Percent of Principal Retired w/in 5 years	37.54%	\$ 187,270,000
Percent of Principal Retired w/in 10 years	70.47%	351,565,000
Percent of Principal Retired w/in 15 years	90.76%	452,785,000
Percent of Principal Retired w/in 20 years	100.00%	498,900,000

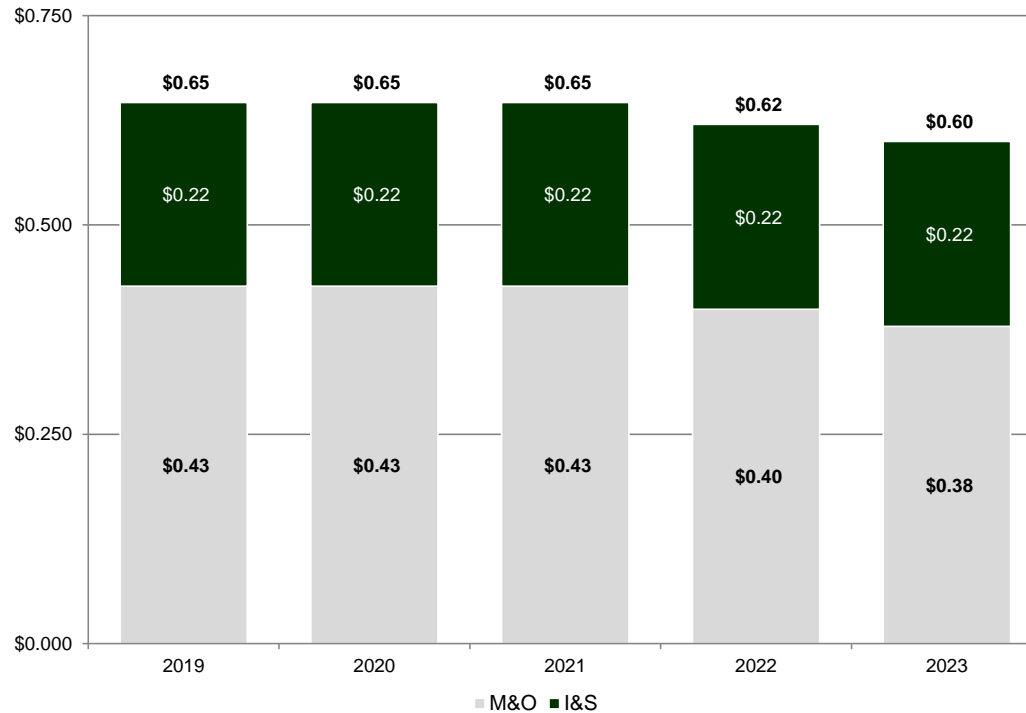
Current Bond Ratings as of 2/1/24

S&P Global Ratings	AA	stable outlook	6/9/23
Moody's Investors Service	Aa2	stable outlook	6/12/23
Fitch Ratings	AA	stable outlook	6/9/23

Property Tax Rate

Current Rate	Amount
Maintenance & Operations (M&O) Tax Rate	\$0.3788
Debt Service (I&S) Tax Rate	<u>\$0.2209</u>
Total Tax Rate	\$0.5998

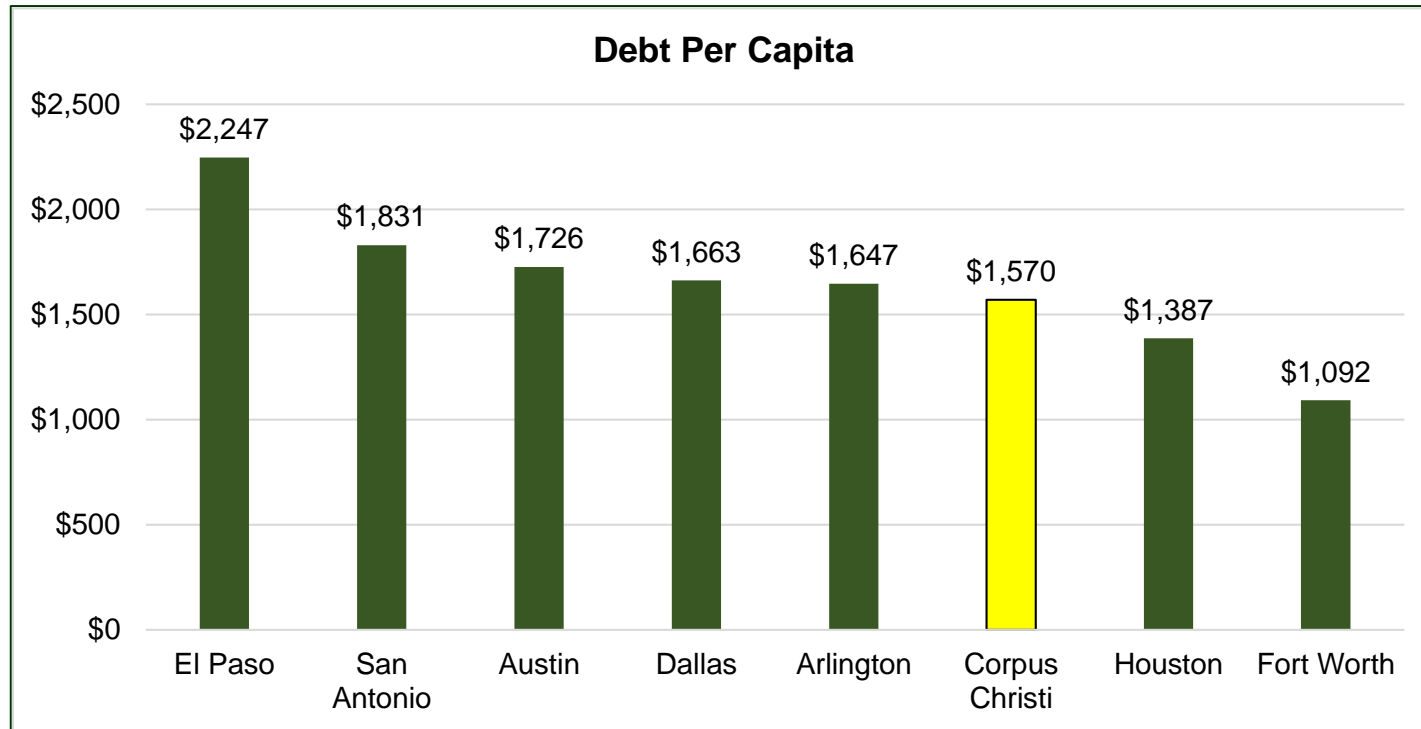
Tax Rates for Tax Years 2019 - 2023



Comparison of Top 8 Texas Cities by Population

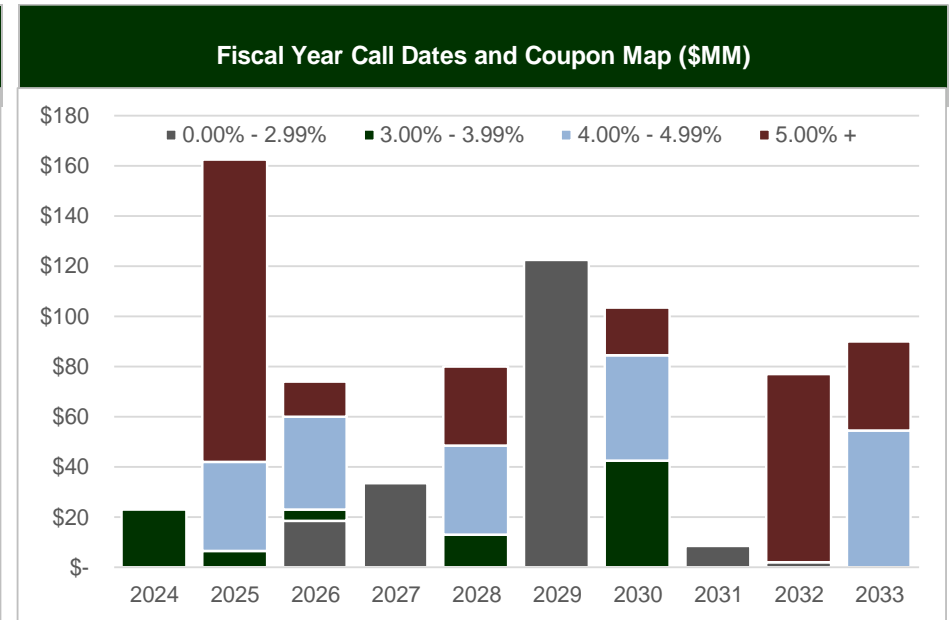
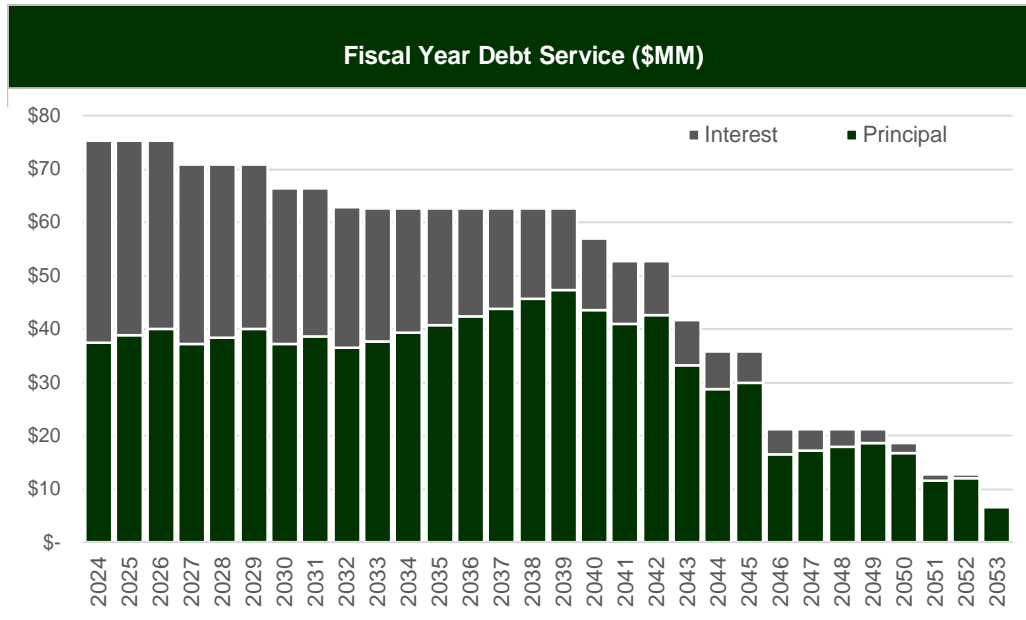
Rank by Population	City	Population	Property Valuation	Debt Secured by Property Taxes	Outstanding Non-Voted Debt			Percentage of CO vs All Tax-Supported Debt	GO Bond Ratings
					COs Amount	PPFCO's Amount	Tax Notes Amount		
1	Houston	2,302,878	\$323,567,906,850	\$3,193,425,000	\$2,595,000			0.08%	AA/Aa3/AA
2	San Antonio	1,466,837	155,482,617,857	2,685,210,000	614,655,000	4,635,000	399,295,000	22.89%	AAA/Aaa/AA+
3	Dallas	1,299,544	198,272,090,573	2,160,855,416	324,230,000	181,645,000		15.00%	AA-/A1/AA/AA+
4	Austin	980,624	234,256,551,594	1,692,775,000	329,945,000	70,625,000		19.49%	AAA/Aa1/AA+
5	Fort Worth	956,709	102,129,922,986	1,044,895,000	137,535,000		192,463,590	13.16%	AA/Aa3/AA/AA+
6	El Paso	678,415	49,036,815,933	1,524,185,000	531,065,000		530,000	34.84%	AA/AA/AA+
7	Arlington	394,602	41,360,692,669	649,845,000	44,430,000			6.84%	AAA/Aa1/AAA
8	Corpus Christi	317,773	31,021,176,905	498,900,000	89,855,000	3,220,000	3,315,000	18.01%	AA/Aa2/AA

Source:
Municipal Advisory Council of Texas website as of 1/11/24



Combined Utility System Debt Profile

➤ Outstanding Principal: \$976,219,000 *



Principal Amortization

Percent of Principal Retired w/in 5 years	19.66%	\$ 191,943,000
Percent of Principal Retired w/in 10 years	39.13%	381,979,000
Percent of Principal Retired w/in 20 years	82.07%	801,169,000
Percent of Principal Retired w/in 30 years	100.00%	976,219,000

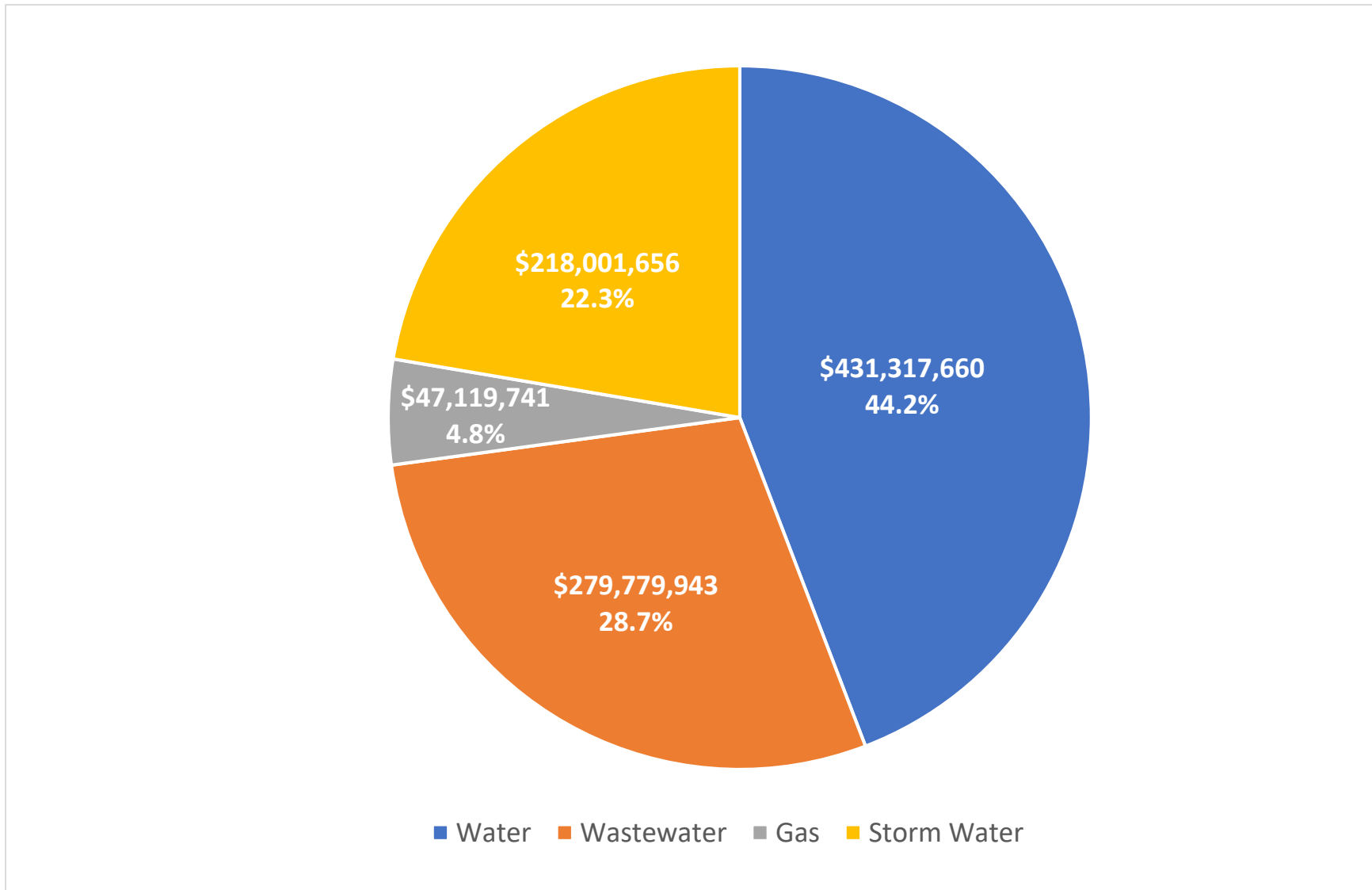
Current Bond Ratings as of 2/1/24

S&P Global Ratings	AA-	stable outlook	6/8/23
Moody's Investors Service	Aa3	stable outlook	6/12/23
Fitch Ratings	AA-	stable outlook	6/14/23

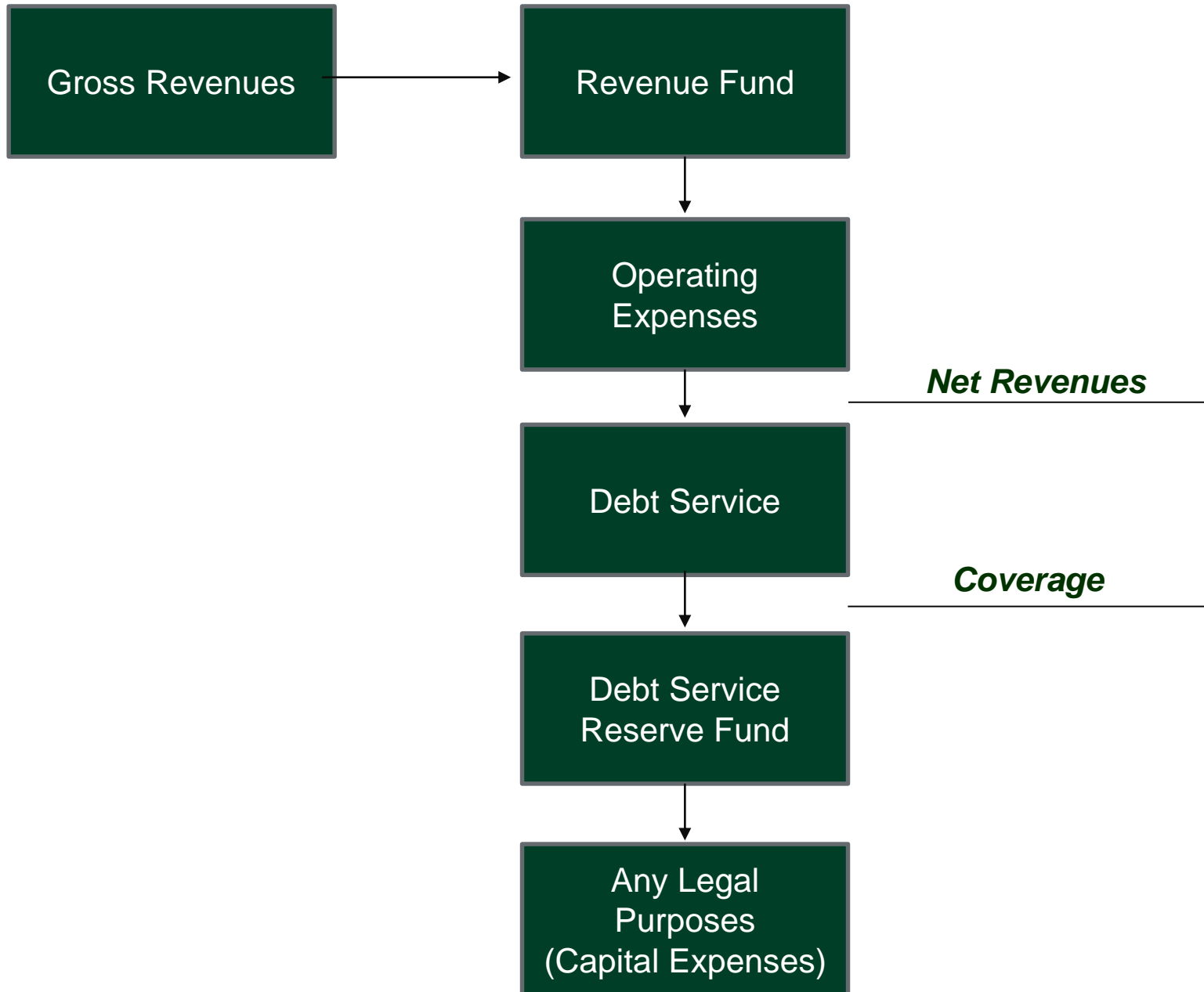
(*) Does not include the following that is not direct debt of the City but are contract revenue obligations that are operating expenses: Nueces River Authority Water Supply Refunding Bonds, Series 2015 with a balance of \$24,705,000 maturing on July 15, 2027; and Texas Military Preparedness Commission, Series 2016A with a balance of \$246,856 maturing on September 1, 2026.

Combined Utility System Debt Profile

➤ Outstanding Principal: \$976,219,000



Combined Utility System – Revenue Bond “Flow-of Funds”



Combined Utility System – Revenue Bond Covenants

- Pledge of Net Revenues of the system
 - No lien on property

- A pledge to set rates that produce Net Revenues equal to 1.15 times annual debt service (Debt Service Coverage Ratio or “DSCR”).

- To issue additional bonds, Net Revenues must equal 1.15 times coverage on any current and proposed debt.

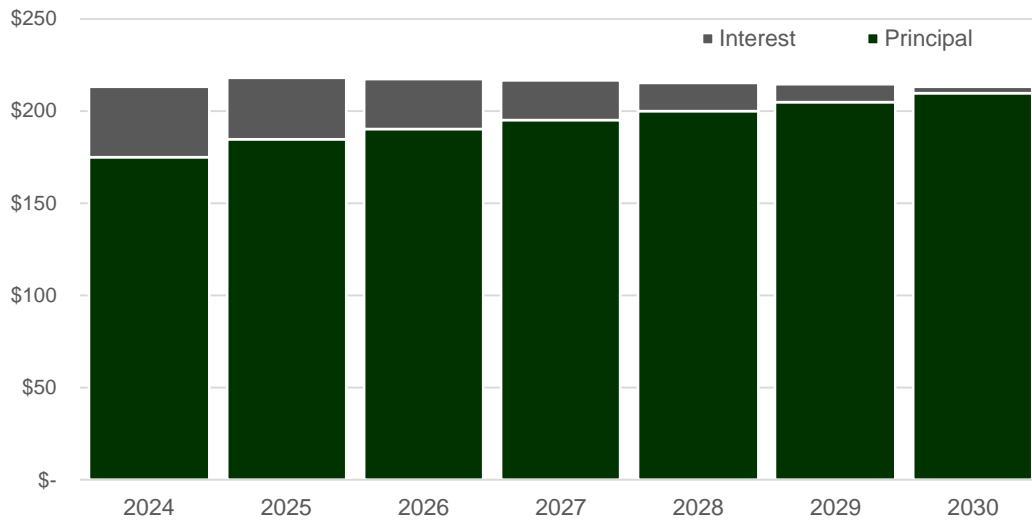
- Reserve Fund for all publicly sold (“Open Market”) bonds is not required unless it is “triggered” by a low Debt Service Coverage Ratio (“DSCR”)

- Reserve Fund that equals the average annual debt service on the Bonds if purchased by the Texas Water Development Board

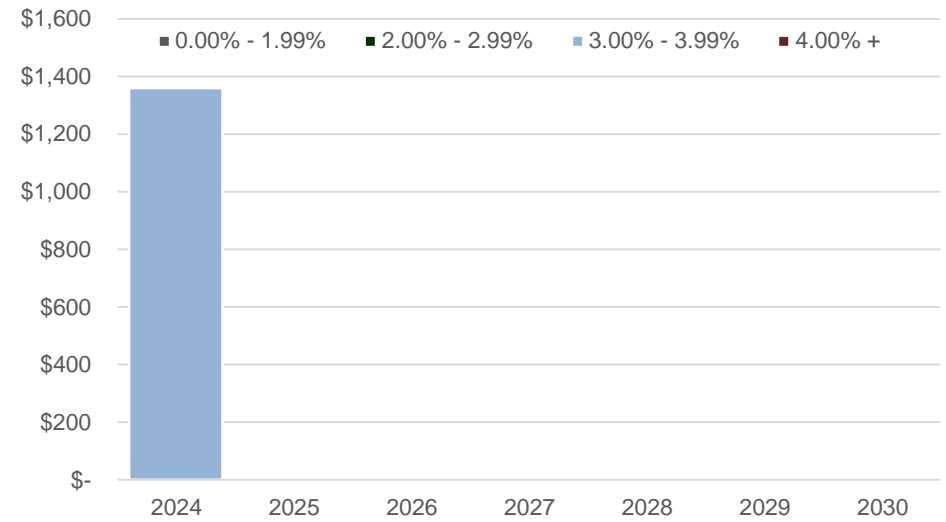
Marina Debt Profile

➤ Outstanding Principal: \$1,360,000

Fiscal Year Debt Service (\$M)



Fiscal Year Call Dates and Coupon Map (\$M)



Principal Amortization

Percent of Principal Retired w/in 2 years	26.47%	\$ 360,000
Percent of Principal Retired w/in 4 years	54.78%	745,000
Percent of Principal Retired w/in 6 years	84.56%	1,150,000
Percent of Principal Retired w/in 7 years	100.00%	1,360,000

Current Bond Ratings as of 2/1/24

S&P Global Ratings	NR	no outlook	n/a
Moody's Investors Service	NR	no outlook	n/a
Fitch Ratings	NR	no outlook	n/a

Fundamental Components of Debt Planning

- Economic life of project is not exceeded by debt repayment term
- Conservative tax and revenue projections
- Annual review of capacity and sensitivity analyses
- Stable I&S Tax Rate (GO Debt)
- Maintenance of Debt Service Coverage Ratio and Reserves (Utility System)
- Annual Council review of utility system rates
- Pursue refunding opportunities, but prioritize the strategic use of available funds to payoff debt early

Upcoming Discussion and Action

March 19th

- FY 2024 Financing Plan Presentation
- Consideration of Notice of Intent Resolution
- Capacity Analysis Presentation for November 2024 Bond Program

APPENDIX:

Detailed Debt Profile Charts

General Obligation Debt

Outstanding General Obligation Debt Portfolio as of 2/1/24

Issue	Delivery	Original Principal	Outstanding Principal	Final Maturity	Next Call Date	Callable Principal	Callable Coupons
Public Property Finance Contractual Obligations, Series 2012	2/23/12	\$ 7,390,000	\$ 685,000	2024	Any	\$ 685,000	2.17%
Public Property Finance Contractual Obligations, Series 2014	5/16/14	9,000,000	2,535,000	2026	none	-	n/a
Gen Imp Bonds, Series 2015	8/27/15	90,520,000	64,215,000	2035	3/1/25	55,745,000	3.00% - 5.00%
Gen Imp Ref Bonds, Series 2015	10/20/15	61,015,000	41,125,000	2029	3/1/25	27,205,000	5.00%
Comb Tax & Ltd Pledge Rev C/O, Txbi Series 2015	10/20/15	10,020,000	6,745,000	2035	3/1/25	5,820,000	3.464% - 4.493%
Comb Tax & Ltd Pledge Rev C/O, Series 2016	1/14/16	2,000,000	1,315,000	2035	9/1/24	1,225,000	2.25% - 5.00%
Comb Tax & Ltd Pledge Rev C/O, Series 2016A	8/11/16	16,430,000	11,990,000	2036	3/1/26	9,750,000	4.00%
Gen Imp Ref Bonds, Series 2016	8/11/16	16,130,000	2,830,000	2029	3/1/26	1,485,000	4.00%
Gen Imp Ref Bonds, Series 2016A	12/16/16	7,365,000	2,360,000	2026	none	-	n/a
Comb Tax & Ltd Pledge Rev C/O, Txbi Series 2017	8/23/17	2,500,000	1,090,000	2027	none	-	n/a
Comb Tax & Ltd Pledge Rev C/O, Series 2018A	6/14/18	14,315,000	13,185,000	2038	3/1/26	11,260,000	4.00% - 5.00%
Comb Tax & Ltd Pledge Rev C/O, Txbi Series 2018B	6/14/18	7,490,000	6,170,000	2038	3/1/28	4,525,000	4.032% - 4.95%
Gen Imp Bonds, Series 2018	6/14/18	16,355,000	15,075,000	2038	3/1/26	12,890,000	5.00%
Gen Imp Ref Bonds, Series 2019A	9/30/19	8,740,000	6,330,000	2030	none	-	n/a
Gen Imp Ref Bonds, Txbi Series 2019B	9/30/19	3,900,000	3,005,000	2030	none	-	n/a
Gen Imp Bonds, Series 2020A	7/15/20	80,385,000	73,055,000	2040	3/1/29	53,505,000	4.00% - 5.00%
Gen Imp Ref Bonds, Series 2020B (Forward Delivery)	12/2/20	26,595,000	24,295,000	2032	3/1/30	6,995,000	5.00%
Gen Imp Ref Bonds, Taxable Series 2020C	7/15/20	67,320,000	65,620,000	2038	3/1/30	38,020,000	1.937% - 2.487%
Comb Tax & Ltd Pledge Rev C/O, Series 2021A	9/22/21	8,485,000	7,920,000	2041	3/1/31	5,090,000	3.00% - 4.00%
Comb Tax & Ltd Pledge Rev C/O, Txbi Series 2021B	9/22/21	8,940,000	8,155,000	2041	3/1/31	4,900,000	1.996% - 2.758%
Gen Imp Ref Bonds, Txbi Series 2021C	9/22/21	40,040,000	31,835,000	2028	none	-	n/a
Gen Imp Ref Bonds, Txbi Series 2021D (Forward Delivery)	12/8/21	10,265,000	7,590,000	2030	none	-	n/a
Gen Imp Ref Bonds, Txbi Series 2021E (AMT) (Forward Delivery)	12/8/21	1,985,000	1,750,000	2030	none	-	n/a
Comb Tax & Ltd Pledge Rev C/O, Series 2022A	7/27/22	10,205,000	9,945,000	2042	3/1/32	6,375,000	4.50% - 5.00%
Comb Tax & Ltd Pledge Rev C/O, Txbi Series 2022B	7/27/22	9,160,000	8,900,000	2042	3/1/32	5,635,000	4.65% - 5.27%
Gen Imp Bonds, Series 2022C	7/27/22	36,365,000	30,390,000	2042	3/1/32	19,500,000	4.50% - 5.00%
Gen Imp Bonds, Series 2023	7/11/23	33,035,000	33,035,000	2043	3/1/33	20,655,000	4.00% - 5.00%
Comb Tax & Ltd Pledge Rev C/O, Series 2023A	7/11/23	5,880,000	5,880,000	2043	3/1/33	3,675,000	4.00% - 5.00%
Comb Tax & Ltd Pledge Rev C/O, Txbi Series 2023B	7/11/23	8,560,000	8,560,000	2043	3/1/33	5,495,000	4.65% - 5.15%
Ltd Tax Notes, Series 2023	7/11/23	3,315,000	3,315,000	2030	none	-	n/a
TOTALS			\$ 498,900,000			\$ 300,435,000	or 60.2% of total

Utility System Debt

Outstanding Utility System Debt Portfolio as of 2/1/24

Issue	Delivery	Original Principal	Outstanding Principal	Final Maturity	Next Call Date	Callable Principal	Callable Coupons
Util Sys Jr Lien Rev Imp Bonds, Series 2012	12/27/12	\$ 69,085,000	\$ 20,990,000	2042	Any	\$ 20,990,000	3.125% - 3.50%
Util Sys Jr Lien Rev & Ref Bonds, Series 2012	12/27/12	155,660,000	2,215,000	2032	Any	2,215,000	3.125%
Util Sys Jr Lien Rev Imp Bonds, Series 2015A	4/23/15	93,600,000	79,730,000	2045	7/15/25	75,395,000	3.375% - 5.00%
Util Sys Jr Lien Rev Ref Bonds, Series 2015	7/22/15	46,990,000	14,605,000	2026	7/15/25	5,110,000	5.00%
Util Sys Jr Lien Rev Imp Bonds, Series 2015C	7/22/15	101,385,000	86,570,000	2045	7/15/25	81,880,000	4.00% - 5.00%
Util Sys Jr Lien Rev Ref Bonds, Series 2016	8/25/16	80,415,000	65,705,000	2039	7/15/26	55,690,000	3.00% - 5.00%
Jr Lien Rev Ref Bonds, Series 2017	5/2/17	51,215,000	40,000,000	2045	7/15/27	33,735,000	1.36% - 2.07%
Jr Lien Rev Imp Bonds, Series 2017	11/21/17	2,750,000	2,750,000	2025	none	-	n/a
Subordinate Lien Rev Ref Bonds, Series 2018	3/1/18	34,835,000	18,405,000	2029	7/15/28	3,255,000	3.40%
Util Sys Jr Lien Rev Imp & Ref Bonds, Series 2019	9/26/19	93,425,000	90,040,000	2049	7/15/28	76,940,000	3.00% - 5.00%
Util Sys Jr Lien Rev Imp & Ref Bonds, Series 2020A	7/22/20	133,765,000	128,805,000	2050	7/15/30	103,285,000	3.00% - 5.00%
Util Sys Jr Lien Rev Ref Bonds, Txbl Series 2020B	7/22/20	183,635,000	154,480,000	2043	7/15/29	122,555,000	1.966% - 2.859%
Util Sys Jr Lien Rev Imp Bonds, New Series 2020C	11/10/20	11,425,000	10,765,000	2050	1/15/31	8,395,000	1.11% - 2.48%
Util Sys Jr Lien Rev Notes, Txbl New Series 2021A	4/15/21	35,000,000	28,500,000	2031	7/15/26	18,295,000	1.85%
Util Sys Jr Lien Rev Imp Bonds, New Series 2022A	6/22/22	3,561,000	3,409,000	2042	7/15/32	1,926,000	1.69% - 2.39%
Util Sys Jr Lien Rev Imp Bonds, New Series 2022B	7/27/22	92,465,000	90,930,000	2052	7/15/32	74,840,000	5.00%
Util Sys Sr Lien Rev Imp & Ref Bonds, Series 2023	7/20/23	138,320,000	138,320,000	2053	7/15/33	90,175,000	4.00% - 5.25%
TOTALS			\$ 976,219,000			\$ 774,681,000	or 79.4% of total

Marina Debt

Outstanding Marina Debt Portfolio as of 2/1/24

Issue	Delivery	Original Principal	Outstanding Principal	Final Maturity	Next Call Date	Callable Principal	Callable Coupons
Marina Sys Rev Bonds, Taxable Series 2015	1/15/15	\$ 2,600,000	\$ 1,360,000	2030	Any	\$ 1,360,000	3.00%
TOTALS			\$ 1,360,000			\$ 1,360,000	or 100.0% of total