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Transaction Summary

\$4,315,000 Combination Tax and Limited Pledge Revenue
Certificates of Obligation, Series 2015

City of Helotes, Texas

July 23, 2015

Transaction Summary



Credit Rating Commentary

**STANDARD
& POOR'S**

“AA”/Stable Outlook

“The stable outlook reflects our expectation that the city will maintain its very strong budgetary flexibility and will continue to benefit from its participation in the broad and diverse San Antonio-New Braunfels MSA”

- *The ratings reflect our assessment of the following factors of the city:*
 - *Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA)...we consider Helotes' economy very strong. The city, with an estimated population of 8,104, is located in Bexar County in the San Antonio-New Braunfels, Texas MSA, which we consider to be broad and diverse...*
 - *Very strong budgetary flexibility, with a high available fund balance in fiscal 2014 of 82% of operating expenditures...We expect the available fund balance will remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor...*
 - *Very strong liquidity, with total government available cash of 38.3% of total governmental fund expenditures and 2.3x governmental debt service, and access to external liquidity we consider strong...*
 - *Adequate management, with “standard” financial policies and practices under our Financial Management Assessment (FMA) methodology...The city utilizes historical data in formulating its budget assumptions. Once the budget is in place, the city has the ability to amend the budget as needed, and provides monthly budget-to-actual updates to the city council. The city also has a formal investment policy that it reviews annually, with updates provided monthly...*

Bids Received for the Certificates of Obligation

City of Helotes, TX \$4,315,000 Certificates of Obligation, Series 2015

The following bids were submitted using **PARITY**[®] and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input type="checkbox"/>	Raymond James & Associates, Inc.	3.093429
<input type="checkbox"/>	FTN Financial Capital Markets	3.099227
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	3.131663
<input type="checkbox"/>	City Securities Corp.	3.159930
<input type="checkbox"/>	Stifel, Nicolaus & Co., Inc.	3.162123
<input type="checkbox"/>	SAMCO Capital Markets	3.192197

Winning Bidder: Raymond James & Associates, Inc.

True Interest Cost: 3.093429%

Maturity Date	Amount \$	Coupon %
02/01/2016	95M	3.0000
02/01/2017	90M	3.0000
02/01/2018	260M	3.0000
02/01/2019	90M	3.0000
02/01/2020	90M	3.0000
02/01/2021		
02/01/2022		
02/01/2023	285M	3.0000
02/01/2024		
02/01/2025		
02/01/2026		
02/01/2027	410M	3.5000
02/01/2028	585M	3.1250
02/01/2029	555M	3.1250
02/01/2030	545M	3.2500
02/01/2031	260M	3.2500
02/01/2032		
02/01/2033	550M	3.6250
02/01/2034		
02/01/2035	585M	3.6250

Total Interest Cost: \$1,838,771.88
 Premium: \$112,913.65
 Net Interest Cost: \$1,725,858.23
 TIC: 3.093429
 Time Last Bid Received On: 07/23/2015 11:59:56 CDST

Projections versus Actual

Certificates of Obligation, Series 2015		
	Projected*	Actual**
Projected Rate	3.59%	3.08%
Bond Par Amount	\$4,460,000	\$4,315,000
Bond Structure	Level/Optimize	Level/Optimize
Term	20 Years	20 Years
Average Annual Debt Service (City)	\$308,663	\$270,696
Max I&S Rate	\$0.07890	\$0.07850
Annual Average Debt Service (EDC)	\$37,382	\$34,476
Minimum EDC Debt Coverage	1.64x	1.63x
*Rates as of May 8, 2015		
**Actual Pricing July 23, 2015		

Certificates of Obligation, Series 2015

Debt Service					
Fiscal Year (9/30)	Principal	Rate	Yield	Interest	Total Debt Service
2016	\$ 90,000	3.000%	0.450%	\$ 140,238	\$ 230,238
2017	90,000	3.000%	0.800%	137,538	227,538
2018	260,000	3.000%	1.000%	132,288	392,288
2019	90,000	3.000%	1.400%	127,038	217,038
2020	90,000	3.000%	1.550%	124,338	214,338
2021	95,000	3.000%	2.600%	121,563	216,563
2022	95,000	3.000%	2.700%	118,713	213,713
2023	95,000	3.000%	2.850%	115,863	210,863
2024	100,000	3.500%	3.000%	112,688	212,688
2025	100,000	3.500%	2.100%	109,188	209,188
2026	105,000	3.500%	2.100%	105,600	210,600
2027	105,000	3.500%	2.100%	101,925	206,925
2028	585,000	3.125%	2.350%	90,947	675,947
2029	555,000	3.125%	2.350%	73,134	628,134
2030	545,000	3.250%	2.350%	55,606	600,606
2031	245,000	3.250%	2.350%	42,769	287,769
2032	255,000	3.625%	3.350%	34,166	289,166
2033	265,000	3.625%	3.350%	24,741	289,741
2034	270,000	3.625%	3.450%	15,044	285,044
2035	280,000	3.625%	3.450%	5,075	285,075
Total	\$4,315,000			\$1,788,456	\$6,103,456

Certificates of Obligation, Series 2015

CITY Sources & Uses		EDC Sources & Uses		TOTAL Sources & Uses	
Sources		Sources		Sources	
Par Amount	\$ 3,827,520.37	Par Amount	\$ 487,479.63	Par Amount	\$ 4,315,000.00
Accrued Interest	6,628.46	Accrued Interest	844.21	Accrued Interest	7,472.67
Premium	130,486.64	Premium	16,619.01	Premium	147,105.65
Total	<u><u>\$ 3,964,635.47</u></u>	Total	<u><u>\$ 504,942.85</u></u>	Total	<u><u>\$ 4,469,578.32</u></u>
Uses		Uses		Uses	
Project Fund Deposit	\$ 3,874,429.00	Project Fund Deposit	\$ 493,454.00	Project Fund Deposit	\$ 4,367,883.00
Accrued Interest	6,628.46	Accrued Interest	844.21	Accrued Interest	7,472.67
Cost of Issuance	52,753.25	Cost of Issuance	6,718.75	Cost of Issuance	59,472.00
Underwriter's Discount	30,824.55	Underwriter's Discount	3,925.87	Underwriter's Discount	34,750.42
Additional Proceeds	0.20	Additional Proceeds	0.03	Additional Proceeds	0.23
Total	<u><u>\$ 3,964,635.47</u></u>	Total	<u><u>\$ 504,942.85</u></u>	Total	<u><u>\$ 4,469,578.32</u></u>

Certificates of Obligation, Series 2015 – Tax Supported Portion

City of Helotes, Texas

Capacity Analysis for Capital Improvements Project- Tax Supported Final Numbers



FYE 9/30	Assessed Valuation ⁽¹⁾	Est. AV Growth ⁽²⁾	Existing Tax- Supported Debt Service ⁽³⁾	- TAX SUPPORTED -			EDC Contribution	Projected Total Debt Service	Est. I&S Tax Rate ⁽⁶⁾	Est. I&S Tax Rate Change
				Certificates of Obligation, Series 2015						
				Principal	Interest	Total				
2015	\$ 820,136,675		\$ 577,640	\$ -	\$ -	\$ -	\$ -	\$ 577,640	\$ 0.07850	
2016	820,136,675	0.00%	578,523	79,832	124,394	204,227	(150,000)	632,750	0.07793	(0.0006)
2017	820,136,675	0.00%	583,514	79,832	121,999	201,832	(150,000)	635,346	0.07825	(0.0002)
2018	820,136,675	0.00%	437,858	230,627	117,343	347,970	(150,000)	635,828	0.07831	(0.0002)
2019	820,136,675	0.00%	440,771	79,832	112,686	192,518	-	633,289	0.07800	(0.0005)
2020	820,136,675	0.00%	443,094	79,832	110,291	190,123	-	633,217	0.07799	(0.0005)
2021	820,136,675	0.00%	441,891	84,268	107,829	192,097	-	633,987	0.07808	(0.0004)
2022	820,136,675	0.00%	443,154	84,268	105,301	189,569	-	632,723	0.07793	(0.0006)
2023	820,136,675	0.00%	443,828	84,268	102,773	187,041	-	630,869	0.07770	(0.0008)
2024	820,136,675	0.00%	443,914	88,703	99,957	188,659	-	632,573	0.07791	(0.0006)
2025	820,136,675	0.00%	446,349	88,703	96,852	185,555	-	631,904	0.07783	(0.0007)
2026	820,136,675	0.00%	445,139	93,138	93,670	186,808	-	631,947	0.07783	(0.0007)
2027	820,136,675	0.00%	449,216	93,138	90,410	183,548	-	632,764	0.07793	(0.0006)
2028	820,136,675	0.00%	-	518,911	80,672	599,583	-	599,583	0.07385	(0.0047)
2029	820,136,675	0.00%	-	492,300	64,872	557,172	-	557,172	0.06862	(0.0099)
2030	820,136,675	0.00%	-	483,430	49,324	532,754	-	532,754	0.06562	(0.0129)
2031	820,136,675	0.00%	-	217,322	37,937	255,259	-	255,259	0.03144	(0.0471)
2032	820,136,675	0.00%	-	226,192	30,306	256,498	-	256,498	0.03159	(0.0469)
2033	820,136,675	0.00%	-	235,062	21,946	257,008	-	257,008	0.03165	(0.0468)
2034	820,136,675	0.00%	-	239,497	13,344	252,841	-	252,841	0.03114	(0.0474)
2035	820,136,675	0.00%	-	248,367	4,502	252,869	-	252,869	0.03114	(0.0474)
			\$ 6,174,891	\$3,827,520	\$1,586,409	\$5,413,929	\$ (450,000)	\$ 11,138,820		

(1) 2014-2015 assessed valuation provided by the Bexar County Appraisal District.

(2) Assumes 0% growth in taxable assessed valuation.

(3) Includes tax supported portions of Certificates of Obligation 2002 & Certificates of Obligation 2007.

(4) Deposit to the project fund of \$3,874,429 with first interest payment in February 2016 and first principal payment in February 2016.

(5) Est. tax collections rate: 99.00%

PRELIMINARY: For purposes of discussion only

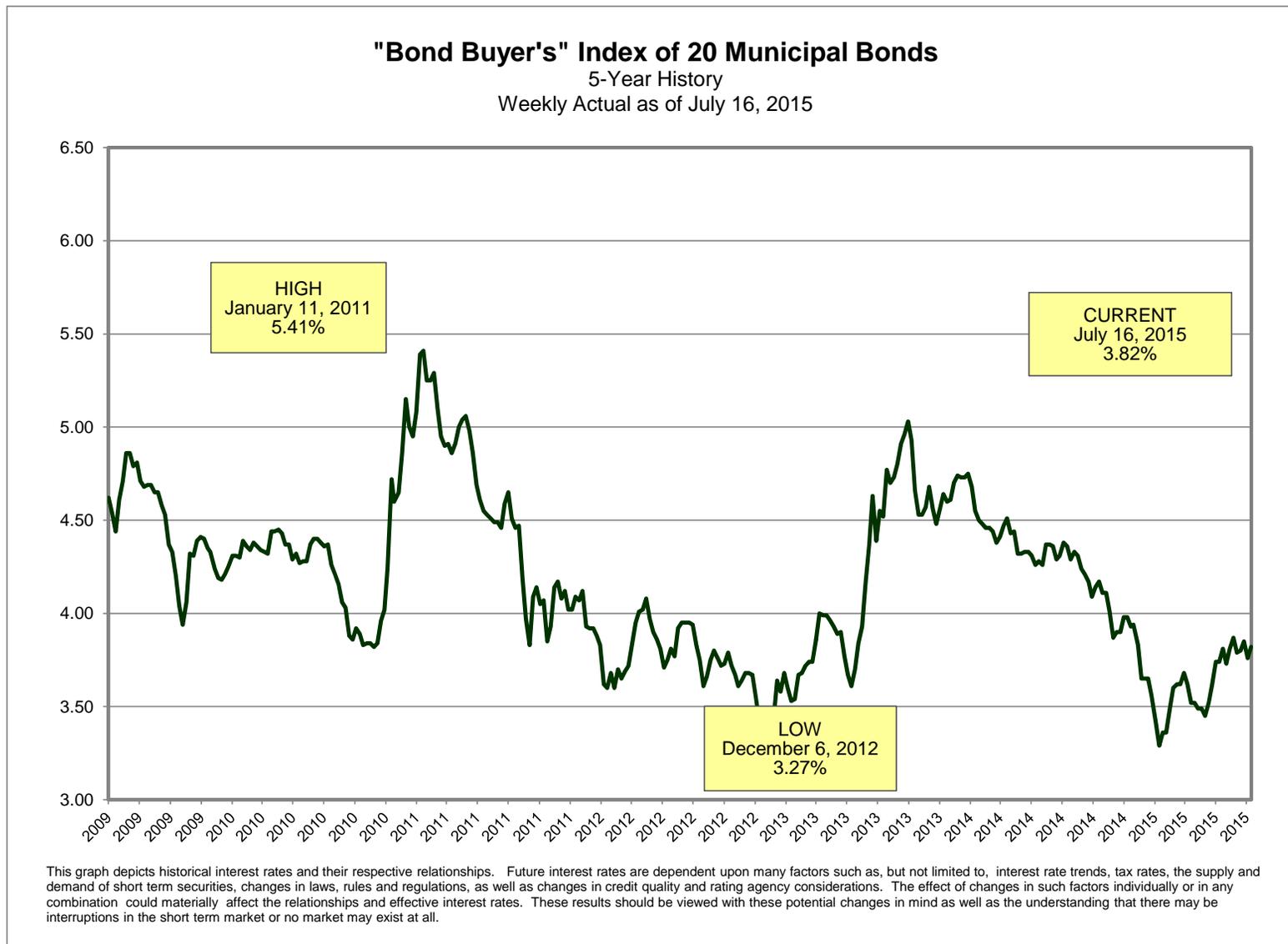
Summary

- We recommend the City approve the Bid from the Underwriter Raymond James & Associates, Inc.
 - The winning bid interest rate is a 3.08% versus the projected rate 3.59%
 - We project this saves the City approximately \$817,447 in total debt service
 - Competitive Bid Process:
 - Received 6 Bids
 - High – Low Spread is 0.0988% or 9.88 basis points
 - Winning Bid and Cover Bid Spread is 0.0058% or 0.58 basis points
- We want to express our appreciation to the City Staff, especially Mr. Schroder and Ms. Wootton for all their assistance in making this a successful process and transaction
- Thank the Bond Counsel, McCall, Parkhurst & Horton L.L.P. for their efforts
- Thank the City for the honor of serving Helotes as its Financial Advisor; we appreciate our relationship and being a part of this transaction

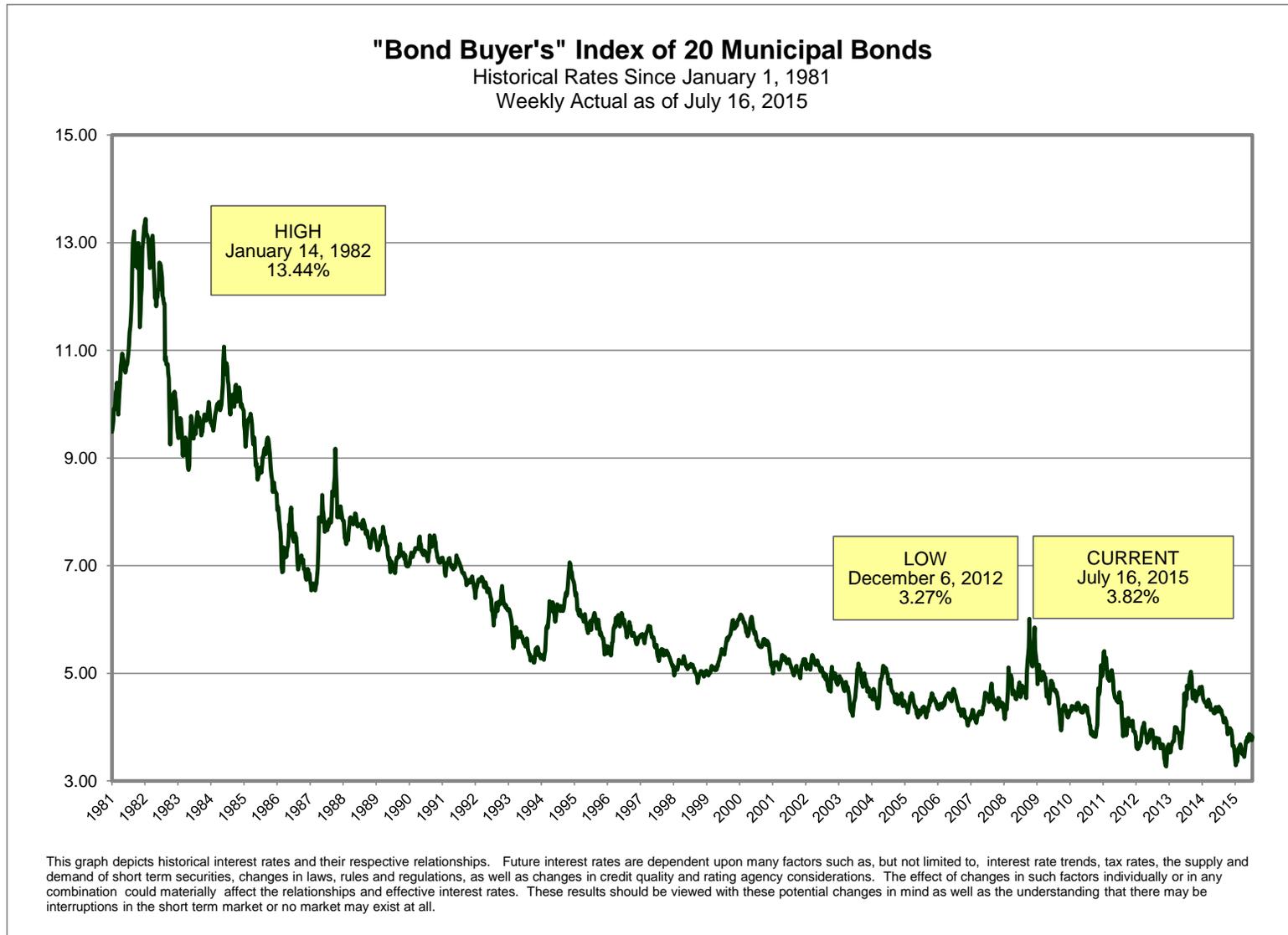
Market Update



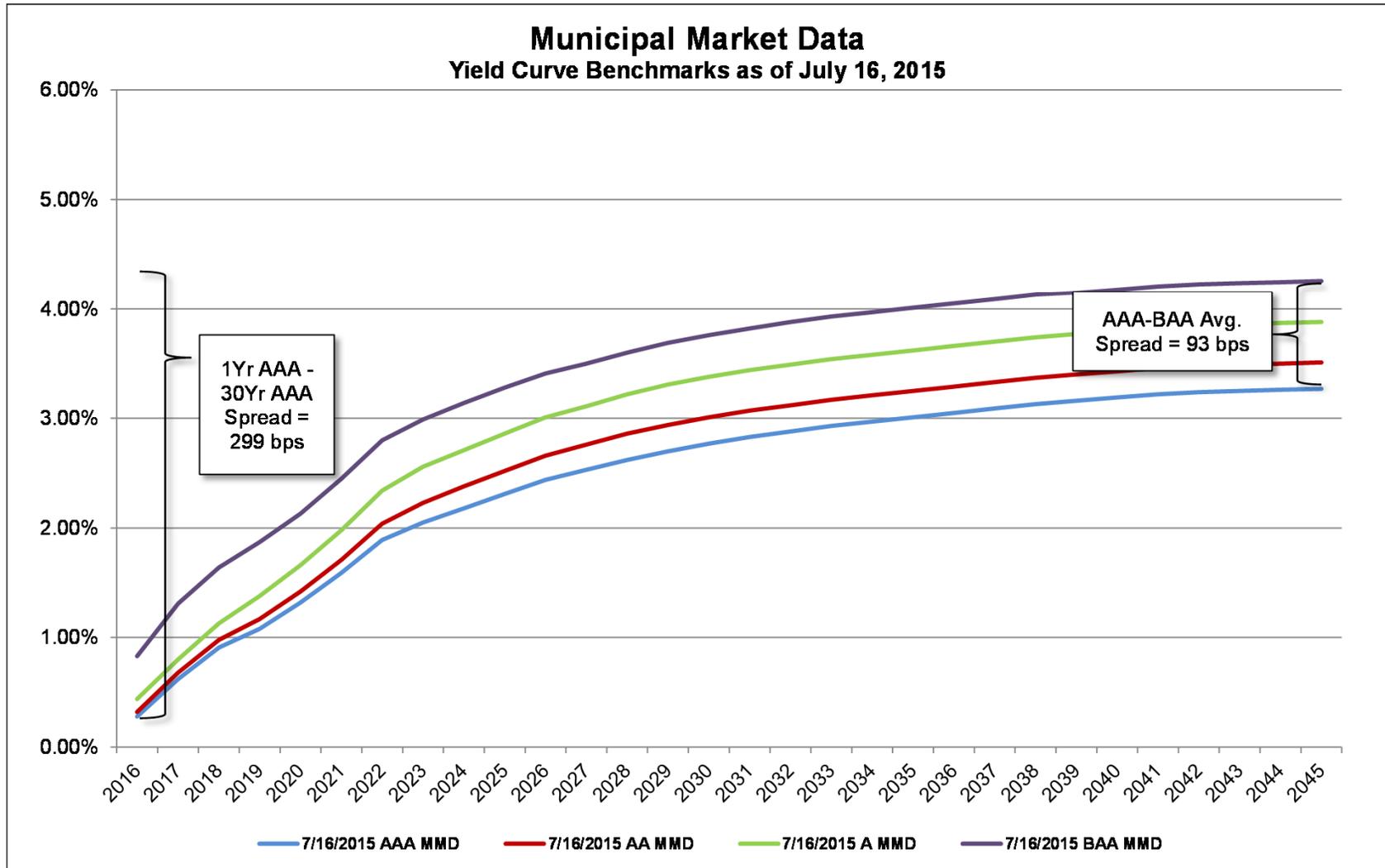
Bond Buyer's Index of 20 Municipal Bonds



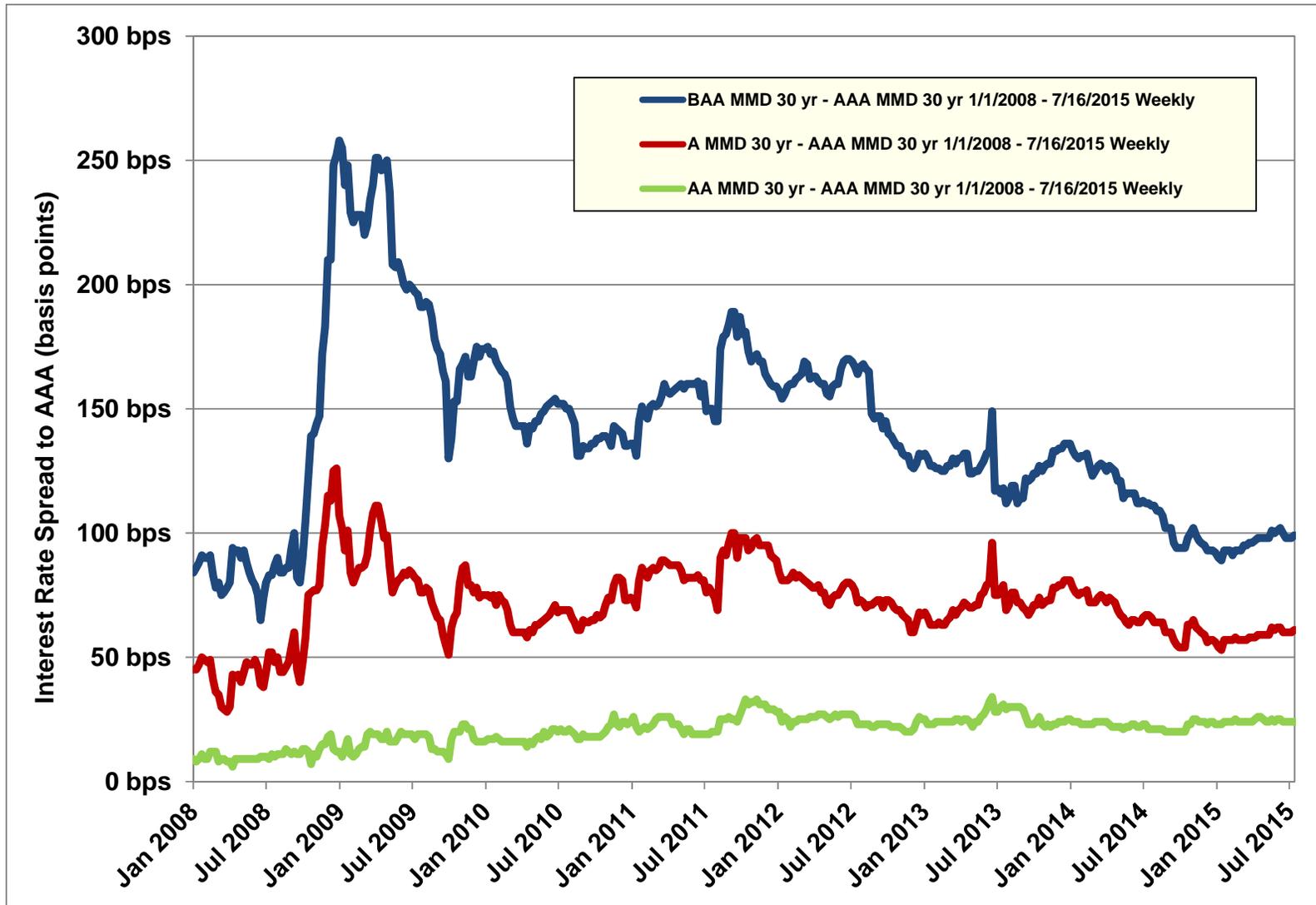
Bond Buyer's Index of 20 Municipal Bonds



Municipal Yield Curve



Municipal Credit Rating Spreads to “AAA” Rated MMD



Final Numbers



Rating Report

