

“Pay As You Go” vs. Bond Financing

WATER AND SEWER RATE ASSUMPTIONS:

1,487 Connections

2019 Certified + Uncertified Assessed Value **\$227,622,833**

2019 Average Value of Homestead **\$148,707**

BOND FINANCING ASSUMPTIONS:

5% Interest Rate

25 Years of Level Debt Service

Non-Construction costs equal 15% of bond issue

Amount Needed Per Year For Capital Improvements	WATER/SEWER BILL IMPACT	
	Annual	Monthly
\$250,000	\$168.12	\$14.01
\$500,000	\$336.25	\$28.02
\$750,000	\$504.37	\$42.03
\$1,000,000	\$672.49	\$56.04
\$2,500,000	\$1,681.24	\$140.10
\$5,000,000	\$3,362.47	\$280.21

Bond Issue Size	Annual Debt Service	Debt Service Tax Rate*	DEBT SERVICE IMPACT	
			Annual	Monthly
\$295,000	\$20,931	\$0.009	\$13.67	\$1.14
\$590,000	\$41,862	\$0.018	\$27.35	\$2.28
\$880,000	\$62,438	\$0.027	\$40.79	\$3.40
\$1,175,000	\$83,369	\$0.037	\$54.47	\$4.54
\$2,940,000	\$208,600	\$0.092	\$136.28	\$11.36
\$5,880,000	\$417,200	\$0.183	\$272.56	\$22.71

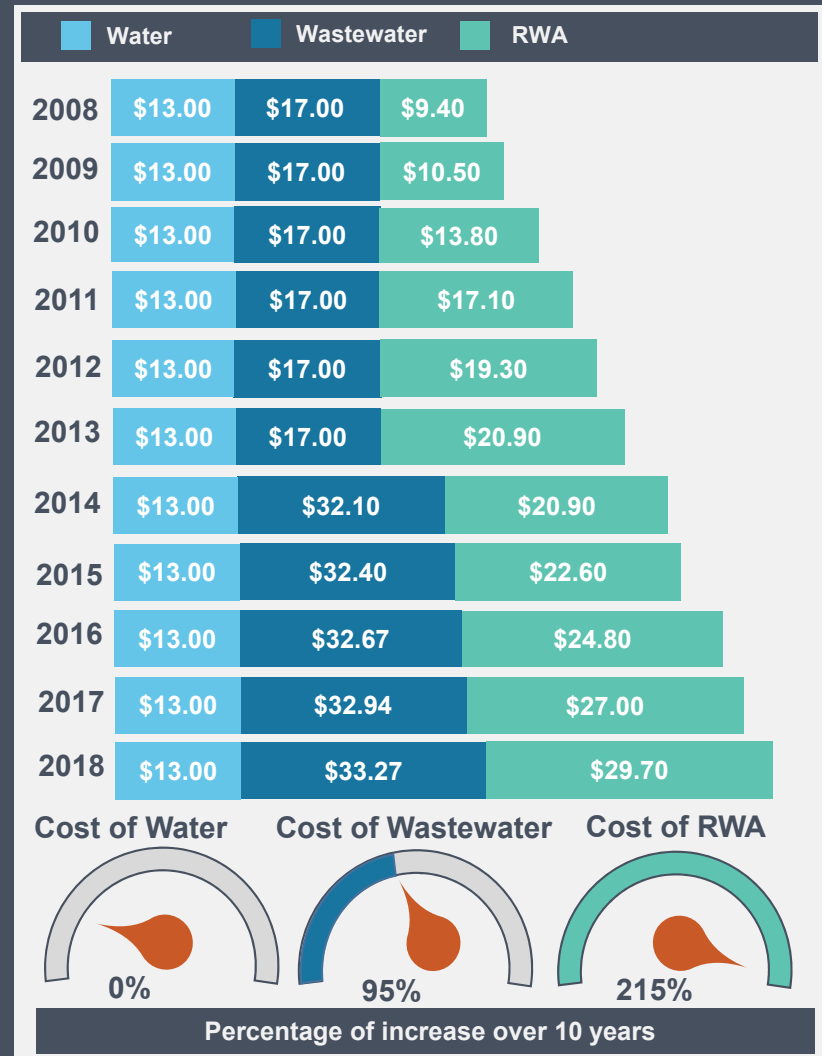
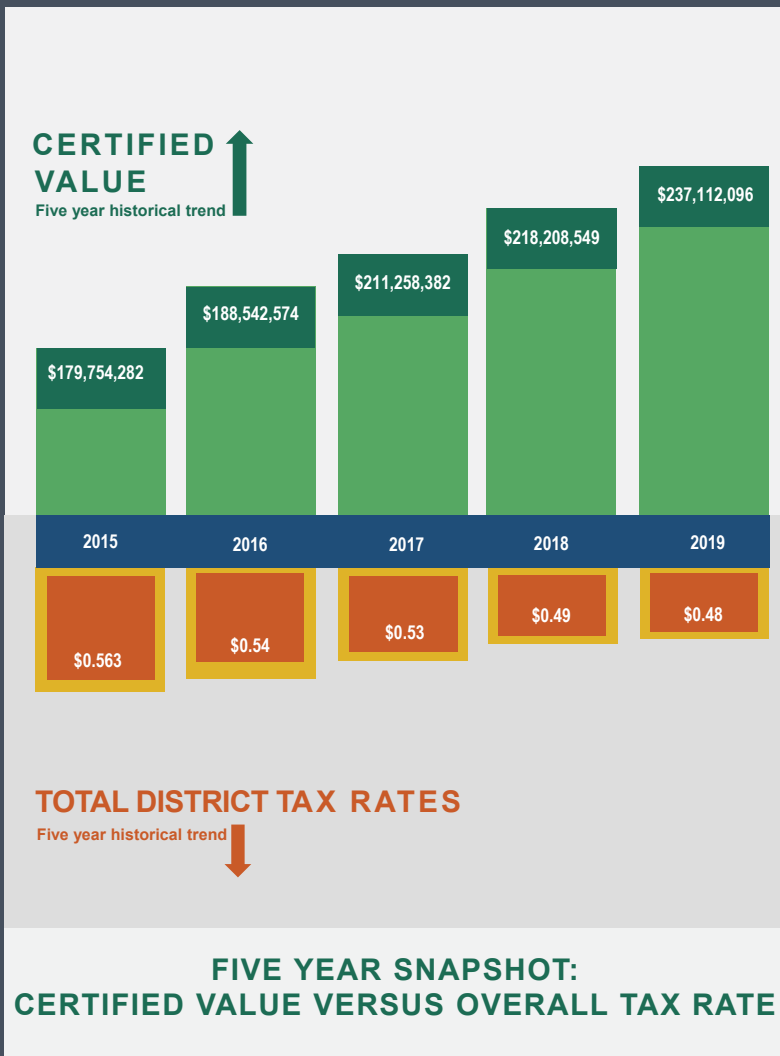
*In addition to Debt Service tax rate required for currently outstanding bonds.

ANTICIPATED BOND ISSUANCE PLAN FOR THE NEXT 10 YEARS

Year	Bond Issue Amount	Estimated Debt Service Tax Rate	Estimated Maintenance Tax Rate	Estimated Total Tax Rate
2019	\$0	\$0.230	\$0.250	\$0.480
2020	\$3,500,000	\$0.290	\$0.190	\$0.480
2025	\$5,000,000	\$0.360	\$0.120	\$0.480

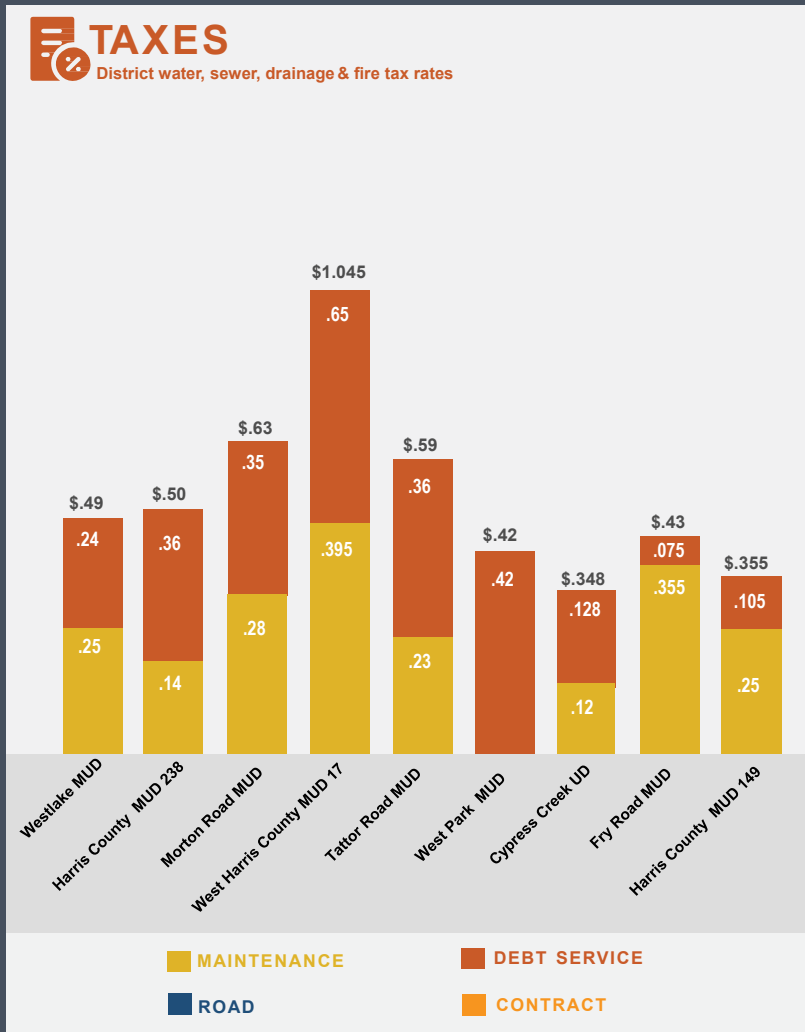
The above calculations are based on an interest rate of 5%, and the current assessed value of the District. The reallocation of the tax rate is based on current revenues and expenses of the District. Each issuance of Bonds is reviewed and approved by the District's Board of Directors and by the Texas Commission on Environmental Quality.

Westlake Municipal Utility District No. 1: Historical Trends: Certified Value, Tax & Water rates

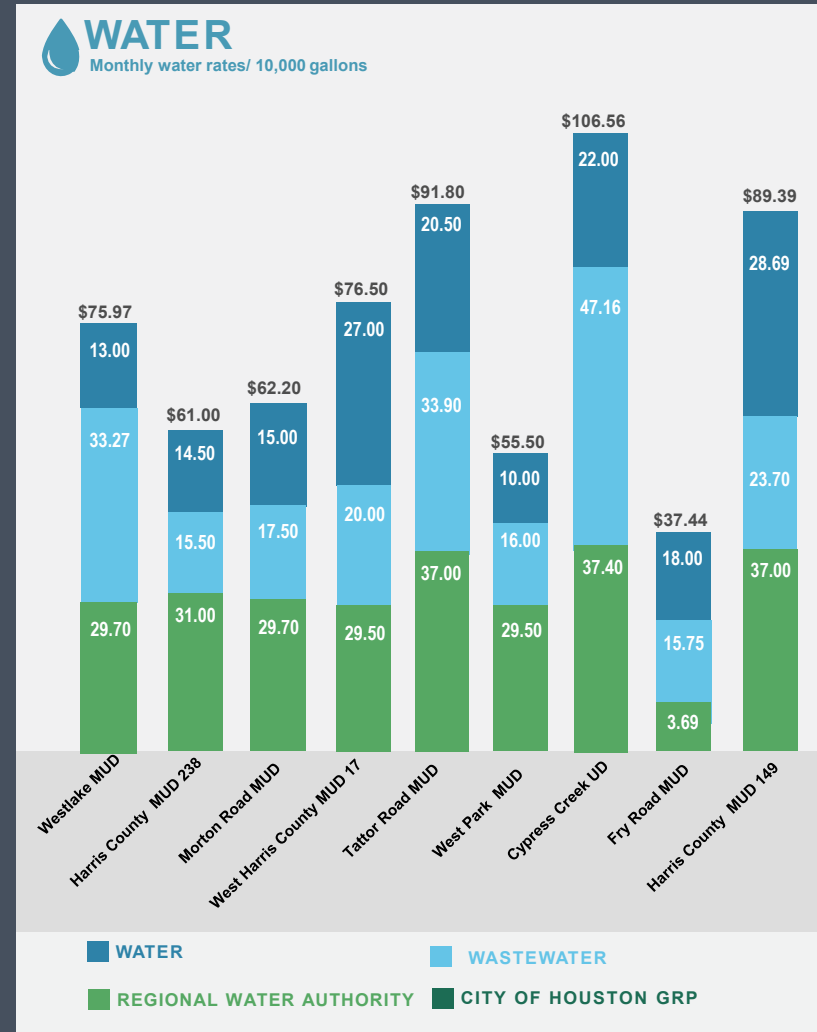


Westlake MUD No. 1: Tax & Water Rate Comparison

Neighbors and Similar Districts



What is this? A District has several components of their overall Total Tax Rate. This graph only includes the water, sewer, drainage and if applicable, fire services and contract tax. It does not include school district, county, city or other tax rates.



What is this? These are the monthly costs billed by the MUD or City for water, wastewater and other fees, such as fire protection and Regional Water Authority/GRP, for the average home that uses 10,000 gallons per month.

HISTORY & GENERAL INFORMATION

- Westlake Municipal Utility District No. 1 (the "District") is responsible for providing the water and sanitary sewer infrastructure to serve property within its boundaries and is authorized to serve other surrounding properties.
- The District is a governmental agency and political subdivision of the State of Texas which was created in April 1972 by the Texas Water Rights Commission, predecessor to the Texas Commission on Environmental Quality (the "TCEQ"). It operates pursuant to Chapters 49 and 54 of the Texas Water Code.
- The District is governed by a five-member elected Board of Directors (the "Board"). The Board holds a regular meeting once a month (6:00 p.m. on the fourth Monday of every month) to manage and conduct the business and affairs of the District. Periodically, the Board will hold special meetings. All Board meetings are open to the public pursuant to the Open Meetings Act, Chapter 551, Texas Government Code. By law, an agenda for each Board meeting must be posted at least 72 hours prior to the meeting.
- As is typical for smaller governmental agencies, the District contracts with consultants such as engineers, financial advisors, attorneys, auditors, bookkeepers, tax assessor-collectors, operators and financial advisors to provide services, advice, and reports to assist in managing the District.

DIRECTORS AND CONSULTANTS

Board of Directors

- ▷ Ms. Sally Seraj – President
- ▷ Mr. Gregory Brown – Vice President
- ▷ Mr. Jerry Power – Secretary
- ▷ Mr. David Martindale – Assistant Secretary
- ▷ Mr. Eric O'Neal – Assistant Secretary

Consultants

- ▷ Financial Advisor – Masterson Advisors LLC
 - Ms. Debbie Shelton
- ▷ Engineer – BGE, Inc.
 - Mr. Phil Mullan, P.E.
- ▷ Attorney – Schwartz, Page & Harding, L.L.P.
 - Mr. John Eichelberger
- ▷ Operator – Inframark, LLC
 - Mr. Chris Townsend

PRIOR BOND AUTHORIZATION & SALES

Bond Authorization for Water, Sanitary Sewer, and Drainage ("WS&D") Facilities

- The District currently has \$0 in remaining bond authorization.
- The District's last bond authorization was approved in 1999 for the purpose of funding \$6,875,000 of WS&D facilities to serve the District.
- All of the bonds authorized in the 1999 election were issued in 2002 and 2006 to fund necessary projects for WS&D infrastructure in the District.

BOND AUTHORIZATION VS. BOND ISSUANCE

Bond Authorization

- Proposition A – Authorizes issuance of up to \$17,000,000 in bonds for WS&D projects and levy of taxes to pay off the bonds
 - *This provides a long-term funding option for the required WS&D projects.*
- Authorization means issuing bonds is an option, not a requirement.
- Bond authorization is similar to a credit line, a sum of money available when the District needs to use it.

Bond Issuance

- If authorized, bonds will be issued in increments, over time, and as needed. Each new bond issue is reviewed and approved by the Board, the TCEQ, and the Texas Attorney General prior to sale.
- Each new bond issue will be evaluated against other funding options to determine the best alternative for any given project or projects at that time.
- Bonds are sold at public meetings and pursuant to a competitive bidding process overseen by the Board.

Procedures for the Election

The Election will be administered by Harris County pursuant to a Joint Elections Agreement with the District.

Early voting will take place from October 21, 2019 through November 1, 2019.

Early voting will be conducted at 52 early voting locations for Harris County.

The hours for early voting may vary.

For more information: www.harrisvotes.org or 713-755-6965.

Election Day

Election Day voting will take place on November 5, 2019, from 7:00 a.m. to 7:00 p.m. at local polling locations and over 700 Countywide Voting Centers for Harris County.

For more information: www.harrisvotes.org or 713-755-6965.

Westlake MUD 1

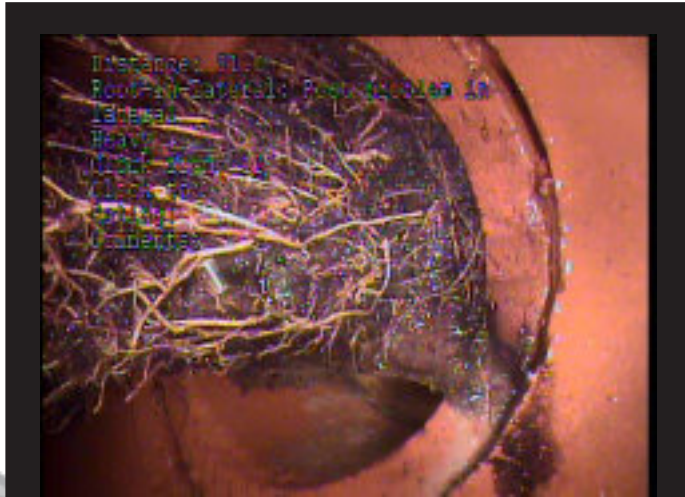
Wastewater Treatment Plant



Westlake MUD 1 Water Plant



Westlake MUD 1 Water Plant



Roots in Sanitary Sewer



Cracks in Sanitary Sewer



Deteriorated Manhole

Westlake MUD 1

Wastewater Treatment Plant Chemical Storage
and Emergency Power Generator



Water Storage Tanks



Wastewater Treatment Plant Chemical Storage
and Emergency Power Generator



Wastewater Treatment Plant
Lift Station



Wastewater Treatment Plant
Aeration Lines



Water Distribution Pumps



Sewer Lift Station #1

Westlake MUD 1

Water and Wastewater

13

Miles of water lines

12

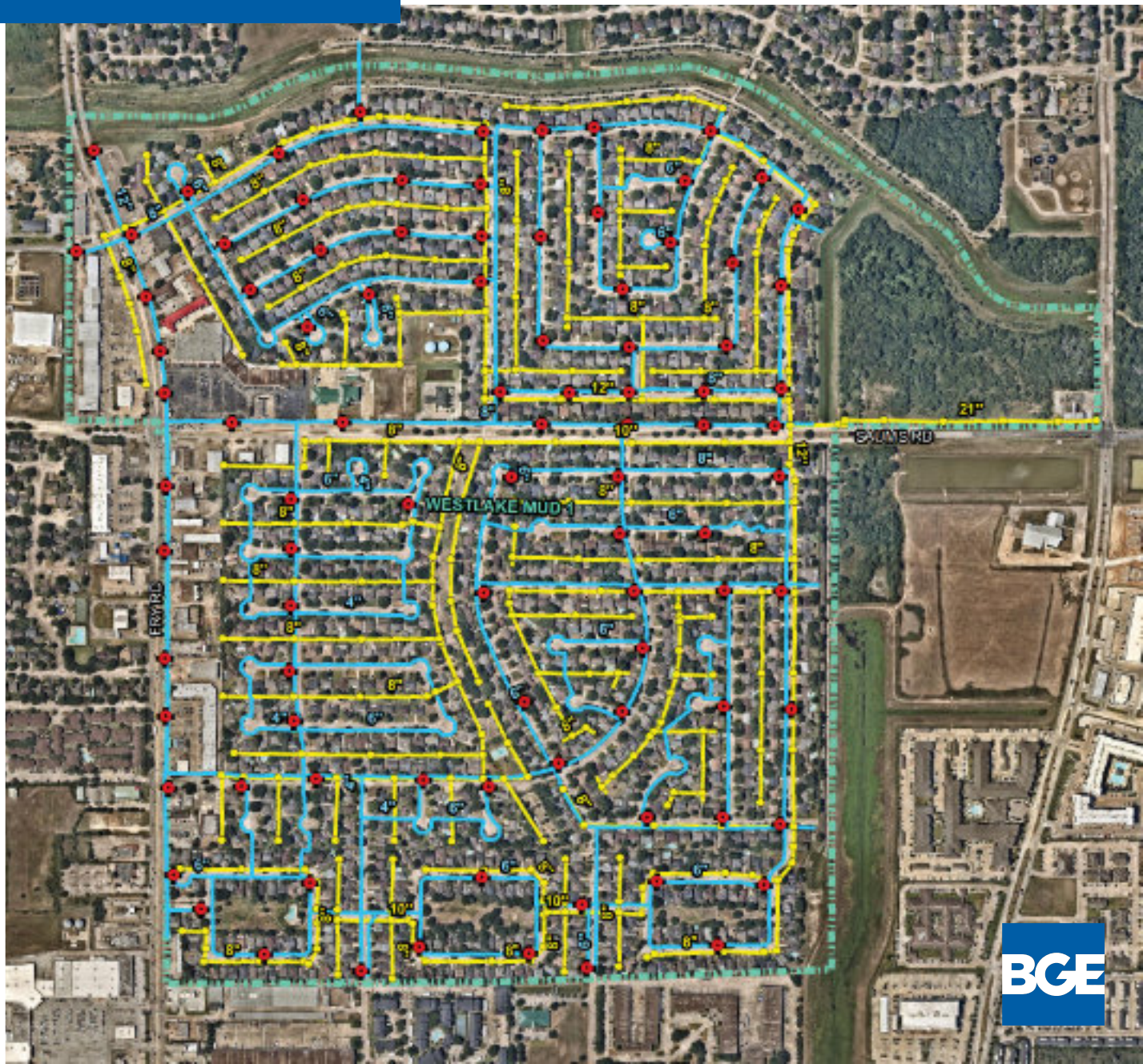
Miles of sanitary sewer lines

 MUD Boundary

 Water Lines

 Sanitary Sewer Lines

 Fire hydrants



**WESTLAKE MUNICIPAL UTILITY DISTRICT NO. 1
ESTIMATE OF PROBABLE COSTS
(Waterworks and Sanitary Sewer Systems)**

<u>Construction Costs</u>	<u>District Share</u>	<u>% of CC</u>
I. Estimated Design and Construction Costs		
1. Water Supply and Distribution Facilities and Services		
a. Booster Pump Motor Replacement	\$27,818	0.2%
b. Booster Pump Replacement	\$81,545	0.5%
c. Fire Hydrant Replacement	\$356,703	2.4%
d. WP No. 1 GST No. 1 Rehabilitation	\$869,300	5.8%
e. WP No. 1 GST No. 2 Rehabilitation (2021)	\$392,100	2.6%
f. WP No. 1 Electrical/MCC Replacement	\$26,400	0.2%
g. WP No. 1 Hydropneumatic Tank Rehabilitation	\$91,020	0.6%
h. WP No. 1 GST No. 1 & Hydropneumatic Tank Rehab (2017)	\$291,550	1.9%
i. Chloramine Conversion	\$200,000	1.3%
j. Water Well No. 2 Maintenance	\$190,350	1.3%
k. Replace DIP Waterlines with C900 (2025 & 2026)	<u>\$2,446,962</u>	16.3%
Subtotal Water	\$4,973,748	
2. Sanitary Sewer Collection, Transportation, Treatment and Disposal Facilities and Services		
a. Sanitary Sewer Televising and Rehabilitation	\$2,151,891	14.4%
b. Saums Rd Lift Station Pit Conversion	\$309,041	2.1%
c. Morton Rd Lift Station Electrical Control Panel Upgrade	\$97,750	0.7%
d. Saums Rd Lift Station Electrical Upgrade & Generator Addition	\$389,850	2.6%
e. WWTP Bar Screen Maintenance	\$35,000	0.2%
f. WWTP Blower Replacement	\$125,000	0.8%
g. WWTP Aeration Basin Diffuser Membrane Replacement	\$98,100	0.7%
h. WWTP Electrical/MCC Replacement	\$1,335,000	8.9%
i. WWTP Clarifier Rehabilitation	\$429,345	2.9%
j. Saums Rd Lift Station Electrical/MCC Replacement	<u>\$350,000</u>	2.3%
Subtotal Sanitary Sewer	\$5,320,977	
3. Contingencies (10% of Items 1-2)	\$1,029,473	6.9%
4. Engineering (15% of Items 1-3)	\$1,698,630	11.3%
5. Inflation (15% of Items 1-4)	<u>\$1,953,424</u>	13.0%
Total	\$14,976,251	100.0%
TOTAL ESTIMATED DESIGN AND CONSTRUCTION COSTS (88.10% of BIR)	\$14,976,251	
II. Estimated Incidental Expenses		
	<u>District Share</u>	<u>% of BIR</u>
1. Legal Fees	\$340,000	2.0%
2. Fiscal Agent Fees	\$340,000	2.0%
3. Capitalized Interest (0.5 yrs. @ 6%)	\$510,000	3.0%
4. Bond Discount (3.0%)	\$510,000	3.0%
5. Attorney General Review Fees (0.1%)	\$17,000	0.1%
6. TCEQ Bond Proceeds Fee (0.25%)	\$42,500	0.25%
7. Bond Application Report Costs	\$136,000	0.8%
8. Administrative, Organizational, and Issuance Fees and Expenses	<u>\$128,249</u>	<u>0.8%</u>
TOTAL ESTIMATED INCIDENTAL EXPENSES (11.90% of BIR)	\$2,023,749	11.9%
TOTAL ESTIMATED BOND ISSUE REQUIREMENT	\$17,000,000	100.0%