

# ***COV DEBT CAPACITY***

***April 5, 2016***

---

## ***Presentation Objectives:***

- a) Background Information on Tax Rate Limitation;
- b) Bond Market Review;
- c) Current General Obligation Debt Outstanding;
- d) Taxable Assessed Valuation Trends, Growth Assumptions & Available Debt Capacity;
- e) Revisit Current Residential Street Improvement Plan – Projects & Financial Strategy;
- f) Implementing An Aggressive Residential Street Improvement Plan; and, Related Financial Consequences;
- g) Current Utility Revenue Bond Debt Outstanding & Debt Capacity.

# ***Background Information on Tax Rate Limitation***

---

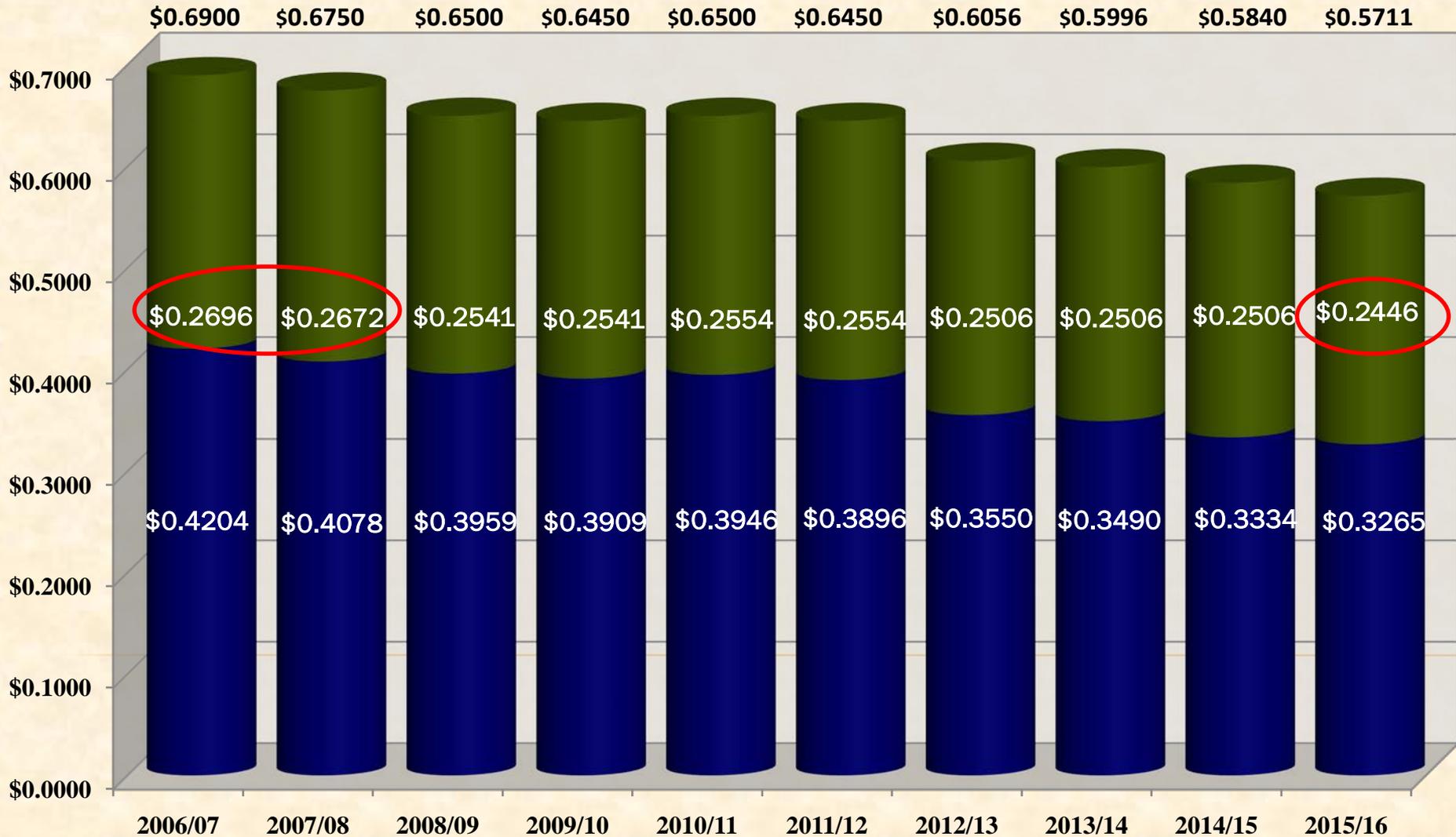
## ***Background Information on Tax Rate Limitation:***

- a) Article XI, Section 5 of the Texas Constitution:
  - 1) Limits the maximum “Tax Rate” a City can impose.
  - 2) “Tax Rate” = M & O Tax and Debt Tax.
  - 3) Not to exceed \$2.50 per 100 assessed valuation.
- b) Attorney General of Texas Statutory Requirements:
  - 1) Limits the maximum Debt Tax a City can impose.
  - 2) Not to exceed \$1.50 per 100 assessed valuation.
- c) Article IV, Section 1 of the City’s Charter
  - 1) Limits the maximum “Tax Rate” the City can impose.
  - 2) Not to exceed \$2.00 per 100 assessed valuation.
  - 3) Need voter approval to increase the maximum tax rate.
  - 4) Per City Ordinance: M & O Tax Rate will not exceed the Effective M & O Tax Rate by more than 5%; Per City Charter: will not exceed by more than 8% (State Law).

# City of Victoria Tax Rate History

■ M&O Tax Rate

■ I&S Tax Rate

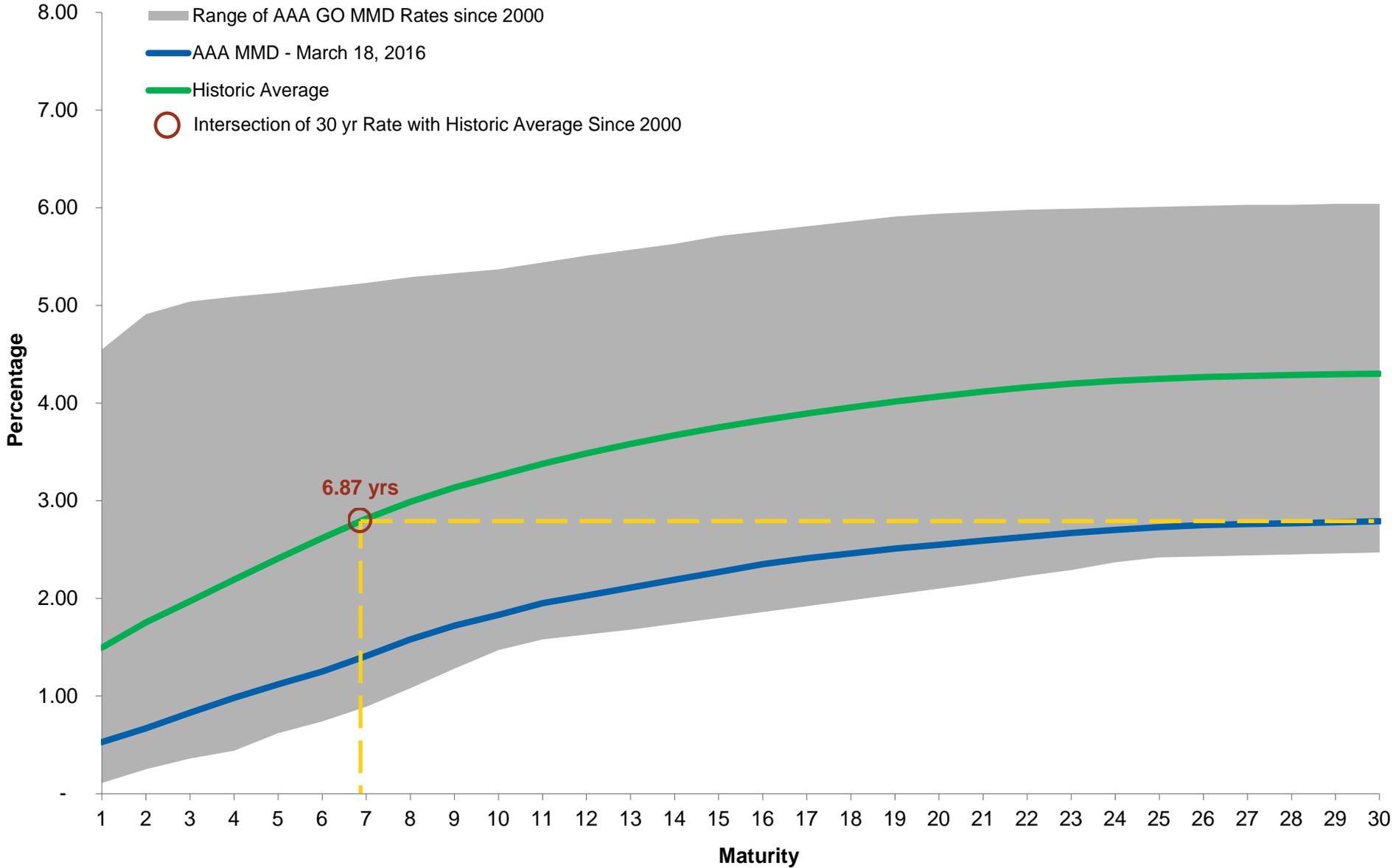


# ***Bond Market Review***

---

# Bond Market Review:

## GO AAA MMD Summary



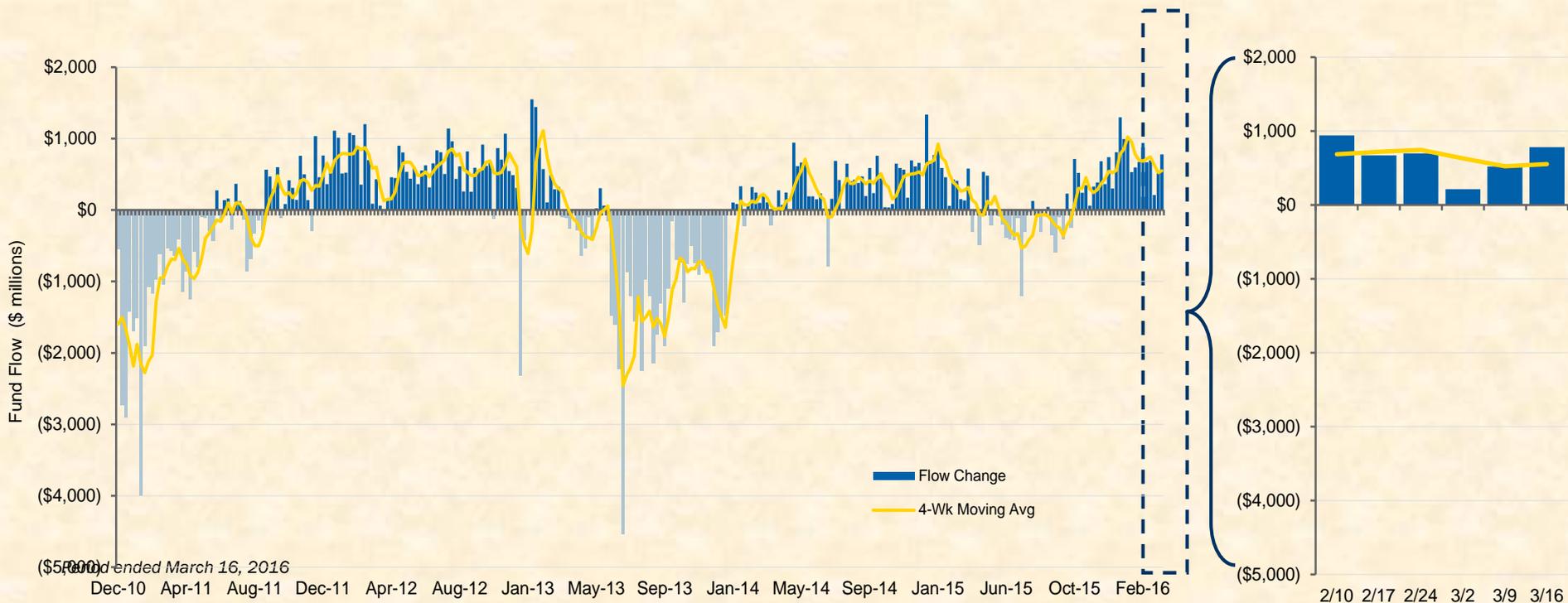
# Municipal Market Fund Flows

*Until Fund Flows stabilize, trading in the municipal market will remain volatile*

According to data from Lipper, for the week ended March 16, 2016, weekly municipal bond funds reported \$780 million of inflows, up from the previous week's \$518 million of inflows

- The latest inflow marks the 24<sup>th</sup> straight week that the funds have seen cash flowing in
- Long-term muni bond funds also experienced inflows, gaining \$522 million in the latest week, on top of inflows of \$276 million in the previous week
- Four week moving average is currently positive at \$552 million, up from last week's number of positive \$524 million

## Lipper Municipal Fund Flows



## City of Victoria Rating History

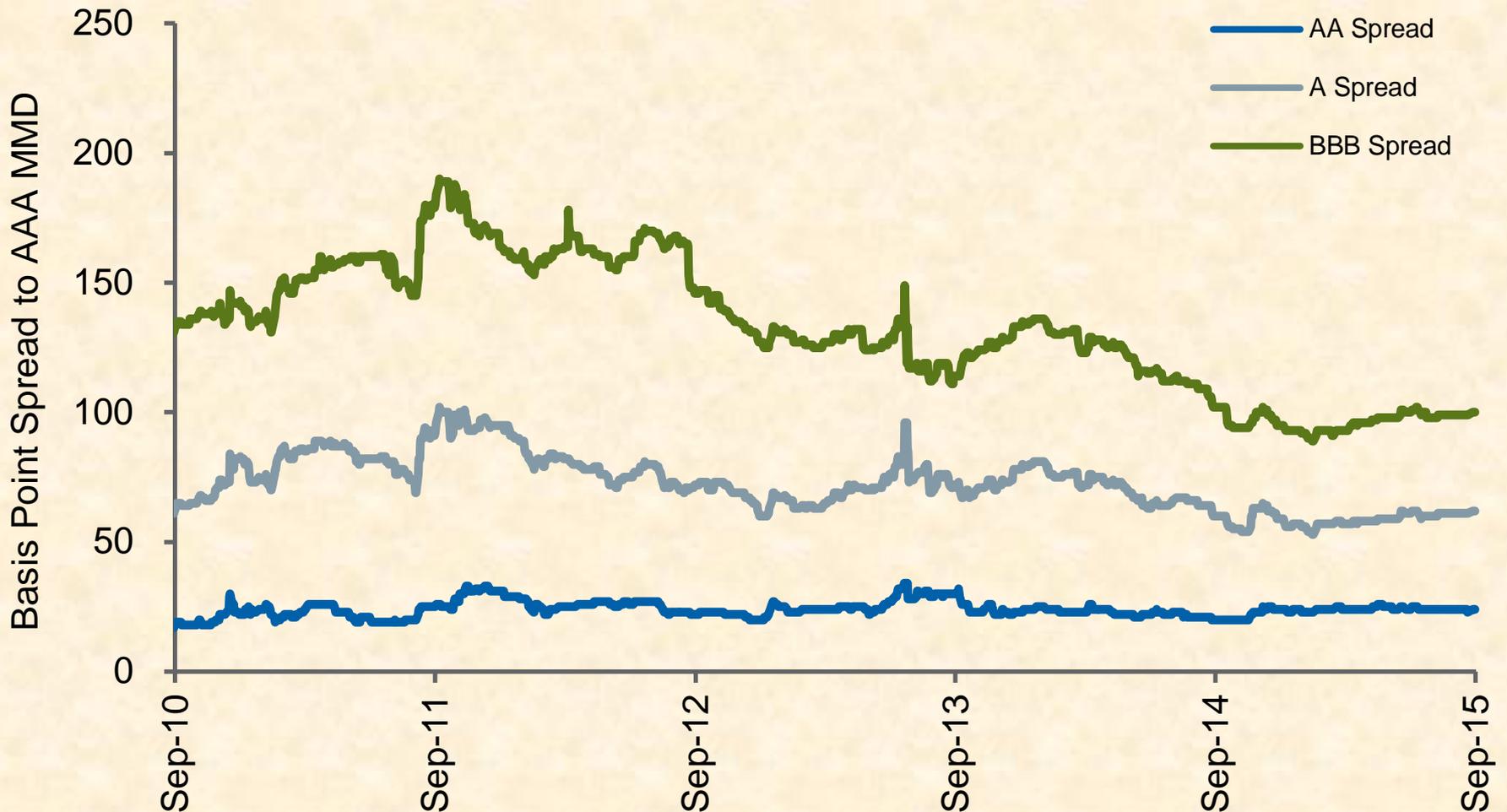
	Standard & Poor's	Fitch
Highest Quality (Lowest default risk)	AAA	AAA
High Grade / High Quality	AA+	AA+
	AA	AA
Upper Medium Grade	AA-	AA-
	A+	A+
	A	A
Minimum Investment Grade	A-	A-
	BBB+	BBB+
	BBB	BBB
Speculative Grade	BBB-	BBB-
	BB+	BB+
	BB	BB
	BB-	BB-
	B+	B+
	B	B
Highly Speculative Grade	B-	B-
Highly Speculative Grade	CCC (+,-), CC or C	CCC (+,-), CC or C
Imminent default or in default	SD or D	SD or D

-  GO Bond Rating
-  Utility System Rating

- Since 1998, the General Obligation credit rating has improved two notches from A+ to AA
- Since 1998, the Waterworks & Sewer System credit rating has improved two notches from A to AA-

# Tax-Exempt Market Dynamics

## Credit Spreads Remain Tight for Highly Rated Issuers



***Current General Obligation Debt  
Outstanding***

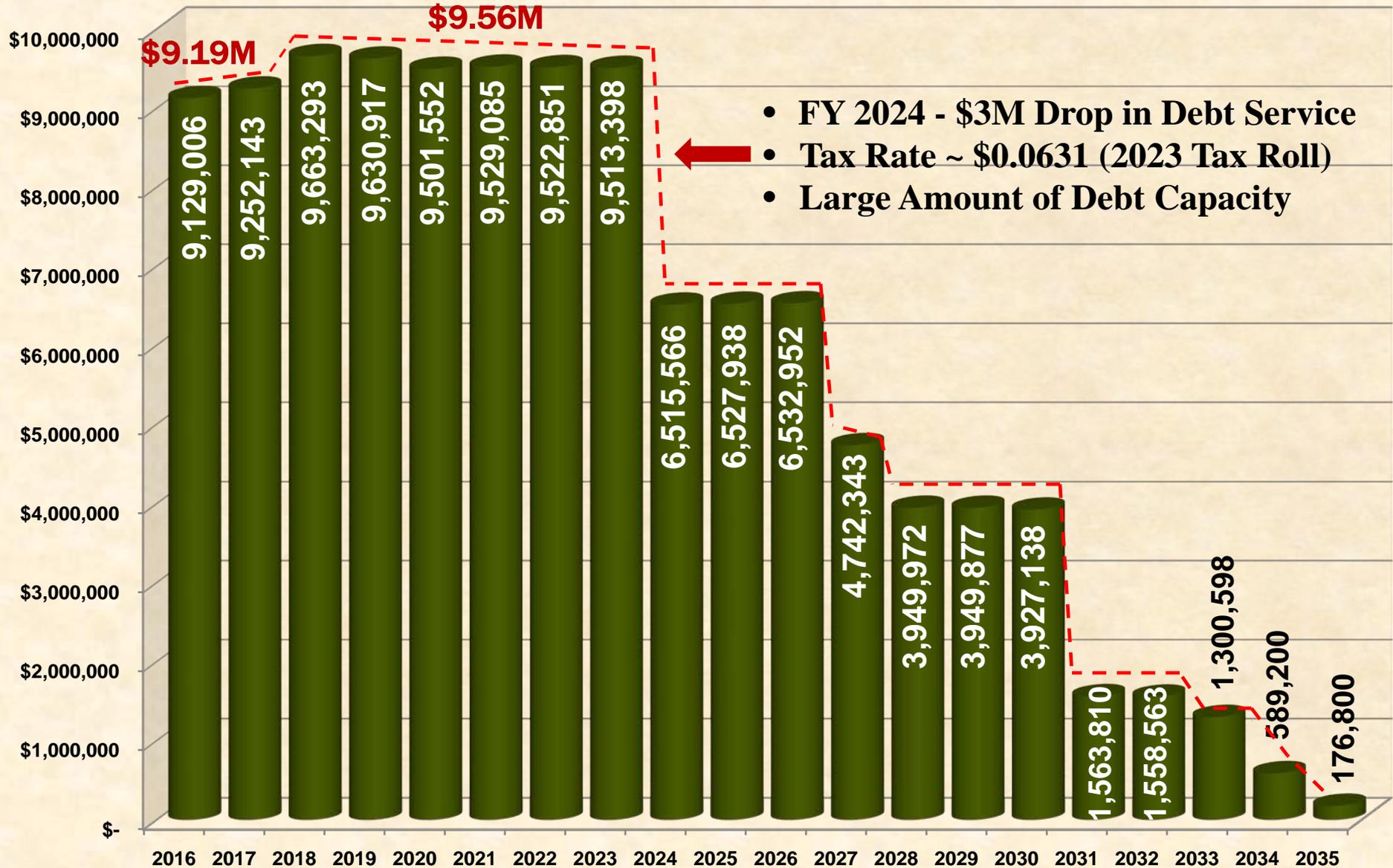
---

# Current General Obligation Debt Outstanding

Fiscal Year Ending September 30	Total Principal and Interest	Interest Paid w/Tax Rate (*)	Principal Paid w/Tax Rate (*)	Principal Outstanding Balance
				\$ 90,695,000
2016	\$ 9,129,006	\$ 3,219,006	\$ 5,910,000	84,785,000
2017	9,252,143	3,062,143	6,190,000	78,595,000
2018	9,663,293	2,893,293	6,770,000	71,825,000
2019	9,630,917	2,665,917	6,965,000	64,860,000
2020	9,501,552	2,421,552	7,080,000	57,780,000
2021	9,529,085	2,174,085	7,355,000	50,425,000
2022	9,522,851	1,922,851	7,600,000	42,825,000
2023	9,513,398	1,658,398	7,855,000	34,970,000
2024	6,515,566	1,395,566	5,120,000	29,850,000
2025	6,527,938	1,207,938	5,320,000	24,530,000
2026	6,532,952	1,002,952	5,530,000	19,000,000
2027	4,742,343	787,343	3,955,000	15,045,000
2028	3,949,972	634,972	3,315,000	11,730,000
2029	3,949,877	499,877	3,450,000	8,280,000
2030	3,927,138	357,138	3,570,000	4,710,000
2031	1,563,810	208,810	1,355,000	3,355,000
2032	1,558,563	148,563	1,410,000	1,945,000
2033	1,300,598	85,598	1,215,000	730,000
2034	589,200	29,200	560,000	170,000
2035	176,800	6,800	170,000	-
	<u>\$ 117,077,002</u>	<u>\$ 26,382,002</u>	<u>\$ 90,695,000</u>	

(\*) – Net of BAB’s Federal Subsidy & TXDOT Pass-Through Reimbursements

## ■ Annual Debt Service - Paid with Debt Tax Rate

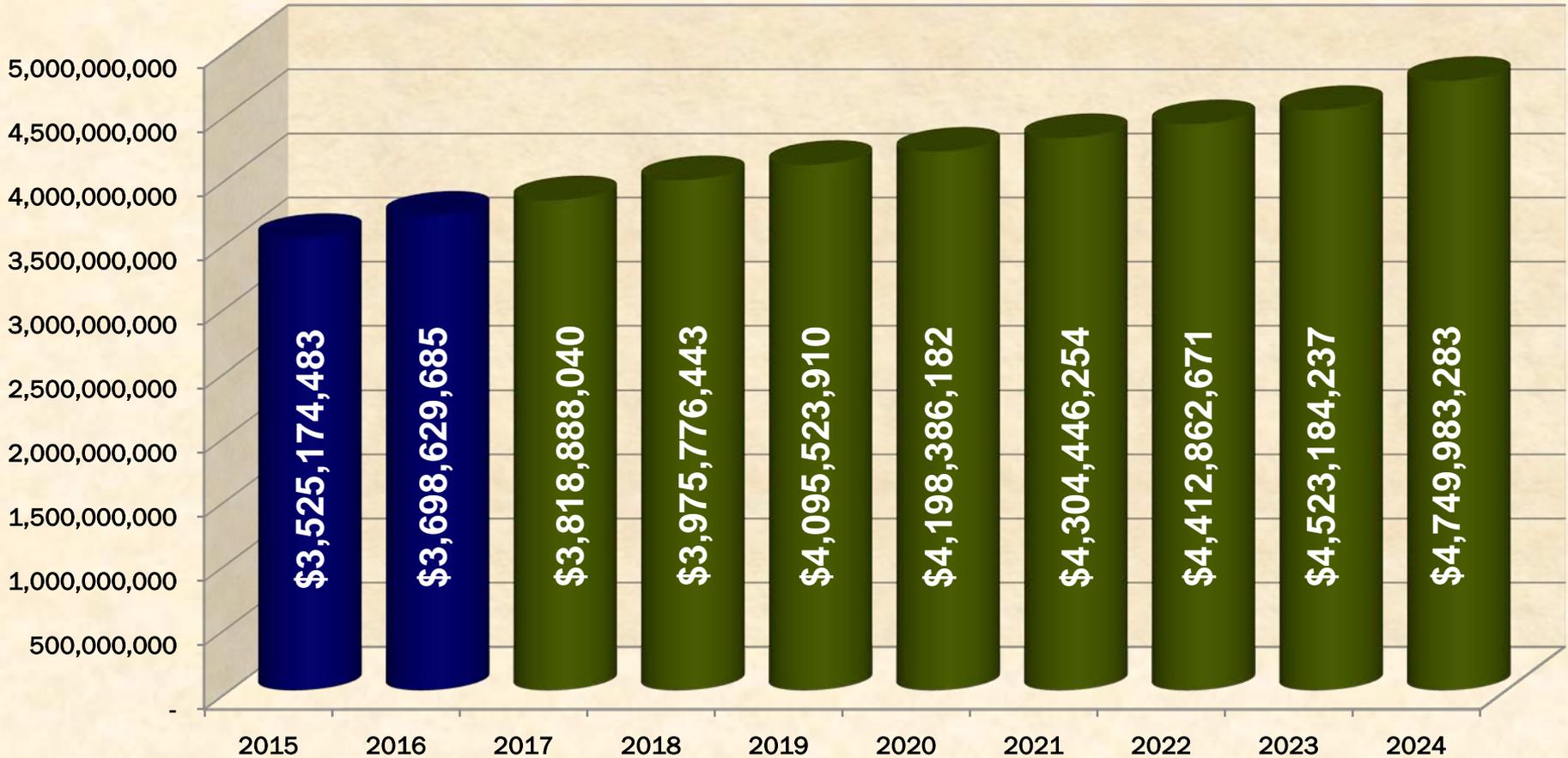


***Taxable Assessed Valuation Trends  
& Growth Assumption & Available  
Debt Capacity***

---

# Tax Base History / Projections

(Bars in **Blue** represents actual recent TAV. Bars in **Green** are projected TAV)





# Future GO System Debt Capacity Analysis

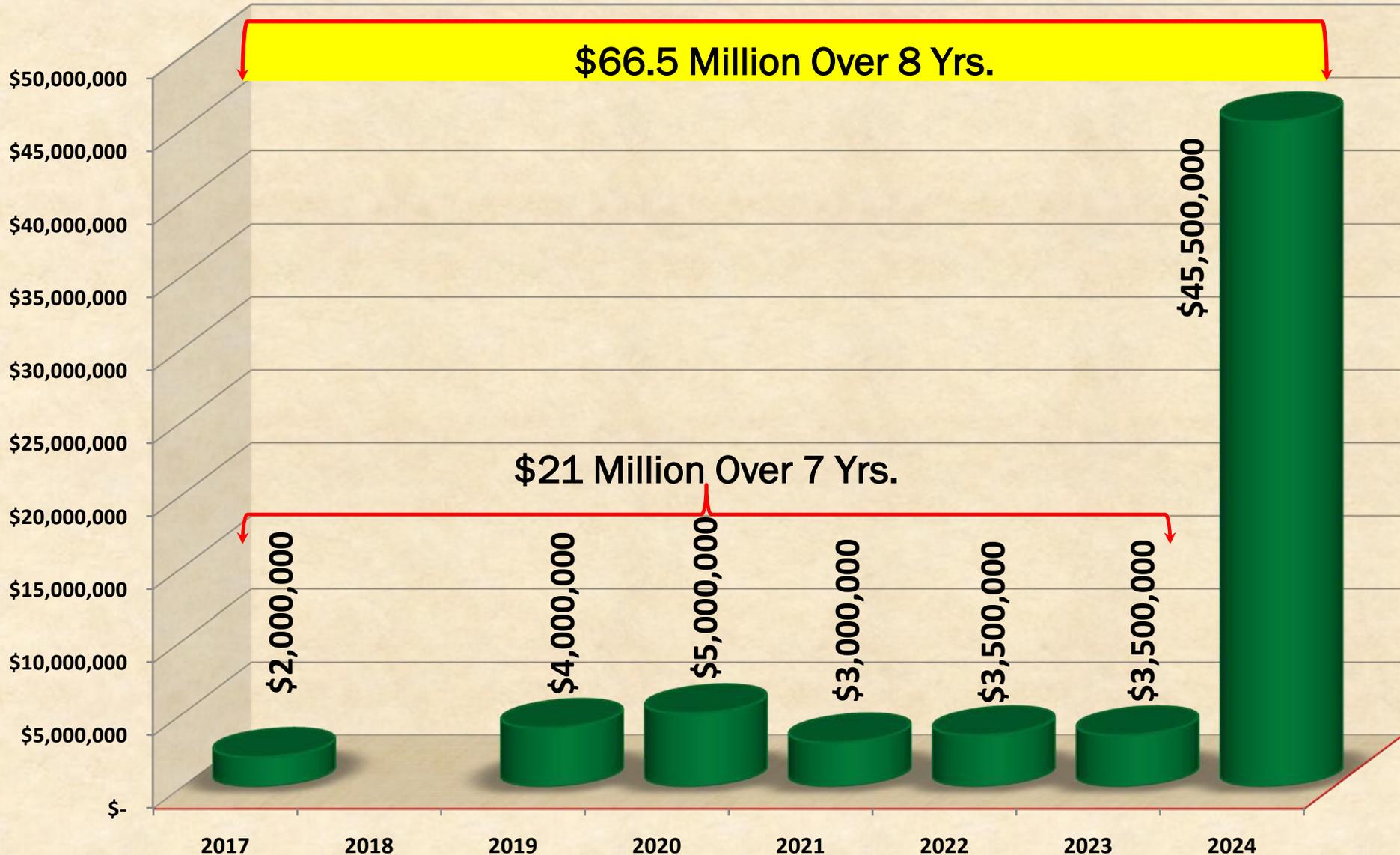
Utilizing City' NTAV Growth Projections and 4.75% interest rate  
Assumes Target I&S Tax Rate of \$0.2446

(1) Fiscal Year	(2) Total NTAV *	3 Outstanding GO Debt Service	(4) Less Subsidies	(5) Net Debt Service	(6) I&S Tax Rate	(7) Annual Excess Cash Flow	(8) Est. Annual Capacity
2016	\$ 3,698,629,685	\$ 10,255,542	\$ (1,225,036)	\$ 9,030,506	\$ 0.2442		
2017	3,818,888,040	10,379,979	(1,226,336)	9,153,643	0.2397	187,356	\$ 2,000,000
2018	3,975,776,443	10,790,004	(1,225,211)	9,564,793	0.2406	3,956	-
2019	4,095,523,910	10,743,233	(1,210,815)	9,532,418	0.2328	329,234	4,000,000
2020	4,198,386,182	10,593,009	(1,189,957)	9,403,052	0.2240	398,199	5,000,000
2021	4,304,446,254	10,596,625	(1,166,040)	9,430,585	0.2191	240,090	3,000,000
2022	4,412,862,671	10,566,303	(1,141,952)	9,424,351	0.2136	277,510	3,500,000
2023	4,523,184,237	10,527,484	(1,112,586)	9,414,898	0.2081	283,809	3,500,000
2024	4,749,983,283	7,497,979	(1,080,913)	6,417,066	0.1351	3,563,392	45,500,000
2025	4,868,732,865	7,476,247	(1,046,808)	6,429,439	0.1321	5,479,481	
2026	4,990,451,187	7,446,005	(1,011,552)	6,434,453	0.1289	5,772,191	
2027	5,115,212,467	5,617,540	(973,697)	4,643,843	0.0908	7,867,966	
2028	5,243,092,778	4,784,717	(933,245)	3,851,472	0.0735	8,973,133	
2029	5,374,170,098	4,741,372	(889,995)	3,851,377	0.0717	9,293,844	
2030	5,508,524,350	3,972,682	(144,045)	3,828,637	0.0695	9,645,212	
2031	5,646,237,459	1,563,810	(98,500)	1,465,310	0.0260	12,345,386	
2032	5,787,393,396	1,558,562	(98,500)	1,460,062	0.0252	12,695,900	
2033	5,932,078,230	1,300,597	(98,500)	1,202,097	0.0203	13,307,765	
2034	6,080,380,186	589,200	(98,500)	490,700	0.0081	14,381,910	
2035	6,232,389,691	176,800	(98,500)	78,300	0.0013	15,166,125	
		\$ 131,177,690	\$ (16,070,688)	\$ 115,107,002			\$ 66,500,000

\* NTAV growth estimates provided by City – NTAV excludes all frozen values

# Current Debt Capacity

■ Debt Capacity - Due to NTAV Increase & 24.46¢ Tax Rate



***Revisit Current Residential Street  
Improvement Plan – Projects and  
Financial Strategy***

---

# FY 2021–2024 Residential Street Improvement Plan: Original

Subdivisions	FY	Street Cost	Drainage Cost	Utility Cost	Total Cost
Bon Aire	2021	\$ 5,236,000	\$ -	\$ 5,330,000	\$ 10,566,000
Tonto Circle	2021	204,000	-	-	204,000
Tanglewood	2021	7,874,400	-	7,830,000	15,704,400
Airline Terrace	2022	4,562,800	-	4,700,000	9,262,800
Linn Thurmond	2022	4,644,400	-	4,750,000	9,394,400
College Park	2022	3,094,000	-	3,175,000	6,269,000
Primrose Place	2023	3,910,000	-	5,486,000	9,396,000
Castle Hill North	2023	2,053,600	-	-	2,053,600
Blue Ridge	2024	3,869,200	3,130,000	3,960,000	10,959,200
Crestwood South	2024	5,542,000	1,460,000	5,660,000	12,662,000
Akers Sub	2024	3,060,000	-	3,683,000	6,743,000
College Heights	2024	5,127,200	-	6,172,000	11,299,200
East Side Addn.	2024	3,413,600	-	-	3,413,600
Maintown – B. W.	2024	255,000	-	228,000	483,000
Original Townsite	2024	2,264,400	-	-	2,264,400
Brownson Addn.	2024	4,161,600	-	5,003,000	9,164,600
Maintown – L. S.	2024	2,169,200	-	3,327,000	5,496,200
Meadowmere	2024	2,298,400	-	1,175,000	3,473,400
Tangerine	2024	3,427,200	-	-	3,427,200
<b>Total</b>		<b>\$67,167,000</b>	<b>\$4,590,000</b>	<b>\$60,479,000</b>	<b>\$132,236,000</b>

# FY 2021–2024 Residential Street Improvement Plan: Original

Summary	FY	Street Cost	Drainage Cost	Utility Cost	Total Cost
Residential Street Program	2021	\$13,314,400	\$ -	\$13,160,000	\$ 26,474,400
Residential Street Program	2022	12,301,200	-	12,625,000	24,926,200
Residential Street Program	2023	3,910,000	-	5,486,000	9,396,000
Residential Street Program	2024	35,587,800	4,590,000	29,208,000	69,385,800
Total		\$65,113,400	\$4,590,000	\$60,479,000	\$130,182,400

**GO/CO Bonds**

**Utility Bonds**

**\$69.703 Million**

**Paid w/ Utility Rates**

**Paid with Tax Rate**

# Current CIP Financial Strategy

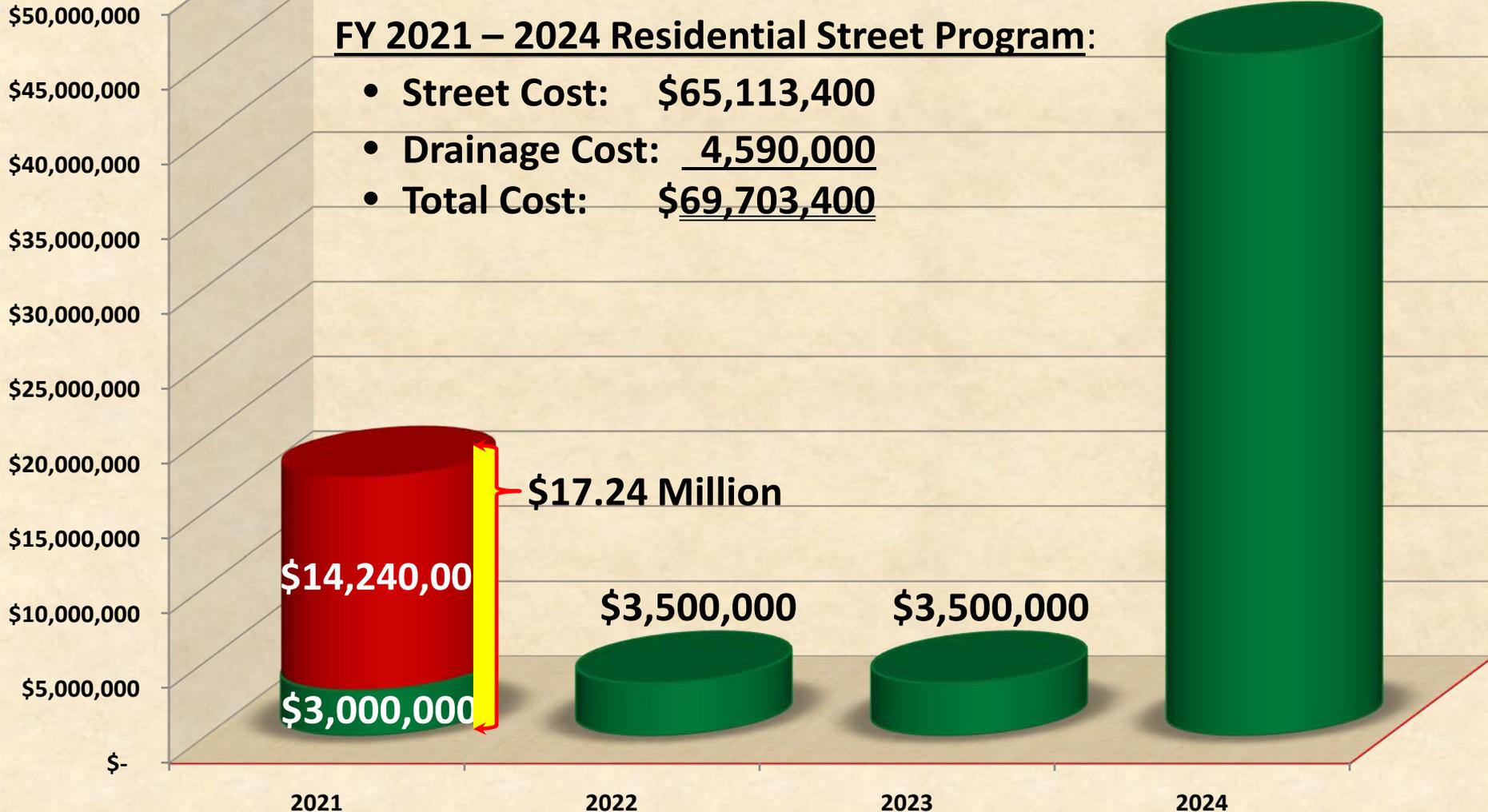
■ w/ 2.66¢ Tax Rate Inc.    ■ w/o Tax Rate

**Estimated Available Funding over 4 Yrs: \$69.74 Million**

**\$45,500,000**

## FY 2021 – 2024 Residential Street Program:

- Street Cost: **\$65,113,400**
- Drainage Cost: **4,590,000**
- Total Cost: **\$69,703,400**



***Implementing An Aggressive Residential  
Street Improvement Plan; and, Related  
Financial Consequences***

---

## **Question:**

**Instead of waiting until Fiscal Year 2021 to start any major Residential Street Reconstruction Projects, could the City start the Projects in Fiscal Year 2017 or earlier; and, what are the financial consequences for “speeding-up” the Projects?**

# FY 2021 – 2024 Residential Street Improvement Program - Revised:

Subdivisions	Fiscal Year	Bond Sale	Street Cost	Drainage Cost	Utility Cost	Total Cost
Woodway Streets	2017	2017	\$ 3,670,000	\$ -	\$ -	\$ 3,670,000
Bridle R./Saddlebrook	2017	2017	3,530,313	-	-	3,530,313
Vista Del Sol	2017	2017	1,978,800	-	-	1,978,800
Tonto Circle	2017	2017	204,000	-	-	204,000
Bon Aire	2017/2018	2017	5,236,000	-	5,330,000	10,566,000
Tanglewood	2017/2018	2017	7,874,400	-	7,830,000	15,704,400
Airline Terrace	2018	2017	-	-	4,700,000	4,700,000
Linn Thurmond	2018	2017	-	-	4,750,000	4,750,000
Northcrest – H. E. N.	2019	2019	1,332,800	-	-	1,332,800
Northcrest – H. V.	2019	2019	605,200	-	-	605,200
Original Townsite-SW	2019	2019	1,366,800	-	-	1,366,800
Airline Terrace	2019	2019	4,562,800	-	-	4,562,800
Linn Thurmond	2019	2019	4,644,400	-	-	4,644,400
Crestwood South	2019/2020	2019	5,542,000	1,460,000	5,660,000	12,662,000
Blue Ridge	2020	2019	-	-	3,960,000	3,960,000
Castle Hills West	2020	2020	4,848,400	-	-	4,848,400

# FY 2021 – 2024 Residential Street Improvement Program - Revised:

Subdivisions	Fiscal Year	Bond Sale	Street Cost	Drainage Cost	Utility Cost	Total Cost
Blue Ridge	2021	2021	3,869,200	3,130,000	-	6,999,200
Primrose Place	2021	2021	3,910,000	-	5,486,000	9,396,000
College Park	2022	2021	-	-	3,175,000	3,175,000
College Heights	2022	2021	-	-	6,172,000	6,172,000
College Park	2023	2023	3,094,000	-	-	3,094,000
College Heights	2023	2023	5,127,200	-	-	5,127,200
Akers Subdivision	2023/2024	2023	3,060,000	-	3,683,000	6,743,000
East Side Addn.	2024	2023	3,413,600	-	-	3,413,600
Maintown – B. W.	2024	2023	255,000	-	228,000	483,000
Original Townsite – N.	2024	2023	2,264,400	-	-	2,264,400
Brownson Addition	2024	2023	4,161,600	-	5,003,000	9,164,600
Maintown Lincoln S.	2024	2023	2,169,200	-	3,327,000	5,496,200
Meadowmere	2024	2023	2,298,400	-	1,175,000	3,473,400
Tangerine	2024	2023	3,427,200	-	-	3,427,200
TOTAL:			\$82,445,713	\$4,590,000	\$60,479,000	\$147,514,713

# FY 2021–2024 Residential Street Improvement Plan - Revised:

RECAP	Fiscal Year	Bond Sale	Street Cost	Drainage Cost	Utility Cost	Total Cost
Residential Streets	2017/2018	2017	\$22,493,513	\$ -	\$22,610,000	\$ 45,103,513
Residential Streets	2019/2020	2019	18,054,000	1,460,000	9,620,000	29,134,000
Residential Streets	2020	2020	4,848,400	-	-	4,848,400
Residential Streets	2021	2021	7,779,200	3,130,000	14,833,000	25,742,200
Residential Streets	2023/2024	2023	29,270,600	-	13,416,000	42,686,600
<b>TOTAL:</b>			<b>\$82,445,713</b>	<b>\$4,590,000</b>	<b>\$60,479,000</b>	<b>\$147,514,713</b>
Bond Sale 2017:			\$22,493,513	} <b>\$87 Million</b>		
Bond Sale 2019:			\$19,514,000			
Bond Sale 2020:			\$ 4,848,400			
Bond Sale 2021:			\$10,909,200			
Bond Sale 2023:			\$29,270,600			

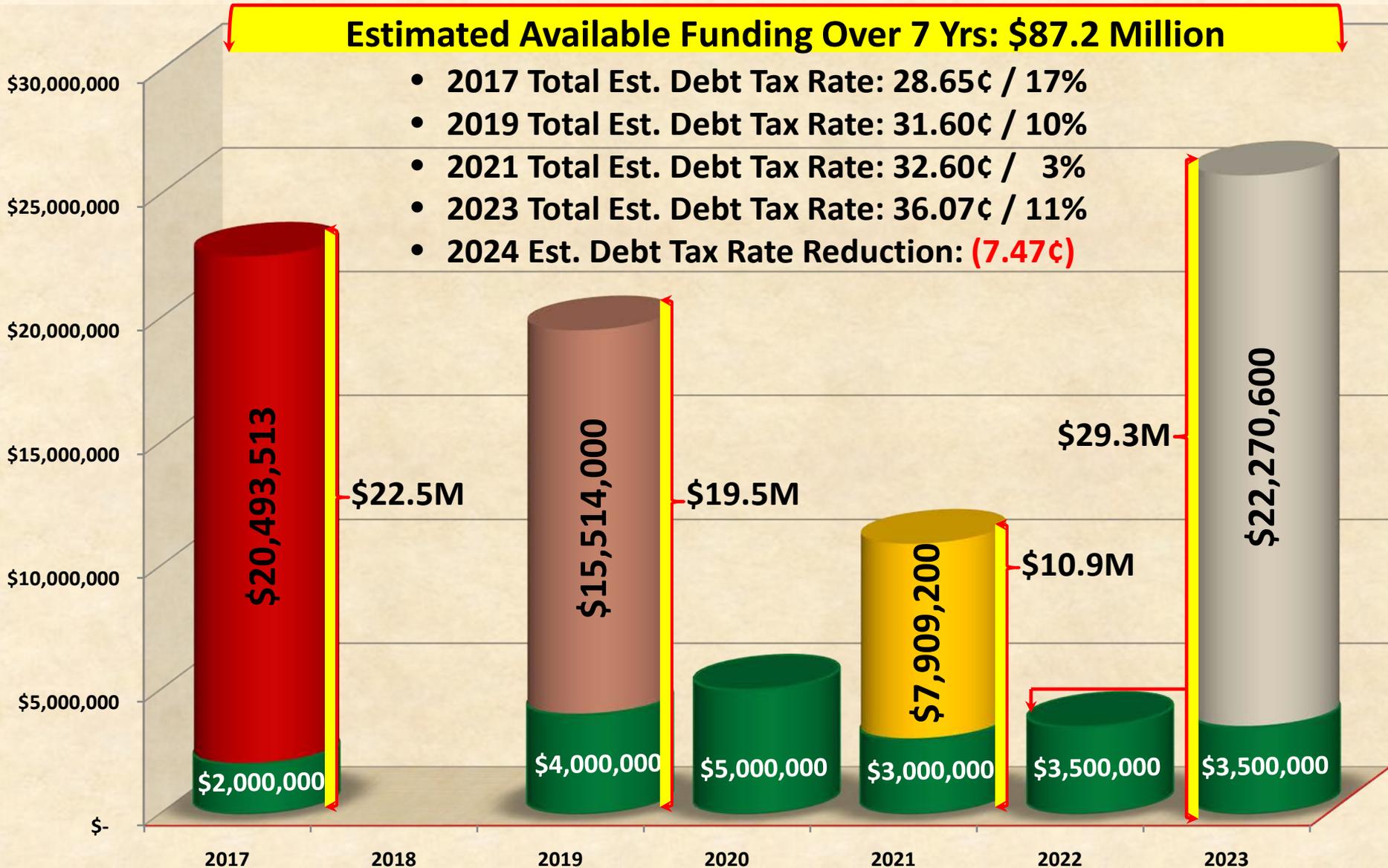
■ w/ 3.47¢ Tax Rate Inc.

■ w/ 1.00¢ Tax Rate Inc.

■ w/ 2.95¢ Tax Rate Inc.

■ w/ 4.19¢ Tax Rate Inc.

■ w/o Tax Rate Inc.



# Annual Tax Increase Cost per Home Owner

House Tax Base	4.19¢ / 7.3% Tax \$ Increase	2.95¢ / 4.8% Tax \$ Increase	1¢ / 1.6% Tax \$ Increase	3.47¢ / 5.3% Tax \$ Increase	11.61¢ / 20.3% Over 4 Yrs Tax \$ Increase
\$ 50,000	\$ 20.95	\$14.75	\$ 5.00	\$17.35	\$ 58.05
\$100,000	\$ 41.90	\$29.50	\$10.00	\$34.70	\$116.10
\$150,000	\$ 62.85	\$44.25	\$15.00	\$52.05	\$174.15
\$200,000	\$ 83.80	\$59.00	\$20.00	\$69.40	\$232.20
\$250,000	\$104.75	\$73.75	\$25.00	\$86.75	\$290.25

## ***What are the Financial Consequences for speeding-up the Projects, i.e. GO/CO Bonds Debt Issue?***

- 1) Increasing the Debt Tax Rate by 47%, from \$0.2446 to \$0.3607 – over 4 yrs;**
- 2) The total tax rate = \$0.6872; an increase of 20% - over 4 yrs;**
- 3) Debt Tax Rate would equate to 52% of the Total Tax Rate; M&O Tax Rate would equate to 48% of the Total Tax Rate – end of 4 yrs;**
- 4) Using ETR model, this would put downward pressure on future M&O Tax Rate, i.e. revenue; NTAV increase = Tax Rate Decrease (M&O – would take the “hit”); and, the Rollback Tax calculation needs to be considered;**
- 5) COV has governmental entities that overlap our boundaries, as such our taxpayers are also paying the debt for those entities (Victoria County, VISD, Victoria College, etc.);**
- 6) COV population and per-capital income growth is growing at a modest level, i.e. growth rate is not enough to absorb the new debt effect;**
- 7) Issuing large amounts of additional debt in 2017, 2019, 2021, and 2023 could result in putting downward pressure on the City’s bond rating and could result in the City paying higher interest cost.**
- 8) The average Victoria taxpayers would probably see a minimum tax bill increase of \$174.15 or 20.3%; \$150K home tax base – over 4 yrs.**

***Comments / Questions?***

---

***Current Utility Revenue Bond  
Debt Outstanding & Debt  
Capacity***

---

# Current Utility Revenue Bonds Outstanding

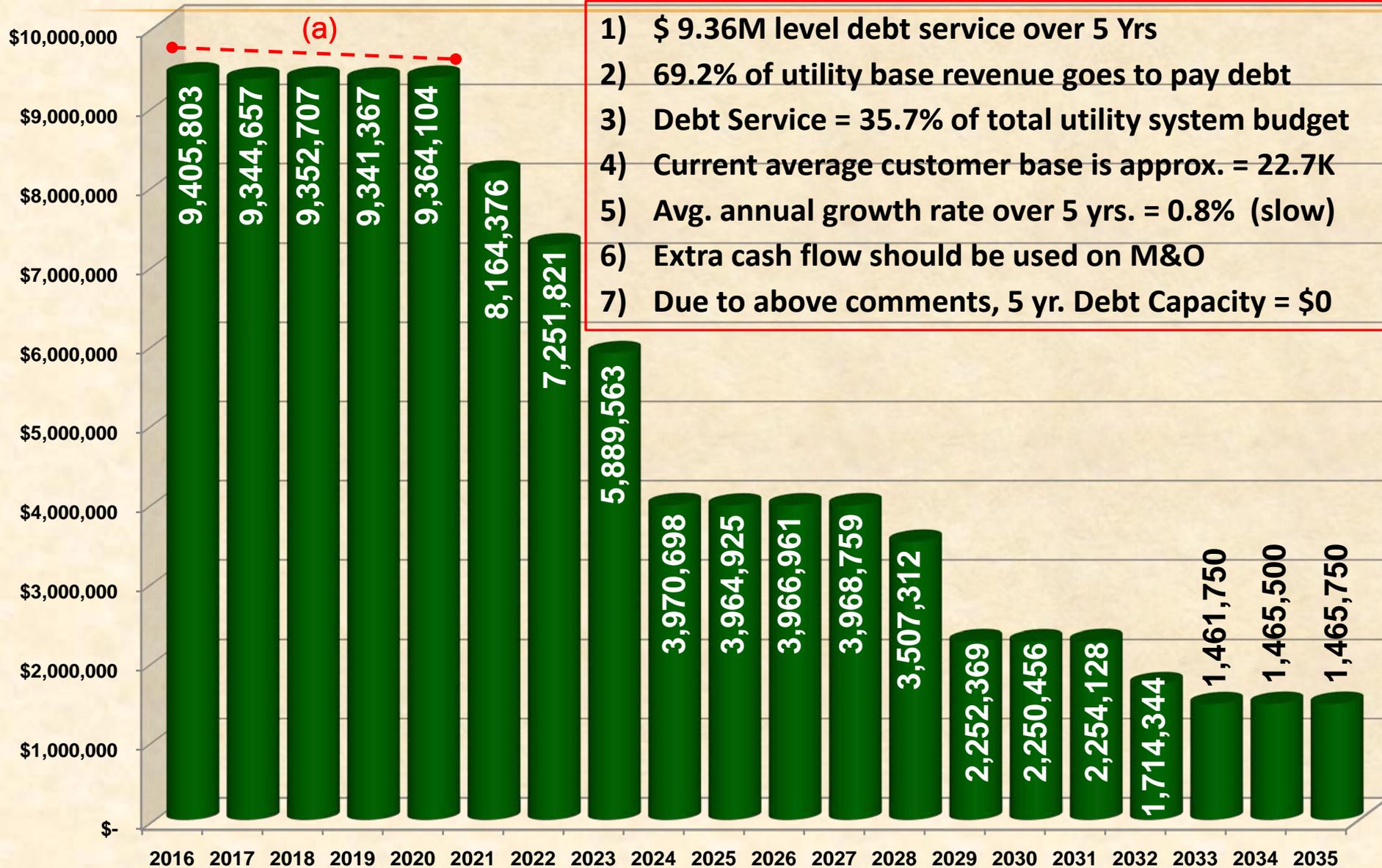
Fiscal Year Ending September 30	Outstanding Debt Paid With Utility Rates	Interest	Principal	Balance of Principal Outstanding
				\$ 77,260,000
2016	9,405,803	2,975,803	6,430,000	70,830,000
2017	9,344,657	2,804,657	6,540,000	64,290,000
2018	9,352,707	2,547,707	6,805,000	57,485,000
2019	9,341,367	2,266,367	7,075,000	50,410,000
2020	9,364,104	1,979,104	7,385,000	43,025,000
2021	8,164,376	1,714,376	6,450,000	36,575,000
2022	7,251,821	1,476,821	5,775,000	30,800,000
2023	5,889,563	1,269,563	4,620,000	26,180,000
2024	3,970,698	1,115,698	2,855,000	23,325,000
2025	3,964,925	994,925	2,970,000	20,355,000
2026	3,966,961	866,961	3,100,000	17,255,000
2027	3,968,759	728,759	3,240,000	14,015,000
2028	3,507,312	592,312	2,915,000	11,100,000
2029	2,252,369	487,369	1,765,000	9,335,000
2030	2,250,456	405,456	1,845,000	7,490,000
2031	2,254,128	319,128	1,935,000	5,555,000
2032	1,714,344	239,344	1,475,000	4,080,000
2033	1,461,750	171,750	1,290,000	2,790,000
2034	1,465,500	105,500	1,360,000	1,430,000
2035	1,465,750	35,750	1,430,000	-
	<u>\$ 100,357,350</u>	<u>\$ 23,097,350</u>	<u>\$ 77,260,000</u>	

5 yr  
CIP

53% or  
\$40.7M  
w/ 5 yr.

# ■ Annual Debt Service - Paid w/ Utility Rates

(a)



# FY 2021–2024 Residential Street Improvement Plan: Original

Subdivisions	FY	Street Cost	Drainage Cost	Utility Cost	Total Cost
Residential Streets Program	2021	\$13,314,400	\$ -	\$13,160,000	\$ 26,474,400
Residential Streets Program	2022	12,301,200	-	12,625,000	24,926,200
Residential Streets Program	2023	3,910,000	-	5,486,000	9,396,000
Residential Streets Program	2024	35,587,800	4,590,000	29,208,000	69,385,800
	<b>Total</b>	<b>\$65,113,400</b>	<b>\$4,590,000</b>	<b>\$60,479,000</b>	<b>\$130,182,400</b>

**GO/CO Bonds**

**Utility Bonds**

**\$69.703 Million**

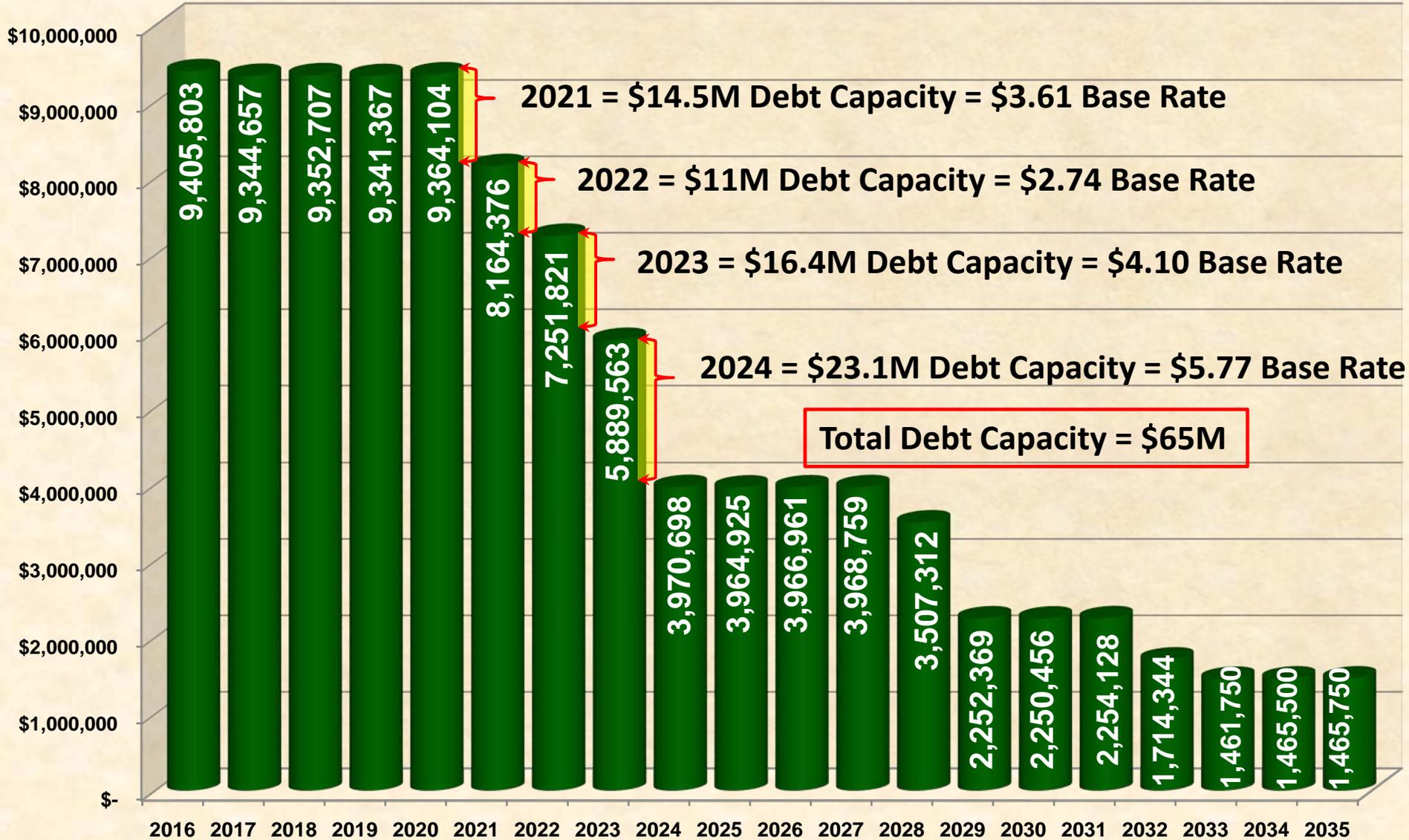
**Paid with Tax Rate**

**Paid w/ Utility Rates**



# Future Utility Bond Debt Capacity

■ Annual Debt Service - Paid w/ Utility Rates



## **Question:**

**Instead of waiting until Fiscal Year 2021 to start any major Residential Street Reconstruction Projects, could the City start the Projects in Fiscal Year 2017 or earlier; and, what are the financial consequences for “speeding-up” the Projects?**

# FY 2021–2024 Residential Street Improvement Plan - Revised:

RECAP	Fiscal Year	Bond Sale	Street Cost	Drainage Cost	Utility Cost	Total Cost
Residential Streets	2017/2018	2017	\$22,493,513	\$ -	\$22,610,000	\$ 45,103,513
Residential Streets	2019/2020	2019	18,713,600	1,460,000	9,620,000	29,793,600
Residential Streets	2020	2020	4,848,400	-	-	4,848,400
Residential Streets	2021	2021	7,779,200	3,130,000	14,833,000	25,742,200
Residential Streets	2023/2024	2023	29,270,600	-	13,416,000	42,686,600

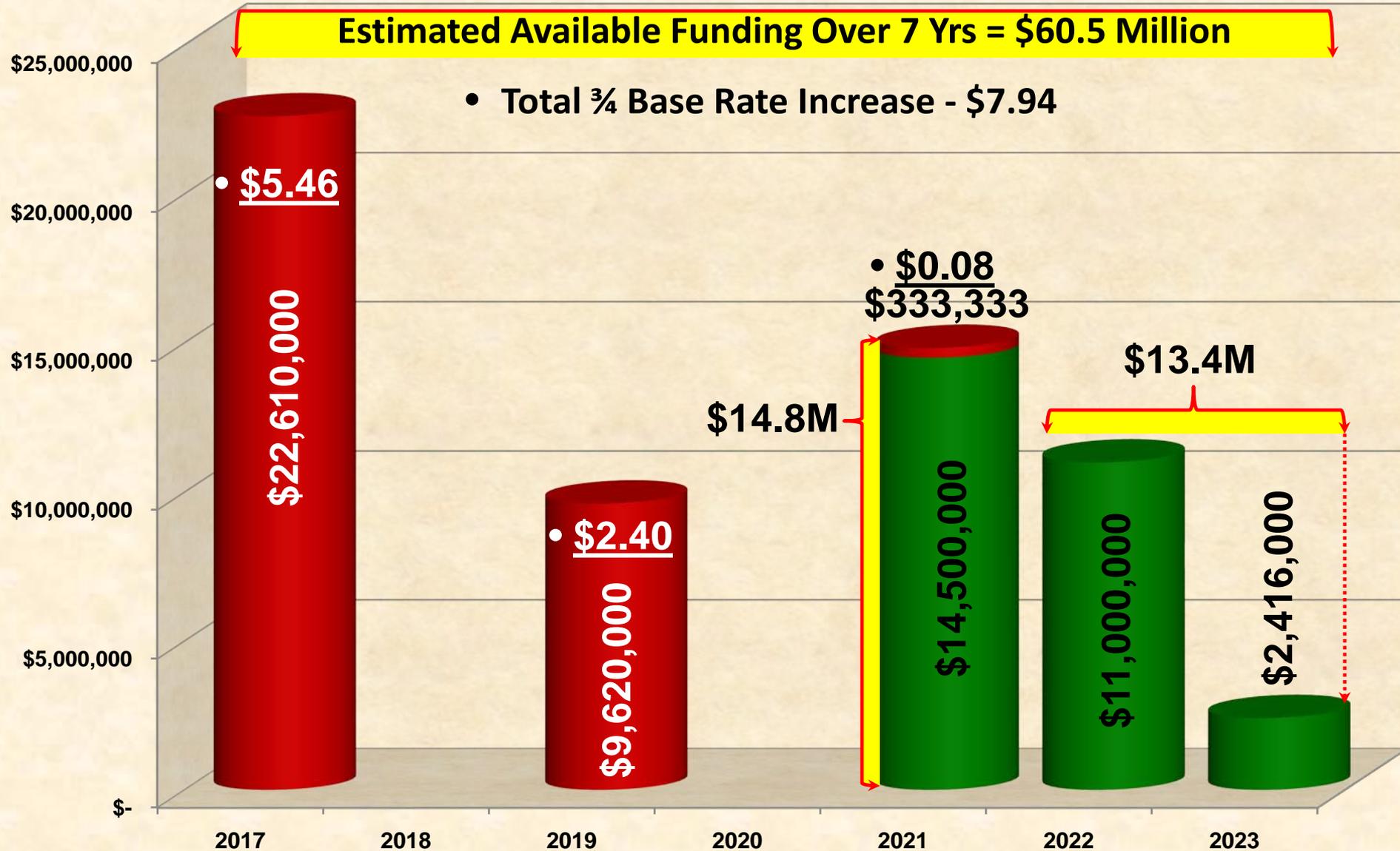
<b>TOTAL:</b>			<b>\$83,105,313</b>	<b>\$4,590,000</b>	<b>\$60,479,000</b>	<b>\$148,174,313</b>
---------------	--	--	---------------------	--------------------	---------------------	----------------------

<b>Bond Sale 2017:</b>	<b>\$22,493,513</b>	<b>Utility Bonds / Utility Rates</b>  <b>\$87.7 Million</b>
<b>Bond Sale 2019:</b>	<b>\$20,173,600</b>	
<b>Bond Sale 2020:</b>	<b>\$ 4,848,400</b>	
<b>Bond Sale 2021:</b>	<b>\$10,909,200</b>	
<b>Bond Sale 2023:</b>	<b>\$29,270,600</b>	

# Utility Bond Sales – What if Scenario:

■ New Bond Sale

■ Current Debt Capacity



## *What are the Financial Consequences for speeding-up the Projects, i.e. Utility Revenue Bond Debt Issue?*

- 1) Since FY 2011, the city has experienced an average annual customer base increase of 0.8% per year – slow growth rate.
- 2) The debt burden cost per customer would increase by:

<b>Fiscal Year</b>	<b>¾ Utility Base Rate</b>	<b>\$ Increase</b>	<b>% Increase</b>	<b>% Inc. From 2016</b>
2016	\$40.89	-	-	-
2017	\$46.35	\$5.46	13.35%	13.35%
2018	\$46.35	\$0.00	0.00%	13.35%
2019	\$48.75	\$2.40	5.16%	19.22%
2020	\$48.75	\$0.00	0.00%	19.22%
2021	\$48.83	\$0.08	0.16%	19.42%
2022	\$48.83	\$0.00	0.00%	19.42%
2023	\$45.34	<b>(\$3.49)</b>	<b>-7.15%</b>	10.88%

## *What are the Financial Consequences for speeding-up the Projects, i.e. Utility Revenue Bond Debt Issue?*

- 3) The extra debt would put downward pressure on the City's ability to generate future revenue for M&O cost.
- 4) Could result in a possible downgrade by the credit rating agencies, which would result in higher interest costs.
- 5) Debt to total utility budget ratio would increase by:

<b>Fiscal Year</b>	<b>Debt Ratio</b>	<b>% Increase</b>	<b>% Inc. Vs 2016</b>
2016	35.73%	-	-
2017	42.62%	6.89%	6.89%
2018	42.66%	0.04%	6.93%
2019	45.65%	2.99%	9.92%
2020	45.73%	0.08%	10.00%
2021	41.28%	-4.45%	5.55%
2022	37.81%	-3.47%	2.08%
2023	32.64%	-5.17%	-3.09%

- 6) In comparing COV utility rates to other cities our size, COV utility rates would be above average.



## Conclusion – Staff’s Recommendation:

---

- **Continue the course with available debt capacity strategy;**
- **Continue with the current Residential Street Improvement Plan (2021-2024) – projects & financial strategy:**
  - **Capitalize on the COV debt reduction (2021-2024)**
  - **Minimum Tax Rate Increase in 2021 - \$0.0266 / 2.66¢; and, minimum impact to COV tax payer**
  - **No impact in utility rates**
  - **Maintains financial stability - COV General & Utility Funds**
  - **“Biggest Bang” in funding COV’s CIP Projects**
  - **Less risk to COV credit rating & interest cost**

***Comments / Questions?***

---