



# WESTWOOD SHORES Municipal Utility District

Bond Authorization Election Forum  
April 15, 2024, and April 20, 2024

# Discussion Topics

- What is a Bond Authorization Election?
- District Overview and Recommended Improvements
- District Funding Sources
- Bond Issuance Background and Overview
- Bond Funding and Property Tax Assumptions
- Bond Authorization Election Voter Information
- Q&A

# What is A Bond Authorization Election?

- Bond Authorization Election – allows voters to vote FOR/AGAINST allowing the MUD to borrow money to pay for future projects
- If authorized, gives the MUD the ability to issue bonds sometime in the future
- When issued, a bond is like a loan; principal and interest is paid back via MUD property taxes



# District Overview and Recommended Improvements

# Current Challenges

- District assets have not had regular preventive maintenance which has impacted their useful life and functionality
  - Lift stations, sewer treatment plant tanks, generators
  - Lack of inspection of pipes and valves
- Water storage tank sizing and condition
- Infrastructure size versus customer count impacts cost of water/sewer service per household/customer
- Year over year increasing demands for water as community grows
- EPA mandate to replace lead service lines (LCRR & LCRI)

EXIST BUILDING  
REHAB  
COST: \$75,000

500,000  
GAL.  
GROUND  
STORAGE  
TANK

PROP. ALTERNATE  
WATER SUPPLY  
LINE AND TANK  
FILL VALVE  
W/SHELTER  
COST: \$250,000

EXIST. 8" WATER  
MAIN FROM WF#1

PROP. WATER NEW  
SUPPLY SOURCE  
COST: \$1,000,000



EXIST BUILDING  
CONDITIONS



**NOTES:**  
1. THIS DRAWING IS A PICTORIAL REPRESENTATION FOR PRESENTATION PURPOSES ONLY AND IS SUBJECT TO CHANGE. FURTHER, SAID DRAWING IS A SCANNED IMAGE ONLY AND IS NOT FOR COMPUTED NOR CONSTRUCTION PURPOSES. NO WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE ACTUAL DESIGN, LOCATION, AND CHARACTER OF THE FACILITIES SHOWN ON THIS MAP ARE INTENDED.  
2. THE PROPOSED COSTS PROVIDED ABOVE SOLELY REPRESENT CONSTRUCTION COSTS. THERE ARE CONSULTING FEES AND ENGINEERING EXPENSES ASSOCIATED WITH EACH PROJECT. FOR A COMPLETE BREAKDOWN OF COSTS, REFER TO THE CAPITAL IMPROVEMENT PLAN PROVIDED IN THE 80% AUTHORIZATION ENGINEERING REPORT.

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**WESTWOOD SHORES MUD  
WATER PLANT NO. 1 IMPROVEMENTS**

<b>Job No.:</b> 318-13	<b>Date:</b> APRIL 2024	<b>Exhibit:</b> 1
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CLARIFIER 1 REHAB  
COST: \$150,000

CLARIFIER SPLITTER  
BOX REHAB  
COST: \$150,000

RETURNED ACTIVATED  
SLUDGE (RAS)  
LIFT STATION REHAB  
COST: \$150,000



EXIST. CLARIFIER 1



EXIST RAS LIFT  
STATION



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**WESTWOOD SHORES MUD  
WASTEWATER TREATMENT PLANT  
IMPROVEMENTS**

Job No.: 318-13	Date: APRIL 2024	Exhibit: 2
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LIFT STATION  
REHAB (LS3)  
COST: \$75,000



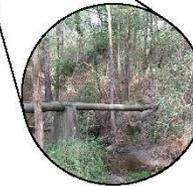
LIFT STATION  
REHAB (LS8)  
COST: \$75,000



LIFT STATION  
REHAB (LS20)  
COST: \$75,000



CONCRETE MANHOLE  
REHAB  
COST: \$81,000



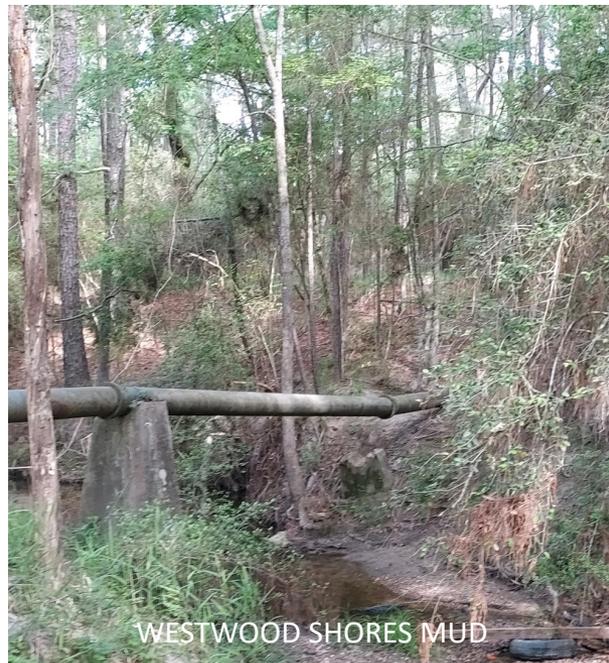
SEWER PIPE REHAB  
AND REPLACEMENT  
COST: \$448,782



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 <b>Civil Grade</b> ENGINEERS 710 N. Post Oak Road (Ste. 510) Houston, Texas 77024 (281) 407-5018 www.CivilGrade.com TBPE Registration No. F-15400	<b>WESTWOOD SHORES MUD SANITARY COLLECTION SYSTEM</b>		
	Job No.: 318-13	Date: APRIL 2024	Exhibit: 3







Lift Station 8 MH



Lift Station 8 Valve Vault



Lift Station 3 control panel



Lift Station 20 Piping



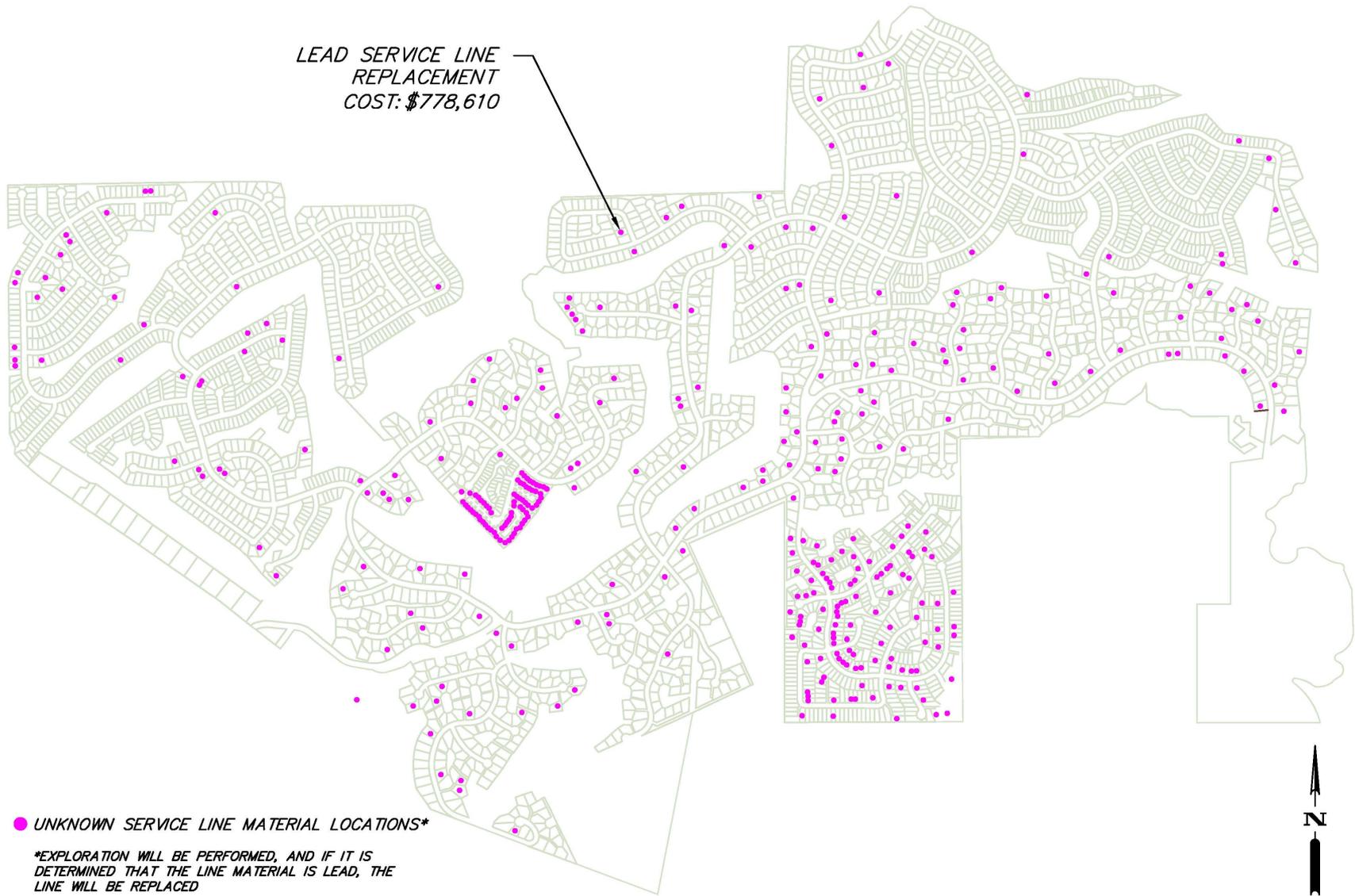
Lift Station 20



Lift Station 3 Piping



LEAD SERVICE LINE  
REPLACEMENT  
COST: \$778,610



● UNKNOWN SERVICE LINE MATERIAL LOCATIONS\*

*\*EXPLORATION WILL BE PERFORMED, AND IF IT IS DETERMINED THAT THE LINE MATERIAL IS LEAD, THE LINE WILL BE REPLACED*

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<b>WESTWOOD SHORES MUD LEAD SERVICE LINE REPLACEMENT</b>		
<b>Job No.:</b> 318-13	<b>Date:</b> APRIL 2024	<b>Exhibit:</b> 4

# Summary of Potential Uses \$7MM Bond Funds

	<u>Total Amount</u>
<b><u>PLANNING &amp; CONSTRUCTION COSTS</u></b>	
1. Planning & Preliminary Engineering	\$ 195,000
2. Water Plants and Wastewater Treatment Plant Improvements	\$ 2,607,475
3. Sanitary Sewer Collection Systems	\$ 1,108,775
4. Lead & Copper Rule: Lead Service Line Replacement	\$ 778,610
5. Emergency Project (TBD)	\$ 1,175,200
6. Miscellaneous Construction Costs	\$ 242,385
<b>Total Construction Cost (87.25 % of BIR)</b>	<b>\$ 6,107,445</b>



# District Funding Sources

# Sources of District Funds

- Property Taxes:
  - Debt Service: used to repay debt (bonds)
  - Maintenance & Operations: to offset a portion of annual maintenance and operations budget
- Revenues from monthly water and sewer customer billing:
  - Used to offset all non-debt related expenses
  - Excess net revenues can be used on improvement projects
- Grants from federal and state funds:
  - Availability uncertain; may require bond authorization



# Bond Issuance Background and Overview

# Bond Issuance and Overview

- The District is a governmental entity responsible for providing water and sanitary sewer service to District customers.
- Authorized under Texas Water Code, Texas Constitution and is regulated by TCEQ
- The District does not earn profits; revenues in excess of expenses are used to provide for repairs and maintenance or capital items.
- WS MUD currently insures approximately \$21MM of real assets, many of which have not been replaced since they were installed.
- Improvement requires significant capital improvement funds.

# Bond Issuance and Overview (cont'd)

- When a MUD sells bonds, it is borrowing money (i.e. selling an IOU) to be paid back over the life of the loan; principal plus interest.
- To issue bonds the MUD will have to demonstrate good financial health and get approval from the state agencies for the specific projects being funded
- Repayment of tax bonds is funded via the debt portion of MUD property taxes

# Bond Issuance and Overview (cont'd)

- Last voter authorization election allowing district to issue \$5,000,000 in debt was authorization in 2009
- Current debt outstanding: \$4,470,000
- Remaining unspent bond proceeds is designated for projects already approved by TCEQ
- District has no authorization to borrow using tax bonds; including low interest loans from TWBD with the potential for loan forgiveness.

# Bond Issuance and Overview (cont'd)

- 2010: Major uses of funds were construction of water plant 2 and pipeline interconnect to Trinity Rural Water Supply Corporation (\$910,000 principal due)
- 2017: Issuance of refunding bonds to reduce interest payments on bonds issued in 2007 (\$1,010,000 principal due)
- 2020A: Improvements at Water Plant 1 including well #2 and filtration plant (\$1,345,000 principal due)
- 2020B: Improvements at Wastewater Treatment Plant and rehabilitation of two lift stations (\$1,205,000 principal due)



# Bond Funding and Property Tax Assumptions



# Westwood Shores MUD

## Bond Election Overview

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February 15<sup>th</sup>, 2024



## Analysis Assumptions and Tax Impact

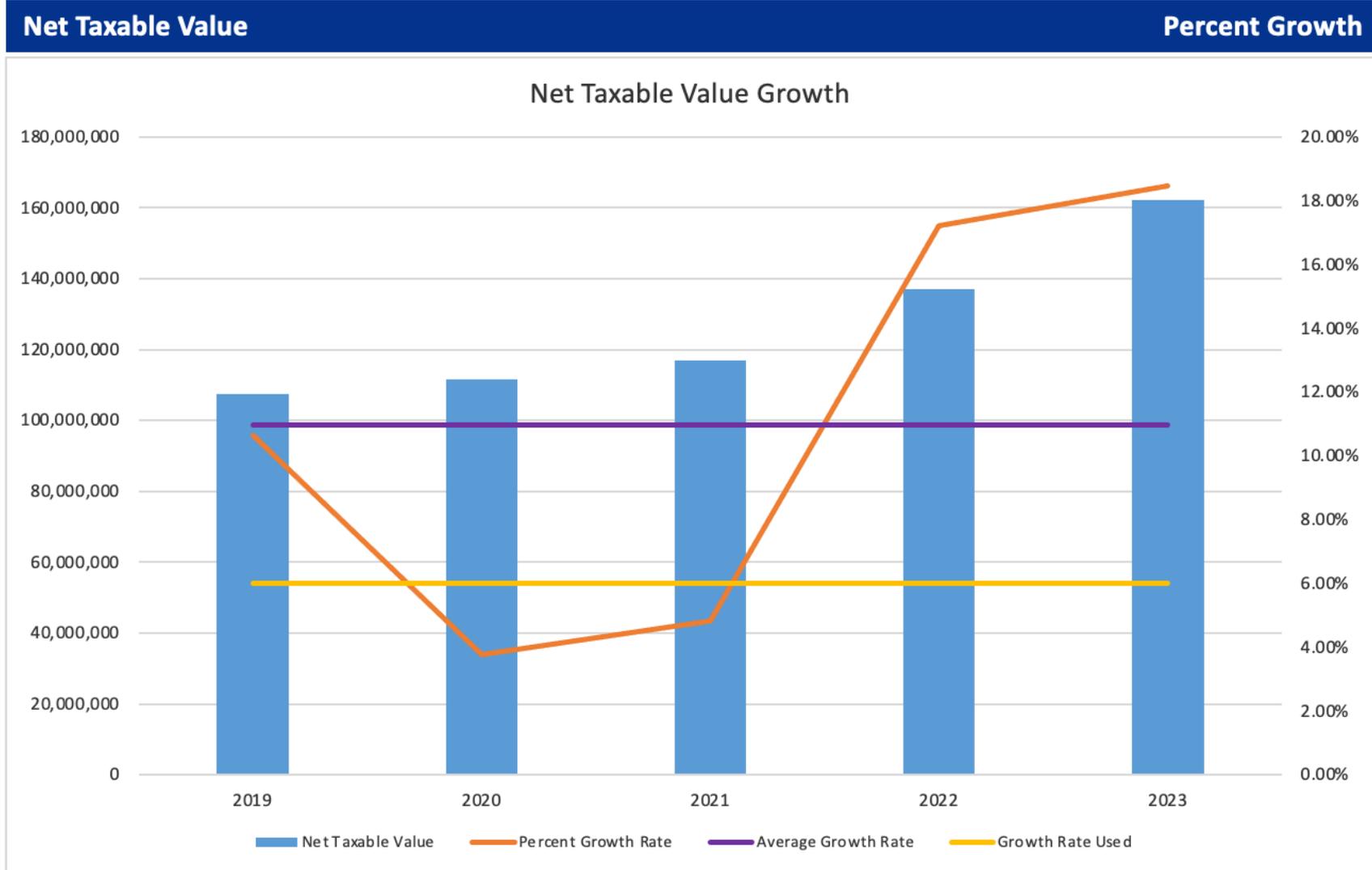
### New Debt Summary

- Growth in Net Taxable Value of 6% per Year through 2029. Historical Average last 5 years is 10.99%.
- Term of Bond Principal Amortization is 20 Years.
- Interest Rate used is 5.10%, non-rated, insured to an AA rating. Market rate as of January 31<sup>st</sup>, 2024.
- Tax Rate calculated based on a 92% collection rate.
- Capitalized interest used to meet Texas Commission on Environmental Quality guidelines for Bond Approval. Amount of Cap I in 2024 issue may be moved to 2025 issuance or reduce LSLR funds based on criteria determination of Texas Water Development Board.
- Bonds begin to have option for pre-payment 9 years after issuance.
- Bonds to be issued in November of each Series year – 11/13/2025; 11/13/2027.
  - Includes TWDB Lead Service Line Replacement Program Unlimited Tax Bonds to be issued 10/15/2024.

### Tax Impact

- Current Tax Rate for Debt Service \$0.3551 as of February 1, 2024.
- Maximum Tax Rate increase for \$7,000,000 in new debt in 2028 is \$0.1359 for a total debt service rate of \$0.4910.
- Increase on \$100,000 of taxable value due to new debt is \$135.89 annually.

# Net Taxable Value History and Average Growth



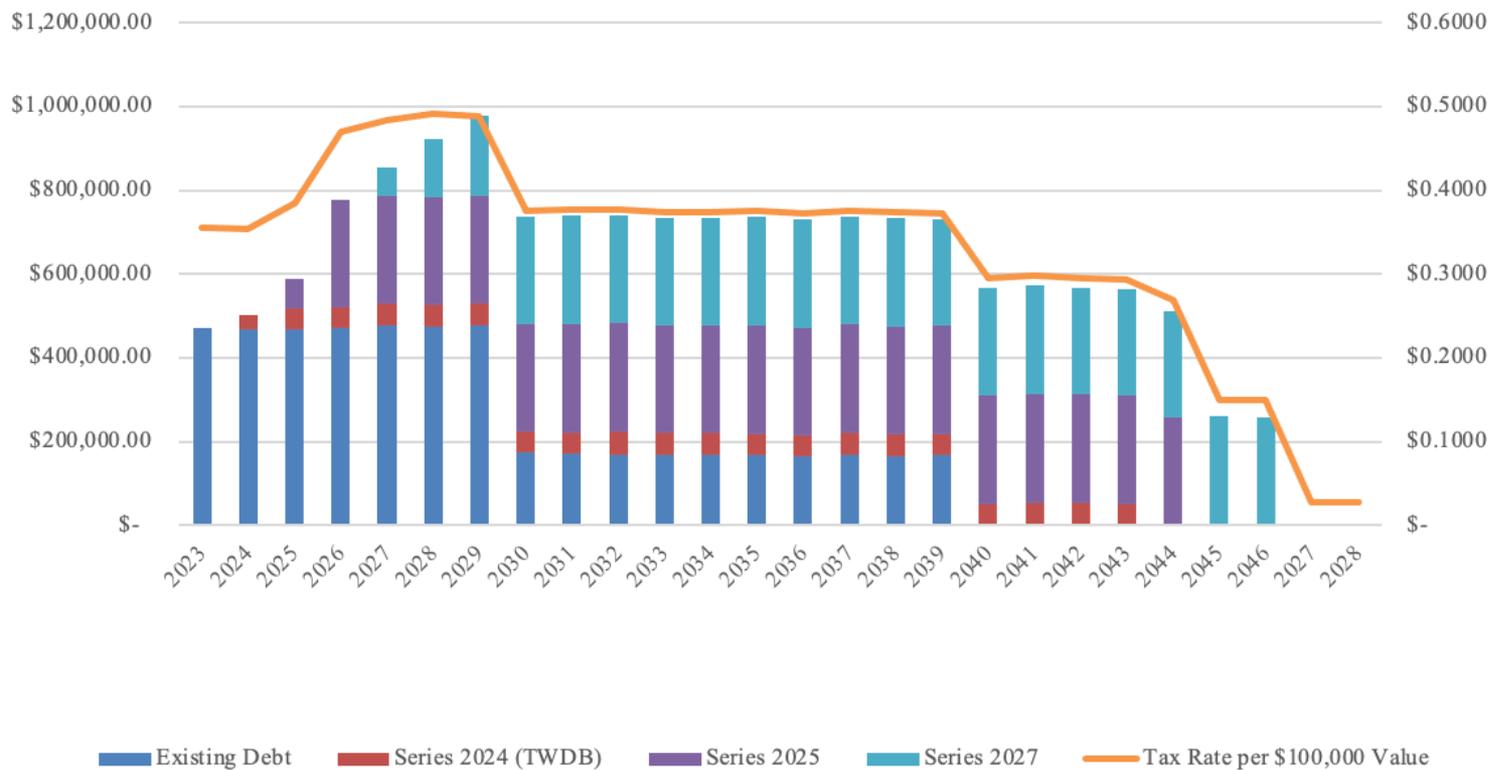
# Debt Profile for \$7,000,000 New Bonds



## Unlimited Tax Bonds

**Debt Service** **Tax Rate**

Overview of New and Existing Debt



# Sample Tax Impact Profile



## Unlimited Tax General Obligation Bond Program – NEW DEBT TAX IMPACT

### \$7,000,000 Debt Program

Calculated from tax rate as of date February 1, 2024. Highest debt service tax rate estimated to be \$0.4910 in 2028 tax year. Based on assumptions outlined in executive summary.

<b>Taxable Value</b>	<b>Maximum Debt Tax Rate</b>	<b>Maximum Debt Tax Rate Increase</b>	<b>Annual Bill Total</b>	<b>Annual Bill Increase</b>
\$100,000	\$0.4910	\$0.1359	\$490.99	\$135.89
150,000	0.4910	0.1359	736.48	203.83
200,000	0.4910	0.1359	981.97	271.77
250,000	0.4910	0.1359	1,227.47	339.72
300,000	0.4910	0.1359	1,472.96	407.66
350,000	0.4910	0.1359	1,718.46	475.61
400,000	0.4910	0.1359	1,963.95	543.55
500,000	0.4910	0.1359	2,454.94	679.44
\$50,000	0.4910	0.1359	\$245.50	\$67.95

This section added by Blitch & Associates

# Future Annual Tax Bill Impact



## Unlimited Tax General Obligation Bond Program – NEW DEBT TAX IMPACT

### 7-Year Tax Bill Projected Increases by Assessed Valuation

Annual Tax Bill by Assessed Valuation							
Taxable Value	2024	2025	2026	2027	2028	2029	2030
\$100,000	\$354	\$385	\$469	\$483	\$491	\$489	\$376
150,000	531	577	704	725	736	733	564
200,000	709	769	939	967	982	978	752
250,000	886	962	1,173	1,208	1,227	1,222	940
300,000	1,063	1,154	1,408	1,450	1,473	1,467	1,128
350,000	1,240	1,346	1,643	1,692	1,718	1,711	1,316
400,000	1,417	1,539	1,878	1,933	1,964	1,955	1,504
500,000	1,771	1,923	2,347	2,417	2,455	2,444	1,880
\$50,000	\$177	\$192	\$235	\$242	\$245	\$244	\$188

This section added by Blitch & Associates

See "Tax Bill for New Issuance" on slide #4 for additional drop in annual bill total after 2029.



## General Disclosure

The information herein is intended for educational and informational purposes only and does not project actual outcomes or events, nor is it an offer or a solicitation of an offer to buy or sell any investment or any other specific product. Information provided and assumptions were obtained from sources that are believed to be reliable or made based on reasonable judgements; however, it is not guaranteed to be correct, complete, or current, and is not intended to imply or establish standards of care applicable to any attorney or advisor in any particular circumstances. This work product represents historical and possible outcomes for information only and is not an indication of future performance.

Actual results will differ and reflect market factors at the time bonds are actually sold.



# Bond Authorization Election – Voter Information

# Ballot Language

- The ballot language is authorizing the issuance of up to \$7MM in bonds for projects related to water, wastewater, drainage, reuse facilities, and Lead and Copper Line replacement
- A corresponding authorization of up to \$7MM in refunding bonds is included within this proposition
- Taxes sufficient to pay the principal of and Interest on the Bonds

A	Box 11	B	C
<p><b>WESTWOOD SHORES MUNICIPAL UTILITY DISTRICT</b>  <i>(DISTRITO DE SERVICIOS PÚBLICOS MUNICIPALES DE WESTWOOD SHORES)</i></p> <p><b>Bond Election</b>  <i>(Elección de Bonos)</i></p> <p><b>May 4, 2024</b>  <i>(4 de mayo de 2024)</i></p> <p><b>Official Ballot</b>  <i>(Boleta Oficial)</i></p>			
<p><b>INSTRUCTION NOTE:</b>          Vote for the statement of your choice by darkening in the oval (●) provided to the left of the statement.</p> <p><b>(NOTA DE INSTRUCCIÓN:</b>  <i>Vote por la declaración de su preferencia llenando completamente el espacio ovalado (●) a la izquierda de la declaración.)</i></p>			
<p><b>PROPOSITION A</b></p>			
<p>THE ISSUANCE OF BONDS IN THE MAXIMUM AMOUNT OF SEVEN MILLION DOLLARS (\$7,000,000) FOR WATER, WASTEWATER, SANITARY SEWER, LEAD AND COPPER PIPE: LEAD SERVICE LINE REPLACEMENT, REUSE, AND DRAINAGE SYSTEM FACILITIES AND IMPROVEMENTS, THE EQUIVALENT SEVEN MILLION DOLLARS (\$7,000,000) FOR REFUNDING ANY OUTSTANDING BONDS, AND THE LEVY OF AD VALOREM TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS</p>			
<p><i>(PROPOSICIÓN A)</i></p>			
<p><i>(LA EMISIÓN DE BONOS POR LA CANTIDAD MÁXIMA DE SIETE MILLONES DE DÓLARES (\$7,000,000) PARA INSTALACIONES Y MEJORAS DEL SISTEMA DE AGUA, AGUAS RESIDUALES, ALCANTARILLADO SANITARIO, LA NORMA SOBRE PLOMO Y COBRE: REEMPLAZO DE LÍNEAS DE SERVICIO DE PLOMO, REUTILIZACIÓN Y DRENAJE, EL EQUIVALENTE A SIETE MILLONES DE DÓLARES (\$7,000,000) PARA REEMBOLSAR CUALQUIER BONO PENDIENTE, Y LA IMPOSICIÓN DE IMPUESTOS AD VALOREM SUFICIENTES PARA PAGAR EL CAPITAL Y EL INTERÉS DE DICHS BONOS)</i></p>			
<p><input type="radio"/> FOR (A FAVOR)</p> <p><input type="radio"/> AGAINST (EN CONTRA)</p>			

# Refunding Bonds

- As noted in the last slide, the proposition will contain language authorizing up to \$7MM in refunding bonds.
- These refunding bonds are issued when there is an opportunity to save the District money on their outstanding debt
- It is a similar concept to refinancing a home mortgage

# VOTING INFORMATION

- Voter Eligibility:
  - Registered to vote in Trinity County
  - AND-
  - Westwood Shores Property owner (or resident)
  - One vote per eligible voter (not one vote per household)
- Bond Authorization Election will be held at District Office – 75 Cottonwood
- Polls open:
  - Early Voting: Monday through Friday, April 22<sup>nd</sup> through April 30– 8am to 5pm
  - Election Day: May 4<sup>th</sup> - 7am to 7pm



# Q&A