



NORTH TEXAS MUNICIPAL WATER DISTRICT

\$94.7 MILLION WATER SYSTEM
REVENUE REFUNDING BONDS,
SERIES 2020

THE NEED

In 2020, the North Texas Municipal Water District (the District) approached HilltopSecurities—its municipal advisor of record since the District’s formation in 1951—to refund a portion of its outstanding debt, as well as pay the incidental costs associated with the issuance and delivery of the bonds.

Currently, the District is in discussion with the Public Utility Commission (PUC) of Texas on its rates; therefore, any Water System transaction must be pre-approved by the Texas Attorney General. As a result, the bonds required pre-approval.

THE SOLUTION

HilltopSecurities advised the District on document preparation, financial modeling, transaction execution, and assisted with formulating the rating agency presentation. After securing an “AAA” rating from S&P Global and an “Aa2” from Moody’s, the firm advised the District that, due to factors such as historically low interest rates, tax cuts, and changes in federal tax law, the timing was optimal to secure refunding of the bonds. Additionally, this transaction refunded and refinanced Build America Bonds (BABs), which were taxable and subsidized by the U.S. government.

TRANSACTION DETAILS

Role	Municipal advisor
Team	Nick Bulaich David Medanich
Tax Status	Tax exempt
Ratings	“AAA” – S&P Global “Aa2” – Moody’s
Size	\$94,755,000
Bond Structure	20 year - fixed rate
Yields/Spreads	True interest cost of 1.728%
Redemption	September 1, 2029, at par
Pricing Date	July 21, 2020
Bond Counsel	McCall, Parkhurst & Horton, L.L.P.
Bookrunner	Raymond James
Managers	Citigroup UBS Financial Services Inc. Morgan Stanley



THE RESULT

By refunding the bonds at lower interest rates, the District saved over \$27 million in future debt service costs. The District's board of directors had approved a parameter requiring the present value savings to be at least 3.5 percent, and yet the present value savings percentage turned out to be over 20 percent.

Due to the COVID-19 pandemic, interest rates were low as a result of economic uncertainty. However, the pandemic has not affected the District as it has demonstrated that it is an essential service.

ABOUT THE ISSUER

The North Texas Municipal Water District serves 2,200 square miles in nine counties and 13 member cities in North Central Texas, providing a combination of water, wastewater, and solid waste services to these areas. For more than 60 years the District, working in conjunction with member and customer cities, has operated responsibly, surpassing state and federal standards for water quality and environmental protection. The District is committed to providing affordable, safe, and reliable services to the people it serves.

CONTACT US

Find out how HilltopSecurities can help your entity pursue its financing goals. Call us or visit us online today.

214.953.4156

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