

City of Palm Coast, Florida Agenda Item

Agenda Date: January 13, 2026

Department	FINANCIAL SERVICES	Amount
Division		Account #
Subject: PRESENTATION - UPDATE ON CURRENT DEBT MARKET AND OVERVIEW OF THE FINANCING PLAN FOR THE SERIES 2026 UTILITY BONDS		
Presenter: Helena Alves, Director of Financial Services, and Joel Tindal, Managing Director, Hilltop Securities		
Attachments: 1. Presentation		
Background: Hilltop Securities Inc., as Financial Advisor to the City of Palm Coast, is presenting a market update on current long term debt conditions in addition to matters pertaining to and overview of the financing plan for the City's upcoming Series 2026 utility bonds.		
Recommended Action: FOR PRESENTATION ONLY		

HilltopSecurities.

Investment Banking Solutions



CITY OF PALM COAST, FLORIDA
MARKET UPDATE AND
OVERVIEW OF UTILITY
SYSTEM REFUNDING &
REVENUE BONDS
FINANCING PLAN



CITY OF PALM COAST, FLORIDA MARKET UPDATE AND OVERVIEW OF UTILITY SYSTEM REFUNDING & REVENUE BONDS BONDS FINANCING PLAN

JANUARY 13, 2026

450 S. Orange Avenue, Suite 225
Orlando, Florida 32801
Ph: 407.426.9611
HilltopSecurities.com

TABLE OF CONTENTS

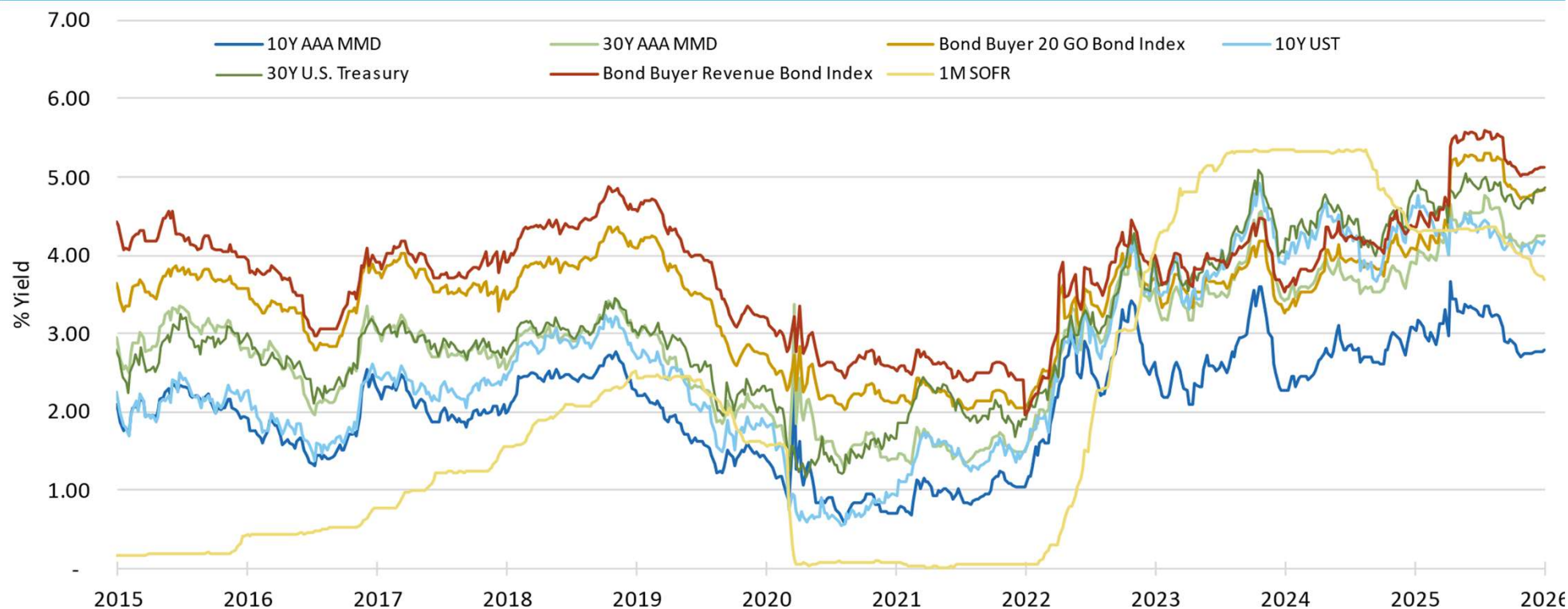
- Tab 1: Market Update (as of January 2, 2026)
- Tab 2: Overview of the Utility System Refunding & Revenue Bonds, Series 2026 Financing Plan
- Appendix A: Regulatory Disclosures

MARKET UPDATE (AS OF JANUARY 2, 2026)

TAB 1

WEEKLY BENCHMARK INTEREST RATES

Benchmark Interest Rates – 1/1/2015 to 1/2/2026



Rates Analysis – 1/1/2015 to 1/2/2026

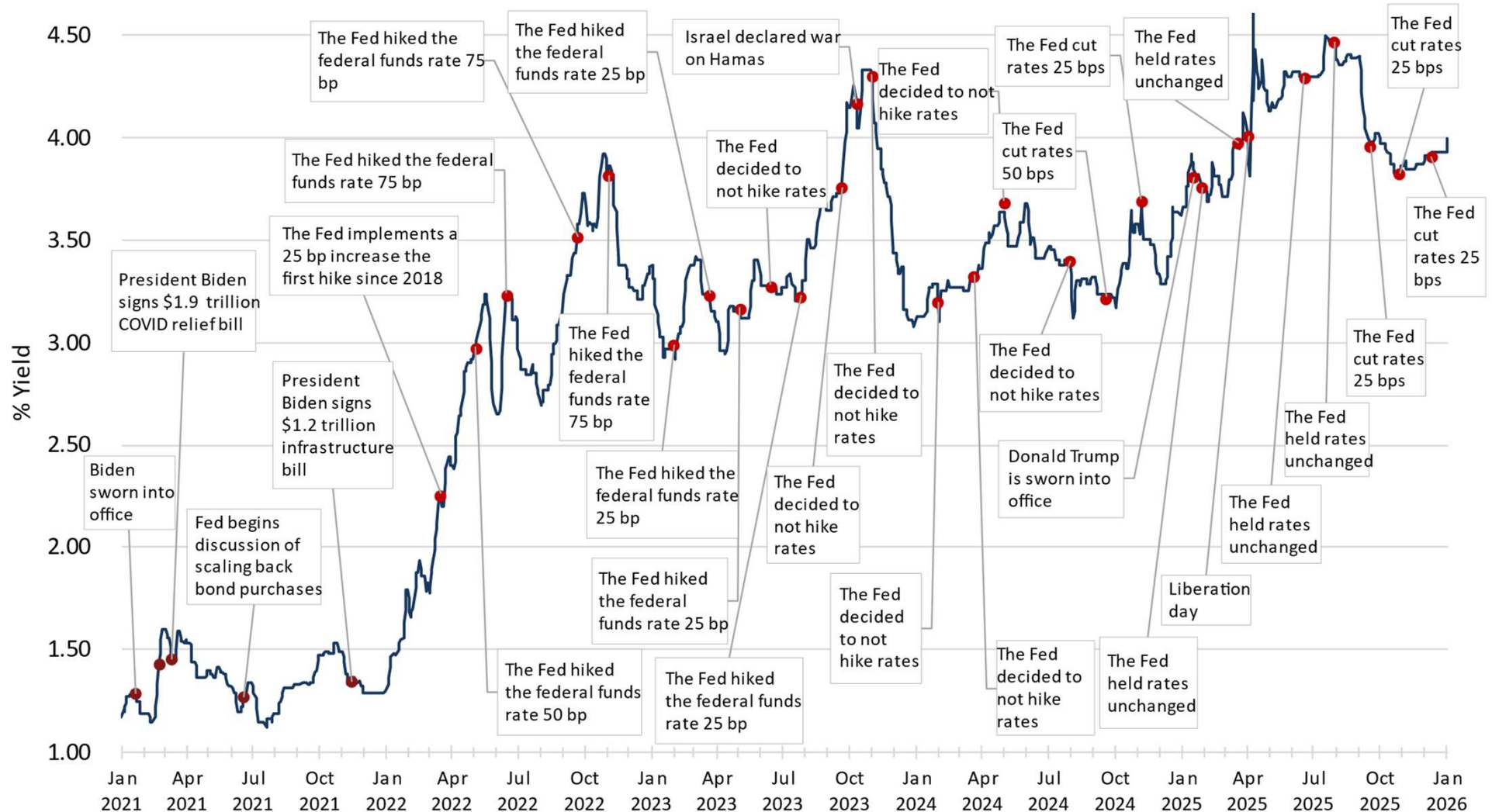
	10-Year AAA MMD	30-Year AAA MMD	Bond Buyer 20 GO Bond Index	Bond Buyer Revenue Bond Index	10-Year U.S. Treasury	30-Year U.S. Treasury	SIFMA	1-Month SOFR
Current	2.78	4.25	4.83	5.12	4.19	4.86	2.36	3.69
Maximum	3.66	4.77	5.30	5.59	4.93	5.09	5.20	5.36
Minimum	0.58	1.27	2.02	1.97	0.55	1.17	0.01	0.01
Average	2.08	2.88	3.46	3.81	2.65	3.09	1.39	2.05
% Time Lower	83.3%	94.8%	94.8%	94.8%	85.4%	96.9%	75.0%	71.8%

Source: Refinitiv Municipal Market Data, U.S. Treasury and Bloomberg

(1) SOFR 1 Month is blended with LIBOR 1 Month rates prior to 2019

CHANGE IN 20-YEAR MMD

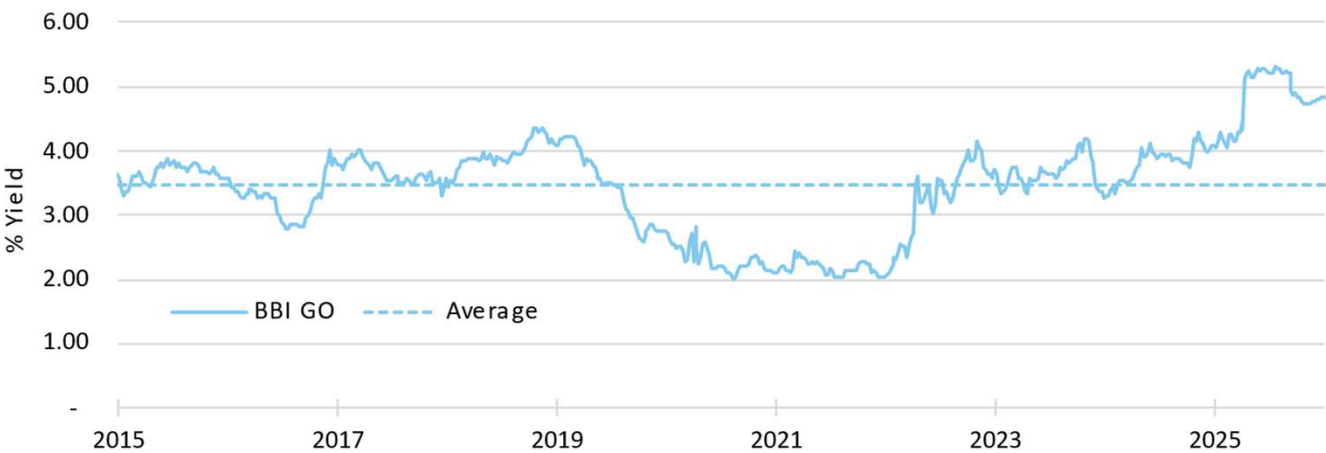
Change in 20-Year MMD with Market Commentary – 1/1/21 to 1/2/2026



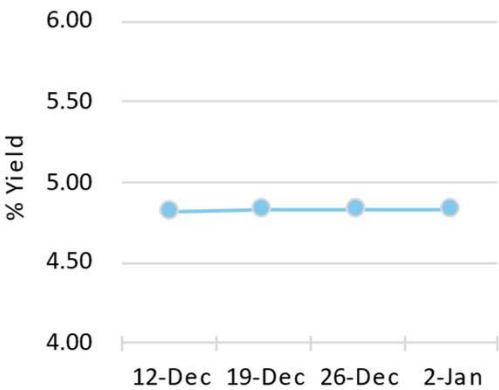
Source: Refinitiv Municipal Market Data and HilltopSecurities

TAX-EXEMPT MARKET OVERVIEW | THE BOND BUYER

The Bond Buyer 20-Bond General Obligation Index – 1/1/12 to 1/2/2026



4-Week Snapshot



The Bond Buyer Revenue Bond Index – 1/1/12 to 1/2/2026



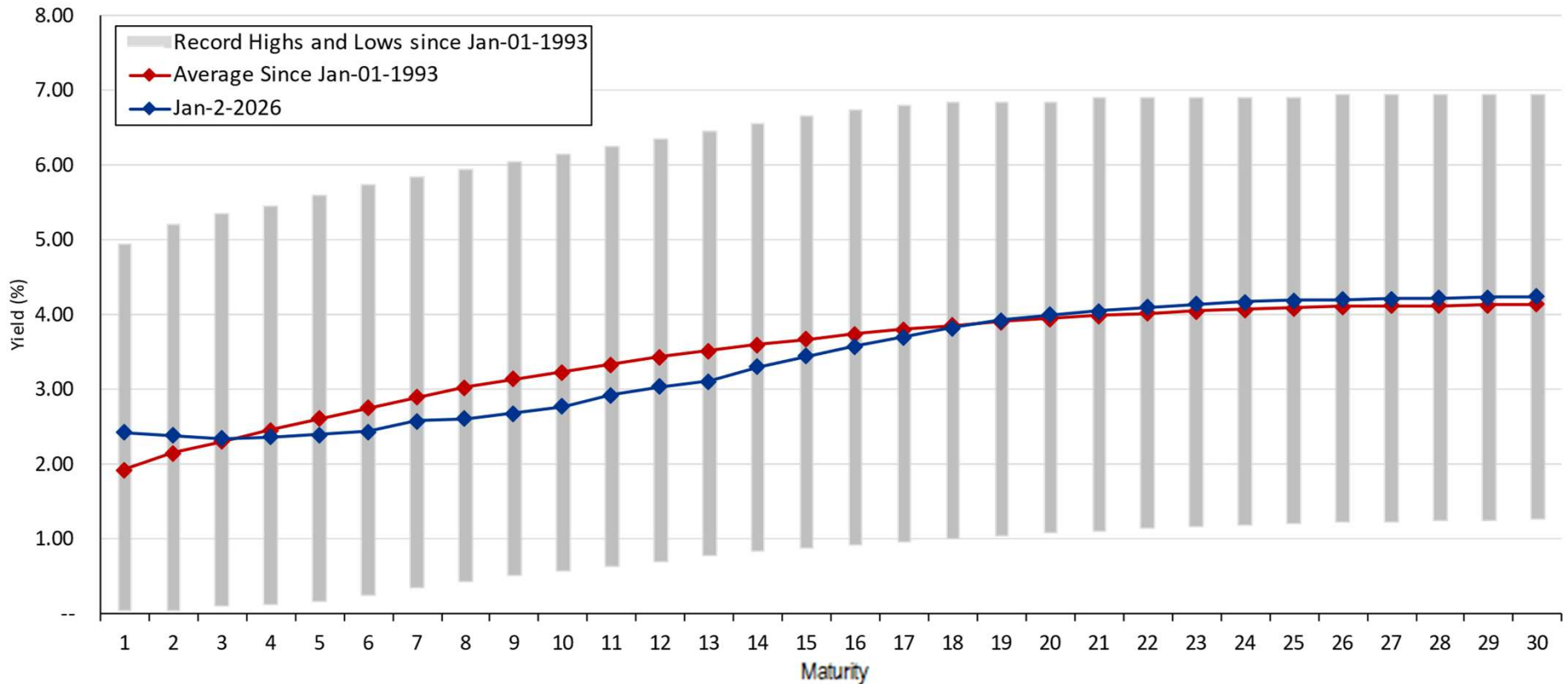
4-Week Snapshot



Source: The Bond Buyer

HISTORICAL AAA MMD RATES

- The graph below illustrates the range between the record highs and lows of AAA MMD at each maturity since 1993, along with the current rates and average rates over this time frame



	1	5	10	15	20	25	30
Record Low Since 1993	0.05	0.16	0.58	0.88	1.08	1.22	1.27
Record High Since 1993	4.95	5.60	6.15	6.65	6.85	6.90	6.95
Average Since 1993	1.93	2.61	3.24	3.68	3.95	4.09	4.14
Current (Jan-2-2026)	2.43	2.40	2.78	3.45	4.00	4.19	4.25

Source: Refinitiv Municipal Market Data

OVERVIEW OF THE UTILITY SYSTEM REFUNDING & REVENUE BONDS, SERIES 2026 FINANCING PLAN

TAB 2

OVERVIEW OF THE UTILITY SYSTEM BONDS FINANCING PLAN

- The City Council approved utility rate increases in early 2025 needed to support the utility's capital improvement program, including an initial bond issuance to fund approximately \$283.4 million in capital
- The proposed bond issuance is expected to be repaid over approximately 30-years and is currently anticipated to be issued in April 2026
- Additionally, the City has approximately \$49 million of outstanding Taxable Utility System Refunding Revenue Bonds, Series 2021 that may present a refunding savings opportunity when combined with the new money utility financing
 - The outstanding Series 2021 bonds have interest rates from 1.08% - 2.27%, mature through 10/1/2036, and were issued as taxable bonds to refund the City's Series 2013 Bonds
 - While the Series 2021 bonds were issued as taxable bonds due to tax-exempt refunding limitations at the time, the City can now refund the Series 2021 bonds with tax-exempt bonds
 - Combining the planned new money bonds along with the refunding of all or a portion of the Series 2021 bonds may provide refunding savings to the City through an escrow-to-maturity refunding, whereby new tax-exempt refunding bond proceeds are reinvested and used to pay the debt service on the Series 2021 Bonds through their maturity
 - When combined with the new money bonds, the refunding of the Series 2021 bonds (escrow-to-maturity) is estimated to produce net present value savings of approximately \$1.7 million or 3.46% of the par amount of bonds refunded based on market conditions as of January 5, 2026
 - At the time of sale, the refunding will only be included if it achieves net present value savings or annual debt service savings to the City
- The proposed Series 2026 Bonds will be payable from and secured by Pledged Revenues, which primarily consist of the Net Revenues of the utility system, Sewer System Capital Facilities Fees, Water System Capital Facilities Fees, and certain moneys in various funds and accounts established under the Bond Resolution.

PRELIMINARY FINANCING SUMMARY

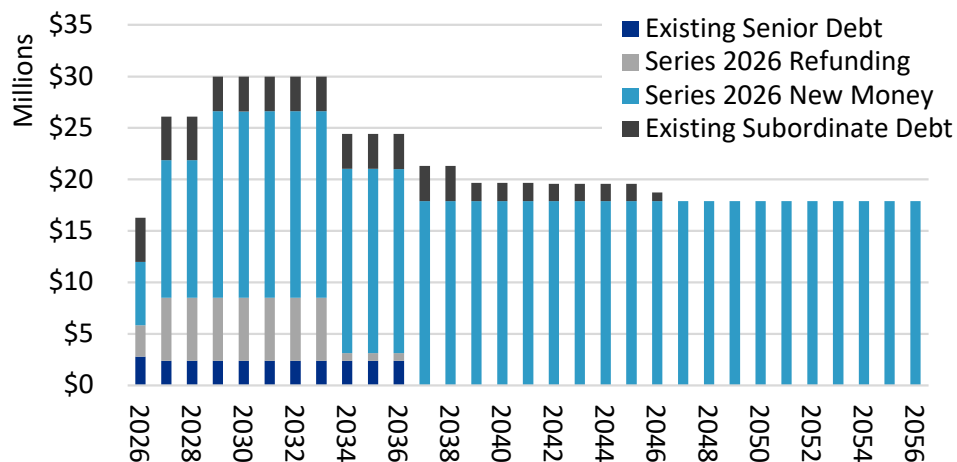
Assumptions

- Closing – April 2026
- Net project fund deposit of \$283.4 million
- Refunding of outstanding Series 2021 Bonds (2026 – 2036 maturities)
- Modified level annual debt service for new money bonds with interest only through 2028 and capped debt service through 2033
- Uniform (level) annual savings for refunding bonds
- October 2035 par call
- No debt service reserve funding
- Assumes “AA-/AA” interest rates as of January 5, 2026

Sources and Uses

SOURCES OF FUNDS	New Money	Refunding	Total
Par Amount	\$267,205,000	\$38,975,000	\$306,180,000
Premium / (Discount)	18,198,168	3,830,967	22,029,135
Debt Service Funds	---	2,757,500	2,757,500
Total Sources of Funds	\$285,403,168	\$45,563,467	\$330,966,635
USES OF FUNDS	New Money	Refunding	Total
Project Fund	\$283,394,000	---	\$283,394,000
Refunding Escrow	---	\$45,271,135	45,271,135
Costs of Issuance	2,009,168	292,331	2,301,500
Total Uses of Funds	\$285,403,168	\$45,563,467	\$330,966,635

Annual (10/1) Senior Lien Utility Debt Service



Select Bond Statistics

BOND STATISTICS	New Money	Refunding	Total
Final Maturity	10/1/2056	10/1/2036	10/1/2056
All-In TIC	4.52%	2.87%	4.44%
Total Interest	\$267,143,698	\$9,104,177	\$276,247,875
Total Debt Service	\$534,348,698	\$48,079,177	\$582,427,875
Max Annual Debt Svc	\$18,094,500	\$6,117,750	\$24,206,000
REFUNDING STATS.	New Money	Refunding	Total
Par Amount Refunded	---	\$49,045,000	\$49,045,000
Total Savings	---	\$2,070,532	\$2,070,532
Annual Savings ('26-'36)	---	\$188,230	\$188,230
NPV Savings (\$)	---	\$1,699,385	\$1,699,385
NPV Savings (% of Par)	---	3.46%	3.46%

Note: Analysis is preliminary and subject to change. The rates contained herein are for illustrative purposes and are indicative of market conditions as of January 5, 2026. The use of indicative rates herein is not a commitment to purchase securities or a loan, which can only be done thru a bond purchase or loan purchase agreement as the case may be after approval of Hilltop's commitment process. Rates are as of a point in time and will change and such change in rates may be material. Please contact your Hilltop representative for an update on rates that you may require. NPV Savings calculated using All-In TIC of refunding portion only.

PRELIMINARY FINANCING SCHEDULE AND FINANCING PARTICIPANTS

Preliminary Financing Schedule

January - 2026							February - 2026							March - 2026							April - 2026						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
							1	2	3	4	5	6	7	1	2	3	4	5	6	7				1	2	3	4
4	5	6	7	8	9	10	8	9	10	11	12	13	14	8	9	10	11	12	13	14	5	6	7	8	9	10	11
11	12	13	14	15	16	17	15	16	17	18	19	20	21	15	16	17	18	19	20	21	12	13	14	15	16	17	18
18	19	20	21	22	23	24	22	23	24	25	26	27	28	22	23	24	25	26	27	28	19	20	21	22	23	24	25
25	26	27	28	29	30	31								29	30	31					26	27	28	29	30		

Steps	Dates
<ul style="list-style-type: none"> Financing Team begins preparing bond documentation and consultant reports Obtain and coordinate related service providers including underwriters, paying agent, escrow agent, verification agent 	4Q 2025
Bond Resolution presented to City Council for approval	January 20, 2026
<ul style="list-style-type: none"> Financing Team finalizes bond offering document and consultant reports Obtain bond credit ratings 	1Q 2026
Bond sale (<i>preliminary</i>)	March/April 2026
Bond closing (<i>preliminary</i>)	April 2026

Financing Participants

- **City Staff**
- **Bond Counsel** – *Byran Miller Olive, P.A.*
- **Disclosure Counsel** – *Nabors, Giblin & Nickerson P.A.*
- **Municipal Advisor** – *Hilltop Securities Inc.*
- **Bond Underwriters** – *Raymond James (Senior Manager), BofA Securities (Co-Manager), Jefferies (Co-Manager), TRB Capital Markets (Co-Manager), Wells Fargo Corporate & Investment Banking (Co-Manager)*
- **Consulting Engineer** – *CPH Engineers, Inc.*
- **Feasibility Consultant** – *Raftelis Financial Consultants*
- **Paying Agent/Registrar** – *U.S. Bank Trust Company*
- **Escrow Agent** – *The Bank of New York Mellon Trust Company*
- **Verification Agent** – *Robert Thomas CPA, LLC*
- **Rating Agencies** – *S&P Global Ratings and Fitch Ratings (expected)*
- **Bond Insurer(s)** – *TBD if applicable*

REGULATORY DISCLOSURES

APPENDIX A

DISCLOSURE

This communication is intended for issuers for educational and informational purposes only and does not constitute legal or investment advice, nor is it an offer or a solicitation of an offer to buy or sell any investment or other specific product or service. Financial transactions may be dependent upon many factors such as, but not limited to, interest rate trends, tax rates, supply, change in laws, rules and regulations, as well as changes in credit quality and rating agency considerations. The effect of such changes in such assumptions may be material and could affect the projected results. Any outcome or result HilltopSecurities, or any of its employees, may have achieved on behalf of our clients in previous matters does not necessarily indicate similar results can be obtained in the future for current or potential clients. HilltopSecurities makes no claim the use of this communication will assure a successful outcome. This communication is intended for institutional use only. For additional information, comments or questions, please contact Hilltop Securities Inc.

The general market commentary herein is intended for educational and informational purposes only and does not constitute legal or investment advice, nor is it an offer or a solicitation of an offer to buy or sell any investment or other specific product. Information provided in this market commentary was obtained from sources that are believed to be reliable; 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 market commentary represents historical information only and is not an indication of future performance. This market commentary may not be shared with anyone other than the intended recipient without the explicit written consent of HilltopSecurities.

This information is intended to be a summary of general market information. HilltopSecurities is not recommending an action to you as the municipal entity or obligated person. This commentary does not represent municipal advice pursuant to Section 15B of the Exchange Act. HilltopSecurities is acting for its own interests. You should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate. When not already acting as a municipal advisor, HilltopSecurities could seek to serve as an underwriter on a future transaction. The primary role of an underwriter is to purchase securities with a view to distribution in an arms-length, commercial transaction with the issuer. The underwriter has financial and other interests that differ from those of the issuer.