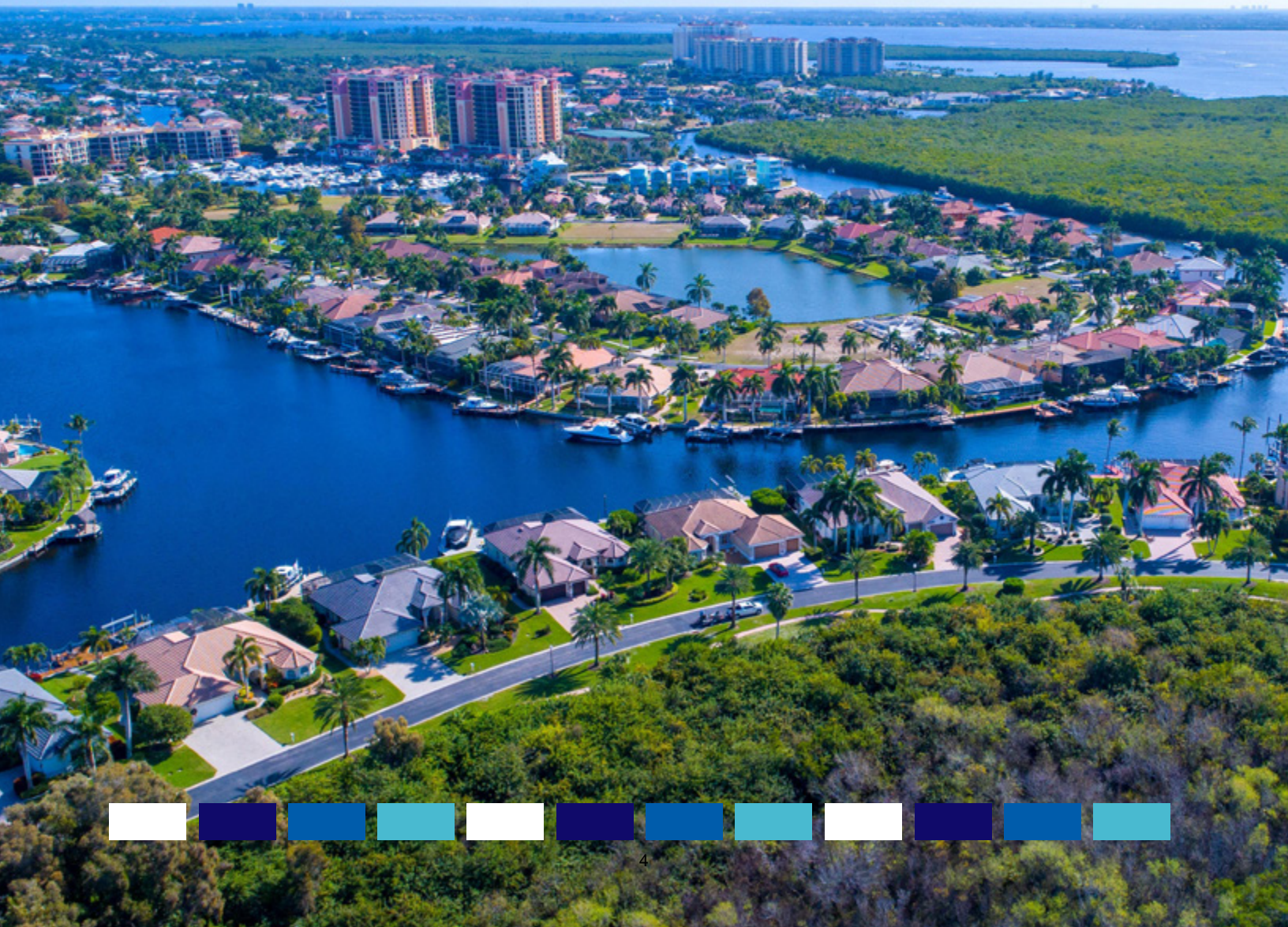


# Annual Debt and Credit Report

Fiscal Year ended September 30, 2023



**Annual Debt and Credit Report  
For the Fiscal End September 30, 2023  
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## Executive Summary

At September 30, 2023, the City had \$813.7 million of outstanding debt (excluding compensated absences and other post employment benefits). General Obligation Bonds, which are secured solely by general fund revenues had an outstanding balance of \$35.0 million, or 4.3%, of the total outstanding debt. Revenue Bonds, which are secured solely by specified revenue sources, had an outstanding balance of \$429.5 million, or 52.8%, of the total outstanding debt. Special assessment debt which is collateralized by special assessments levied against the benefited property owners, had an outstanding balance of \$266.1 million, or 32.7%, of the total outstanding debt. Notes from Direct Borrowing, which are collateralized by the net revenues of the water and sewer system, impact fees, special assessment revenue, and other specified revenues sources had an outstanding balance of \$81.2 million, or 3.8%, of the total outstanding debt. In addition In addition, Capital Leases had an outstanding balance of \$1.2 million and Subscription Based IT Arrangements had an outstanding balance of \$.7 million.

The City's total debt decreased by \$39.9 million, or 4.7%, during the current fiscal year. The Governmental activities' decrease of \$10.1 million or 5.2% is due to scheduled debt payments. The Business-type activities' overall decreased by \$29.8 million or 4.5% is due to scheduled debt payments.

The City's governmental debt pledged by non-ad valorem revenue has the capacity remaining and is in compliance with its anti-dilution test. All City revenues, unless restricted to a specific purpose, are being used to pay debt service or to fund City operations. The City's enterprise fund continues to be self-supporting in that this debt is secured by pledges of enterprise revenues which adequately cover debt service on these bonds.

The City's Governmental Required Coverage must not exceed 20.0%. In FY2023, the governmental required coverage was 5.18% of the covenant to budget and appropriate revenues. The City's Enterprise annual coverage requires 1.00%. The City had a coverage rate of 1.41% for senior liens against the operating revenues and 1.99% when including the expansion fees collections.

Three major rating institutions (Moody's, Fitch and Standard & Poor's) have periodically evaluated the City's financial management, economic conditions and administrative practices.

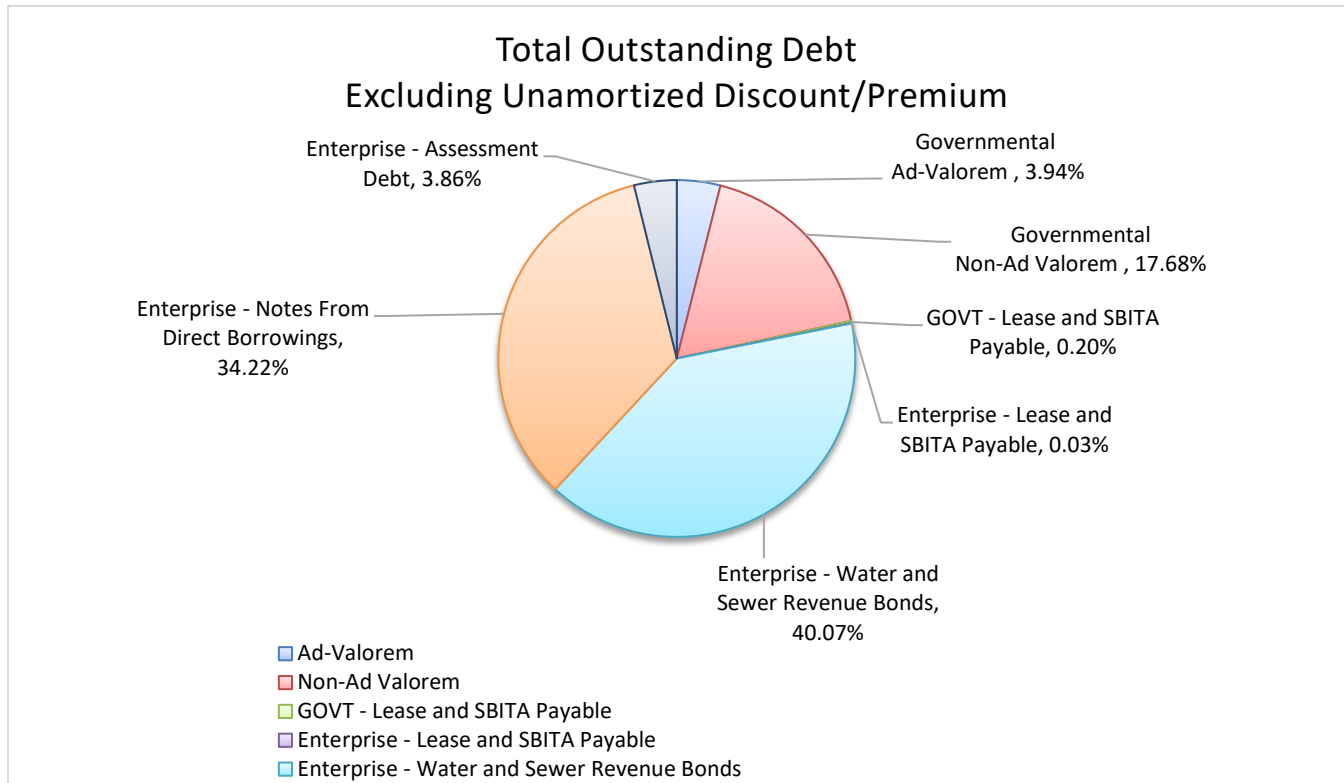
During fiscal year 2023/2024 the major rating institutions reaffirmed or assigns various ratings. Below is a summary of the bonds which were reviewed.

Fitch Ratings:	Water and Sewer Revenue Bonds, Series 2015 affirmed "A+ Outlook Negative" on November 02, 2023.
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The insured rating is based on the credit worthiness of the company insuring the bonds, whereas an underlying rating is based upon the credit worthiness of the issuer or security which is actually pledged for the repayment of the bonds.

## TOTAL OUTSTANDING DEBT

As of September 30, 2023, the City had total outstanding debt of \$813.7 Million. The following is a summary of the debt by type:



	<b>FY2023</b>
<b><u>Governmental</u></b>	
General Obligation Debt	\$ 30,610,000
Revenue Bonds	85,915,000
Notes-Direct Borrowings	51,543,182
Lease and SBITA Payables	1,544,709
	<u>169,612,891</u>
Unamortized discount and premium	12,758,205
<b>Total Governmental Debt</b>	<b><u>\$182,371,096</u></b>
<b><u>Enterprise</u></b>	
Water and Sewer Revenue Bonds	\$311,475,000
Notes-Direct Borrowings	266,061,502
Lease and SBITA Payables	267,312
Assessment Debt	29,990,000
	<u>607,793,814</u>
Unamortized discount and premium	23,514,673
<b>Total Enterprise Debt</b>	<b><u>\$631,308,487</u></b>
<b>Total Governmental &amp; Enterprise Debt</b>	<b><u>\$813,679,583</u></b>

## DEBT SERVICE ON OUTSTANDING DEBT

The following table reflects the actual debt service paid for FY2023 and scheduled debt service payments for FY2024.

	FY 2023 Actual Payment Amounts				FY 2024 Scheduled Payment Amounts		
	Principal	Interest	Total	Refunding/ Redemptions	Principal	Interest	Total
<b>Governmental</b>							
General Obligation Bonds	\$ 2,045,000	\$ 1,212,731	\$ 3,257,731	\$ -	\$ 2,120,000	\$ 1,137,211	\$ 3,257,211
Revenue Bonds	4,935,000	3,974,981	8,909,981	-	5,175,000	3,728,231	8,903,231
Notes from Direct Borrowings	10,814,322	1,187,818	12,002,140	-	9,502,187	1,118,367	10,620,554
Leases Payable	268,744	17,489	286,233	-	240,526	29,551	270,077
SBITA Payable	1,135,519	5,202	1,140,721	-	293,991	15,764	309,755
<b>Total Governmental</b>	<b>\$ 19,198,585</b>	<b>\$ 6,398,221</b>	<b>\$ 25,596,806</b>	<b>\$ -</b>	<b>\$ 17,331,704</b>	<b>\$ 6,029,124</b>	<b>\$ 23,360,828</b>
<b>Enterprise</b>							
Revenue Bonds	\$ 4,760,000	\$ 14,238,938	\$ 18,998,938	\$ -	\$ 4,995,000	\$ 14,000,938	\$ 18,995,938
Notes from Direct Borrowings	7,450,000	1,596,848	9,046,848	-	18,220,000	1,403,940	19,623,940
Assessment	8,142,195	2,322,034	10,464,229	-	11,748,629	2,187,268	13,935,897
Impact Fee	161,317	9,093	170,410	-	166,455	3,955	170,410
Leases Payable	33,436	1,874	35,310	-	81,238	4,361	85,599
SBITA Payable	43,405	1,390	44,795	-	43,338	1,390	44,728
Assessments	8,235,000	1,005,075	9,240,075	- <sup>(1)</sup>	8,450,000	819,788	9,269,788
<b>Total Enterprise</b>	<b>\$ 28,825,353</b>	<b>\$ 19,175,252</b>	<b>\$ 48,000,605</b>	<b>\$ -</b>	<b>\$ 43,704,660</b>	<b>\$ 18,421,640</b>	<b>\$ 62,126,300</b>
<b>Total Debt Service</b>	<b>\$ 48,023,938</b>	<b>\$ 25,573,473</b>	<b>\$ 73,597,411</b>	<b>\$ -</b>	<b>\$ 61,036,364</b>	<b>\$ 24,450,764</b>	<b>\$ 85,487,128</b>

<sup>1</sup> Only the monies received from prepayments that are on deposit on the 35<sup>th</sup> day prior to each payment date can be used for extraordinary redemption.



## **TARGETS, RATIOS, AND MEASURES**

# Governmental Debt Obligations

1. **Maximum Maturity** – All Governmental Debt Obligations will have a maximum maturity of the earlier of (i) the estimated useful life of the Capital Improvements financed; (ii) thirty years; or (iii) in the event they are issued to refinance outstanding Governmental Debt Obligations, the final maturity of the refunded Debt Obligations, unless the Financial Services Director recommends and the City Council finds that there is an overriding business reason and public purpose to extend the maturity.

The maximum maturity on all governmental debt is 30 years.

2. **Direct Debt per Capita** – Direct debt is defined as a government unit's gross debt less the enterprise system self-supporting debt. The City will strive to maintain Direct Debt per Capita at or below the standard municipal rating agency median for cities of comparable size. In any case, the amount should not exceed 135% of such median. Direct Debt per Capita shall be calculated by dividing the Governmental Direct Debt by the most current population within the City.

Rating agency median	2,254
135% of rating agency median	3,043
City of Cape Coral estimated population at September 30, 2023	213,301
Direct debt	\$ 166,421,516
Direct debt per capital	\$ 780

3. **Direct Debt to Taxable Assessed Value** – The City will strive to maintain a ratio of Net Debt to Taxable Assessed Value of properties within the City at or below the standard municipal rating agency median for cities of comparable size. The ratio should not exceed 135% of such median. The ratio of Net Debt to Taxable Assessed Value shall be calculated by dividing the Direct Debt by the taxable assessed value of all taxable properties within the City of Cape Coral.

Direct net debt as a % of taxable assessed value	
Municipal rating agency median	3.20%
135% of rating agency median	4.32%
Direct debt	\$ 166,421,516
Taxable assessed value	\$ 22,545,069,623
Direct debt to taxable assessed value	0.74%

4. **Anti-Dilution Test** - The City agrees and covenants under Resolution 77-06 that (A) Non-Ad Valorem Revenues shall cover projected maximum annual debt service by at least 1.5 times; and (B) maximum annual debt service for all debt will not exceed twenty percent (20%) of Governmental Funds revenues, exclusive of (i) ad valorem tax revenues and (ii) any debt proceeds of debt.



**City of Cape Coral, Florida**  
**Historical Non-Ad Valorem Revenues**  
**and Debt Service Payable from Non-Ad Valorem Revenues**  
<sup>(1)</sup>(dollars in thousands)

	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
<b><u>Revenues</u></b>					
Total Governmental Funds	\$ 247,979	\$ 248,123	\$ 297,333	\$ 317,226	\$ 377,874
Less: Ad Valorem Revenues	<u>95,581</u>	<u>103,883</u>	<u>109,971</u>	<u>116,367</u>	<u>116,089</u>
Total Non-Ad Valorem Revenues	\$ 152,398	\$ 144,240	\$ 187,362	\$ 200,859	\$ 261,785
Less: Restricted Funds:					
Special Revenues	1,785	2,006	4,356	19,942	35,830
Capital Projects	234	191	16,365	8,350	2,250
Plus: Revenues Received to Pay Debt Service					
Community Redevelopment Agency	<u>606</u>	<u>788</u>	<u>831</u>	<u>877</u>	<u>878</u>
Adjusted Non Ad-Valorem Revenues	\$ 150,380	\$ 142,831	\$ 167,472	\$ 173,444	\$ 224,583
 Total Governmental Revenues	\$ -	\$ 248,123	\$ 297,333	\$ 317,226	\$ 377,874
Less: Ad-valorem Revenues restricted for	<u>-</u>	<u>924</u>	<u>4,778</u>	<u>4,063</u>	<u>1,057</u>
Adjusted total governmental revenues	\$ -	\$ 247,199	\$ 292,555	\$ 313,163	\$ 376,817
 <b><u>Expenditures</u></b>					
Essential Expenditures					
Public Safety	\$ 74,796	\$ 84,549	\$ 88,916	\$ 98,986	\$ 111,981
General Government	<u>53,813</u>	<u>55,453</u>	<u>52,199</u>	<u>52,199</u>	<u>128,183</u>
Total Essential Expenditures	\$ 128,609	\$ 140,002	\$ 141,115	\$ 151,185	\$ 240,164
Less: Ad Valorem Revenues Available					
to Pay Essential Expenditures	<u>95,581</u>	<u>103,883</u>	<u>109,971</u>	<u>116,367</u>	<u>116,089</u>
Adjusted Essential Expenditures	\$ 33,028	\$ 36,119	\$ 31,144	\$ 34,818	\$ 124,075
 Legally Available Non-Ad Valorem Revenues	\$ 117,352	\$ 106,712	\$ 136,328	\$ 138,626	\$ 100,508
 Average of current and prior year	\$ 96,986	\$ 112,032	\$ 121,520	\$ 137,477	\$ 119,567
 Maximum Annual Debt Service Requirement	\$ 20,183	\$ 20,878	\$ 18,931	\$ 18,978	\$ 19,524
Coverage	4.81	5.37	6.42	7.24	6.12
 Percentage of Governmental Funds	8.14%	8.45%	6.47%	6.06%	5.18%

<sup>(1)</sup> The Historical Non-Ad Valorems Revenues and Expenses are adjusted to only include funds allowable to pledge.

## City of Cape Coral, Florida

### Historical Non-Ad Valorem Funds <sup>(1)</sup>

Category	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Taxes:</b>					
Franchise Fees	\$ 7,018,299.00	\$ 7,199,932.00	\$ 7,425,743.00	\$ 9,035,573.00	\$ 10,749,377.00
Public Service Tax	7,874,558	8,283,000	8,657,041	10,971,927	12,595,484
Communication Tax	4,884,741	4,892,611	4,808,291	5,165,407	5,509,770
Sales Tax	5,128,010	4,763,638	5,919,625	7,776,884	8,854,967
Half-cent Tax	15,550,111	15,276,746	18,529,047	21,483,314	23,231,590
Local Business Tax <sup>(2)</sup>	769,094	990,725	636,368	-	-
Fuel Tax <sup>(3)</sup>	10,786,583	10,597,558	11,914,185	12,778,832	12,393,205
<b>Special Assessments</b>					
Fire Service Assessment	24,399,469	22,516,388	26,964,704	28,666,337	32,835,029
Licenses, Permits & Fees	9,065,036	9,170,525	10,735,718	12,694,198	13,666,290
Intergovernmental Revenues	16,227,379	9,524,827	10,324,332	8,837,105	29,747,436
Charges for Services	21,159,281	21,434,827	24,558,254	24,311,327	19,244,646
Interest	4,643,782	3,575,703	437,515	(4,246,294)	9,815,379
<b>Impact Fees <sup>(4)</sup></b>					
Park	2,640,320	3,445,350	5,746,710	5,467,385	5,746,709
Fire	1,476,289	1,604,044	2,772,201	2,793,781	2,498,248
Police	1,465,584	1,662,737	2,871,598	2,898,169	2,584,853
Advanced Life Support	86,402	97,981	169,897	170,226	152,605
Road Impact	9,562,986	11,153,142	17,827,347	16,898,402	16,752,083
Other <sup>(5)</sup>	7,641,538	5,852,697	6,258,179	8,463,668	8,355,424
<b>Total Non-Ad Valorem Funds</b>	<b>\$ 150,379,462</b>	<b>\$ 142,042,431</b>	<b>\$ 166,556,755</b>	<b>\$ 174,166,241</b>	<b>\$ 214,733,095</b>

(1) The Historical Non-Ad Valorems Revenues are adjusted to only include revenues that are allowable to pledge.

(2) Business Tax is included in Licensees, Permits & Fees

(3) Includes the Six Cent Local Option Fuel Tax, the Five Cent Local Option Fuel Tax and the municipal fuel tax portion of the State Revenue Sharing. Pursuant to Section 336.025, Florida Statutes, the City may use the proceeds from such Six Cent Local Option Fuel Tax and Five Cent Local Option Fuel Tax only for certain transportation expenditures and to pay debt service on bonds that financed such transportation expenditures. Funds derived from the municipal fuel tax on motor fuel may only be used to pay debt service allocable to transportation facilities. The Six Cent Local Option Fuel Tax, the Five Cent Local Option Fuel Tax and the municipal fuel tax are legally available to pay debt service on covenant to budget and appropriate debt related to transportation expenditures.

(4) Impact fees are only available to pay debt service on amounts used for expansion for the purpose for which they were collected, i.e., park improvements, fire, police and advanced life support services.

(5) Includes receipts by the City for the revenues categorized as: alcohol and beverage, rent and royalties, fines and forfeitures, contributions and donations, other revenues. Rent and royalties category includes rental revenues received from the Charter School.

## Half Cent Tax Coverage

Chapter 218, Part VI, Florida Statutes (the "Sales Tax Act"), authorizes the levy and collection by the State of sales tax upon, among other things, the sales price of each item or article of tangible personal property sold at retail in the State, subject to certain exceptions and dealer allowances. In 1982, the Florida Legislature created the Local Government Half-Cent Sales Tax Program (the "Half-Cent Sales Tax Program"), which distributes a portion of the sales tax revenue and money from the State's General Revenue Fund to counties and municipalities that meet certain eligibility requirements. In 1982, when the Half-Cent Sales Tax Program was created, the general rate of sales tax in the State was increased from 4% to 5%, and one half of the fifth cent was devoted to the Half-Cent Sales Tax Program, thus giving rise to the name "Half-Cent Sales Tax." Although the amount of sales tax revenue deposited into the Half-Cent Sales Tax Program is no longer one-half of the fifth cent of every dollar of the sales price of an item subject to sales tax, the name "Half-Cent Sales Tax" has continued to be utilized.

Section 212.20, Florida Statutes, provides for the distribution of sales tax revenues collected by the State of Florida. Over the years, the proportion of sales tax revenues deposited in the Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury (the "Sales Tax Trust Fund") has decreased from time to time. However, since July 1, 2004, the base percentage of sales tax proceeds deposited in the Sales Tax Trust Fund after certain required deposits to other State funds has been 8.8854%. The general rate of sales tax in the State is now 6.00%.

Accordingly, since July 1, 2004, for every dollar of taxable sales price of an item, approximately 0.529 cents (6.00% x 8.814%) is deposited into the Sales Tax Trust Fund. The sales tax proceeds deposited in the Sales Tax Trust Fund (the "Half-Cent Sales Tax Revenues") are earmarked for distribution to the governing body of each county and each participating municipality within a county pursuant to a statutory distribution formula described below. The Half-Cent Sales Tax Revenues are distributed from the Sales Tax Trust Fund monthly to participating units of local government in accordance with Part VI, Chapter 218, Florida Statutes (the "Sales Tax Act").

To be eligible to participate in the Half-Cent Sales Tax Program, each municipality and county is required to comply with a variety of state-mandated requirements. The City is in compliance with such requirements.

The Capital Improvement Refunding Revenue Bonds, Series 2014 is secured by Half-Cent Sales Tax. This obligation matures September 30, 2024.

## City of Cape Coral, Florida Historical Half-Cent Sale Tax Revenues and Debt Service Coverage

<b>Fiscal Year</b>	<b>Historical Half-Cent Sales Tax Revenues to the City</b>	<b>Percentage Increase</b>	<b>Annual Debt Service</b>	<b>Coverage of Annual Debt Service</b>
2013	\$ 11,416,867	8.0%	\$ 3,463,159	3.30
2014	12,505,015	9.5%	4,191,788	2.98
2015	13,456,288	7.6%	2,994,528	4.49
2016	13,923,142	3.5%	3,122,746	4.46
2017	14,107,953	1.3%	3,123,802	4.52
2018	15,402,256	9.2%	1,889,783	8.15
2019	15,550,111	1.0%	654,106	23.77
2020	15,276,746	-1.8%	655,501	23.31
2021	18,529,047	21.3%	654,106	28.33
2022	21,483,314	15.9%	654,106	32.84
2023	23,231,588	8.1%	650,797	35.70

## Gas Tax Coverage

In 1983, the State enacted the Gas Tax Act codified as Section 336.025, Florida Statutes, authorizing counties to impose for a period not to exceed ten years, an allocated option gas tax (the "Optional Gas Tax"), of up to four cents upon every gallon of motor fuel and diesel fuel sold in the county and taxed under Chapter 206, Florida Statutes. In 1985, the State adopted Chapter 85- 180 Laws of Florida, which amended Section 336.025(1)(a), Florida Statutes, to allow counties to extend the term of the Optional Gas Tax to 30 years, and to impose an additional fifth and sixth cent tax. In 1993, the State adopted Chapter 93-206, Laws of Florida, which created Section 336.025(1)(b) to allow counties to impose up to five cents upon every gallon of motor fuel sold at retail (the "Additional Gas Tax"). The Additional Gas Tax is not imposed on Diesel Fuel.

On June 21, 1989, the County enacted Ordinance 89-21 (the "Gas Tax Ordinance") levying an Optional Gas Tax totaling six-cents per gallon commencing September 1, 1989 and expiring on August 31, 2019. Prior to the effective date of the Gas Tax Ordinance, the County levied an Optional Gas tax of four cents per gallon pursuant to Ordinance 84-15.

On January 20, 1993, the County enacted Ordinance No 93-28 levying an Additional Gas Tax totaling five-cents per gallon commencing January 1, 1994. The Additional Gas Tax does not expire.

The State's Department of Revenue collects and deposits the taxes into the State's Local Option Fuel Tax Trust Fund. Net collections in the Fuel Tax Trust Fund are distributed monthly to the county and each eligible municipality within the county in which the tax is collected.

Pursuant to an interlocal agreement, the City, the County, the City of Fort Myers and the City of Sanibel are entitled to receive a portion of the Optional Gas Tax and Additional Gas Tax levied by the County. The interlocal agreement governs the distribution of proceeds from the Optional Gas Tax and the Additional Gas Tax and is effective through December 31, 2023.

If the Interlocal Agreement is not extended, the proceeds of the Additional Gas Tax (5 cents) and, the Optional Gas Tax (6 cents) shall be distributed pursuant to Section 336.025, Florida Statutes. Section 336.025, Florida Statutes provides that the Optional Gas (6 cents) Tax and the Additional Gas Tax (5 cents) shall be distributed among the County and eligible municipalities, including the City based on the transportation expenditures of each for the immediately preceding 5 fiscal years, as a proportion of the total of such expenditures for the County and all municipalities within the County. In accordance with 336.025, Florida Statutes, the proportions shall be recalculated every 10 years based on the transportation expenditures of the immediately preceding 5 years. However, such recalculation shall under no circumstances materially or adversely affect the rights of holders of bonds outstanding and the amounts distributed to the County and each municipality, including the City, shall not be reduced below the amount necessary for the payment of principal and interest and reserves for principal and interest as required under the covenants of any bond resolution outstanding on the date of the recalculation.

On January 26, 2009, the City Council adopted Resolution No. 4-09 which, among other things, provided for the issuance of bonds from time to time. The City's portion of the Optional Gas Tax pursuant to the distribution under the Interlocal Agreement is defined under the Resolution as the Six Cents Local Option Gas Tax. The City's portion of the Additional Gas Tax pursuant to the distribution under the Resolution as the Five Cents Local Option Gas Tax. The Six Cent Local Option Gas Tax and the Five Cent Local Option Gas Tax comprise the Gas Tax Revenues which are pledged as part of the Pledged Funds.

In May 2010, the City issued \$33,815,000 of Federally Taxable Build America Bonds. The Internal Revenue Service announced that payments to issuers of Direct-Pay bonds from the budgeted accounts associated with these bonds are subject to reduction. The 2010B Gas Tax Bonds were refunded in FY2020 and the City will not be submitting a subsidy. The City is reporting Gas Tax data for the Gas Tax Refunding Revenue (Note), Series 2014. Although, the pledge is Non-Ad-Valorem Revenues.

**City of Cape Coral, Florida**  
**Six Cents Local Option Gas Tax**  
**Monthly Receipts**

	FY2019	FY2020	FY2021	FY2022	FY2023
October	\$ 328,273	\$ 415,068	\$ 437,855	\$ 489,453	\$ 556,838
November	521,504	435,906	436,260	478,931	546,258
December	409,318	455,359	478,752	538,910	582,864
January	436,723	453,995	459,396	484,454	642,843
February	452,862	496,307	473,866	525,537	667,604
March	524,063	516,421	573,273	613,013	713,080
April	492,759	358,412	540,554	567,680	614,296
May	455,613	412,288	540,665	560,099	617,014
June	415,753	422,560	499,557	483,264	575,952
July	422,309	427,401	477,731	476,480	559,905
August	441,493	424,704	482,232	516,890	569,311
September	381,919	438,892	456,040	450,321	537,050
Total	\$ 5,282,589	\$ 5,257,313	\$ 5,856,181	\$ 6,185,032	\$ 7,183,015
Change	0.004%	-0.478%	11.391%	5.615%	16.135%

**City of Cape Coral, Florida**  
**Five Cents Local Option Gas Tax**  
**Monthly Receipts**

	FY2019	FY2020	FY2021	FY2022	FY2023
October	\$ 231,508	\$ 298,913	\$ 321,237	\$ 339,342	\$ 414,028
November	387,443	326,823	321,768	373,314	383,907
December	309,378	329,477	345,996	346,143	416,412
January	337,941	346,910	356,557	351,044	481,337
February	328,611	354,947	335,559	385,910	492,593
March	366,913	378,752	400,892	397,647	495,932
April	352,709	252,752	373,590	434,415	444,027
May	327,021	289,040	413,623	358,502	446,947
June	302,284	307,181	361,380	374,225	420,055
July	309,818	314,128	349,420	391,703	411,481
August	327,220	312,223	357,420	343,716	418,947
September	276,885	317,560	338,041	354,367	384,524
Total	\$ 3,857,731	\$ 3,828,706	\$ 4,275,483	\$ 4,450,328	\$ 5,210,190
Change	-0.1%	-0.8%	11.7%	4.1%	17.1%

**COVERAGE**

Total Gas Tax Revenue	\$ 9,140,320	\$ 9,086,019	\$ 10,131,664	\$ 10,635,360	\$ 12,393,205
Gas Tax MADS (2024) excluding federal Coverage	\$ 4,314,415 2.12	\$ 4,314,415 2.11	\$ 4,314,415 2.35	\$ 4,314,415 2.47	\$ 4,314,415 2.87
Gas Tax MADS (2030) including federal subsidy Coverage	\$ 4,314,415 2.12	\$ 4,314,415 2.11	\$ 4,314,415 2.35	\$ 4,314,415 2.47	\$ 4,314,415 2.87

\*MADS-Maximum Annual Debt Service Requirement in the fiscal year.



## **Enterprise Debt Obligation**

**Maximum Maturity** – All Enterprise Debt Obligations will have a maximum maturity of the earlier of (i) the estimated useful life of the Capital Improvements financed; (ii) thirty years; or (iii) in the event they are issued to refinance outstanding Enterprise Debt Obligations, the final maturity of the refunded Debt Obligations, unless the Financial Services Director recommends and the City Council finds that there is an overriding business reason and public purpose to extend the maturity.

The maximum maturity on all enterprise debt is 30 years.

**Average Life** – The average life is the principal weighted average to maturity. The City will maintain an average life of fifteen (15) years or less for all outstanding enterprise debt obligations. In no event, however, should the average life of aggregate outstanding enterprise debt obligations exceed eighteen and one-half (18 ½) years.

The average life on all enterprise debt is 12.665 years.

### **Debt Service Coverage –**

#### **Water and Sewer Revenue Bonds**

Water and Sewer Resolution 98-86 adopted by City Council on August 20, 1986 as amended and supplemented, requires the City to fix, establish and maintain such rates and collect such fees, rates or other charges for the product, services and facilities of the System, and revise the same from time to time, whenever necessary, as well as provide in each fiscal year, (1) net revenues, expansion fees and special assessment proceeds (if pledged) adequate at all times to pay in each fiscal year at least one hundred twenty percent (120%) of the annual debt service on all outstanding bonds becoming due in such fiscal year and (2) net revenues in each fiscal year adequate to pay at least one hundred percent (100%) of (a) the annual debt service on all outstanding bonds becoming due in such fiscal year and (B) any payment of subordinated indebtedness which must be made during such fiscal year from the net revenues.

#### **Stormwater Revenue Bonds**

Stormwater resolutions 81-92 and 82-92 adopted by City Council on June 18, 1992, require the City to fix, establish and maintain such rates and collect such fees, rates or other charges for the product as will always provide at least one hundred and twenty five percent (125%) of the annual debt service on all outstanding bonds becoming due in such fiscal year.

**City of Cape Coral, Florida  
Stormwater Debt Service Coverage**

	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY022</u>	<u>FY023</u>
<b>Operating Revenues</b>					
Stormwater fees	\$ 18,727,501	\$ 19,484,147	\$ 20,535,838	\$ 21,473,774	\$ 23,936,398
Other operating revenues	855,605	1,033,722	1,554,343	1,555,544	113,800
Interest income	326,235	235,993	136,623	193,194	1,176,587
Total gross revenues	<u>\$ 19,909,341</u>	<u>\$ 20,753,862</u>	<u>\$ 22,226,804</u>	<u>\$ 23,222,512</u>	<u>\$ 25,226,785</u>
<b>Operating Expenses</b>					
Personnel Services	8,679,533	8,324,200	7,899,871	9,960,146	9,216,568
Other Operating expenses	<u>3,820,242</u>	<u>2,157,615</u>	<u>3,271,419</u>	<u>3,125,701</u>	<u>5,413,816</u>
Total Operating expenses	<u>12,499,775</u>	<u>10,481,815</u>	<u>11,171,290</u>	<u>13,085,847</u>	<u>14,630,384</u>
Net Revenues Available for Debt Services	<u>\$ 7,409,566</u>	<u>\$ 10,272,047</u>	<u>\$ 11,055,514</u>	<u>\$ 10,136,665</u>	<u>\$ 10,596,401</u>
Annual Debt Services on Bonds	-	-	-	-	-
Debt Coverage on Net Revenues	0%	0%	0%	0%	0%

**City of Cape Coral, Florida  
Stormwater Historical Average ERUs**

<u>Fiscal year Ending</u>	<u>ERUs</u>
2019	169,695.8
2020	169,978.6
2021	169,720.0
2022	171,139.9
2023	172,253.3

Source: City of Cape Coral, Florida Finance Department.

## City of Cape Coral, Florida

### Water and Sewer Net Operating Revenues

OPERATING REVENUE	FY2019	FY2020	FY2021	FY2022	FY2023
User charges	\$ 85,545,133	\$ 88,481,229	\$ 94,057,363	\$ 99,625,479	\$ 106,220,833
Meter fees	571,564	788,034	1,406,313	772,482	592,529
Interest Income	1,367,908	1,596,526	64,760	(1,785,235)	2,638,915
Miscellaneous revenue	1,043,886	1,070,791	1,070,658	1,161,150	1,812,207
Total Operating Revenue	88,528,491	91,936,580	96,599,094	99,773,876	111,264,484
<b>OPERATING EXPENSES <sup>(1)</sup></b>					
Salaries and Benefits	27,684,088	28,830,985	26,750,726	32,395,365	28,867,979
Repairs and Maintenance	3,084,881	3,344,584	3,116,248	3,413,728	4,791,834
Chemicals and Supplies	6,061,180	2,673,690	3,262,512	3,166,781	2,721,017
Utilities	4,325,593	4,384,807	4,780,897	6,153,204	7,106,196
Other Operating Expenses	12,395,201	16,109,777	15,428,348	18,012,013	24,355,046
Total Operating Expenses	53,550,943	55,343,843	53,338,731	63,141,091	67,842,072
Net Operating Revenues	\$ 34,977,548	\$ 36,592,737	\$ 43,260,363	\$ 36,632,785	\$ 43,422,412

(1) excludes depreciation

## City of Cape Coral, Florida

### Water and Sewer Debt Service Coverage

	FY2019	FY2020	FY2021	FY2022	FY2023
Operating Revenues	\$ 88,528,491	\$ 91,936,580	\$ 96,599,094	\$ 99,773,876	\$ 108,625,572
Springing Resolution Adjustment	\$ (1,367,908)	\$ (1,596,524)	\$ (64,760)	\$ 1,785,236	\$ 1,482,650
Total Operating Revenues	\$ 87,160,583	\$ 90,340,056	\$ 96,534,334	\$ 101,559,112	\$ 110,108,222
Operating Expenses <sup>(a)</sup>	53,550,943 <sup>(e)</sup>	43,976,164 <sup>(e)</sup>	32,757,215 <sup>(e)</sup>	56,091,402 <sup>(e)</sup>	70,504,603
Net Operating Revenues	33,609,640	47,960,416	63,841,879	43,682,474	38,120,969
Interest Income	1,367,908 <sup>(e)</sup>	1,099,058 <sup>(e)</sup>	686,331 <sup>(e)</sup>	344,890 <sup>(e)</sup>	1,482,650
Net Revenues Available for Debt Service (excluding expansion fees)	34,977,548	49,059,474	64,528,210	44,027,364	39,603,619
Expansion Fees <sup>(b)</sup>	18,970,640	18,375,347	20,760,171	14,110,247	16,115,333
Net Revenues and Expansion Fees Available for Debt Service	\$ 53,948,188	\$ 67,434,821	\$ 85,288,381	\$ 58,137,611	\$ 55,718,952
Debt service on senior bonds only	\$ 27,666,450	\$ 27,920,611	\$ 27,921,638	\$ 28,050,112	\$ 28,046,010
Net Revenues Available for Bonds after Senior Obligations	\$ 7,311,098	\$ 21,138,863	\$ 36,606,572	\$ 15,977,252	\$ 11,557,609
Coverage -Net Revenues available for Debt Service (excluding Expansion Fees)	1.26	1.76	2.31	1.57	1.41
Coverage -Net revenues available for debt service (including Expansion Fees)	1.95	2.42	3.05	2.07	1.99
Debt service on other Indebtedness	\$ 1,147,606	\$ 1,147,606	\$ 1,146,162	\$ 6,203,066	\$ 3,496,932
Coverage - Net revenues after debt service on senior obligation available for other indebtedness (excluding Expansion Fees)	6.37	18.42	31.94	2.58	3.31
Coverage -Net revenues after debt service on senior obligation available for other indebtedness (including Expansion Fees)	22.90	34.43	50.05	4.85	7.91
Net revenues used to pay debt service on special assessment bonds	\$ 157,284	\$ 53,176	\$ 183,967	\$ 3,494,004	\$ 829,444
Net Revenues Available after Debt Service on Outstanding Bonds, Subordinate Debt and Special Assessment Bonds	\$ 24,976,848	\$ 38,313,428	\$ 56,036,614	\$ 20,390,429	\$ 23,346,566

(a) Excludes Depreciation

(b) Includes Water, Sewer, and Irrigation Expansion Fees

(c) The operating expenses amount does not match the FY2018 Comprehensive Annual Financial Report (CAFR) Pledged Revenue note. After the CAFR was released, the City realized that the document had not been updated. The impact of the change was a decrease in coverage of 5 basis points.

(d) Debt Service on Subordinate Debt after payment of bonds. Such calculation is not required by the Resolution.

(e) Due to the Refunding of the Water & Sewer Bonds, Series 2006 in FY2015 there are adjustments to the operating revenues and operating expenses allowable to pledge. In the amendment, the definitions of gross revenues and operating expenses are modified to not include transactions that don't result in a receipt or usage of cash. The adjustment for changes in fair value of investments are not included in revenues. The operating expenses have adjustments for changes in OPEB liability, net pension liability changes, and changes to deferred inflows and outflows.

## Ratio and Measurements

**Debt Service Safety Margin**-The amount above the minimum debt service coverage amount. The City's goal over a period of time is to achieve a debt service safety margin at or above the standard rating agency median debt service safety margin for each individual system.

	Water & Sewer	Stormwater
Rating agency median	2.10	n/a <sup>1</sup>
Actual coverage	1.44	-
Required coverage <sup>2</sup>	1.00	1.25
Debt service safety margin	0.44	-
<sup>1</sup> Not rated as a median		
<sup>2</sup> Total Senior Revenue Debt Obligation Coverage from Net Revenues only		

**Debt Ratio:** Net funded debt divided by the sum of net capital assets plus working capital. The city will maintain a debt ratio for the Enterprise System at or above the standard industry median debt ratio for each individual system.

	Water & Sewer <sup>1</sup>	Stormwater
Debt	\$ 577,536,500	\$ -
Net capital assets	\$ 539,109,940	\$ 42,940,756
Working capital	\$ (728,402)	\$ 43,377,462
Debt ratio	107%	0%
Rating agency median	71%	n/a <sup>2</sup>
<sup>1</sup> Does not include Utility Special Assessments		
<sup>2</sup> Not rated as a median		

**Operating Ratio:** Operating and maintenance expenses divided by total operating revenues.

	Water & Sewer	Stormwater
Operating expenses <sup>1</sup>	\$ 91,838,053	\$ 17,267,138
Operating revenue	\$ 108,625,572	\$ 24,050,198
Operating ratio	85%	72%
<sup>1</sup> Includes depreciation expense		

**Maximum annual debt service coverage:** Net revenues divided by estimated maximum annual principal and interest requirements on all outstanding debt.

	Water & Sewer	Stormwater
Net revenues <sup>1</sup>	\$ 25,153,274	\$ -
Maximum annual debt service	\$ 29,587,992	\$ -
Maximum annual debt service coverage	85%	
<sup>1</sup> Includes interest income and excludes depreciation expense		



## **GOVERNMENTAL FUNDS DEBT SCHEDULES**





## **GENERAL OBLIGATION DEBT**

**\$10,200,000**  
**General Obligation Revenue Bonds, Series 2019**

**Dated:** March 22, 2019.

**Purpose:** The Note was issued for the acquisition, construction and equipping a portion of the project to be financed with proceeds of the Series 2019 Bond, which portion generally includes the acquisition of land for Festival Park, Lake Meade Park and the Multi-Sports Park and various capital improvements and upgrades to the following existing parks and facilities: Northwest Softball Complex, Horton Park, Guiffrida Park, Del Prado Linear Park, Pelican Baseball Park, Sun Splash, Basin 4 Freshwater Boat Ramp, Basin 3 Freshwater Boat Ramp, various shade structures, Koza Saladino Park, Storm Football Park, Verdow Park, Pelican Soccer Park, Burton Park, BMX Park and WiFi installation at various parks, all as more particularly described in the plans and specifications on file or to be on file with the City, as the same may be modified or amended from time to time.

**Payment Dates:** Quarterly Principal and interest payable on April 1<sup>st</sup>, July 1<sup>st</sup>, October 1<sup>st</sup>, and January 1<sup>st</sup>.

**Security:** The Note is secured by ad valorem taxes assessed, levy, and collected by the City.

**Referendum Ordinance:**

No. 38-18 adopted on authorizing the issuance not the exceed \$60 million on June 18<sup>th</sup>, 2018.

**Debt Ordinance:** No. 83-18 adopted on authorizing the issuance not the exceed \$60 million on March 22<sup>nd</sup>, 2019.

**Debt Resolution:** No. 54-19 adopted on March 22<sup>nd</sup>, 2019.

**Rating:** N/A

**Redemption Provisions:**

The note may be prepaid at any time prior to the maturity date.

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$10,200,000**  
**General Obligation Revenue Bonds, Series 2019**

<b>Fiscal Year</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Coupon Rate</b>	<b>Interest Payment</b>	<b>Fiscal Year Debt Service</b>	<b>Outstanding Principal</b>
						<b>\$ 7,895,000</b>
2024	3/1/2024	\$ 625,000		\$ 108,162		
	9/1/2024		2.740%	99,599	\$ 832,761	7,270,000
2025	3/1/2025	640,000		99,599		
	9/1/2025		2.740%	90,831	830,430	6,630,000
2026	3/1/2026	660,000		90,831		
	9/1/2026		2.740%	81,789	832,620	5,970,000
2027	3/1/2027	680,000		81,789		
	9/1/2027		2.740%	72,473	834,262	5,290,000
2028	3/1/2028	695,000		72,473		
	9/1/2028		2.740%	62,952	830,425	4,595,000
2029	3/1/2029	715,000		62,952		
	9/1/2029		2.740%	53,156	831,108	3,880,000
2030	3/1/2030	735,000		53,156		
	9/1/2030		2.740%	43,087	831,243	3,145,000
2031	3/1/2031	755,000		43,087		
	9/1/2031		2.740%	32,742	830,829	2,390,000
2032	3/1/2032	775,000		32,742		
	9/1/2032		2.740%	22,125	829,867	1,615,000
2033	3/1/2033	795,000		22,125		
	9/1/2033		2.740%	11,234	828,359	820,000
2034	3/1/2034	820,000		11,234	831,234	-
<b>Total</b>		<b>\$ 7,895,000</b>		<b>\$ 1,248,138</b>	<b>\$ 9,143,138</b>	

All-In True Interest Cost.....2.796334%

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**\$24,800,000**  
**General Obligation Revenue Bonds, Series 2021**

**Dated:** September 16, 2021.

**Purpose:** The Bond was issued for the acquisition, construction and equipping a portion of the project to be financed with proceeds of the Series 2021 Bond, which generally includes the acquisition land for Festival Park, Lake Meade Park and the Multi-Sports Park and various capital improvements and upgrades to the following existing parks and facilities: Northwest Softball Complex, Horton Park, Guiffreda Park, Del Prado Linear Park, Pelican Baseball Park, Sun Splash, Basin 4 Freshwater Boat Ramp, Basin 3 Freshwater Boat Ramp, various shade structures, Koza Saladino Park, Storm Football Park, Verdow Park, Pelican Soccer Park, Burton Park, BMX Park, Lake Kennedy Racquet Center (Phase 1), Festival Park (Phase 1), Yellow Fever Creek Nature Center (Phase 1), Yacht Club (Phase 1), Cultural Park, Gator Circle Park, Lake Meade Park (Phase 1), Oasis Woods Park, Sands Park, Crystal Lake Park, Tropicana Park, other miscellaneous improvements and WiFi installation at various parks, all as more particularly described in the plans and specifications on file or to be on file with the City, as the same may be modified or amended from time to time and as authorized pursuant to the Referendum Ordinance and the Bond Referendum Election.

**Payment Dates:** Semiannual interest payable on March 1<sup>st</sup> and September 1<sup>st</sup>.  
Annual principal payable on September 1<sup>st</sup>.

**Security:** The Note is secured by ad valorem taxes assessed, levy, and collected by the City.

**Referendum Ordinance:**

No. 38-18 adopted on authorizing the issuance not to exceed \$60 million on June 18<sup>th</sup>, 2018.

**Debt Ordinance:** No. 83-18 adopted on authorizing the issuance not to exceed \$60 million on March 22<sup>nd</sup>, 2019.

**Debt Resolution:** No. 192-21 adopted on August 18<sup>th</sup>, 2021.

**Rating:** Moody's Aa2  
Fitch AA

**Redemption Provisions:** The bonds are subject to optional redemption.

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$24,800,000**  
**General Obligation Revenue Bonds, Series 2021**

<b>Fiscal Year</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Coupon Rate</b>	<b>Interest Payment</b>	<b>Fiscal Year Debt Service</b>	<b>Outstanding Principal</b>
						<b>\$ 22,715,000</b>
2024	3/1/2024 9/1/2024	\$ 1,495,000	4.000%	\$ 479,675 449,775	\$ 2,424,450	21,220,000
2025	3/1/2025 9/1/2025	1,550,000	-	449,775 418,775	2,418,550	19,670,000
2026	3/1/2026 9/1/2026	1,615,000	-	418,775 386,475	2,420,250	18,055,000
2027	3/1/2027 9/1/2027	1,680,000	-	386,475 352,875	2,419,350	16,375,000
2028	3/1/2028 9/1/2028	1,745,000	-	352,875 309,250	2,407,125	14,630,000
2029	3/1/2029 9/1/2029	1,835,000	**	309,250 275,375	2,419,625	12,795,000
2030	3/1/2030 9/1/2030	1,900,000	-	275,375 227,875	2,403,250	10,895,000
2031	3/1/2031 9/1/2031	1,995,000	-	227,875 178,000	2,400,875	8,900,000
2032	3/1/2032 9/1/2032	2,095,000	-	178,000 136,100	2,409,100	6,805,000
2033	3/1/2033 9/1/2033	2,180,000	-	136,100 92,500	2,408,600	4,625,000
2034	3/1/2034 9/1/2034	2,265,000	-	92,500 47,200	2,404,700	2,360,000
2035	3/1/2035	2,360,000	-	47,200	2,407,200	-
<b>Total</b>		<b>\$ 22,715,000</b>		<b>\$ 6,228,075</b>	<b>\$ 28,943,075</b>	

All-In True Interest Cost.....1.460911 %

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## **REVENUE BONDS**

**\$51,790,000**  
**Special Obligation Refunding Revenue Bonds, Series 2015**

**Dated:** May 14, 2015.

**Purpose:** The bonds were issued to refund \$48,715,000 of the Special Obligation Revenue Bonds, Series 2006 and \$4,445,000 of new money to finance the cost of acquisition and equipping of various vehicles.

**Payment Dates:** Semiannual interest payable on April 1<sup>st</sup> and October 1<sup>st</sup>  
Annual principal payable on October 1<sup>st</sup>

**Security:** The Bonds are secured by non-ad valorem revenues budgeted and appropriated by City Council.

**Debt Ordinance:** No. 3-15 adopted on January 26, 2015

**Debt Resolution:** No. 41-15 adopted on March 30, 2015

**Insurer:** America Mutual Assurance Company (AMAC)

<b>Ratings:</b>	<b><u>Insured</u></b>	<b><u>Underlying</u></b>
Fitch	A+	N/A
Moody's	Not Rated	Aa3
Standard & Poor	AA-	AA-

**Redemption Provisions:**

The bonds are subject to optional redemption as described below.

**Optional Redemption:**

The bonds maturing after October 1, 2025, may be redeemed at 100%.

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$51,790,000**  
**Special Obligation Refunding Revenue Bonds, Series 2015**

<b>Fiscal Year</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Coupon Rate</b>	<b>Interest Payment</b>	<b>Fiscal Year Debt Service</b>	<b>Outstanding Principal</b>
						<b>\$ 35,365,000</b>
2024	4/1/2024			\$ 727,678		
	10/1/2024	\$ 2,065,000	5.000%	727,678	\$ 3,520,356	33,300,000
2025	4/1/2025			676,053		
	10/1/2025	2,170,000	5.000%	676,053	3,522,106	31,130,000
2026	4/1/2026			621,803		
	10/1/2026	2,275,000	5.000%	621,803	3,518,606	28,855,000
2027	4/1/2027			564,928		
	10/1/2027	2,385,000	5.000%	564,928	3,514,856	26,470,000
2028	4/1/2028			505,303		
	10/1/2028	2,510,000	5.000%	505,303	3,520,606	23,960,000
2029	4/1/2029			442,553		
	10/1/2029	2,635,000	3.000%	442,553	3,520,106	21,325,000
2030	4/1/2030			403,028		
	10/1/2030	2,715,000	4.000%	403,028	3,521,056	18,610,000
2031	4/1/2031			348,728		
	10/1/2031	2,820,000	4.000%	348,728	3,517,456	15,790,000
2032	4/1/2032			292,328		
	10/1/2032	2,935,000	3.625%	292,328	3,519,656	12,855,000
2033	4/1/2033			239,131		
	10/1/2033	3,040,000	3.625%	239,132	3,518,263	9,815,000
2034	4/1/2034			184,031		
	10/1/2034	3,150,000	3.750%	184,032	3,518,063	6,665,000
2035	4/1/2035			124,969		
	10/1/2035	3,270,000	3.750%	124,969	3,519,938	3,395,000
2036	4/1/2036			63,656		
	10/1/2036	3,395,000	3.750%	63,657	3,522,313	-
<b>Total</b>		<b>\$ 35,365,000</b>		<b>\$ 10,388,381</b>	<b>\$ 45,753,381</b>	

All-In True Interest Cost ..... 3.379058%

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**\$62,595,000**  
**Special Obligation Refunding Revenue Bonds, Series 2017**

**Dated:** February 16, 2017.

**Purpose:** The bonds were issued to refund \$26,360,000 of the Special Obligation Revenue Bonds, Series 2007, \$20,400,000 of the Special Obligation Revenue Bonds, Series 2008, and \$15,835,000 of the Special Obligation Revenue Bonds, Series 2011.

**Payment Dates:** Semiannual interest payable on April 1<sup>st</sup> and October 1<sup>st</sup>.  
Annual principal payable on October 1<sup>st</sup>.

**Security:** The Bonds are secured by non-ad valorem revenues budgeted and appropriated by City Council.

**Debt Ordinance:** No. 52-16 adopted on November 28, 2016.

**Debt Resolution:** No. 203-16 adopted on November 28, 2016.

<b>Ratings:</b>	<b><u>Insured</u></b>	<b><u>Underlying</u></b>
Moody's Standard & Poor	Not Rated AA-	Aa3 AA-

**Redemption Provisions:**

The bonds are subject to optional redemption as described below.

**Optional Redemption:**

The bonds maturing after October 1, 2027, may be redeemed at 100%.

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$62,595,000**  
**Special Obligation Refunding Revenue Bonds, Series 2017**

<b>Fiscal Year</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Coupon Rate</b>	<b>Interest Payment</b>	<b>Fiscal Year Debt Service</b>	<b>Outstanding Principal</b>
						<b>\$ 50,550,000</b>
2024	4/1/2024			\$ 1,136,438		
	10/1/2024	\$ 3,110,000	5.000%	1,136,437	\$ 5,382,875	\$ 47,440,000
2025	4/1/2025			1,058,688		
	10/1/2025	4,985,000	-	1,058,687	7,102,375	42,455,000
2026	4/1/2026			934,063		
	10/1/2026	5,240,000	-	934,062	7,108,125	37,215,000
2027	4/1/2027			803,063		
	10/1/2027	5,505,000	-	803,062	7,111,125	31,710,000
2028	4/1/2028			665,438		
	10/1/2028	5,780,000	-	665,437	7,110,875	25,930,000
2029	4/1/2029			520,938		
	10/1/2029	2,150,000	-	520,937	3,191,875	23,780,000
2030	4/1/2030			467,188		
	10/1/2030	2,250,000	-	467,187	3,184,375	21,530,000
2031	4/1/2031			433,438		
	10/1/2031	2,315,000	-	433,437	3,181,875	19,215,000
2032	4/1/2032			398,713		
	10/1/2032	2,390,000	-	398,712	3,187,425	16,825,000
2033	4/1/2033			359,875		
	10/1/2033	2,470,000	-	359,875	3,189,750	14,355,000
2034	4/1/2034			298,125		
	10/1/2034	2,590,000	-	298,125	3,186,250	11,765,000
2035	4/1/2035			233,375		
	10/1/2035	2,720,000	-	233,375	3,186,750	9,045,000
2036	4/1/2036			185,775		
	10/1/2036	2,815,000	-	185,775	3,186,550	6,230,000
2037	4/1/2036			136,513		
	10/1/2036	2,915,000	-	136,512	3,188,025	3,315,000
2038	4/1/2036			63,638		
	10/1/2036	1,065,000	-	63,637	1,192,275	2,250,000
2039	4/1/2036			45,000		
	10/1/2036	1,105,000	-	45,000	1,195,000	1,145,000
2040	4/1/2036			22,900		
	10/1/2036	\$ 1,145,000	4.000%	22,900	\$ 1,190,800	\$ -
<b>Total</b>		<b>\$ 50,550,000</b>		<b>\$ 15,526,325</b>	<b>\$ 66,076,325</b>	

All-In True Interest Cost ..... 3.190460%





## **NOTES FROM DIRECT BORROWINGS**

**\$17,699,950**

**Special Obligation Refunding Revenue Bonds (Note), Series 2012**

**Dated:** January 31, 2012.

**Purpose:** The bonds were issued to refund the City's outstanding Special Obligation Revenue Note, Series 2009 and certain outstanding commercial paper obligations, the proceeds of which were used to refinance certain commercial paper obligations, which were used to finance and refinance the acquisition, construction and equipping of various capital improvements within the City.

**Payment Dates:** Semiannual interest payable on January 1<sup>st</sup> and July 1<sup>st</sup>.  
Annual principal payable on July 1<sup>st</sup>

**Debt Ordinance:** No. 75-11 enacted on November 28, 2011.

**Debt Resolution:** No. 44-11 adopted on January 23, 2012.

**Security:** The Bonds are secured by non-ad valorem revenues budgeted and appropriated by City Council.

**Ratings:** N/A

**Redemption Provisions:**

The bonds are subject to optional and mandatory redemption as described below.

**Optional Redemption:**

The note may be prepaid at any time prior to the maturity date at the following prepayment prices:

<u>Redemption Date</u>	<u>Redemption Price</u>
On or prior to October 1, 2015	102%
October 2, 2015, through October 1, 2018	101%
After October 1, 2018	100%

**Debt Service Schedule:**

A detailed debt service schedule is on the following page:

**\$17,699,950**

**Special Obligation Refunding Revenue Bonds (Note), Series 2012**

<b>Fiscal Year</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Coupon Rate</b>	<b>Interest Payment</b>	<b>Fiscal Year Debt Service</b>	<b>Outstanding Principal</b>
						<b>\$ 1,558,730</b>
2024	4/1/2024			\$ 18,939		
	10/1/2024	\$ 1,558,730	2.430%	18,939	\$ 1,596,608	-
<b>Total</b>		<b>\$ 1,558,730</b>		<b>\$ 37,878</b>	<b>\$ 1,596,608</b>	

All-In True Interest Cost ..... 2.473543%

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**\$5,300,000**

**Capital Improvement Refunding Revenue Bonds (Note), Series 2014**

**Date:** July 28, 2014.

**Purpose:** The bonds were issued to refund the remaining \$5,300,000 of the Capital Improvement Revenue Bonds, Series 2009.

**Payments Dates:** Semiannual interest payable on April 1<sup>st</sup> and October 1<sup>st</sup>.  
Annual principal payable on October 1<sup>st</sup>.

**Security:** The Bonds are secured by a lien and pledge of the half-cent sales tax.

**Debt Ordinance:** No. 20-14 enacted on June 16, 2014.

**Debt Resolution:** No. 177-90 adopted on October 31, 1990.  
No. 35-99 adopted on October 4, 1999 amending resolution 177-90.  
No. 56-14 adopted on June 16, 2014 supplementing resolution No. 177-90.

**Ratings:** N/A

**Redemption Provisions:**

The bonds are subject to optional redemption as described below.

**Optional Provisions:**

The bonds may be redeemed at any time with a prepayment fee, at the redemption price of 100%.

**\$5,300,000**

**Capital Improvement Refunding Revenue Bonds (Note), Series 2014**

Fiscal Year	Payment Date	Principal Payment	Coupon Rate	Interest Payment	Fiscal Year Debt Service	Outstanding Principal
						\$ 635,000
2024	4/1/2024			\$ 7,898		
	10/1/2024	\$ 635,000	2.310%	7,899	\$ 650,797	-
<b>Total</b>		<b>\$ 635,000</b>		<b>\$ 15,797</b>	<b>\$ 650,797</b>	

All-In True Interest Cost .....2.466103%

**\$13,675,000**  
**Special Obligation Revenue Note, Series 2015**

**Dated:** August 27, 2015.

**Purpose:** The Note was issued to refund \$7,755,000 of the City's outstanding Capital Improvement and Refunding Revenue Bonds, Series 2005 and \$5,920,000 in new money to finance acquisition of various vehicles and equipment.

**Payment Dates:** Semiannual interest payable on April 1<sup>st</sup> and October 1<sup>st</sup>.  
Annual principal payable on October 1<sup>st</sup>.

**Security:** The Note is secured by non-ad valorem revenues budgeted and appropriated by City Council.

**Debt Ordinance:** No. 35-15 adopted on August 03, 2015, authorizing the issuance not the exceed \$8 million.

**Debt Resolution:** No. 135-15 adopted on August 17, 2015.

**Rating:** N/A

**Redemption Provisions:**

The note may be prepaid at any time prior to the maturity date.

**\$13,675,000**  
**Special Obligation Revenue Note, Series 2015**

Fiscal Year	Payment Date	Principal Payment	Coupon Rate	Interest Payment	Fiscal Year Debt Service	Outstanding Principal
						<b>\$ 935,000</b>
2024	4/1/2024			\$ 9,818		
	10/1/2024	\$ 935,000	2.100%	9,817	\$ 954,635	-
<b>Total</b>		<b>\$ 935,000</b>		<b>\$ 19,635</b>	<b>\$ 954,635</b>	

All-In True Interest Cost ..... 2.1845%

**\$30,760,000**  
**Special Obligation Refunding Revenue Note, Series 2020**

**Dated:** February 7, 2020.

**Purpose:** The Note was issued to refund \$32.9 million of the City's outstanding Gas Tax Revenue Bonds (BABS), Series 2010.

**Payment Dates:** Quarterly Principal and interest payable on April 1<sup>st</sup>, July 1<sup>st</sup>, October 1<sup>st</sup>, and January 1<sup>st</sup>.

**Security:** The Note is secured by non-ad valorem revenues budgeted and appropriated by City Council.

**Debt Ordinance:** No. 6-20 adopted on February 7<sup>th</sup>, 2020, authorizing the issuance not to exceed \$35 million.

**Debt Resolution:** No. 29-20 adopted on February 3<sup>rd</sup>, 2020.

**Rating:** N/A

**Redemption Provisions:**

The Series 2020 Note may be prepaid in whole or in part on any Business Day at a price equal to 100% of the principal amount of the Series 2020 Note to be prepaid plus accrued interest thereon to the date of prepayment, plus the payment of the Fixed Rate Prepayment Charge.

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$30,760,000**  
**Special Obligation Refunding Revenue Note, Series 2020**

Fiscal Year	Payment Date	Principal Payment	Coupon Rate	Interest Payment	Fiscal Year Debt Service	Outstanding Principal
						<b>\$ 28,025,000</b>
2024	1/1/2024	\$ 950,000	1.99%	\$ 139,424		
	4/1/2024	945,000	1.99%	134,698		
	7/1/2024	945,000	1.99%	129,997		
	10/1/2024	945,000	1.99%	125,296	\$ 4,314,415	24,240,000
2025	1/1/2025	960,000	1.99%	120,594		
	4/1/2025	960,000	1.99%	115,818		
	7/1/2025	960,000	1.99%	111,042		
	10/1/2025	975,000	1.99%	106,266	4,308,720	20,385,000
2026	1/1/2026	980,000	1.99%	101,415		
	4/1/2026	980,000	1.99%	96,540		
	7/1/2026	980,000	1.99%	91,664		
	10/1/2026	985,000	1.99%	86,789	4,301,408	16,460,000
2027	1/1/2027	1,005,000	1.99%	81,889		
	4/1/2027	1,000,000	1.99%	76,889		
	7/1/2027	1,000,000	1.99%	71,914		
	10/1/2027	1,000,000	1.99%	66,939	4,302,631	12,455,000
2028	1/1/2028	1,015,000	1.99%	61,964		
	4/1/2028	1,015,000	1.99%	56,914		
	7/1/2028	1,015,000	1.99%	51,864		
	10/1/2028	1,030,000	1.99%	46,815	4,292,557	8,380,000
2029	1/1/2029	1,035,000	1.99%	41,691		
	4/1/2029	1,035,000	1.99%	36,541		
	7/1/2029	1,035,000	1.99%	31,392		
	10/1/2029	1,045,000	1.99%	26,243	8,435,867	4,230,000
2030	1/1/2030	1,060,000	1.99%	21,044		
	4/1/2030	1,055,000	1.99%	15,771		
	7/1/2030	1,055,000	1.99%	10,522		
	10/1/2030	1,060,000	1.99%	5,274	4,282,611	-
<b>Total</b>		<b>\$ 28,025,000</b>		<b>\$ 2,063,209</b>	<b>\$ 34,238,209</b>	

All-In True Interest Cost ..... 2.039353%

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**\$15,128,990**  
**Special Obligation Revenue Note, Series 2020A**

**Dated:** June 05, 2020.

**Purpose:** The Note was issued to refund \$6.6 million of the City's outstanding Special Obligation Revenue note, Series 2018 and \$8.5 million in new money to finance acquisition of Fire Station #2 & #12.

**Payment Dates:** Quarterly Principal and interest payable on April 1<sup>st</sup>, July 1<sup>st</sup>, October 1<sup>st</sup>, and January 1<sup>st</sup>.

**Security:** The Note is secured by non-ad valorem revenues budgeted and appropriated by City Council.

**Debt Ordinance:** No. 36-20 adopted on June 5<sup>th</sup>, 2020, authorizing the issuance not to exceed \$22.7 million.

**Debt Resolution:** No. 125-20 adopted on June 5<sup>th</sup>, 2020.

**Rating:** N/A

**Redemption Provisions:** The Series 2020A Note may be prepaid in whole or in part on any Business Day at a price equal to 100% of the principal amount of the Series 2020A Note to be prepaid plus accrued interest thereon to the date of prepayment, plus the payment of the Fixed Rate Prepayment Fee.

**Debt Service Schedule:** A detailed debt service schedule is on the following page.



**\$15,128,990**  
**Special Obligation Revenue Note, Series 2020A**

<b>Fiscal Year</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Coupon Rate</b>	<b>Interest Payment</b>	<b>Fiscal Year Debt Service</b>	<b>Outstanding Principal</b>
						<b>\$ 9,704,452</b>
2024	1/1/2024	\$ 414,290	1.51%	\$ 36,634	\$ 1,800,611	
	4/01/2024	414,290	1.51%	35,070		
	7/1/2024	414,294	1.51%	33,506		
	10/1/2024	420,583	1.51%	31,944		8,040,995
2025	1/1/2025	420,582	1.51%	30,355	\$ 1,800,610	
	4/1/2025	420,582	1.51%	28,767		
	7/1/2025	420,584	1.51%	27,179		
	10/1/2025	426,969	1.51%	25,592		6,352,278
2026	1/1/2026	426,969	1.51%	23,980	\$ 1,800,612	
	4/1/2026	426,969	1.51%	22,368		
	7/1/2026	426,972	1.51%	20,756		
	10/1/2026	433,453	1.51%	19,145		4,637,915
2027	1/1/2027	433,452	1.51%	17,508	\$ 1,796,037	
	4/1/2027	433,452	1.51%	15,872		
	7/1/2027	433,457	1.51%	14,236		
	10/1/2027	435,461	1.51%	12,599		2,902,093
2028	1/1/2028	435,460	1.51%	10,955	\$ 1,351,417	
	4/1/2028	435,462	1.51%	9,312		
	7/1/2028	221,185	1.51%	7,668		
	10/1/2028	224,543	1.51%	6,832		1,585,443
2029	1/1/2029	224,543	1.51%	5,985	\$ 920,438	
	4/1/2029	224,543	1.51%	5,137		
	7/1/2029	224,544	1.51%	4,290		
	10/1/2029	227,954	1.51%	3,442		683,859
2030	1/1/2030	227,953	1.51%	2,582	\$ 689,022	
	4/1/2030	227,953	1.51%	1,721		
	7/1/2030	227,953	1.51%	860		
<b>Total</b>		<b>\$ 9,704,452</b>		<b>\$ 454,295</b>	<b>\$ 10,158,747</b>	

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**\$3,520,000**  
**Special Obligation Revenue Note, Series 2022**

**Dated:** June 29, 2022.

**Purpose:** The Note was issued to finance the acquisition of various vehicles and equipment for the Fire and Police Departments.

**Payment Dates:** Quarterly Principal and interest payable on January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, and October 1<sup>st</sup>.

**Security:** The Note is secured by non-ad valorem revenues budgeted and appropriated by City Council.

**Debt Ordinance:** No. 58-22 enacted on June 15<sup>th</sup>, 2022 authorizing the issuance of the series 2022. Note. Not to exceed \$5 million.

**Debt Resolution:** No. 16-22 adopted on January 19<sup>th</sup>, 2022. Authorizing reimbursement of certain expenditures.  
No. 123-22 adopted on January 15<sup>th</sup>, 2022. Approving the Loan Agreement.

**Rating:** N/A

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$3,520,000**  
**Special Obligation Revenue Note, Series 2022**

Fiscal Year	Payment Date	Principal Payment	Coupon Rate	Interest Payment	Fiscal Year Debt Service	Outstanding Principal
						<b>\$ 2,685,000</b>
2024	1/1/2024	170,000	2.63%	17,654	\$ 758,876	1,990,000
	4/1/2024	170,000	2.63%	16,536		
	7/1/2024	175,000	2.63%	15,418		
	10/1/2024	180,000	2.63%	14,268		
2025	1/1/2025	175,000	2.63%	13,084	755,433	1,280,000
	4/1/2025	175,000	2.63%	11,934		
	7/1/2025	175,000	2.63%	10,783		
	10/1/2025	185,000	2.63%	9,632		
2026	1/1/2026	180,000	2.63%	8,416	751,564	555,000
	4/1/2026	180,000	2.63%	7,233		
	7/1/2026	180,000	2.63%	6,049		
	10/1/2026	185,000	2.63%	4,866		
2027	1/1/2027	185,000	2.63%	3,649	562,298	-
	4/1/2027	185,000	2.63%	2,433		
	7/1/2027	185,000	2.63%	1,216		
<b>Total</b>		<b>\$ 2,685,000</b>		<b>\$ 143,171</b>	<b>\$ 2,828,171</b>	

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**\$8,000,000**  
**Special Obligation Revenue Note, Series 2023**

**Dated:** June 29, 2022.

**Purpose:** The Note was issued to finance the acquisition and construction of Fire Station #13.

**Payment Dates:** Quarterly Principal is paying annually on February 01<sup>st</sup>, and interest is paid semiannually on February 01<sup>st</sup> and August 01<sup>st</sup>.

**Security:** The Note is secured by non-ad valorem revenues budgeted and appropriated by City Council.

**Debt Ordinance:** No. 17-23 enacted on March 15<sup>th</sup>, 2023, authorizing the issuance of the series 2023 Note. Not to exceed \$8 million.

**Debt Resolution:** No. 40-23 adopted on March 21<sup>st</sup>, 2023.

**Rating:** N/A

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$8,000,000**  
**Special Obligation Revenue Note, Series 2023**

Fiscal Year	Payment Date	Principal Payment	Coupon Rate	Interest Payment	Fiscal Year Debt Service	Outstanding Principal
						<b>\$ 8,000,000</b>
2024	2/1/2024	\$ 230,000	3.99%	\$ 159,600		
	8/1/2024		3.99%	155,012	\$ 544,612	7,770,000
2025	2/1/2025	280,000	3.99%	155,012		
	8/1/2025		3.99%	149,426	584,438	7,490,000
2026	2/1/2026	295,000	3.99%	149,426		
	8/1/2026		3.99%	143,540	587,966	7,195,000
2027	2/1/2027	305,000	3.99%	143,540		
	8/1/2027		3.99%	137,456	585,996	6,890,000
2028	2/1/2028	315,000	3.99%	137,456		
	8/1/2028		3.99%	131,171	583,627	6,575,000
2029	2/1/2029	330,000	3.99%	131,171		
	8/1/2029		3.99%	124,588	585,759	6,245,000
2030	2/1/2030	340,000	3.99%	124,588		
	8/1/2030		3.99%	117,805	582,393	5,905,000
2031	2/1/2031	355,000	3.99%	117,805		
	8/1/2031		3.99%	110,723	583,528	5,550,000
2032	2/1/2032	370,000	3.99%	110,723		
	8/1/2032		3.99%	103,341	584,064	5,180,000
2033	2/1/2033	385,000	3.99%	103,341		
	8/1/2033		3.99%	95,660	584,001	4,795,000
2034	2/1/2034	400,000	3.99%	95,660		
	8/1/2034		3.99%	87,680	583,340	4,395,000
2035	2/1/2035	415,000	3.99%	87,680		
	8/1/2035		3.99%	79,401	582,081	3,980,000
2036	2/1/2036	430,000	3.99%	79,401		
	8/1/2036		3.99%	70,823	580,224	3,550,000
2037	2/1/2037	450,000	3.99%	70,823		
	8/1/2037		3.99%	61,845	582,668	3,100,000
2038	2/1/2038	470,000	3.99%	61,845		
	8/1/2038		3.99%	52,469	584,314	2,630,000
2039	2/1/2039	485,000	3.99%	52,469		
	8/1/2039		3.99%	42,793	580,262	2,145,000
2040	2/1/2040	505,000	3.99%	42,793		
	8/1/2040		3.99%	32,718	580,511	1,640,000
2041	2/1/2041	525,000	3.99%	32,718		
	8/1/2041		3.99%	22,244	579,962	1,115,000
2042	2/1/2042	545,000	3.99%	22,244		
	8/1/2042		3.99%	11,372	578,616	570,000
2043	2/1/2043	570,000	3.99%	11,372	581,372	-
<b>Total</b>		<b>\$ 8,000,000</b>		<b>\$ 3,619,734</b>	<b>\$ 11,619,734</b>	



## **ENTERPRISE FUNDS DEBT SCHEDULES**



## **REVENUE BONDS**

# \$72,415,000

## Water and Sewer Refunding Revenue Bonds, Series 2015

**Dated:** July 16, 2015.

**Purpose:** The bonds were issued for the purpose of refinancing \$72,415,000 of the Water and Sewer Revenue Bonds, Series 2006. This refunding reduced the debt service payment over 21 years by \$5,429,134 and obtained an economic gain of \$3,716,201.

**Payment Dates:** Semiannual interest payable on April 1<sup>st</sup> and October 1<sup>st</sup>  
Annual principal payable on October 1<sup>st</sup>

**Security:** The Bonds are secured by a pledge of and lien upon the water and sewer net revenues and impact fees. The bonds are issued on parity with the City's (1) Water and Sewer Revenue Bonds, Series 2011; (2) Water and Sewer Refunding Revenue Bonds, Series 2011A; (3) Water and Sewer Refunding Revenue Bonds, Series 2015A; (4) Water and Sewer Revenue Refunding Revenue Bonds, Series 2017.

**Debt Ordinance:** No. 4-15 enacted on January 26, 2015

**Debt Resolution:** No. 98-86 adopted on August 20, 1986  
No. 167-91 adopted on December 11, 1991, amending resolution 98-86  
No. 54-06 adopted on October 16, 2006, amending resolution 98-86  
No. 39-09 adopted on June 8, 2009, amending resolution 98-86  
No. 24-11 adopted on August 22, 2011, amending resolution 98-86  
No. 42-13 adopted on September 09, 2013, amending resolution 98-86  
No. 58-15 adopted on May 18, 2015, amending resolution 98-86  
No. 87-15 adopted on June 15, 2015, amending resolution 98-86

**Insurer:** Assured Guaranty Municipal Corp. (AGM)

**Ratings:**

	<u>Insured</u>	<u>Underlying</u>
Fitch	A	S
Moody's	NR	A1
Standard & Poor's	A+	NR

### Redemption Provisions:

The bonds are subject to optional redemption as described below.

### Optional Redemption:

The bonds may be redeemed prior to their respective maturities at any time on or after October 1, 2025, at the redemption price of 100%.

### Debt Service Schedule:

A detailed debt service schedule is on the following page.



<div> <div>\$72,415,000</div> <div>Water and Sewer Refunding Revenue Bonds, Series 2015</div> </div>						
Fiscal Year	Payment Date	Principal Payment	Coupon Rate	Interest Payment	Fiscal Year Debt Service	Outstanding Principal
						\$ 72,415,000
2024	4/01/2024			\$ 1,696,950		
	10/01/2024	-	5.000%	1,696,950	\$ 3,393,900	72,415,000
2025	4/01/2025			1,696,950		
	10/01/2025	-	5.000%	1,696,950	3,393,900	72,415,000
2026	4/01/2026			1,696,950		
	10/01/2026	-	5.000%	1,696,950	3,393,900	72,415,000
2027	4/01/2027			1,696,950		
	10/01/2027	-	5.000%	1,696,950	3,393,900	72,415,000
2028	4/01/2028			1,696,950		
	10/01/2028	-	5.000%	1,696,950	3,393,900	72,415,000
2029	4/01/2029			1,696,950		
	10/01/2029	-	5.000%	1,696,950	3,393,900	72,415,000
2030	4/01/2030			1,696,950		
	10/01/2030	8,920,000	5.000%	1,696,950	12,313,900	63,495,000
2031	4/01/2031			1,473,950		
	10/01/2031	9,370,000	5.000%	1,473,950	12,317,900	54,125,000
2032	4/01/2032			1,239,700		
	10/01/2032	9,835,000	5.000%	1,239,700	12,314,400	44,290,000
2033	4/01/2033			993,825		
	10/01/2033	10,325,000	5.000%	993,825	12,312,650	33,965,000
2034	4/01/2034			735,700		
	10/01/2034	10,845,000	4.000%	735,700	12,316,400	23,120,000
2035	4/01/2035			518,800		
	10/01/2035	11,280,000	5.000%	518,800	12,317,600	11,840,000
2036	4/01/2036			236,800		
	10/01/2036	11,840,000	4.000%	236,800	12,313,600	-
<b>Total</b>		<b>\$ 72,415,000</b>		<b>\$ 34,154,850</b>	<b>\$ 106,569,850</b>	

All-In True Interest Cost ..... 4.096760%

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**\$248,355,000**

## **Water and Sewer Refunding Revenue Bonds, Series 2017**

**Dated:** December 27, 2017.

**Purpose:** The bonds were issued for the purpose of refinancing the Water and Sewer Revenue Bonds, Series 2011 and the Water and Sewer Revenue Bonds, Series 2011A. The City refunded the 2011 Series to reduce its debt service payment over 24 years by \$16,014,455 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$11,220,371. Principal and interest is paid semiannually through 2041. Interest rates range from 4.00% to 5.00%. The City refunded the 2011A Series to reduce its debt service payment over 25 years by \$10,842,239 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$7,519,161. Principal and interest are paid semiannually through 2042. Interest rates range from 4.00% to 5.00%.

**Payment Dates:** Semiannual interest payable on April 1<sup>st</sup> and October 1<sup>st</sup>.  
Annual principal payable on October 1<sup>st</sup>.

**Security:** The Bonds are secured by a pledge of and lien upon the water and sewer net revenues and impact fees. The bonds are issued on parity with the City's (1) Water and Sewer Revenue Bonds, Series 2011; (2) Water and Sewer Refunding Revenue Bonds, Series 2011A; (3) Water and Sewer Refunding Revenue Bonds, Series 2015; (4) Water and Sewer Revenue Refunding Revenue Bonds, Series 2015A.

**Debt Ordinance:** No. 52-16 enacted on November 28, 2016.

**Debt Resolution:** No. 98-86 adopted on August 20, 1986  
No. 167-91 adopted on December 11, 1991, amending resolution 98-86  
No. 54-06 adopted on October 16, 2006, amending resolution 98-86  
No. 39-09 adopted on June 8, 2009, amending resolution 98-86  
No. 24-11 adopted on August 22, 2011, amending resolution 98-86  
No. 42-13 adopted on September 09, 2013, amending resolution 98-86  
No. 58-15 adopted on May 18, 2015, amending resolution 98-86  
No. 87-15 adopted on June 15, 2015, amending resolution 98-86

**Insurer:** Assured Guaranty Municipal Corp. (AGM)

**Ratings:**

Fitch	NR	NR
Moody's	A1	NR
Standard & Poor's	A+	NR

**Redemption Provisions:**

The bonds are subject to optional redemption as described below.

**Optional Redemption:**

The bonds may be redeemed prior to their respective maturities at any time on or after October 1, 2025, at the redemption price of 100%.

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$248,355,000**  
**Water and Sewer Refunding Revenue Bonds, Series 2017**

Fiscal Year	Payment Date	Principal Payment	Coupon Rate	Interest Payment	Fiscal Year Debt Service	Outstanding Principal
						<b>\$ 239,060,000</b>
2024	4/01/2024			\$ 5,303,519		
	10/01/2024	\$ 4,995,000	4.000%	5,303,519	\$ 15,602,038	\$ 234,065,000
2025	4/01/2025			5,178,644		
	10/01/2025	5,240,000	4.125%	5,178,644	15,597,288	228,825,000
2026	4/01/2026			5,047,644		
	10/01/2026	5,510,000	5.000%	5,047,644	15,605,288	223,315,000
2027	4/01/2027			4,909,894		
	10/01/2027	5,785,000 *	4.750%	4,909,894	15,604,788	217,530,000
2028	4/01/2028			4,765,269		
	10/01/2028	6,070,000 *	4.750%	4,765,269	15,600,538	211,460,000
2029	4/01/2029			4,613,519		
	10/01/2029	6,375,000 *	4.750%	4,613,519	15,602,038	205,085,000
2030	4/01/2030			4,454,144		
	10/01/2030	6,695,000 *	4.750%	4,454,144	15,603,288	198,390,000
2031	4/01/2031			4,286,769		
	10/01/2031	7,025,000 T	4.750%	4,286,769	15,598,538	191,365,000
2032	4/01/2032			4,111,144		
	10/01/2032	7,375,000 *	5.000%	4,111,144	15,597,288	183,990,000
2033	4/01/2033			3,926,769		
	10/01/2033	7,750,000 *	5.000%	3,926,769	15,603,538	176,240,000
2034	4/01/2034			3,733,019		
	10/01/2034	8,135,000 *	5.000%	3,733,019	15,601,038	168,105,000
2035	4/01/2035			3,600,825		
	10/01/2035	8,395,000 *	5.000%	3,600,825	15,596,650	159,710,000
2036	4/01/2036			3,432,925		
	10/01/2036	8,735,000 *	5.000%	3,432,925	15,600,850	150,975,000
2037	4/01/2037			3,258,225		
	10/01/2037	22,395,000 *	5.000%	3,258,225	28,911,450	128,580,000
2038	4/01/2038			2,810,325		
	10/01/2038	23,290,000 *	5.000%	2,810,325	28,910,650	105,290,000
2039	4/01/2039			2,228,075		
	10/01/2039	24,455,000 *	5.000%	2,228,075	28,911,150	80,835,000
2040	4/01/2040			1,616,700		
	10/01/2040	25,680,000 *	5.000%	1,616,700	28,913,400	55,155,000
2041	4/01/2041			1,103,100		
	10/01/2041	26,705,000 T	5.000%	1,103,100	28,911,200	28,450,000
2041	4/01/2042			569,000		
	10/01/2042	28,450,000 T	5.000%	568,992	29,587,992	-
<b>Total</b>		<b>\$ 239,060,000</b>		<b>\$ 137,899,010</b>	<b>\$ 376,959,010</b>	

All-In True Interest Cost ..... 3.628600%



## **NOTES DIRECT BORROWINGS**

**\$94,740,000**  
**Water and Sewer Refunding Revenue Bonds, Series 2015A**

**Dated:** June 30, 2015.

**Purpose:** The bonds were issued for the purpose of refinancing to outstanding \$94,740,000 of the Water and Sewer Revenue Bonds, Series 2006. This reduced the Water and Sewer, Series 2006 debt service payment over 21 years by \$15,191,723 and obtained an economic gain of \$10,103,869.

**Payment Dates:** Quarterly interest payable on April 1<sup>st</sup>, July 1<sup>st</sup>, October 1<sup>st</sup>, and January 1<sup>st</sup>.

Quarterly principal payable on April 1<sup>st</sup>, July 1<sup>st</sup>, October 1<sup>st</sup>, and January 1<sup>st</sup>.

**Security:** The Bonds are secured by a pledge of and lien upon the water and sewer net revenues and impact fees. The bonds are issued on parity with the City's (1) Water and Sewer Revenue Bonds, Series 2011; (2) Water and Sewer Refunding Revenue Bonds, Series 2011A; (3) Water and Sewer Refunding Revenue Bonds, Series 2015; (4) Water and Sewer Refunding Revenue Bonds, Series 2015A, (5) Water and Sewer Refunding Revenue Bonds, Series 2017.

**Debt Ordinance:** No. 4-15 enacted on January 26, 2015.

**Debt Resolution:** No. 98-86 adopted on August 20, 1986  
No. 167-91 adopted on December 11, 1991, amending resolution 98-86  
No. 54-06 adopted on October 16, 2006, amending resolution 98-86  
No. 39-09 adopted on June 8, 2009, amending resolution 98-86  
No. 24-11 adopted on August 22, 2011, amending resolution 98-86  
No. 42-13 adopted on September 09, 2013, amending resolution 98-86  
No. 58-15 adopted on May 18, 2015, amending resolution 98-86  
No. 87-15 adopted on June 15, 2015, amending resolution 98-86

**Insurer:** N/A

**Ratings:** N/A

**Redemption Provisions:**

The bonds are subject to optional redemption as described below.

**Optional Redemption:**

The bonds may be redeemed prior to their respective maturities at any time on or after October 1, 2025, at the redemption price of 100%.

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$94,740,000**  
**Water and Sewer Refunding Revenue Bonds, Series 2015A**

	Payment Date	Principal Payment	Coupon Rate	Interest Payment	Fiscal Year Debt Service	Outstanding Principal
						<b>\$ 49,110,000</b>
2024	1/1/2024	\$ 1,905,000	3.000%	\$ 353,276		
	4/01/2024	1,905,000	3.000%	342,750		
	7/1/2024	1,905,000	3.000%	332,225		
	10/01/2024	1,905,000	3.000%	321,700	\$ 8,969,951	\$ 41,490,000
2025	01/01/2025	1,950,000 <sup>T</sup>	3.000%	311,175		
	04/01/2025	1,950,000 *	3.000%	296,550		
	07/01/2025	1,950,000 *	3.000%	281,925		
	10/01/2025	1,960,000 *	3.000%	267,300	8,966,950	33,680,000
2026	1/01/2026	2,010,000 *	3.000%	252,600		
	4/01/2026	2,010,000 *	3.000%	237,525		
	7/01/2026	2,010,000 *	3.000%	222,450		
	10/01/2026	2,015,000 *	3.000%	207,375	8,964,950	25,635,000
2027	1/01/2027	2,070,000 *	3.000%	192,263		
	4/01/2027	2,070,000 *	3.000%	176,738		
	7/01/2027	2,070,000 *	3.000%	161,213		
	10/01/2027	2,080,000 *	3.000%	145,686	8,965,900	17,345,000
2028	1/01/2028	2,140,000 *	3.000%	130,087		
	4/01/2028	2,135,000 *	3.000%	114,038		
	7/01/2028	2,135,000 *	3.000%	98,025		
	10/01/2028	2,135,000 *	3.000%	82,013	8,969,163	8,800,000
2029	1/01/2029	2,200,000 *	3.000%	66,000		
	4/01/2029	2,200,000 *	3.000%	49,500		
	7/01/2029	2,200,000 *	3.000%	33,000		
	10/01/2029	2,200,000 <sup>T</sup>	3.000%	16,500	8,965,000	-
<b>Total</b>		<b>\$ 49,110,000</b>		<b>\$ 4,691,914</b>	<b>\$ 53,801,914</b>	

All-In True Interest Cost ..... 2.725344%

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**\$10,600,000**  
**Water and Sewer Refunding Revenue Bonds, Series 2020**

**Dated:** December 16, 2020.

**Purpose:** The bonds were issued for the purpose to finance on an interim basis, various costs and expenses relating to the design and planning for the water, wastewater and irrigation water utility capital improvements to be acquired, constructed and equipped within the North 1 assessment area.

**Payment Dates:** Principal and interest are paid on December 01<sup>st</sup>, 2023.

**Security:** The Bonds are secured by a pledge of and lien upon the water and sewer net revenues and impact fees. The bonds are issued on parity with the City's (1) Water and Sewer Revenue Bonds, Series 2011; (2) Water and Sewer Refunding Revenue Bonds, Series 2011A; (3) Water and Sewer Refunding Revenue Bonds, Series 2015; (4) Water and Sewer Refunding Revenue Bonds, Series 2015A, (5) Water and Sewer Refunding Revenue Bonds, Series 2017.

**Debt Ordinance:** No. 94-20 enacted on December 14<sup>th</sup>, 2020.

**Debt Resolution:** No. 98-86 adopted on August 20, 1986  
 No. 167-91 adopted on December 11, 1991, amending resolution 98-86  
 No. 54-06 adopted on October 16, 2006, amending resolution 98-86  
 No. 39-09 adopted on June 8, 2009, amending resolution 98-86  
 No. 24-11 adopted on August 22, 2011, amending resolution 98-86  
 No. 31-11 adopted on October 31, 2011, amending resolution 98-86  
 No. 58-15 adopted on May 18, 2015, amending resolution 98-86  
 No. 264-20 adopted on December 14, 2020, authorizing, series 2020Bond.

**Insurer:** N/A

**Ratings:** N/A

**Redemption Provisions:**

The bonds are subject to optional redemption as described below.

**Optional Redemption:**

The bonds may be redeemed prior to their respective maturities at any time on or after

October 1, 2025, at the redemption price of 100%.

**\$10,600,000**  
**Water and Sewer Refunding Revenue Bonds, Series 2020**

Fiscal Year	Payment Date	Principal Payment	Coupon Rate	Interest Payment	Fiscal Year Debt Service	Outstanding Principal
						\$ 10,600,000
2024	10/01/2023	-	0.764%	\$ 40,492		
	12/01/2023	\$ 10,600,000	0.764%	13,497	\$ 10,653,989	-
<b>Total</b>		<b>\$ 10,600,000</b>		<b>\$ 53,989</b>	<b>\$ 10,653,989</b>	



## **STATE REVOLVING FUND LOANS**



**\$13,856,923**  
**State Revolving Fund Loan**  
**#67516P**

**Dated:** September 7, 2001.

**Purpose:** The loan was issued for the purpose of funding the preconstruction activities (planning, administrative, and engineering work) for construction of wastewater transmission, collection, reuse, and treatment facilities to qualify for Clean Water State Revolving Fund financing.

**Payment Dates:** Semiannual interest and principal payable on April 15<sup>th</sup> and October 15<sup>th</sup>.

**Security:** The loan is secured by a lien upon the net revenues of the water and sewer system and impact fees and is junior and subordinate to the water and sewer revenue bonds.

**Insurer:** N/A

**Ratings:** N/A

**Redemption Provisions:**

The loan may be repaid on any date.

**\$13,856,923**  
**State Revolving Fund Loan**  
**#67516P**

<b>Fiscal Year</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Interest Rate</b>	<b>Interest Payment</b>	<b>Fiscal Year Debt Service</b>	<b>Outstanding Principal</b>
						<b>\$ 166,455</b>
2024	10/15/2023	\$ 82,575	3.160%	\$ 2,630		
	4/15/2024	83,880	3.160%	1,325	\$ 170,410	-
<b>Total</b>		<b>\$ 166,455</b>		<b>\$ 3,955</b>	<b>\$ 170,410</b>	

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**\$35,848,122**  
**State Revolving Fund Loan**  
**#67516L 02**

**Dated:** October 31, 2004.

**Purpose:** The loan was issued for the purpose of furnishing all labor, materials, and equipment to construct the Southwest 1 wastewater collection and transmission facilities.

**Payment Dates:** Semiannual interest and principal payable on December 15<sup>th</sup> and June 15<sup>th</sup>.

**Security:** The loan is secured by a lien upon the net revenues of the water and sewer system and impact fees and is junior and subordinate to the water and sewer revenue bonds.

**Insurer:** N/A

**Ratings:** N/A

**Redemption Provisions:**

The loan may be repaid on any date.

**\$35,848,122**  
**State Revolving Fund Loan**  
**#67516L 02**

<b>Fiscal Year</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Interest Rate</b>	<b>Interest Payment</b>	<b>Fiscal Year Debt Service</b>	<b>Outstanding Principal</b>
						<b>\$ 285,896</b>
2024	12/15/2023	\$ 93,916	2.930%	\$ 4,188		
	6/15/2024	95,292	2.930%	2,813	\$ 196,209	96,688
2025	12/15/2024	96,688	2.930%	1,416	98,104	-
<b>Total</b>		<b>\$ 285,896</b>		<b>\$ 8,417</b>	<b>\$ 294,313</b>	

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**\$54,662,273**  
**State Revolving Fund Loan**  
**#WW360100**

**Dated:** September 4, 2013.

**Purpose:** The loan was issued for the purpose of furnishing all labor, materials, and equipment to construct the Southwest 6 & 7 wastewater collection, reuse, and stormwater facilities.

**Payment Dates:** Semiannual interest and principal.

**Security:** The loan is secured by a lien upon the net revenues of the capital facility expansion charges and net revenues of the water and sewer system. The lien is junior and subordinate to the water and sewer revenue bonds.

**Insurer:** N/A

**Ratings:** N/A

**Redemption Provisions:**

The loan may be repaid on any date.

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$54,662,273**  
**State Revolving Fund Loan**  
**#WW360100**

<b>Fiscal Year</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Interest Rate</b>	<b>Interest Payment</b>	<b>Fiscal Year Debt Service</b>	<b>Outstanding Principal</b>
						<b>\$ 38,325,549</b>
2024	12/15/2023	\$ 1,290,747	-	\$ 400,119		
	6/15/2024	1,304,207	-	386,658	\$ 3,381,731	35,730,595
2025	12/15/2024	1,317,809	-	373,056		
	6/15/2025	1,331,554	-	359,311	3,381,730	33,081,232
2026	12/15/2025	1,345,444	-	345,422		
	6/15/2026	1,359,480	-	331,386	3,381,732	30,376,308
2027	12/15/2026	1,373,663	-	317,203		
	6/15/2027	1,387,995	-	302,870	3,381,731	27,614,650
2028	12/15/2027	1,402,478	-	288,387		
	6/15/2028	1,417,114	1.980%	273,752	3,381,731	24,795,058
2029	12/15/2028	1,431,903	1.980%	258,962		
	6/15/2029	1,446,849	1.980%	244,017	3,381,731	21,916,306
2030	12/15/2029	1,461,951	1.980%	228,915		
	6/15/2030	1,477,212	1.980%	213,653	3,381,731	18,977,143
2031	12/15/2030	1,492,634	1.980%	198,231		
	6/15/2031	1,508,219	1.980%	182,647	3,381,731	15,976,290
2032	12/15/2031	1,523,967	1.980%	166,899		
	6/15/2032	1,539,881	1.980%	150,985	3,381,732	12,912,442
2033	12/15/2032	1,555,963	2.420%	134,903		
	6/15/2033	1,572,214	2.420%	118,652	3,381,732	9,784,265
2034	12/15/2033	1,588,636	2.420%	102,230		
	6/15/2034	1,605,231	2.420%	85,635	3,381,732	6,590,398
2035	12/15/2034	1,622,001	2.420%	68,865		
	6/15/2035	1,638,947	2.420%	51,918	3,381,731	3,329,450
2036	12/15/2035	1,656,072	2.420%	34,793		
	6/15/2036	1,673,378	2.420%	17,487	3,381,730	-
<b>Total</b>		<b>\$ 38,325,549</b>		<b>\$ 5,636,956</b>	<b>\$ 43,962,505</b>	

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**\$12,401,582**  
**State Revolving Fund Loan**  
**#DW360103**

**Dated:** September 4, 2013.

**Purpose:** The loan was issued for the purpose of furnishing all labor, materials, and equipment to construct the Southwest 6 & 7 transmission and distribution facilities.

**Payment Dates:** Semiannual interest and principal.

**Security:** The loan is secured by a lien upon the net revenues of the capital facility expansion charges and net revenues of the water and sewer system. The lien is junior and subordinate to the water and sewer revenue bonds.

**Insurer:** N/A

**Ratings:** N/A

**Redemption Provisions:**

The loan may be repaid on any date.

The outstanding principal as of 09/30/2019 was \$11,124,673. The City will not be requesting additional funds. Once the State closes the construction project a final debt schedule will be provided.

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$12,401,582**  
**State Revolving Fund Loan**  
**#DW360103**

<b>Fiscal Year</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Interest Rate</b>	<b>Interest Payment</b>	<b>Fiscal Year Debt Service</b>	<b>Outstanding Principal</b>
						<b>\$ 8,821,331</b>
2024	12/15/2023	\$ 296,458	2.120%	\$ 93,506		
	6/15/2024	299,600	2.120%	90,364	\$ 779,928	8,225,273
2025	12/15/2024	302,776	2.120%	87,188		
	6/15/2025	305,985	2.120%	83,978	779,927	7,616,512
2026	12/15/2025	309,229	2.120%	80,735		
	6/15/2026	312,506	2.120%	77,457	779,927	6,994,777
2027	12/15/2026	315,819	2.120%	74,145		
	6/15/2027	319,167	2.120%	70,797	779,927	6,359,791
2028	12/15/2027	322,550	2.120%	67,414		
	6/15/2028	325,969	2.120%	63,995	779,927	5,711,272
2029	12/15/2028	329,424	2.120%	60,540		
	6/15/2029	332,916	2.120%	57,048	779,927	5,048,932
2030	12/15/2029	336,445	2.120%	53,519		
	6/15/2030	340,011	2.120%	49,952	779,927	4,372,476
2031	12/15/2030	343,615	2.120%	46,348		
	6/15/2031	347,258	2.120%	42,706	779,927	3,681,603
2032	12/15/2031	350,939	2.120%	39,025		
	6/15/2032	354,659	2.120%	35,305	779,927	2,976,006
2033	12/15/2032	358,418	2.120%	31,546		
	6/15/2033	362,217	2.120%	27,746	779,927	2,255,371
2034	12/15/2033	366,057	2.120%	23,907		
	6/15/2034	369,937	2.120%	20,027	779,927	1,519,378
2035	12/15/2034	373,858	2.120%	16,105		
	6/15/2035	377,821	2.120%	12,143	779,927	767,699
2036	12/15/2035	381,826	2.120%	8,138		
	6/15/2036	385,873	2.120%	4,090	779,927	-
<b>Total</b>		<b>\$ 8,821,331</b>		<b>\$ 1,317,723</b>	<b>\$ 10,139,052</b>	

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**\$124,436,105**  
**State Revolving Fund Loan**  
**#DW360130**

**Dated:** September 6, 2017.

**Purpose:** The loan was issued for the purpose of furnishing all labor, materials, and equipment to construct the North 2 transmission and distribution facilities.

**Payment Dates:** Semiannual interest and principal.

**Security:** The loan is secured by a lien upon the net revenues of the capital facility expansion charges and net revenues of the water and sewer system. The lien is junior and subordinate to the water and sewer revenue bonds.

**Insurer:** N/A

**Ratings:** N/A

**Redemption Provisions:**

The loan may be repaid on any date.

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$124,436,105**  
**State Revolving Fund Loan**  
**#DW360130**

Fiscal Year	Payment Date	Principal Payment	Interest Rate	Interest Payment	SRF Service Fee	Fiscal Year Debt Service	Outstanding Principal
							<b>\$ 68,707,392</b>
2024	12/15/2023	\$ 1,760,086	1.110%-1.480%	\$ 434,609			
	6/15/2024	1,771,198	1.110%-1.480%	423,496		\$ 4,389,389	65,176,108
2025	12/15/2024	1,782,382	1.110%-1.480%	412,312			
	6/15/2025	1,793,638	1.110%-1.480%	401,056		4,389,388	61,600,088
2026	12/15/2025	1,804,966	1.110%-1.480%	389,728			
	6/15/2026	1,816,367	1.110%-1.480%	378,328		4,389,389	57,978,755
2027	12/15/2026	1,827,841	1.110%-1.480%	366,853			
	6/15/2027	1,839,389	1.110%-1.480%	355,306		4,389,389	54,311,525
2028	12/15/2027	1,851,011	1.110%-1.480%	343,684			
	6/15/2028	1,862,707	1.110%-1.480%	331,987		4,389,389	50,597,807
2029	12/15/2028	1,874,479	1.110%-1.480%	320,215			
	6/15/2029	1,886,327	1.110%-1.480%	308,368		4,389,389	46,837,001
2030	12/15/2029	1,898,250	1.110%-1.480%	296,444			
	6/15/2030	1,910,250	1.110%-1.480%	284,444		4,389,389	43,028,501
2031	12/15/2030	1,922,328	1.110%-1.480%	272,367			
	6/15/2031	1,934,483	1.110%-1.480%	260,212		4,389,390	39,171,690
2032	12/15/2031	1,946,716	1.110%-1.480%	247,979			
	6/15/2032	1,959,028	1.110%-1.480%	235,667		4,389,390	35,265,946
2033	12/15/2032	1,971,419	1.110%-1.480%	223,276			
	6/15/2033	1,983,889	1.110%-1.480%	210,805		4,389,389	31,310,638
2034	12/15/2033	1,996,440	1.110%-1.480%	198,254			
	6/15/2034	2,009,072	1.110%-1.480%	185,623		4,389,389	27,305,126
2035	12/15/2034	2,021,785	1.110%-1.480%	172,910			
	6/15/2035	2,034,579	1.110%-1.480%	160,115		4,389,389	23,248,762
2036	12/15/2035	2,047,457	1.110%-1.480%	147,238			
	6/15/2036	2,060,416	1.110%-1.480%	134,278		4,389,389	19,140,889
2037	12/15/2036	2,073,460	1.110%-1.480%	121,235			
	6/15/2037	2,086,587	1.110%-1.480%	108,108		4,389,389	14,980,842
2038	12/15/2037	2,099,799	1.110%-1.480%	94,896			
	6/15/2038	2,113,096	1.110%-1.480%	81,599		4,389,390	10,767,947
2039	12/15/2038	2,126,478	1.110%-1.480%	68,216			
	6/15/2039	2,139,947	1.110%-1.480%	54,748		4,389,389	6,501,522
2040	12/15/2039	2,153,502	1.110%-1.480%	41,192			
	6/15/2040	2,167,145	1.110%-1.480%	27,550		4,389,389	2,180,875
2041	12/15/2040	2,180,875	1.110%-1.480%	13,819		2,194,694	-
<b>Total</b>		<b>\$ 68,707,392</b>		<b>\$ 8,106,916</b>		<b>\$ 76,814,309</b>	

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**\$97,000,000**  
**State Revolving Fund Loan**  
**#WW360120**

**Dated:** September 6, 2017.

**Purpose:** The loan was issued for the purpose of furnishing all labor, materials, and equipment to construct the North 2 wastewater collection, reuse and stormwater facilities.

**Payment Dates:** Semiannual interest and principal.

**Security:** The loan is secured by a lien upon the net revenues of the capital facility expansion charges and net revenues of the water and sewer system. The lien is junior and subordinate to the water and sewer revenue bonds.

**Insurer:** N/A

**Ratings:** N/A

**Redemption Provisions:**

The loan may be repaid on any date.

**Debt Service Schedule:**

A detailed debt service schedule is on the following page.

**\$97,000,000**  
**State Revolving Fund Loan**  
**#WW360120**

Fiscal Year	Payment Date	Principal Payment	Interest Rate	Interest Payment	SRF Service Fee	Fiscal Year Debt Service	Outstanding Principal
							<b>\$ 90,044,879</b>
2024	10/15/2023	\$ 2,416,211	0.040%-0.720%	\$ 178,108			
	4/15/2024	2,420,912	0.040%-0.720%	173,407		\$ 5,188,638	85,207,756
2025	10/15/2024	2,425,627	0.040%-0.720%	168,692			
	4/15/2025	2,430,356	0.040%-0.720%	163,964		5,188,639	80,351,773
2026	10/15/2025	2,435,098	0.040%-0.720%	159,222			
	4/15/2026	2,439,854	0.040%-0.720%	154,466		5,188,640	75,476,821
2027	10/15/2026	2,444,623	0.040%-0.720%	149,696			
	4/15/2027	2,449,406	0.040%-0.720%	144,913		5,188,638	70,582,792
2028	10/15/2027	2,454,204	0.040%-0.720%	140,116			
	4/15/2028	2,459,015	0.040%-0.720%	135,305		5,188,640	65,669,573
2029	10/15/2028	2,463,840	0.040%-0.720%	130,480			
	4/15/2029	2,468,679	0.040%-0.720%	125,641		5,188,639	60,737,055
2030	10/15/2029	2,473,532	0.040%-0.720%	120,788			
	4/15/2030	2,478,399	0.040%-0.720%	115,921		5,188,639	55,785,125
2031	10/15/2030	2,483,280	0.040%-0.720%	111,039			
	4/15/2031	2,488,175	0.040%-0.720%	106,144		5,188,638	50,813,670
2032	10/15/2031	2,493,085	0.040%-0.720%	101,235			
	4/15/2032	2,498,008	0.040%-0.720%	96,311		5,188,639	45,822,577
2033	10/15/2032	2,502,946	0.040%-0.720%	91,373			
	4/15/2033	2,507,898	0.040%-0.720%	86,421		5,188,639	40,811,732
2034	10/15/2033	2,512,865	0.040%-0.720%	81,454			
	4/15/2034	2,517,846	0.040%-0.720%	76,473		5,188,638	35,781,021
2035	10/15/2034	2,522,842	0.040%-0.720%	71,478			
	4/15/2035	2,527,852	0.040%-0.720%	66,468		5,188,639	30,730,328
2036	10/15/2035	2,532,876	0.040%-0.720%	61,443			
	4/15/2036	2,537,915	0.040%-0.720%	56,404		5,188,638	25,659,537
2037	10/15/2036	2,542,969	0.040%-0.720%	51,351			
	4/15/2037	2,548,037	0.040%-0.720%	46,282		5,188,639	20,568,531
2038	10/15/2037	2,553,120	0.040%-0.720%	41,199			
	4/15/2038	2,558,218	0.040%-0.720%	36,101		5,188,638	15,457,193
2039	10/15/2038	2,563,330	0.040%-0.720%	30,989			
	4/15/2039	2,568,458	0.040%-0.720%	25,861		5,188,638	10,325,405
2040	10/15/2039	2,573,600	0.040%-0.720%	20,719			
	4/15/2040	2,578,757	0.040%-0.720%	15,562		5,188,639	5,173,047
2041	10/15/2040	2,583,930	0.040%-0.720%	10,390			
	4/15/2041	2,589,117	0.040%-0.720%	5,202		5,188,639	-
<b>Total</b>		<b>\$ 90,044,879</b>		<b>\$ 3,350,618</b>		<b>\$ 93,395,497</b>	



## **ASSESSMENT DEBT**

**\$101,155,000**  
**Utility Improvement Refunding Assessment Bonds**  
**(Various Area), Series 2017**

**Dated:** May 23, 2017.

**Purpose:** The bonds were issued to refund all the City's outstanding utility improvement special assessment debt. The City refunded the bonds to reduce its debt service payment over 20 years by \$10,850,993 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$9,939,840.

**Refunding:** The Bonds Refunded are as follows:

<u>Debt Issues</u>	<u>Amounts</u>
Water Improvement Assessment Bonds, (SW3 Area), Series 2003	\$ 1,660,000
Wastewater and Irrigation Water Ref Assessment Bonds( SW1,PI,& SW3 Areas), Sries 2005	10,325,000
Utility Improvement Assessment Bonds, (SW2 Area), Series 2005	12,635,000
Utility Improvement Assessment Bonds, (SE1 Area), Series 2006	13,375,000
Utility Improvement Assessment Bonds, (SW4 Area), Series 2007	36,400,000
Utility Improvement Assessment Bonds, (SW5 & Surside Areas), Series 2008	26,760,000
Total Refunding of Assessment	<u>\$ 101,155,000</u>

**Payment Dates:** Semiannual interest payable on March 1<sup>st</sup> and September 1<sup>st</sup>. Annual principal payable on September 1<sup>st</sup>.

**Security:** The Bonds are secured by a pledge of the special assessment proceeds and water and sewer net revenues. In addition, the City has covenanted in the resolution to appropriate in its annual budget such amounts of non-ad valorem funds necessary to make up any deficiencies.

**Insurer:** Assured Guaranty Municipal Corp.

**Debt Ordinance:** No. 59-16 enacted on January 9, 2017.

**Debt Resolution:** No. 11-17 adopted on January 9, 2017.

**Assessment Legislation:** Ordinance No. 8-99 enacted on March 8, 1999, authorizing the assessments.  
Initial Resolution No. 81-05 adopted on December 16, 2002  
Final Resolution No 3-03 adopted on January 13, 2003, approving the assessment.

**Ratings:**

	<u>Insured</u>	<u>Underlying</u>
Moody's	A2	not rated
Standard & Poor's	AA	BBB+

**Redemption Provisions:**

The bonds are subject to extraordinary and optional redemption as described below.

**Extraordinary Redemption:**

The bonds are subject to extraordinary redemption, at a price equal to the principal amount, in whole or in part, ratable among maturities, on any payment date. The moneys received from prepayments that are on deposit on the 35<sup>th</sup> day prior to each payment date will be used for the extraordinary redemption.

**Optional Redemption:**

Bonds are not subject to early redemption, other than extraordinary redemptions.

**\$101,155,000**  
**Utility Improvement Refunding Assessment Bonds**  
**(Various Area), Series 2017**

<b>Fiscal Year</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Coupon Rate</b>	<b>Interest Payment</b>	<b>Fiscal Year Debt Service</b>	<b>Outstanding Principal</b>
						<b>\$ 29,990,000</b>
2024	3/1/2024			\$ 409,894		
	9/1/2024	\$ 8,450,000	2.500%	409,894	\$ 9,269,788	21,540,000
2025	3/1/2025			304,269		
	9/1/2025	8,155,000	2.750%	304,269	8,763,538	13,385,000
2026	3/1/2026			192,138		
	9/1/2026	6,910,000	2.750%	192,138	7,294,276	6,475,000
2027	3/1/2027			97,125		
	9/1/2027	4,850,000	3.000%	97,125	5,044,250	1,625,000
2028	3/1/2028			24,375		
	9/1/2028	1,625,000	3.000%	24,375	1,673,750	-
<b>Total</b>		<b>\$ 29,990,000</b>		<b>\$ 2,055,602</b>	<b>\$ 32,045,602</b>	

All-In True Interest Cost ..... 2.781112%



## **Other Debt Information**

## Conduit Debt

Health Facility Revenue Bonds, Series 2015 were issued to provide financing of the construction of a new building that will house 80 residential-style assisted living suites and 48 memory support assisted living suites, as well as converting existing space to provide an additional skilled nursing dining space, 24 rental independent living units and 20 skilled nursing beds within the City, the City of Cape Coral Health Facilities Authority has issued a series of Senior Housing Revenue Bonds, Series 2015. These bonds do not constitute a debt or pledge of the full faith and credit of the City, and accordingly, they have not been reported in the accompanying financial statements. On September 30, 2023, Health Facility Revenue Bonds outstanding aggregated \$73,970,000.



## **DEFINITIONS**



**Accreted Interest** - The interest that accrues on a capital appreciation bond. The issuer holds the accumulated compounded interest until the maturity date of the bonds.

**Ad Valorem Tax** - A direct tax based “according to value” of property, i.e., levied in proportion to the value of the property against which it is levied. Local governmental bodies with taxing powers may issue bonds or short-term certificates payable from ad valorem taxation.

**All-In True Interest Cost (All-In TIC)** – Also known as All Inclusive cost. Actual interest cost plus all financing costs of issuing a bond.

**Amortization** - The process of paying the principal amount of an issue of bonds by periodic payments either directly to bondholders or to a sinking fund for the benefit of bondholders. Payments are usually calculated to include interest in addition to a partial payment of the original principal amount.

**Assessment Debt** - Special Assessment bonds are issued by the City on behalf of improvement areas created by property owners for a specific purpose, such as to finance seawall, water, sewer, and irrigation improvements. Property owners in the designated areas are assessed for the principal and interest costs of repaying the debt. As trustee for improvement areas, the City is responsible for collecting the assessments levied against the owners of property within the improvement areas and for disbursing these amounts to retire the bonds issued to finance the improvements.

**Assessed Value** - A valuation set upon real estate or other personal property by a government as a basis for levying taxes. The assessed value in the City of Cape Coral is set by the Property Appraiser.

**Capital Project** - Any improvement or acquisition of major capital; facilities, roads, bridges, buildings, equipment, or land with a useful life of at least five years.

**Capital Appreciation Bond (CAB)** - A bond that is issued at a deep discount and bears no stated rate of coupon interest (no interest is paid to the holder until maturity). These bonds are also known as zero coupon bonds.

**Capital Lease** - A lease is classified as a capital lease when substantially all of the risks and benefits of ownership are assumed by the lessee. A capital lease is viewed as an installment purchase of property rather than the rental of property.

A lease must be capitalized if any one of the following four criteria is met:

1. The lease transfers ownership of the property to the lessee by the end of the lease term.
2. The lease contains a bargain purchase option.
3. The lease term is equal to 75% or more of the estimated economic life of the leased property.
4. The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90% of the fair value of the leased property.

**Capitalized Interest or Funded Interest** - A portion of the proceeds of a bond issue set aside, upon issuance of the bonds to pay interest on the bonds for a specified period of time. Interest is commonly capitalized during the construction period of a project.

**Commercial Paper Notes** - Commercial Paper Notes are variable rate short term debt obligations used to finance capital projects. The commercial paper resolution provides that the obligations will mature not later than 270 days from the date of issuance. The City has covenanted to budget and appropriate in its annual budget from non-ad valorem revenues the amount to pay the annual debt service. Interest is variable and paid monthly. The City has entered into a letter of credit and reimbursement agreement with Bank of America.

**Conduit Financing** - Bonds issued by a governmental unit to finance a project to be used primarily by a third party, usually a corporation engaged in private enterprise. The security for such bonds is the credit of the private user rather than the governmental issuer. Generally, such bonds do not constitute obligations of the issuer because the corporate obligor is liable for generating the pledged revenues. Industrial revenue bonds are common examples of conduit financing.

**Debt Obligations** - Bonds, notes, capital leases, letters and lines of credit issued against a pledge of a specific revenue source or sources with proceeds used to fund a project providing for a public benefit.

**Debt Service Coverage** - The number of times that net revenues covers required debt service payments.

**Direct Debt** - A government unit's gross debt less the enterprise system self-supporting debt.

**Enterprise Fund** - A fund used to account for facilities that are financed and operated in a manner similar to private business enterprises, wherein the stated intent is that the costs (including depreciation) of providing goods and services be financed from revenues recovered primarily through user fees.

**Enterprise System** - A revenue-generating project or business that supplies funds to pay debt service on bonds issued to finance the facility. The debt of such projects is self-liquidating when the projects earn sufficient monies to cover all debt service and other requirements imposed under the bond contract.

**Extraordinary Redemption** - A provision which gives a bond issuer the right to call the bonds due to an occurrence, as specified in the offering statement. The assessment debt has a provision for an extraordinary redemption due to the collection of assessment prepayments.

**General Obligation Bonds (G.O. Bonds)** - Bonds that are secured by the full faith and credit of the issuer. General obligation bonds issued by local units of government are secured by a pledge of the issuer's ad valorem taxing power. Ad valorem taxes necessary to pay debt service on general obligation bonds are typically not subject to the constitutional property tax millage limits. Such bonds constitute debts of the issuer and normally require approval by referendum prior to issuance. In the event of default, the holders of general obligation bonds have the right to compel a tax levy or legislative appropriation, by mandamus or injunction, in order to satisfy the issuer's obligation.

**Governmental Bonds** - One of two categories of bonds established under the Tax Reform Act of 1986. Bonds issued by localities for the financing of traditional activities, and which meet certain tests (related to private use and security) will be tax-exempt.

**Insured Rating** - A rating based on the bond insurance (credit enhancement) company's credit, as opposed to the issuer's underlying rating. Credit enhancement provides additional security for bond holders. A bond insurance policy is a guarantee by the insurance company to make principal and interest payments if the issuer is unable.

**Insurer** - the Company that shall be insuring or guaranteeing the payment of the principal and interest on the bonds.

**Maximum Annual Enterprise System Revenue Debt Service** - The maximum annual debt service on a consolidated basis of all Enterprise System Revenue Obligations then outstanding for the current or any subsequent fiscal year.

**Maximum Annual Non-Ad Valorem Debt Service** - Maximum annual debt service on a consolidated basis of all Non-Ad Valorem Revenue Obligations outstanding for the current or any subsequent fiscal year.

**Net revenues** - Gross revenue and income less operating and maintenance expenses.

**Non-Ad Valorem General Fund Revenues** - All legally available general fund and special revenue funds derived from some source other than ad-valorem taxation on real and personal property.

**Non-Ad Valorem Revenue Obligations** - Obligations evidencing indebtedness for borrowed money (i) payable solely from a covenant to budget and appropriate legally available non-ad valorem revenues, or (ii) payable directly or indirectly from a covenant to budget and appropriate legally available non-ad valorem revenues, but only if the City reasonably expects to apply such budgeted and appropriated non-ad valorem revenues to the payment of debt service on such obligations.

**Notes Payable** - For the City, notes payable represents loan agreements with the Department of Environmental Protection under the State Revolving Fund program. The security for the notes is a lien on the net revenues of the water and sewer system and impact fees and is junior and subordinate to the water and sewer revenue bonds.

**Operating and maintenance expenses** - Operating and maintenance expenses net of depreciation, amortization, and interest requirements.

**Optional Redemption** - Bonds are paid off prior to the stated maturity date.

**Parity** - Bonds and other debt securities that have an equal and ratable claim on the same pledged funds.

**Per Capita Debt** - The amount of an issuer's debt divided by population, which is used as an indication of the issuer's credit position by reference to the proportionate debt borne per resident.

**Prepayments** - Any assessment payments paid to the issuer prior to the time the assessment is due.

**Ratable** - Capable of being appraised, apportioned, assigned, estimated, or rated.

**Refunding Bonds** - A new bond issue, the proceeds of which are to be used to retire an outstanding bond issue.

**Revenue Bond** - Revenue bonds are typically issued for specific capital projects and are secured by the revenues from a project or an enterprise. In the instances where the project does not have revenues, the bond is secured by a specific revenue source, such as sales tax.

**Self-supporting Debt** - The debt has a specific revenue source that will be sufficient to pay the debt service.

**Sinking Fund** - A separate deposit of funds by an issuer for the purpose of ensuring timely availability of monies for the payment of debt service. Sinking funds are established in connection with term bonds.

**Term Bonds** - Bonds of an issue with a single stated maturity date.

**True Interest Cost (TIC)** - Actual interest cost of issuing a bond, considering the present value of money. The TIC is also called the yield to maturity.

**Underlying Rating** - A measure of risk to bondholders and reflects an issuer's ability and willingness to repay debt without credit enhancement.

**Working Capital** - Current assets fewer current liabilities.

**Yield to Maturity** - Income from a bond an investor will gain over its life if the issuer does not repay it before the set time.



## **DEBT MANAGEMENT POLICY**

## **Cape Coral Debt Management Policy**

### **PURPOSE:**

To establish parameters and guidance for the issuance, management, monitoring, assessment and evaluation of all Debt Obligations (defined below) issued by the City of Cape Coral.

### **POLICY:**

It is the policy of the City Council: (a) to periodically approve the issuance of Debt Obligations on behalf of the City to finance the construction, acquisition and/or equipping of infrastructure and other capital assets to meet its governmental obligations to its residents; (b) to approve the issuance of Debt Obligations to refund outstanding debt when indicated by market conditions or management considerations; (c) to issue and administer such Debt Obligations in such a manner as to ensure and sustain the long-term financial integrity of the City, to achieve the highest possible credit ratings and to preserve and enhance the quality of life, safety and welfare of its residents; (d) to ensure that such Debt Obligations shall not be issued or debt proceeds used to finance current operating expenditures of City government except as provided for herein; and (e) to issue or guarantee, if necessary, Debt Obligations on behalf of dependent authorities and agencies of the City to finance the construction, acquisition and/or equipping of infrastructure and capital assets which serve a public purpose and further the goals of City government.

The term “Debt Obligations” and/or “Governmental Debt Obligations” shall mean bonds, notes, letters and lines of credit, and other securities issued by the City to fund a capital project providing a public benefit and secured by a pledge on a specific revenue source or a covenant to budget and appropriate specific and/or non ad valorem revenues.

### **RESPONSIBILITIES:**

It is the responsibility of the Financial Services Department, under the direction of the City Manager to implement this policy.

**Effective Date: October 1, 2007**

**THE FOLLOWING PAGES ARE PROVIDED AS BACKGROUND INFORMATION FOR THE DEBT POLICY AND DO NOT FORM A PART OF THE POLICY**

**CITY OF CAPE CORAL, FLORIDA**

**BACKGROUND, PURPOSE AND INTENT OF THE ADOPTED DEBT MANAGEMENT POLICY OF THE CITY OF CAPE CORAL**

**I. PURPOSE**

The purpose of the Debt Policy (the “Policy”) adopted by the City Council is to establish parameters and guidelines governing the issuance, management and evaluation of all Debt Obligations issued by the City of Cape Coral, and to provide a basis for the preparation and implementation of procedures necessary to assure compliance and conformity with the Policy. Capitalized terms shown herein are defined on Exhibit I in accordance with standard municipal bond industry usage.

**II. POLICY STATEMENT**

Under the governance and guidance of Federal and State law and the City of Cape Coral Charter, ordinances and resolutions, the City may periodically issue Debt Obligations to finance or refinance the construction, reconstruction, acquisition and/or equipping of infrastructure and other assets for the purpose of meeting its governmental obligation to its residents. It is the City’s desire and direction to assure that such Debt Obligations are issued and administered in such a manner so as to create the best long-term financial position for the City and its residents, while making every effort to maintain and improve the City’s bond ratings and reputation in the investment community.

The City may also decide to issue or guarantee Debt Obligations on behalf of other governmental agencies or authorities for the purpose of constructing facilities or capital assets furthering the City’s goals and objectives of providing service to its residents. In such case, the City shall take reasonable steps to confirm the financial feasibility of the project and the financial solvency of the borrower, and take all reasonable precautions to ensure that the use of the City’s guarantee provides a specific benefit not attainable without such guarantee.

**III. GENERAL INTENT OF DEBT POLICY**

The following are statements of the Policy’s general intent concerning the issuance and management of debt:

- A. The City of Cape Coral will not issue Debt Obligations or use debt proceeds to finance current operating and maintenance expenditures.
- B. The City of Cape Coral will utilize Debt Obligations only for capital improvement projects that cannot be funded from current revenue sources or in cases in which it is more equitable to finance the project over its useful life.
- C. The City will evaluate the impact of the debt service requirements of outstanding and proposed Debt Obligations over the near and long term. This evaluation will consider debt service maturities and payment patterns as well as the City's commitment to a “pay-as-you-go” capital funding approach.

**V. SPECIFIC INTENT OF DEBT POLICY**

The following are descriptions of the Policy’s specific intent regarding the application of targets, ratios and measurements to outstanding and proposed Debt Obligations:

- ☒ Measurements of Future Flexibility

- ☒ Targets, Ratios & Measurements: Governmental Debt Obligations
- ☒ Targets, Ratios & Measurements: Enterprise Debt Obligations

(See the City's Annual Credit Report for detailed information on limits, targets and actual performance.)

#### **A. Measures of Future Flexibility**

As the City periodically addresses its capital needs, the City Manager and the City Council should ensure that future elected officials will have the flexibility, to the greatest extent possible, to meet the ongoing capital asset needs of the City. Since neither State law nor the City Charter provides any limits on the amount of debt that may be incurred (other than the requirement to have G.O. debt approved in advance by referendum), it is the intent of the Policy to establish the following targets and measurements to quantify the City's future flexibility to issue Debt Obligations.

General Government Debt Service as a percentage of Non-Ad Valorem General Fund Revenues:

- Debt Limit 20%
- Target 15%

#### **B. Targets, Ratios and Measures: Governmental Debt Obligations**

The following targets, ratios and measures will govern the issuance and administration of Governmental Debt Obligations:

1. Purposes of Issuance - The City will issue Debt Obligations to finance or refinance the acquisition, construction, reconstruction and/or equipping of Capital Improvements or to refinance existing Debt Obligations. The City Council must approve all public purpose Capital Projects prior to funding.
2. Maximum Maturity - All Governmental Debt Obligations will have a maximum maturity of the earlier of: (i) the estimated useful life of the Capital Improvements financed; or (ii) thirty years; or (iii) in the event they are issued to refinance outstanding Governmental Debt Obligations, the final maturity of the refunded Debt Obligations, unless the Financial Services Director recommends and the City Council finds that there is an overriding business reason and public purpose to extend the maturity.
3. Direct Debt Per Capita - The City will strive to maintain Direct Debt Per Capita at or below the standard municipal rating agency median for cities of comparable size. In any case, the Debt Per Capita should not exceed 135% of such median. Direct Debt Per Capita shall be calculated by dividing the Governmental Direct Debt by the most current population within the City. [Note: See Annual City Credit Report for definitions, medians and calculation of ratios.]
4. Direct Debt to Taxable Assessed Value - The City will strive to maintain a ratio of Net Debt to Taxable Assessed Value of properties within the City at or below the standard municipal rating agency median for cities of comparable size. In any case, such ratio should not exceed 135% of such median. The ratio of Net Debt to Taxable Assessed Value shall be calculated by dividing the Direct Debt by the taxable assessed value of all taxable properties within the City of Cape Coral. [Note: See Annual City Credit Report for definitions, medians and calculation of ratios.]
5. Capitalized Interest (Funded Interest) - Subject to federal and state law, interest on debt may be capitalized from the date of issuance through the completion of construction or other reasonable and necessary time period. Interest may also be capitalized for projects in which the revenue designated to pay debt service on the bonds will be collected at a future date. If the project is financed with short-term commercial paper, interest may be capitalized beyond the project completion date to assure



efficient management of the long-term financing strategy. The City will only capitalize interest in such cases in which use of project revenues for payment of debt service is considered, in light of the overall capital funding plan and projected cash flows, to provide the most prudent and equitable use of available revenue.

6. Bond Covenants and Laws - The City will comply with all covenants and requirements of the bond resolutions, and state and federal laws authorizing and governing the issuance and administration of Debt Obligations.
7. Anti-Dilution of City Non-Ad Valorem Revenues - The City will not issue any additional bonds or other debt obligations secured by City Non-Ad Valorem Revenues unless the ratio of (i) the average annual City Non-Ad Valorem Revenues for the two immediately preceding fiscal years of the City for which audited financial statements are available, plus reasonably projected receipts of any new source of City Non-Ad Valorem Revenues that has been levied to the extent not fully reflected in such audited financial statements, less the amount by which General Governmental Services Expenditures exceed Ad Valorem Revenues of the City, to (ii) Maximum Annual Non-Ad Valorem Debt Service, is not less than 1.5:1.

### **C. Targets, Ratios and Measures: Enterprise Debt**

**Enterprise Funds currently include the seven enterprise systems of the City: the water/wastewater system, the stormwater system, the golf course, the water park, the yacht basin, the building division, and the site plan review division. Such funds may periodically change.**

1. Purposes of Issuance - The City will issue Enterprise Debt Obligations only for the purposes of financing or refinancing the acquisition, construction, reconstruction, equipping or refinancing of Capital Improvements for each System.
2. Year End Surpluses - To the extent available and subject to appropriation, Year End Surpluses shall be used first to meet any requirements of the bond resolutions; second, to replenish reserves according to established policies; third, to provide pay-as-you-go funding for capital projects or to be accumulated for funding capital projects or maintenance; fourth, to provide a reserve for future needs; and fifth, to reduce the amount of Enterprise Debt Obligations, either by funding capital projects previously approved for debt financing, or by redeeming or defeasing outstanding Enterprise Debt Obligations, as deemed appropriate by the Finance Committee, recommended by the City Manager and approved by the City Council.
3. Maximum Maturity - All Enterprise Debt Obligations shall have a maximum maturity of the earlier of: (i) the useful life of the Capital Improvement financed; or (ii) thirty years; or (iii) in the event they are being issued to refinance outstanding Enterprise Debt Obligations, the final maturity of the Enterprise Obligations refinanced, unless the Financial Services Director recommends and City Council finds that there is an overriding business reason and public purpose to extend the maturity.
4. Capitalized Interest (Funded Interest Expenditures) - Same as above target for Governmental Debt Obligations.
5. Average Life - The City will maintain an Average Life of fifteen (15) years or less for all outstanding Enterprise Debt Obligations. In no event, however, should the Average Life of aggregate outstanding Enterprise Debt Obligations exceed eighteen and one-half (18.5) years.
6. Debt Service Coverage Ratio - The City will maintain a Debt Service Coverage Ratio for the Enterprise System at or above the proposed target for each individual System.

7. Debt Service Safety Margin - The City will attain over a period of time, a Debt Service Safety Margin for the Enterprise System at or above the standard rating agency median Debt Service Safety Margin for each individual System.
8. Debt Ratio - The City will maintain a Debt Ratio for the Enterprise System at or above the standard industry median Debt Ratio for each individual system.
9. Bond Covenants and Laws - The City will comply with all covenants and requirements of the bond resolutions, and state and federal laws authorizing and governing the issuance and administration of Debt Obligations.

## **CITY OF CAPE CORAL, FLORIDA DEBT MANAGEMENT PROCEDURES MANUAL OF GOALS AND PROCEDURES FOR IMPLEMENTATION, REPORTING AND ASSESSMENT**

### **OVERVIEW**

As the demand for public sector investment in infrastructure continues to grow, the issuance of debt is becoming an increasingly important component of state and local government capital programs. In the absence of policies and procedures to monitor capital asset financing practices, this greater dependence on borrowed funds may have a significant negative impact on a government's credit. While the issuance of debt is frequently an appropriate method of financing capital projects at the state and local level, it also requires careful monitoring to ensure that an erosion of the government's credit quality is avoided.

The national credit rating agencies, Moody's Investors Service, Standard & Poor's, and Fitch Rating Service (the "Rating Agencies"), have taken an active role in monitoring the City's overall credit position. The Rating Agencies recommend that the City take a long-term planned approach to managing its debt. Goals should be established and procedures adopted to manage the debt and to compare actual fiscal results on an annual basis. The Rating Agencies evaluate the fiscal responsibility of the City compared to its adherence to a disciplined approach to borrowing in providing its essential services. The fact that a government has gone to the effort to develop formal debt policies, and to incorporate them into its comprehensive capital improvement program, demonstrates a strong commitment to prudent borrowing practices. This recognition of the importance of sound debt management is a very positive factor in the municipal market's assessment of credit quality.

### **GOAL OF DEBT POLICY**

The goal of the City of Cape Coral Debt Policy adopted by the City Council in conjunction with this Debt Management Procedures Manual is to provide guidance for managing the issuance of Debt Obligations and maintaining the City's ability to incur debt at favorable interest rates for capital improvements and equipment deemed by the City Council to be beneficial and necessary for essential services. The Debt Policy identifies debt management goals and standards that the City Council must consider when committing to fund requests for infrastructure improvements. These policies will guide the City Council in its evaluation of the impact of each funding decision on the City's debt capacity and credit quality.

### **PROCEDURES**

#### **Review of Proposed Capital Budget**

The Financial Services Director will review capital projects proposed to be financed with debt for compliance with the Debt Policy, and will put forth to the City Manager and City Council the appropriate structure of such debt.

In formulating recommendations, the Financial Services Director shall consider:

1. The impact of such debt on the City's debt capacity;

2. The ongoing impact of the financed project on the City's operating budget;
3. The legality and availability of revenue for the repayment of such debt;
4. The appropriateness of issuing such debt considering the government's current and long-term goals and the cost of administering the debt;
5. The impact of the debt on the general economy of the City and its residents; and
6. Other relevant factors.

### **Establishment of Schedule for the Issuance of Debt Obligations**

Upon adoption of the Capital Budget, the Financial Services Management Department will review the approved budget and will establish a proposed schedule for the sale of Debt Obligations during the ensuing fiscal year and for the remaining five years of the City's Capital Improvement Program. In so doing, they will consider any existing bond proceeds that may be reprogrammed to finance new projects, the timing of cash flow needs of the projects, reasonable expectations of market interest rate movements given that they cannot be predicted with any certainty, and such other factors as they may deem relevant. It is understood that due to market considerations, changes in size and/or timing of capital projects, and other factors outside the control of the City, the schedule for the sale of Debt Obligations is a planning tool only, and not a commitment by the City to sell such Debt Obligations at such time.

### **Method of Sale**

All new money and refunding Debt Obligations of the City will be sold by either competitive bid or negotiated sale. An analysis will be performed on a case by case basis regarding the method of sale, taking into account the complexity of the transaction, the pledged revenue, etc., in making a determination. Prior to the sale of a negotiated bond issue, the City's Financial Advisor shall issue an RFP for underwriter services and the Financial Services Director will recommend an Underwriting Team based on the City's competitive selection process as adapted for the selection of underwriters and submit a recommendation to the City Council.

### **Consideration of Fixed Versus Variable Rate Debt**

In the municipal marketplace, Debt Obligations have typically been structured as fixed rate debt. Amortized over 20, 25 or 30 years, these amortization periods reflect the "long end" of the yield curve. Short-term variable rate markets (typically involving repricing increments of less than one year), focus on the "short end" of the yield curve.

The difference in short versus long-term rates varies with the shape of the yield curve and has typically ranged from 150 to 300 basis points (or 1.5% to 3.0%). A potential detriment to the variable rate strategy is the uncertainty of the direction and magnitude of future market changes. With fixed rate Debt Obligations, there is a fixed payment schedule over the life of the debt issue.

In the variable rate program, the issuer is subject to the risk of interest rate volatility (i.e., the risk of the natural cyclical increases and decreases in interest rates in the marketplace over time). However, variable rate debt has historically been at lower levels than recognized long-term fixed rate indices, and is generally able to create a natural hedge against changes in the City's short-term investment portfolio.

Variable rate debt should be used for three purposes: (1) as an interim financing device, (2) as an integral portion of a long-term strategy, and (3) to better match the average life of the City's assets to its liabilities. Given the possibility that the need for project financing may not coincide with attractive market interest rates,

having a variable rate program to provide for the timely initiation of projects provides flexibility to the City. At project initiation, the long-term fixed interest rate market, individual project size and/or the forecast for the direction of interest rates may individually or collectively indicate that a long-term borrowing is not efficient. Historically, the City has incurred no variable rate debt on a long-term basis, however it has developed a variable rate Commercial Paper program for short term borrowings to avoid the inefficiency of borrowing for small projects by aggregating these projects into a combined financing timed to take advantage of favorable interest rates. A policy of maintaining a portion of the City's Debt Obligation in either the short-term variable rate market or the intermediate term market (where bonds are repriced incrementally for periods of one to fifteen year terms) may be indicated under certain circumstances to lower the City's overall debt service requirements.

Under either circumstance, where the cycle of long-term rates moves down to or near historic lows, consideration will be given to fixing (i.e., converting to a fixed rate) all or a portion of the then outstanding variable rate debt, to take advantage of the attractive long-term fixed rates.

### **Derivative or Synthetic Debt Securities**

The use of derivative or synthetic debt securities to finance capital projects or to refinance outstanding debt may be an appropriate method of lowering borrowing cost compared to traditional fixed-rate bond issuance, hedging favorable interest rates and/or mitigating the risks of interest rate volatility in a variable rate debt program (see earlier discussion). The value of such derivative securities is typically derived from the value of an underlying or reference market. Derivatives such as interest rate swaps, caps and collars are examples of securities that are used by corporations and municipal borrowers to lower and/or stabilize borrowing costs.

The use of derivative debt securities by the City should be considered only upon the recommendation of the Financial Services Director, in conjunction with the advice of knowledgeable and experienced experts, such as the City's Financial Advisor, taking into account the following considerations:

1. The credit rating of the derivative provider (i.e., counterparty) will be in the top two rating categories of the national bond rating agencies; however, unrated collateralized derivative instruments involving third-party trustees may be considered so long as the collateral to be delivered by the derivative provider is in the top two rating categories;
2. In the event of a downgrade of the counterparty's credit rating below the minimum credit requirement set forth in each negotiated derivative agreement, the City will have the ability to direct the counterparty to assign its rights and obligations to a substitute counterparty that meets the minimum requirement. Alternatively, at the City's discretion, the counterparty may enter into a credit annex agreement with the City and collateralize its obligation to the City with U.S. Treasury Securities in the event of a credit downgrade;
3. Provisions for terminating or assigning the agreement with the counterparty will minimize, to the extent possible, any economic loss to the City;
4. Unless the Financial Services Director finds a compelling financial benefit to justify a recommendation that the City assume tax risk, the counterparty will accept the risk of taxability in the event that the City's agreement to issue tax-exempt debt as a part of the derivative transaction is impaired by federal legislation or judicial ruling; and
5. The Financial Services Director will determine that any risks to the City as a result of entering into the transaction (e.g., counter party risk, termination risk, rollover risk, basis and tax event risk) have been mitigated to the extent possible under prevailing market conditions, and that the credit rating of the City will not be negatively impacted.

## **REPORTING, MONITORING, AND ASSESSMENT OF POLICY IMPLEMENTATION**

### **Annual Credit Report**

The Financial Services Department will prepare and release an Annual Credit Report to the City Council no later than July 30th of each year. Such report will pertain to the prior Fiscal Year, and will include the following elements:

1. Calculations of the appropriate ratios and measurements necessary to evaluate the City's credit, and that of its various Enterprise Systems,
2. Information related to any significant events affecting outstanding Debt, including Conduit Debt Obligations, if any;
3. An evaluation of savings related to any refinancing activity;
4. A summary of any changes in Federal or State laws affecting the City's debt program; and,
5. Detailed descriptions, individual and aggregate schedules and summaries of the City's outstanding debt.

### **Report to Bondholders**

By April 30 of each year, the City will prepare and release to all interested parties an Annual Secondary Market Disclosure Report required under the Continuing Disclosure Rules promulgated by the S.E.C. [S.E.C. Rule 15c2-12(b)(5)]. The information presented on the General Government and on each Enterprise System shall comply with the disclosure obligations set forth in the Disclosure Certificates issued with its Debt Obligations, and may include information on the following: service areas, rates and charges, financial statement excerpts, outstanding debt, a summary of certain bond resolution provisions, and such other information as the City shall be required to disclose to the investment community. The report will also include, by attachment, the most recent audited Financial Statements of the City.

### **General Classification of Debt Obligations**

Self-supporting and non self-supporting Debt Obligations are categorized as either Enterprise or Governmental. The following are examples of appropriate Debt Obligation classification.

#### **Enterprise**

- Water and Wastewater System
- Stormwater System
- Golf Course
- Water Park
- Utility Special Assessment

#### **Governmental Self-Supporting Debt Program:**

- General Obligation Bonds

#### **Non Self-Supporting Debt Program:**

- City Facilities
- Tax-exempt Commercial Paper

For the purpose of measuring the Governmental debt structure, the City has categorized all non self-supporting debt as a component of Governmental Debt Obligations. Additionally, the City has categorized all Enterprise debt as self-supporting governmental debt because the revenues collected are intended to be sufficient to pay the debt service on the bonds.

These distinctions recognize that the performance of self-supporting Enterprise Systems should be measured by comparison with the user rates of comparable governmental providers, and that such Debt Obligations do not directly or indirectly place a burden on taxpayers in the form of increased taxes. As long as each Enterprise System's user rates meet the requirements of bond covenants, the debt is not considered part of either the Governmental or tax-supported debt of the City.

Given the basic debt structure of the City as depicted above, the City should consider each new capital project taking into consideration the impact of funding such projects on the creditworthiness of the City. An Enterprise (e.g. Stormwater System, supported by user fees) project that is self-supporting has less impact on the credit of the General Government. A project is not considered self-supporting if General Government revenue is pledged as backup security for the bonds, and it is reasonably expected that governmental revenues may be used to support the project. The funding of non self-supporting Governmental projects requires careful consideration as to the impact on the overall credit and debt capacity of the City.

## **EXHIBIT I - DEFINITIONS OF CERTAIN TERMS RATIOS AND MEASUREMENTS**

### **Balance Sheet Components and Ratios**

Long-term debt:	Gross long-term debt plus the current portion of long-term debt
Debt ratio (%):	Net funded debt divided by the sum of net fixed assets plus net working capital

### **Income Statement Components and Ratios**

Gross revenue and income:	Operating revenue plus non-operating revenue
Operating and maintenance expenses:	Operating and maintenance expenses net of depreciation, amortization, and interest requirements
Net revenues:	Gross revenue and income less operating and maintenance expenses
Direct Debt:	A government unit's gross debt less bonds fully supported from enterprise system self-supporting debt
Operating ratio (%):	Operating and maintenance expenses divided by total operating revenues
Debt service coverage (x):	Net revenues divided by principal and interest requirements for year
Maximum annual debt service coverage (x):	Net revenues divided by estimated maximum annual principal and interest requirements on all outstanding debt and the bonds to be issued

**Ad Valorem Tax** - A direct tax based “according to value” of property, i.e. levied in proportion to the value of the property against which it is levied. Local governmental bodies with taxing powers in Florida may issue bonds or short-term certificates payable from ad valorem taxation if approved by voter referendum.

**Amortization** - The process of paying the principal amount of an issue of bonds by periodic payments either directly to bondholders or to a sinking fund for the benefit of bondholders.

**Direct Debt or Gross Bonded Debt** - The sum of the total bonded debt and any unfunded debt (typically short-term notes) of the issuer.

**Assessed Value** - A valuation set upon real estate or other personal property by a government as a basis for levying taxes. The assessed value in the City of Cape Coral is set by the Property Appraiser.

**Capital Budget** - The financial plan of capital project expenditures for the fiscal year beginning October 1. It incorporates anticipated revenues and appropriations included in the first year of the six-year Capital Improvement Program (CIP), and any anticipated unspent budget appropriation balances from the previous fiscal year. The Capital Budget is adopted by the City Council as a part of the annual City Budget.

**Capital Project** - Any improvement or acquisition of major capital; facilities, roads, bridges, buildings, equipment or land with a useful life of at least five years.

**Capitalized Interest or Funded Interest** - A portion of the proceeds of a bond issue set aside, upon issuance of the bonds, to pay interest on the bonds for a specified period of time. Interest may be capitalized during the construction period of a project.

**Competitive Bid** - A method of submitting proposals to purchase a new issue of bonds by which the bonds are awarded to the underwriting syndicate presenting the best bid according to stipulated criteria set forth in the notice of sale. Underwriting bonds in this manner is also referred to as a competitive or public sale.

**Conduit Financing** - Bonds issued by a governmental unit to finance a project to be used primarily by a third party, usually a corporation engaged in private enterprise. The security for such bonds is the credit of the private user rather than the governmental issuer. Generally such bonds do not constitute obligations of the issuer because the corporate obligor is liable for generating the pledged revenues. Industrial revenue bonds are common examples of conduit financing.

**Debt Obligations** - Bonds, notes, letters and lines of credit issued against a pledge of a specific revenue source or sources.

**Disclosure Rule** - Rule 15c2-12 promulgated by the Securities and Exchange Commission, addressing specific ongoing disclosure requirements for the City.

**Enterprise System** - A revenue-generating project or business that supplies funds to pay debt service on bonds issued to finance the facility. The debts of such projects are self-liquidating when the projects earn sufficient monies to cover all debt service and other requirements imposed under the bond contract. Common examples include water and wastewater facilities.

**Enterprise Fund** - A fund used to account for facilities that are financed and operated in a manner similar to private business enterprises, wherein the stated intent is that the costs (including depreciation) of providing goods and services be financed from revenues recovered primarily through user fees.

**General Revenue Fund (General Fund)** - This fund accounts for all financial transactions except those required to be accounted for in other funds. The fund's resources, ad valorem taxes, and other revenues provide services or benefits to all residents of the City of Cape Coral.

**General Obligation Bonds or G.O. Bonds** - Bonds that are secured by the full faith and credit of the issuer. General obligation bonds issued by local units of government are secured by a pledge of the issuer's ad valorem taxing power. Ad valorem taxes necessary to pay debt service on general obligation bonds are typically not subject to the constitutional property tax millage limits. Such bonds constitute debts of the issuer and require approval by voter referendum prior to issuance. In the event of default, the holders of general obligation bonds have the right to compel a tax levy or legislative appropriation, by mandamus or injunction, to raise ad valorem taxes in order to satisfy the issuer's obligation.

**Governmental Bonds** - One of two categories of bonds established under the Tax Reform Act of 1986. Bonds issued by localities for the financing of traditional activities and which meet certain tests (related to private use and security) will be tax-exempt and generally are not subject to any volume limits.

**Maximum Annual Enterprise System Revenue Debt Service** - The maximum annual debt service on a consolidated basis of all Enterprise System Revenue Obligations then outstanding for the current or any subsequent fiscal year.

**Maximum Annual Non-Ad Valorem Debt Service** - Maximum annual debt service on a consolidated basis of all Non-Ad Valorem Revenue Obligations outstanding for the current or any subsequent fiscal year.

**Negotiated Sale** - The sale of a new issue of municipal securities by an issuer through an exclusive agreement with a previously selected underwriter or underwriting syndicate. A negotiated sale differs from a competitive sale, which requires public bidding by the underwriters. Primary points of negotiation for the issuer are the interest rate and purchase price, which reflects the issuer's costs of offering its securities in the market. The sale of a new issue of bonds in this manner is also known as a negotiated underwriting.

**Non-Ad Valorem General Fund Revenues** - All legally available general fund and special revenue funds derived from some source other than ad-valorem taxation on real and personal property.

**Non-Ad Valorem Revenue Obligations** - Obligations evidencing indebtedness for borrowed money (i) payable solely from a covenant to budget appropriate legally available non-ad valorem revenues, or (ii) payable directly or indirectly from a covenant to budget and appropriate legally available non-ad valorem revenues, but only if the City reasonably expects to apply such budgeted and appropriated non-ad valorem revenues to the payment of debt service on such obligations.

**Operating Budget** - The operating budget includes appropriations for recurring and certain one-time expenditures that will be consumed in a fixed period of time to provide for day-to-day operations (e.g., salaries and related benefits; operating supplies; contractual and maintenance services; professional services and operating equipment).

**Pay-As-You-Go Basis** - A term used to describe the financial policy of a governmental unit which finances all of its capital outlays from current revenues rather than by borrowing.

**Per Capita Debt** - The amount of an issuer's debt divided by population, which is used as an indication of the issuer's credit position by reference to the proportionate debt borne per resident.



