

The City of Cape Coral Annual Debt and Credit Report



The City of Cape Coral
Annual Debt and Credit Report
Fiscal Year Ended September 30, 2020



**ANNUAL DEBT AND CREDIT REPORT
FOR THE FISCAL ENDED SEPTEMBER 30, 2020
TABLE OF CONTENTS**

| | |
|---|----|
| Executive Summary | 1 |
| Total Debt Summary Information | 2 |
| Targets, Ratios, and Measures | |
| Governmental Debt Obligations | 5 |
| Enterprise Debt Obligations | 11 |
| Governmental Funds - Debt Schedules | |
| General Obligation Debt..... | 14 |
| Revenue Bonds..... | 18 |
| Notes from Direct Borrowing..... | 24 |
| Assessment Debt-Direct Borrowing..... | 36 |
| Enterprise Funds – Debt Schedules | |
| Revenue Bonds..... | 38 |
| Notes from Direct Borrowing..... | 48 |
| Notes – State Revolving Fund Loans..... | 51 |
| Assessment Debt | 61 |
| Conduit Debt | 65 |
| Defeased Debt..... | 65 |
| Subsequent Event..... | 65 |
| Definitions..... | 66 |
| Debt Management Policy..... | 71 |

Executive Summary

As of September 30, 2020, total City outstanding debt was \$872.3 million which includes \$187.4 million of governmental debt and \$684.9 million of enterprise debt. The City's total debt increased by \$20.0 million, or 2.3%, during the current fiscal year. The Governmental activities decrease of \$8.0 million or 4.1% is due to scheduled debt payments. The Business-type activities overall increase of \$28 million or 4.3% is due to new issuance of debt.

The City's governmental activities issued \$30.7 million of special obligation debt to refund the 2010B Gas Tax Bonds. The City refunded these Bond Series to reduce its debt service payment over 11 years by \$9.1 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$7.9 million. The interest rate was 1.99%.

In addition, the City issued \$15.1 million of special obligation debt to finance the acquisition and construction of fire station #2 & #12 and to refinance the Special Obligation Revenue Note, Series 2018. The City refunded the note to reduce its debt service payment over 8 years by \$401K and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$377K. The interest rate was 1.51%.

The General Obligation Bonds are moving forward through the procurement process, City's governmental activities issued \$10.2 million in FY2019 of General Obligation debt to finance the acquisition, construction and equipping of various parks, natural areas, recreational and athletic facilities, trails, boating, fishing and swimming facilities, and wildlife habitat and shoreline protection improvements, as generally described in the Referendum Ordinance. The City will be issuing \$30.0 million in FY2021 for the next phase of the GO Bonds.

The City's business-type activities issued \$56.2 million of state revolving loans (SRF) for the Utility Expansion Project (UEP). A subsequent debt issuance of the Water & Sewer Revenue Bond, Series 2020 closed in December 2020 for \$10.6M to fund the preliminary costs of engineering and design of the North 1 utilities extension project. The loan will be secured by the net water & sewer system revenues. The interest rate is 0.764% and matures December 1st, 2023. This loan will be refunded into a bond in FY2023 with the construction costs to complete the North 1 utilities extension project.

The City has non-ad valorem revenue debt 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; any use of City revenues to secure and pay additional debt could impact City operations unless additional revenues are identified.

The City's enterprise fund continues to be self-supporting in that this debt is secured solely by pledges of enterprise revenues which adequately cover debt service on these bonds. Furthermore, many of the Governmental or non-enterprise, non-ad valorem revenue bonds are supported by revenues specifically dedicated for such purpose.

Three major rating institutions (Moody's, Fitch and Standard & Poor's) have periodically evaluated the City's financial management, economic conditions and administrative practices. Based on their evaluations, the following ratings were received on the last issue of each type. 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.

During fiscal year 2020, the major rating institutions reaffirmed or assigns various ratings. Below is a summary of the bonds which were reviewed.

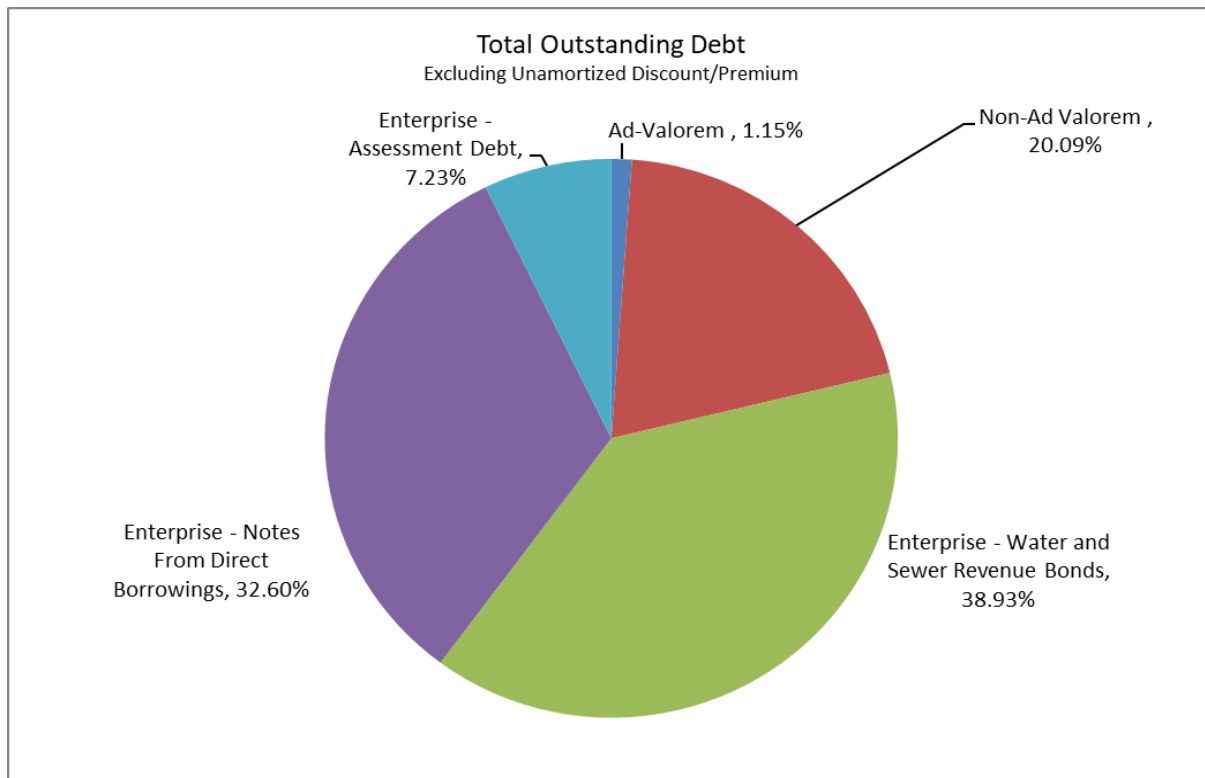
| | |
|----------------|---|
| Fitch Ratings: | Special Obligation Revenue Bonds, Series 2011 and 2015 affirms "AA-/Outlook Stable" on July 30 th , 2020 |
|----------------|---|

| | |
|----------------|---|
| Fitch Ratings: | Water & Sewer Revenue refunding Bonds, Series 2011, 2011A, & 2015 upgraded its rating to A+ from A on September 23 rd , 2020 |
|----------------|---|

Total Outstanding Debt

As of September 30, 2020, the City had total outstanding debt of \$852,360,387. The following is a summary of the debt by type:

| | <u>2020</u> |
|--------------------------------------|------------------------------|
| Governmental | |
| General Obligation Debt | \$ 9,670,000 |
| Revenue Bonds | 100,800,000 |
| Notes-Direct Borrowings | 66,678,554 |
| Assessments-Direct Borrowing | 290,000 |
| | <u>177,438,554</u> |
| Unamortized discount and premium | 9,972,914 |
| Total Governmental Debt | <u><u>\$ 187,411,468</u></u> |
| Enterprise | |
| Water and Sewer Revenue Bonds | \$ 325,040,000 |
| Notes-Direct Borrowings | 272,155,685 |
| Assessment Debt | 60,255,000 |
| | <u>657,450,685</u> |
| Unamortized discount and premium | 27,458,534 |
| Total Enterprise Debt | <u><u>\$ 684,909,219</u></u> |
| Total Governmental & Enterprise Debt | <u><u>\$ 872,320,687</u></u> |



DEBT SERVICE ON OUTSTANDING DEBT

The following table reflects the actual debt service paid for fiscal year 2020 and scheduled debt service payments for fiscal year 2021.

| | FY 2020 Actual Payment Amounts | | | | FY 2021 Scheduled Payment Amounts | | |
|------------------------------|--------------------------------|----------------------|----------------------|---------------------------|-----------------------------------|----------------------|----------------------|
| | Principal | Interest | Total | Refunding/ Redemptions | Principal | Interest | Total |
| Governmental | | | | | | | |
| General | \$ 530,000 | \$ 272,219 | \$ 802,219 | | \$ 575,000 | \$ 257,081 | \$ 832,081 |
| Revenue Bonds | 5,835,000 | 5,717,221 | 11,552,221 | \$ - | 5,255,000 | 4,471,419 | 9,726,419 |
| Notes from Direct Borrowings | 7,055,485 | 1,251,001 | 8,306,486 | - | 8,729,339 | 1,297,478 | 10,026,817 |
| Capital Leases | 91,912 | 767 | 92,679 | - | - | - | - |
| Assessments-Direct Borrowing | 285,000 | 7,136 | 292,136 | - | 290,000 | 2,393 | 292,393 |
| Total Governmental | \$ 13,797,397 | \$ 7,248,344 | \$ 21,045,741 | \$ - | \$ 14,849,339 | \$ 6,028,371 | \$ 20,877,710 |
| Enterprise | | | | | | | |
| Revenue Bonds | \$ 4,070,000 | \$ 14,882,688 | \$ 18,952,688 | \$ - | \$ 4,270,000 | \$ 14,679,188 | \$ 18,949,188 |
| Notes from Direct Borrowings | | | | | | | |
| Assessment | 10,164,530 | 3,239,572 | 13,404,102 | - | 16,956,119 | 18,898 | 16,975,017 |
| Impact Fee | 146,835 | 23,575 | 170,410 | - | 151,512 | 4,225,591 | 4,377,103 |
| Assessments | 10,380,000 ⁽²⁾ | 1,734,082 | 12,114,082 | 2,145,000 ⁽¹⁾ | 9,600,000 | 1,485,813 | 11,085,813 |
| Total Enterprise | \$ 24,761,365 | \$ 19,879,917 | \$ 44,641,282 | \$ 2,145,000 | \$ 30,977,631 | \$ 20,409,490 | \$ 51,387,121 |
| Total Debt Service | \$ 38,558,762 | \$ 27,128,261 | \$ 65,687,023 | \$ 2,145,000 | \$ 45,826,970 | \$ 26,437,861 | \$ 72,264,831 |

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

² Excluded SRF loan fee.

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 | 1,062 |
| 135% of rating agency median | 1,434 |
| City of Cape Coral estimated population at September 30, 2020 | 186,294 |
| Direct debt | \$ 69,053,648 |
| Direct debt per capital | \$ 371 |

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 | 1.09% |
| 135% of rating agency median | 1.47% |
| Direct debt | \$ 136,022,202 |
| Taxable assessed value | \$ 15,416,249,910 |
| Direct debt to taxable assessed value | 0.88% |

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 ⁽¹⁾
(dollars in thousands)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------------|------------|------------|------------|------------|
| <u>Revenues</u> | | | | | |
| Total Governmental Funds | \$ 189,582 | \$ 205,122 | \$ 218,712 | \$ 247,979 | \$ 248,123 |
| Less: Ad Valorem Revenues | 76,333 | 80,807 | 88,727 | 95,581 | 103,883 |
| Total Non-Ad Valorem Revenues | \$ 113,249 | \$ 124,315 | \$ 129,985 | \$ 152,398 | \$ 144,240 |
| Less: Restricted Funds: | | | | | |
| Special Revenues | 3,195 | 3,502 | 3,060 | 1,785 | 2,006 |
| Capital Projects | 230 | 169 | 150 | 234 | 191 |
| Plus: Revenues Received to Pay Debt Service | | | | | |
| Community Redevelopment Agency | 417 | 417 | 417 | 606 | 788 |
| Adjusted Non Ad-Valorem Revenues | \$ 109,824 | \$ 120,644 | \$ 126,775 | \$ 150,380 | \$ 142,831 |
| Total governmental revenues | \$ - | \$ - | \$ - | \$ - | \$ 248,123 |
| Less: Ad-valorem Revenues restricted for Debt Service | - | - | - | - | 924 |
| Adjusted total governmental revenues | - | - | - | - | 247,199 |
| <u>Expenditures</u> | | | | | |
| Essential Expenditures | | | | | |
| Public Safety | \$ 64,315 | \$ 66,450 | \$ 72,954 | \$ 74,796 | \$ 84,514 |
| General Government | 45,579 | 53,754 | 66,533 | 53,813 | 55,453 |
| Total Essential Expenditures | \$ 109,894 | \$ 120,204 | \$ 139,487 | \$ 128,609 | \$ 139,967 |
| Less: Ad Valorem Revenues Available | | | | | |
| to Pay Essential Expenditures | 76,333 | 80,807 | 88,727 | 95,581 | 103,883 |
| Adjusted Essential Expenditures | \$ 33,561 | \$ 39,397 | \$ 50,760 | \$ 33,028 | \$ 36,084 |
| Legally Available Non-Ad Valorem Revenues | \$ 76,263 | \$ 81,247 | \$ 76,015 | \$ 117,352 | \$ 106,747 |
| Average of current and prior year | \$ 74,930 | \$ 78,755 | \$ 78,631 | \$ 96,986 | \$ 112,050 |
| Maximum Annual Debt Service Requirement | 20,367 | 19,393 | 20,337 | 20,183 | 20,878 |
| Coverage | 3.68 | 4.06 | 3.87 | 4.81 | 5.37 |
| Percentage of Governmental Funds | 10.74% | 9.45% | 9.30% | 8.14% | 8.45% |

⁽¹⁾ The Historical Non-Ad Valoreoms Revenues and Expenses are adjusted to only include funds allowable to pledge.

City of Cape Coral, Florida
Historical Non-Ad Valorem Funds ⁽¹⁾

| <u>Category</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------------------|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Taxes: | | | | | |
| Franchise Fees | \$ 6,622,099 | \$ 6,433,799 | \$ 6,534,366 | \$ 7,018,299 | \$ 7,199,932 |
| Public Service Tax | 7,250,872 | 7,103,228 | 7,135,139 | 7,874,558 | 8,283,000 |
| Communication Tax | 5,168,297 | 5,319,563 | 4,626,232 | 4,884,741 | 4,892,611 |
| Sales Tax | 4,213,485 | 4,538,269 | 4,792,088 | 5,128,010 | 4,763,638 |
| Half-cent Tax | 13,923,142 | 14,107,953 | 15,402,256 | 15,550,111 | 15,276,746 |
| Local Business Tax | 812,025 | 770,670 | 766,049 | 769,094 | 990,725 |
| Fuel Tax ⁽²⁾ | 10,240,318 | 10,496,714 | 10,738,730 | 10,786,583 | 10,597,558 |
| Special Assessments | | | | | |
| Fire Service Assessment | 20,808,145 | 20,194,852 | 22,799,378 | 24,383,516 | 22,516,388 |
| Licenses, Permits & Fees | 6,439,709 ⁽³⁾ | 7,682,204 | 9,124,527 | 9,065,036 | 9,170,525 |
| Intergovernmental Revenues | 5,118,520 | 10,083,547 | 5,545,398 | 16,977,336 | 9,524,827 |
| Charges for Services | 13,927,324 | 15,060,644 | 17,569,708 | 21,133,679 | 21,434,827 |
| Interest | 906,973 | 926,819 | 1,311,582 | 4,508,774 | 3,575,703 |
| Impact Fees ⁽⁴⁾ | | | | | |
| Park | 1,559,473 | 2,751,820 | 2,737,325 | 2,640,320 | 3,445,350 |
| Fire | 838,224 | 1,214,515 | 1,488,434 | 1,476,289 | 1,604,044 |
| Police | 868,136 | 1,257,401 | 1,538,112 | 1,465,584 | 1,662,737 |
| Advanced Life Support | 51,154 | 74,096 | 90,670 | 86,402 | 97,981 |
| Road Impact | 5,193,939 | 7,106,032 | 8,700,676 | 9,562,986 | 11,153,142 |
| Other ⁽⁵⁾ | 5,881,422 | 5,521,034 | 5,875,141 | 6,889,579 | 5,852,697 |
| Total Non-Ad Valorem Funds | \$ 109,823,257 | \$ 120,643,160 | \$ 126,775,811 | \$ 150,200,897 | \$ 142,042,431 |

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

(2) 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.

(3) Includes competency fees and mobile home license tax revenues collected by the City. Beginning with the Fiscal Year ended September 30, 2016, the City reported such revenues under the Licenses, Permits and Fees category.

(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 on a monthly basis 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.

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

| Fiscal Year | Historical Half-Cent Sales Tax Revenues to the City | Percentage Increase | Annual Debt Service | Coverage of Annual Debt Service |
|------------------------|--|--------------------------------|--------------------------------|--|
| 2011 | \$ 10,515,910 | 4.25% | \$ 3,437,334 | 3.06 |
| 2012 | 10,571,010 | 0.52% | 3,458,971 | 3.06 |
| 2013 | 11,416,867 | 8.00% | 3,463,159 | 3.30 |
| 2014 | 12,505,015 | 9.53% | 4,191,788 | 2.98 |
| 2015 | 13,456,288 | 7.61% | 2,994,528 | 4.49 |
| 2016 | 13,923,142 | 3.47% | 3,122,746 | 4.46 |
| 2017 | 14,107,953 | 1.33% | 3,123,802 | 4.52 |
| 2018 | 15,402,256 | 9.17% | 1,889,783 | 8.15 |
| 2019 | 15,550,111 | 0.96% | 654,106 | 23.77 |
| 2020 | 15,276,746 | -1.76% | 655,501 | 23.31 |

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.

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

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------|--------------|--------------|--------------|--------------|--------------|
| October | \$ - | \$ - | \$ - | \$ - | \$ - |
| November | - | - | - | - | - |
| December | 393,680 | 423,185 | 421,251 | 328,273 | 415,068 |
| January | 397,608 | 415,454 | 409,585 | 521,504 | 435,906 |
| February | 432,427 | 452,147 | 442,186 | 409,318 | 455,359 |
| March | 413,314 | 421,310 | 439,253 | 436,723 | 453,995 |
| April | 460,944 | 434,901 | 455,335 | 452,862 | 496,307 |
| May | 509,541 | 522,344 | 512,495 | 524,063 | 516,421 |
| June | 455,886 | 438,083 | 486,798 | 492,759 | 358,412 |
| July | 453,543 | 451,334 | 453,294 | 455,613 | 412,288 |
| August | 404,686 | 402,980 | 418,867 | 415,753 | 422,560 |
| September | 378,691 | 390,133 | 401,498 | 422,309 | 427,401 |
| Accrued | 762,384 | 808,229 | 841,827 | 823,412 | 863,596 |
| Total | \$ 5,062,704 | \$ 5,160,100 | \$ 5,282,389 | \$ 5,282,589 | \$ 5,257,313 |
| Change | 5.5% | 1.9% | 2.4% | 0.004% | -0.478% |

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

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------|--------------|--------------|--------------|--------------|--------------|
| October | \$ - | \$ - | \$ - | \$ - | \$ - |
| November | - | - | - | - | - |
| December | 289,869 | 334,406 | 310,602 | 231,508 | 298,913 |
| January | 331,367 | 308,666 | 297,434 | 387,443 | 326,823 |
| February | 305,650 | 322,620 | 328,282 | 309,378 | 329,477 |
| March | 317,667 | 319,611 | 338,459 | 337,941 | 346,910 |
| April | 336,841 | 316,227 | 328,763 | 328,611 | 354,947 |
| May | 363,867 | 375,647 | 367,355 | 366,913 | 378,752 |
| June | 322,010 | 321,637 | 349,638 | 352,709 | 252,752 |
| July | 326,042 | 323,935 | 321,627 | 327,021 | 289,040 |
| August | 296,050 | 294,123 | 304,152 | 302,284 | 307,181 |
| September | 278,207 | 285,898 | 296,952 | 309,818 | 314,128 |
| Accrued | 568,635 | 593,139 | 617,149 | 604,105 | 629,783 |
| Total | \$ 3,736,205 | \$ 3,795,909 | \$ 3,860,413 | \$ 3,857,731 | \$ 3,828,706 |
| Change | 6.0% | 1.6% | 1.7% | -0.1% | -0.8% |

COVERAGE

| | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Gas Tax Revenue | \$ 8,798,909 | \$ 8,956,009 | \$ 9,142,802 | \$ 9,140,320 | \$ 9,086,019 |
| Gas Tax MADS (2024) excluding federal subsidy Coverage | \$ 4,314,415 2.04 | \$ 4,314,415 2.08 | \$ 5,897,502 1.55 | \$ 4,314,415 2.12 | \$ 4,314,415 2.11 |
| Gas Tax MADS (2030) including federal subsidy Coverage | \$ 5,164,257 1.70 | \$ 5,164,258 1.73 | \$ 5,488,935 1.67 | \$ 4,314,415 2.12 | \$ 4,314,415 2.11 |

Enterprise Debt Obligations

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 15.059 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

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------------|---------------|---------------|---------------|---------------|
| Operating Revenues | \$ 13,123,358 | \$ 14,589,855 | \$ 18,558,103 | \$ 19,368,575 | \$ 20,463,395 |
| Operating Expenses ⁽¹⁾ | 11,304,048 | 12,006,814 | 12,403,435 | 12,520,639 | 10,505,048 |
| Net Operating Revenues | 1,819,310 | 2,583,041 | 6,154,668 | 6,847,936 | 9,958,347 |
| Interest Income | 89,802 | 98,313 | 131,173 | 513,858 | 290,256 |
| Net Revenues Available for Debt Services | \$ 1,909,112 | \$ 2,681,354 | \$ 6,285,841 | \$ 7,361,794 | \$ 10,248,603 |

⁽¹⁾ excludes depreciation

City of Cape Coral, Florida
Water and Sewer Net Operating Revenues

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| OPERATING REVENUE | | | | | | |
| User charges | \$ 75,333,682 | \$ 78,754,515 | \$ 81,204,465 | \$ 82,957,025 | \$ 85,545,133 | \$ 88,481,229 |
| Meter fees | 721,256 | 808,382 | 599,886 | 597,340 | 571,564 | 788,034 |
| Interest Income | 756,447 | 624,985 | 550,437 | 594,312 | 1,367,908 | 1,596,526 |
| Miscellaneous revenue | 232,389 | 124,352 | 739,709 | 863,497 | 1,043,886 | 1,070,791 |
| Total Operating Revenue | 77,043,774 | 80,312,234 | 83,094,497 | 85,012,174 | 88,528,491 | 91,936,580 |
| OPERATING EXPENSES ⁽¹⁾ | | | | | | |
| Salaries and Benefits | 21,708,788 | 22,382,183 | 24,436,798 | 26,149,893 | 27,684,088 | 28,830,985 |
| Repairs and Maintenance | 2,609,692 | 2,736,650 | 2,364,578 | 3,300,929 | 3,084,881 | 3,344,584 |
| Chemicals and Supplies | 2,583,630 | 2,767,742 | 2,852,940 | 3,830,458 | 6,061,180 | 2,673,690 |
| Utilities | 4,182,574 | 4,036,496 | 4,258,742 | 4,401,958 | 4,325,593 | 4,384,807 |
| Other Operating Expenses | 9,358,242 | 10,008,150 | 11,239,425 | 12,346,220 | 12,395,201 | 16,109,777 |
| Total Operating Expenses | 40,442,926 | 41,931,221 | 45,152,483 | 50,029,458 | 53,550,943 | 55,343,843 |
| Net Operating Revenues | \$ 36,600,848 | \$ 38,381,013 | \$ 37,942,014 | \$ 34,982,716 | \$ 34,977,548 | \$ 36,592,737 |

(1) excludes depreciation

City of Cape Coral, Florida
Water and Sewer Debt Service Coverage

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------------|---------------|---------------|---------------------------|---------------------------|---------------|
| Operating Revenues | \$ 76,287,327 | \$ 79,687,249 | \$ 82,544,060 | \$ 84,417,862 | \$ 87,160,583 | \$ 90,340,056 |
| Operating Expenses ^(a) | 40,442,926 | 41,931,221 | 45,152,483 | 50,029,458 ^(c) | 53,550,943 ^(e) | 43,976,164 |
| Net Operating Revenues | 35,844,401 | 37,756,028 | 37,391,577 | 34,388,404 | 33,609,640 | 46,363,892 |
| Interest Income | 756,447 | 624,985 | 550,437 | 594,312 | 1,367,908 ^(e) | 1,099,058 |
| Net Revenues Available for Debt Service (excluding expansion fees) | 36,600,848 | 38,381,013 | 37,942,014 | 34,982,716 | 34,977,548 | 47,462,950 |
| Expansion Fees ^(b) | 9,336,081 | 10,915,415 | 15,381,036 | 17,816,051 | 18,970,640 | 18,375,347 |
| Net Revenues and Expansion Fees Available for Debt Service | \$ 45,936,929 | \$ 49,296,428 | \$ 53,323,050 | \$ 52,798,767 | \$ 53,948,188 | \$ 65,838,297 |
| Debt service on senior bonds only | \$ 29,413,222 | \$ 28,844,648 | \$ 28,848,604 | \$ 25,050,410 | \$ 27,666,450 | \$ 27,920,611 |
| Net Revenues Available for Bonds after Senior Obligations | \$ 7,187,626 | \$ 9,536,365 | \$ 9,093,410 | \$ 9,932,306 | \$ 7,311,098 | \$ 19,542,339 |
| Debt service coverage from net revenues only | 1.24 | 1.33 | 1.32 | 1.40 | 1.26 | 1.70 |
| Debt service coverage from net revenues and expansion fees ^(d) | 1.56 | 1.71 | 1.85 | 2.11 | 1.95 | 2.36 |
| Debt service on subordinate debt | \$ 1,063,778 | \$ 415,680 | \$ 4,107,655 | \$ 1,152,078 | \$ 1,147,606 | \$ 1,147,606 |
| Debt service coverage from net revenues | 15.53 | 49.20 | 5.96 | 24.09 | 22.90 | 33.04 |

(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 after a change in an amount had been made. 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.

Ratios and Measures

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 | 2.00 | n/a ¹ |
| Actual coverage | 1.26 | - |
| Required coverage ² | 1.00 | 1.25 |
| Debt service safety margin | 0.26 | - |
| ¹ Not rated as a median | | |
| ² 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 ¹ | Stormwater |
|---|----------------------------|------------------|
| Debt | \$ 597,195,685 | \$ - |
| Net capital assets | \$ 509,826,088 | \$ 42,447,603 |
| Working capital | \$ 41,935,619 | \$ 20,627,430 |
| Debt ratio | 108% | 0% |
| Rating agency median | 79% | n/a ² |
| ¹ Does not include Utility Special Assessments | | |
| ² Not rated as a median | | |

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

| | Water & Sewer | Stormwater |
|--|---------------|---------------|
| Operating expenses ¹ | \$ 76,347,087 | \$ 12,317,144 |
| Operating revenue | \$ 90,340,056 | \$ 20,463,395 |
| Operating ratio | 85% | 60% |
| ¹ 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 ¹ | \$ 36,592,739 | \$ - |
| Maximum annual debt service | \$ 29,587,992 | \$ - |
| Maximum annual debt service coverage | 124% | |
| ¹ Includes interest income and excludes depreciation expense | | |

GOVERNMENTAL FUNDS

DEBT SCHEDULES

GENERAL OBLIGATION DEBT

\$10,200,000
General Obligation Bonds (Note), 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 1st, July 1st, October 1st, and January 1st

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 18th, 2018

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

Debt Resolution: No. 54-19 adopted on March 22nd, 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 Bonds (Note), Series 2019

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 9,670,000 |
| 2021 | 3/1/2021 | \$ 575,000 | | \$ 132,479 | | |
| | 9/1/2021 | | 2.740% | 124,601 | \$ 832,080 | 9,095,000 |
| 2022 | 3/1/2022 | 590,000 | | 124,602 | | |
| | 9/1/2022 | | 2.740% | 116,518 | 831,120 | 8,505,000 |
| 2023 | 3/1/2023 | 610,000 | | 116,519 | | |
| | 9/1/2023 | | 2.740% | 108,162 | 834,681 | 7,895,000 |
| 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 | - |
| Total | | \$ 9,670,000 | | \$ 1,971,019 | \$ 11,641,019 | |

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

REVENUE BONDS

\$17,690,000
Special Obligation Refunding Revenue Bonds, Series 2011

Dated: March 17, 2011

Purpose: The bonds were issued to finance a portion of the cost of acquisition, construction and equipping of various capital improvements to the City's Charter Schools and refinancing the prior indebtedness for the project.

Payment Dates: Semiannual interest payable on January 1st and July 1st
Annual principal payable on July 1st

Debt Ordinance: No. 85-10 adopted on November 29, 2010

Debt Resolution: No. 52-10 adopted on November 29, 2010
No. 54-10 adopted on December 13, 2010 amending resolution 52-10

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

Insurer: N/A

Ratings:

| | <u>Insured</u> | <u>Underlying</u> |
|-------------------|----------------|-------------------|
| Fitch | N/A | A+ |
| Moody's | N/A | Aa3 |
| Standard & Poor's | not rated | not rated |

Refunding: In February 2017, \$14,395,000 of outstanding 2011 Capital Improvement Revenue Bonds were refunded with the 2017 Special Obligation Bond.

Debt Service Schedule:

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------|--------------|-------------------|-------------|------------------|--------------------------|-----------------------|
| | | | | | | \$ 425,000 |
| 2021 | 1/1/2021 | | | \$ 10,094 | | |
| | 7/1/2021 | \$ 425,000 | 4.750% | 10,094 | \$ 445,188 | - |
| Total | | \$ 425,000 | | \$ 20,188 | \$ 445,188 | |

All-In True Interest Cost.....3.481086%

\$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 1st and October 1st
Annual principal payable on October 1st

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)

| Ratings: | <u>Insured</u> | <u>Underlying</u> |
|-----------------|-----------------------|--------------------------|
| 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

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 41,765,000 |
| 2021 | 4/1/2021 | | | \$ 887,678 | | |
| | 10/1/2021 | \$ 2,565,000 | 5.000% | 887,678 | \$ 4,340,356 | 39,200,000 |
| 2022 | 4/1/2022 | | | 823,553 | | |
| | 10/1/2022 | 1,870,000 | 5.000% | 823,553 | 3,517,106 | 37,330,000 |
| 2023 | 4/1/2023 | | | 776,803 | | |
| | 10/1/2023 | 1,965,000 | 5.000% | 776,803 | 3,518,606 | 35,365,000 |
| 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 | - |
| Total | | \$ 41,765,000 | | \$ 15,364,449 | \$ 57,129,449 | |

All-In True Interest Cost 3.379058%

\$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 1st and October 1st
Annual principal payable on October 1st

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

| | | |
|-----------------|-----------------------|--------------------------|
| Ratings: | <u>Insured</u> | <u>Underlying</u> |
| 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, 2027 may be redeemed at 100%.

Debt Service Schedule:

A detailed debt service schedule is on the following page.

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

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 58,610,000 |
| 2021 | 4/1/2021 | | | \$ 1,337,938 | | |
| | 10/1/2021 | \$ 2,265,000 | 5.000% | 1,337,937 | \$ 4,940,875 | 56,345,000 |
| 2022 | 4/1/2022 | | | 1,281,313 | | |
| | 10/1/2022 | 2,825,000 | 5.000% | 1,281,312 | 5,387,625 | 53,520,000 |
| 2023 | 4/1/2023 | | | 1,210,688 | | |
| | 10/1/2023 | 2,970,000 | 5.000% | 1,210,687 | 5,391,375 | 50,550,000 |
| 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 | 5.000% | 1,058,687 | 7,102,375 | 42,455,000 |
| 2026 | 4/1/2026 | | | 934,063 | | |
| | 10/1/2026 | 5,240,000 | 5.000% | 934,062 | 7,108,125 | 37,215,000 |
| 2027 | 4/1/2027 | | | 803,063 | | |
| | 10/1/2027 | 5,505,000 | 5.000% | 803,062 | 7,111,125 | 31,710,000 |
| 2028 | 4/1/2028 | | | 665,438 | | |
| | 10/1/2028 | 5,780,000 | 5.000% | 665,437 | 7,110,875 | 25,930,000 |
| 2029 | 4/1/2029 | | | 520,938 | | |
| | 10/1/2029 | 2,150,000 | 5.000% | 520,937 | 3,191,875 | 23,780,000 |
| 2030 | 4/1/2030 | | | 467,188 | | |
| | 10/1/2030 | 2,250,000 | 3.000% | 467,187 | 3,184,375 | 21,530,000 |
| 2031 | 4/1/2031 | | | 433,438 | | |
| | 10/1/2031 | 2,315,000 | 3.000% | 433,437 | 3,181,875 | 19,215,000 |
| 2032 | 4/1/2032 | | | 398,713 | | |
| | 10/1/2032 | 2,390,000 | 3.250% | 398,712 | 3,187,425 | 16,825,000 |
| 2033 | 4/1/2033 | | | 359,875 | | |
| | 10/1/2033 | 2,470,000 | 5.000% | 359,875 | 3,189,750 | 14,355,000 |
| 2034 | 4/1/2034 | | | 298,125 | | |
| | 10/1/2034 | 2,590,000 | 5.000% | 298,125 | 3,186,250 | 11,765,000 |
| 2035 | 4/1/2035 | | | 233,375 | | |
| | 10/1/2035 | 2,720,000 | 3.500% | 233,375 | 3,186,750 | 9,045,000 |
| 2036 | 4/1/2036 | | | 185,775 | | |
| | 10/1/2036 | 2,815,000 | 3.500% | 185,775 | 3,186,550 | 6,230,000 |
| 2037 | 4/1/2036 | | | 136,513 | | |
| | 10/1/2036 | 2,915,000 | 5.000% | 136,512 | 3,188,025 | 3,315,000 |
| 2038 | 4/1/2036 | | | 63,638 | | |
| | 10/1/2036 | 1,065,000 | 3.500% | 63,637 | 1,192,275 | 2,250,000 |
| 2039 | 4/1/2036 | | | 45,000 | | |
| | 10/1/2036 | 1,105,000 | 4.000% | 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 | - |
| Total | | \$ 58,610,000 | | \$ 23,186,200 | \$ 81,796,200 | |

All-In True Interest Cost 3.190460%

NOTES FROM DIRECT BORRWINGS

\$17,699,950
Special obligation 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 1st and July 1st
Annual principal payable on July 1st

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 Revenue Bonds, (Note), Series 2012

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 6,016,550 |
| 2021 | 4/1/2021 | | | \$ 73,101 | | |
| | 10/1/2021 | \$ 1,450,420 | 2.430% | 73,101 | \$ 1,596,622 | 4,566,130 |
| 2022 | 4/1/2022 | | | 55,479 | | |
| | 10/1/2022 | 1,485,650 | 2.430% | 55,479 | 1,596,608 | 3,080,480 |
| 2023 | 4/1/2023 | | | 37,428 | | |
| | 10/1/2023 | 1,521,750 | 2.430% | 37,428 | 1,596,606 | 1,558,730 |
| 2024 | 4/1/2024 | | | 18,939 | | |
| | 10/1/2024 | 1,558,730 | 2.430% | 18,939 | 1,596,608 | - |
| Total | | \$ 6,016,550 | | \$ 369,894 | \$ 6,386,444 | |

All-In True Interest Cost 2.473543%

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\$21,433,000
Gas Tax Revenue Bonds, (Note), Series 2014

Date: July 24, 2014

Purpose: The Note from direct borrowing was issued for the purpose of refinancing \$21,433,00 of the City's outstanding Gas Tax Revenue Bonds, Series 2009.

Payments Dates: Semiannual interest payable on April 1st and October 1st
Annual principal payable on October 1st

Security: The Bonds are secured by Gas Tax Revenues and to the extent the other pledged funds are insufficient to pay debt service on the obligations, the non-ad valorem revenues budgeted and appropriated by City Council.

Debt Ordinance: No. 19-14 enacted on June 16, 2014

Debt Resolution: No. 4-09 adopted on January 26, 2009
No. 4-10 adopted on March 1, 2010 amending and supplementing resolution 4-09
No. 55-14 adopted on July 21, 2014 supplementing resolution No. 4-09

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%.

Debt Service Schedule:

A detailed debt service schedule is on the following page.

\$21,433,000
Gas Tax Revenue Bonds (Note), Series
2014

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 7,493,000 |
| 2021 | 4/1/2021 | | | \$ 82,423 | | |
| | 10/1/2021 | \$ 2,444,000 | 2.200% | 82,423 | \$ 2,608,846 | 5,049,000 |
| 2022 | 4/1/2022 | | | 55,539 | | |
| | 10/1/2022 | 2,497,000 | 2.200% | 55,539 | 2,608,078 | 2,552,000 |
| 2023 | 4/1/2023 | | | 28,072 | | |
| | 10/1/2023 | 2,552,000 | 2.200% | 28,072 | 2,608,144 | - |
| Total | | \$ 7,493,000 | | \$ 332,068 | \$ 7,825,068 | |

All-In True Interest Cost.....2.259371%

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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 1st and October 1st
Annual principal payable on October 1st

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%.

Debt Service Schedule:

A detailed debt service schedule is on the following page.

\$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 |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 2,455,000 |
| 2021 | 4/1/2021 | | | \$ 28,355 | | |
| | 10/1/2021 | \$ 590,000 | 2.310% | 28,355 | \$ 646,710 | 1,865,000 |
| 2022 | 4/1/2022 | | | 21,541 | | |
| | 10/1/2022 | 605,000 | 2.310% | 21,541 | 648,082 | 1,260,000 |
| 2023 | 4/1/2023 | | | 14,553 | | |
| | 10/1/2023 | 625,000 | 2.310% | 14,553 | 654,106 | 635,000 |
| 2024 | 4/1/2024 | | | 7,334 | | |
| | 10/1/2024 | 635,000 | 2.310% | 7,334 | 649,668 | - |
| Total | | \$ 2,455,000 | | \$ 143,566 | \$ 2,598,566 | |

All-In True Interest Cost2.466103%

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\$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 1st and October 1st
Annual principal payable on October 1st

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 to 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.

Debt Service Schedule:

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------|--------------|-------------------|-------------|------------------|--------------------------|-----------------------|
| | | | | | | \$ 5,407,000 |
| 2021 | 4/1/2021 | | | \$ 56,773 | | |
| | 10/1/2021 | \$ 1,760,000 | 2.100% | 56,774 | \$ 1,873,547 | 3,647,000 |
| 2022 | 4/1/2022 | | | 38,293 | | |
| | 10/1/2022 | 1,799,000 | 2.100% | 38,294 | 1,875,587 | 1,848,000 |
| 2023 | 4/1/2023 | | | 19,404 | | |
| | 10/1/2023 | 913,000 | 2.100% | 19,404 | 951,808 | 935,000 |
| 2024 | 4/1/2024 | | | 9,817 | | |
| | 10/1/2024 | 935,000 | 2.100% | 9,818 | 954,635 | - |
| Total | | \$ 5,407,000 | | \$ 248,577 | \$ 5,655,577 | |

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 1st, July 1st, October 1st, and January 1st

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

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

Debt Resolution: No. 29-20 adopted on February 3rd, 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 |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 30,760,000 |
| 2021 | 1/1/2021 | \$ 225,000 | 1.99% | \$ 153,031 | | |
| | 4/01/2021 | 220,000 | 1.99% | 151,912 | | |
| | 07/01/2021 | 220,000 | 1.99% | 150,817 | | |
| | 10/01/2021 | 230,000 | 1.99% | 149,723 | \$ 1,500,483 | 29,865,000 |
| 2022 | 1/1/2022 | 225,000 | 1.99% | 148,578 | | |
| | 4/01/2022 | 225,000 | 1.99% | 147,459 | | |
| | 7/1/2022 | 225,000 | 1.99% | 146,340 | | |
| | 10/01/2022 | 235,000 | 1.99% | 145,220 | 1,497,597 | 28,955,000 |
| 2023 | 1/1/2023 | 235,000 | 1.99% | 144,051 | | |
| | 4/01/2023 | 230,000 | 1.99% | 142,882 | | |
| | 7/1/2023 | 230,000 | 1.99% | 141,738 | | |
| | 10/01/2023 | 235,000 | 1.99% | 140,594 | 1,499,265 | 28,025,000 |
| 2024 | 1/1/2024 | 950,000 | 1.99% | 139,424 | | |
| | 4/01/2024 | 945,000 | 1.99% | 134,698 | | |
| | 7/1/2024 | 945,000 | 1.99% | 129,997 | | |
| | 10/01/2024 | 945,000 | 1.99% | 125,295 | 4,314,414 | 24,240,000 |
| 2025 | 01/01/2025 | 960,000 | 1.99% | 120,594 | | |
| | 04/01/2025 | 960,000 | 1.99% | 115,818 | | |
| | 07/01/2025 | 960,000 | 1.99% | 111,042 | | |
| | 10/01/2025 | 975,000 | 1.99% | 106,266 | 4,308,720 | 20,385,000 |
| 2026 | 1/01/2026 | 980,000 | 1.99% | 101,415 | | |
| | 4/01/2026 | 980,000 | 1.99% | 96,540 | | |
| | 7/01/2026 | 980,000 | 1.99% | 91,664 | | |
| | 10/01/2026 | 985,000 | 1.99% | 86,789 | 4,301,408 | 16,460,000 |
| 2027 | 1/01/2027 | 1,005,000 | 1.99% | 81,889 | | |
| | 4/01/2027 | 1,000,000 | 1.99% | 76,889 | | |
| | 7/01/2027 | 1,000,000 | 1.99% | 71,914 | | |
| | 10/01/2027 | 1,000,000 | 1.99% | 66,939 | 4,302,631 | 12,455,000 |
| 2028 | 1/01/2028 | 1,015,000 | 1.99% | 61,964 | | |
| | 4/01/2028 | 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 | - |
| Total | | \$ 30,760,000 | | \$ 3,825,553 | \$ 38,735,553 | |

All-In True Interest Cost 2.039353%

\$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 1st, July 1st, October 1st, and January 1st

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

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

Debt Resolution: No. 125-20 adopted on June 5th, 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

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 14,547,004 |
| 2021 | 1/1/2021 | \$ 395,975 | 1.51% | \$ 54,915 | \$ 450,890 | |
| | 4/01/2021 | 395,975 | 1.51% | 53,420 | 449,395 | |
| | 7/01/2021 | 395,979 | 1.51% | 51,925 | 447,904 | |
| | 10/01/2021 | 401,990 | 1.51% | 50,431 | 452,421 | 12,957,085 |
| 2022 | 1/1/2022 | 401,988 | 1.51% | 48,913 | 450,901 | |
| | 4/01/2022 | 401,988 | 1.51% | 47,395 | 449,384 | |
| | 7/1/2022 | 401,991 | 1.51% | 45,878 | 447,869 | |
| | 10/01/2022 | 408,094 | 1.51% | 44,360 | 452,455 | 11,343,024 |
| 2023 | 1/1/2023 | 408,093 | 1.51% | 42,820 | 450,913 | |
| | 4/01/2023 | 408,093 | 1.51% | 41,279 | 449,372 | |
| | 7/1/2023 | 408,096 | 1.51% | 39,739 | 447,835 | |
| | 10/01/2023 | 414,290 | 1.51% | 38,198 | 452,488 | 9,704,452 |
| 2024 | 1/1/2024 | 414,290 | 1.51% | 36,634 | 450,924 | |
| | 4/01/2024 | 414,290 | 1.51% | 35,070 | 449,360 | |
| | 7/1/2024 | 414,294 | 1.51% | 33,506 | 447,800 | |
| | 10/01/2024 | 420,583 | 1.51% | 31,942 | 452,526 | 8,040,995 |
| 2025 | 1/01/2025 | 420,582 | 1.51% | 30,355 | 450,937 | |
| | 4/01/2025 | 420,582 | 1.51% | 28,767 | 449,349 | |
| | 07/01/2025 | 420,584 | 1.51% | 27,179 | 447,763 | |
| | 10/01/2025 | 426,969 | 1.51% | 25,592 | 452,561 | 6,352,278 |
| 2026 | 1/01/2026 | 426,969 | 1.51% | 23,980 | 450,949 | |
| | 4/01/2026 | 426,969 | 1.51% | 22,368 | 449,337 | |
| | 7/01/2026 | 426,972 | 1.51% | 20,756 | 447,728 | |
| | 10/01/2026 | 433,453 | 1.51% | 19,144 | 452,597 | 4,637,915 |
| 2027 | 1/01/2027 | 433,452 | 1.51% | 17,508 | 450,960 | |
| | 4/01/2027 | 433,452 | 1.51% | 15,872 | 449,324 | |
| | 7/01/2027 | 433,457 | 1.51% | 14,236 | 447,693 | |
| | 10/01/2027 | 435,461 | 1.51% | 12,599 | 448,060 | 2,902,093 |
| 2028 | 1/01/2028 | 435,460 | 1.51% | 10,955 | 446,415 | |
| | 4/01/2028 | 435,462 | 1.51% | 9,312 | 444,774 | |
| | 7/1/2028 | 221,185 | 1.51% | 7,668 | 228,853 | |
| | 10/1/2028 | 224,543 | 1.51% | 6,833 | 231,376 | 1,585,443 |
| 2029 | 1/1/2029 | 224,543 | 1.51% | 5,985 | 230,528 | |
| | 4/1/2029 | 224,543 | 1.51% | 5,137 | 229,680 | |
| | 7/1/2029 | 224,544 | 1.51% | 4,290 | 228,834 | |
| | 10/1/2029 | 227,954 | 1.51% | 3,442 | 231,396 | 683,859 |
| 2030 | 1/1/2030 | 227,953 | 1.51% | 2,582 | 230,535 | |
| | 4/1/2030 | 227,953 | 1.51% | 1,721 | 229,674 | |
| | 7/1/2030 | 227,953 | 1.51% | 861 | 228,814 | |
| | 10/1/2030 | - | | - | | - |
| Total | | \$ 14,547,004 | | \$ 1,013,567 | \$ 15,560,574 | |

GOVERNMENT ASSESSMENT DEBT

\$1,500,000
Fire Protection Assessment Revenue Note, Series 2015

Dated: August 27, 2015

Purpose: The note was issued to finance the acquisition of certain facilities, vehicles, and other equipment related to fire protection and suppression services.

Payment Dates: Semiannual interest payable on August 1st and February 1st
Annual principal payable on February 1st

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

Debt Ordinance: No. 42-15 enacted on August 31, 2015 to amend ordinance 47-13 in its entirety and authorizes the issuance of \$1,500,000 Fire Protection Assessment Revenue Note, Series 2015

Rating: N/A

Redemption Provisions:

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

Debt Service Schedule:

| Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------|-------------------|-------------|------------------|--------------------------|-----------------------|
| | | | | | \$ 290,000 |
| 2/1/2021 | \$ 290,000 | 1.650% | \$ 2,393 | \$ 292,393 | - |
| | \$ 290,000 | | \$ 2,393 | \$ 292,393 | |

All-In True Interest Cost 2.567124%

ENTERPRISE FUNDS DEBT SCHEDULES

REVENUE BONDS

\$175,000,000
Water and Sewer Refunding Revenue Bonds, Series 2011

Dated: September 22, 2011

Purpose: The bonds were issued for the purpose of (1) refunding on a current basis all the city's outstanding \$82,205,000 original principal of its Water and Sewer Revenue Bonds, Series 2009 and (2) refinancing certain commercial paper obligations issued to finance on an interim basis, a portion of the cost of the acquisition, construction, and equipping of certain capital improvements to the City's water, wastewater, and irrigation water system.

Payment Dates: Semiannual interest payable on April 1st and October 1st
Annual principal payable on October 1st

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 2011A; (2) Water and Sewer Refunding Revenue Bonds, Series 2015; (3) Water and Sewer Refunding Revenue Bonds, Series 2015A; and (4) Water and Sewer, Series 2017.

Debt Ordinance: No. 45-11 enacted on August 22, 2011

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

Ratings: Assured Guaranty, Ltd. (acquired Financial Security Assurance Inc. (FSA))

| | <u>Insured</u> | <u>Underlying</u> |
|-------------------|----------------|-------------------|
| Fitch | A | A1 |
| Moody's | A1 | A1 |
| Standard & Poor's | AA | A+ |

Refunding: In December 2017, \$155,085,000 of outstanding 2011 Water and Sewer Refunding Revenue Bonds were refunded with the Water and Sewer Refunding Revenue Bonds, Series 2017.

Debt Service Schedule:

A detailed debt service schedule is on the following page.

175,000,000
Water and Sewer Refunding Revenue Bonds, Series 2011

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| 2021 | 4/01/2021 | | | \$ 60,125 | | \$ 2,405,000 |
| | 10/01/2021 | \$ 2,405,000 | 5.000% | 60,125 | \$ 2,525,250 | - |
| Total | | \$ 2,405,000 | | \$ 120,250 | \$ 2,525,250 | |

All-In True Interest Cost 3.655744%

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106,560,000
Water and Sewer Refunding Revenue Bonds, Series 2011A

Dated: November 22, 2011

Purpose: The bonds were issued for the purpose of refinancing \$107,438,000 of commercial paper obligations issued to finance on an interim basis, a portion of the cost of the acquisition, construction, and equipping of certain capital improvements to the City's water, wastewater, and irrigation water system.

Payment Dates: Semiannual interest payable on April 1st and October 1st.
Annual principal payable on October 1st.

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 2015, (3) Water and Sewer Refunding Revenue Bonds, Series 2015A, and (4) Water and Sewer Refunding Revenue Bonds, Series 2017.

Debt Ordinance: No. 66-11 enacted on October 31, 2011

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

Insurer: Assured Guaranty Municipal Corp.

Ratings:

| | <u>Insured</u> | <u>Underlying</u> |
|-------------------|----------------|-------------------|
| Fitch | A | A1 |
| Moody's | A1 | A1 |
| Standard & Poor's | AA | A+ |

Refunding: In December 2017, \$92,285,000 of outstanding 2011A Water and Sewer Refunding Revenue Bonds was refunded with the Water and Sewer Refunding Revenue Bonds, Series 2017.

Debt Service Schedule:

A detailed debt service schedule is on the following page.

106,560,000
Water and Sewer Refunding Revenue Bonds, Series 2011A

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| 2021 | 4/01/2021 | | | \$ 46,625 | | \$ 1,865,000 |
| | 10/01/2021 | \$ 1,865,000 | 5.000% | 46,625 | \$ 1,958,250 | - |
| Total | | \$ 1,865,000 | | \$ 93,250 | \$ 1,958,250 | |

All-In True Interest Cost 3.582441%

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\$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 1st and October 1st
Annual principal payable on October 1st

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.

\$72,415,000
Water and Sewer Refunding Revenue Bonds, Series 2015

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 72,415,000 |
| 2021 | 4/01/2021 | | | \$ 1,696,950 | | |
| | 10/01/2021 | - | 5.000% | 1,696,950 | \$ 3,393,900 | 72,415,000 |
| 2022 | 4/01/2022 | | | 1,696,950 | | |
| | 10/01/2022 | - | 5.000% | 1,696,950 | 3,393,900 | 72,415,000 |
| 2023 | 4/01/2023 | | | 1,696,950 | | |
| | 10/01/2023 | - | 5.000% | 1,696,950 | 3,393,900 | 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 | - |
| Total | | \$ 72,415,000 | | \$ 44,336,550 | \$ 116,751,550 | |

All-In True Interest Cost 4.096760%

\$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 1st and October 1st
Annual principal payable on October 1st

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 |
|--------------|--------------|-------------------|-------------|------------------|--------------------------|-----------------------|
| | | | | | | \$ 248,355,000 |
| 2021 | 4/01/2021 | | | \$ 5,535,894 | | |
| | 10/01/2021 | - | 5.000% | 5,535,894 | \$ 11,071,788 | 248,355,000 |
| 2022 | 4/01/2022 | | | 5,535,894 | | |
| | 10/01/2022 | 4,535,000 | 5.000% | 5,535,894 | 15,606,788 | 243,820,000 |
| 2023 | 4/01/2023 | | | 5,422,519 | | |
| | 10/01/2023 | 4,760,000 | 5.000% | 5,422,519 | 15,605,038 | 239,060,000 |
| 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 | - |
| Total | | \$ 248,355,000 | | \$ 170,887,624 | \$ 419,242,624 | |

All-In True Interest Cost 3.628600%

NOTES FROM 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 1st, July 1st, October 1st, and January 1st

Quarterly principal payable on April 1st, July 1st, October 1st, and January 1st

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 |
|--------------|-----------------|----------------------|----------------|---------------------|-----------------------------|--------------------------|
| | | | | | | \$ 70,985,000 |
| 2021 | 1/1/2021 | \$ 1,785,000 | 2.210% | \$ 474,135 | | |
| | 4/01/2021 | 1,780,000 | 2.210% | 464,273 | | |
| | 07/01/2021 | 1,780,000 | 2.210% | 454,438 | | |
| | 10/01/2021 | 1,790,000 | 2.210% | 444,604 | \$ 8,972,450 | 67,410,000 |
| 2022 | 1/1/2022 | 1,825,000 | 2.210% | 434,714 | | |
| | 4/01/2022 | 1,820,000 | 2.210% | 424,631 | | |
| | 7/1/2022 | 1,820,000 | 2.210% | 414,575 | | |
| | 10/01/2022 | 1,825,000 | 2.210% | 404,520 | 8,968,440 | 60,120,000 |
| 2023 | 1/1/2023 | 1,860,000 | 2.210% | 394,437 | | |
| | 4/01/2023 | 1,860,000 | 2.210% | 384,160 | | |
| | 7/1/2023 | 1,860,000 | 2.210% | 373,884 | | |
| | 10/01/2023 | 1,870,000 | 2.210% | 363,607 | 8,966,088 | 52,670,000 |
| 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 | 45,050,000 |
| 2025 | 01/01/2025 | 1,950,000 T | 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 | 37,240,000 |
| 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 | 29,195,000 |
| 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 | 20,905,000 |
| 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 | 12,360,000 |
| 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 T | 3.000% | 16,500 | 8,965,000 | 3,560,000 |
| Total | | \$ 70,985,000 | | \$ 9,723,892 | \$ 80,708,892 | |

T = Final maturity of term bond

All-In True Interest Cost 2.725344%

STATE REVOLVING FUND LOANS

\$13,856,923
State Revolving Fund Loan
#7516P

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 15th and October 15th

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.

Debt Service Schedule:

| Fiscal Year | Payment Date | Principal Payment | Interest Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|----------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 635,622 |
| 2021 | 10/15/2020 | \$ 75,162 | 3.160% | \$ 10,043 | | |
| | 4/15/2021 | 76,350 | 3.160% | 8,855 | \$ 170,410 | 484,110 |
| 2022 | 10/15/2021 | 77,556 | 3.160% | 7,649 | | |
| | 4/15/2022 | 78,782 | 3.160% | 6,424 | 170,411 | 327,772 |
| 2023 | 10/15/2022 | 80,026 | 3.160% | 5,179 | | |
| | 4/15/2023 | 81,291 | 3.160% | 3,914 | 170,410 | 166,455 |
| 2024 | 10/15/2023 | 82,575 | 3.160% | 2,630 | | |
| | 4/15/2024 | 83,880 | 3.160% | 1,325 | 170,410 | - |
| Total | | \$ 635,622 | | \$ 46,019 | \$ 681,641 | |

\$7,224,652
State Revolving Fund Loan
#7516L 01

Dated: October 29, 2004

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

Payment Dates: Semiannual interest and principal payable on December 15th and June 15th

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.

Debt Service Schedule:

| Fiscal Year | Payment Date | Principal Payment | Interest Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|----------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 139,920 |
| 2021 | 12/15/2020 | \$ 22,480 | 2.930% | \$ 2,050 | | |
| | 6/15/2021 | 22,810 | 2.930% | 1,720 | \$ 49,060 | 94,630 |
| 2022 | 12/15/2021 | 23,144 | 2.930% | 1,387 | | |
| | 6/15/2022 | 23,483 | 2.930% | 1,047 | 49,061 | 48,003 |
| 2023 | 12/15/2022 | 23,827 | 2.930% | 703 | | |
| | 6/15/2023 | 24,176 | 2.930% | 354 | 49,060 | - |
| Total | | \$ 139,920 | | \$ 7,261 | \$ 147,181 | |

\$35,848,122
State Revolving Fund Loan
#7516L 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 15th and June 15th

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.

Debt Service Schedule:

| Fiscal Year | Payment Date | Principal Payment | Interest Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|----------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 821,592 |
| 2021 | 12/15/2020 | \$ 86,068 | 2.930% | \$ 12,036 | | |
| | 6/15/2021 | 87,329 | 2.930% | 10,776 | \$ 196,209 | 648,195 |
| 2022 | 12/15/2021 | 88,608 | 2.930% | 9,496 | | |
| | 6/15/2022 | 89,907 | 2.930% | 8,197 | 196,208 | 469,680 |
| 2023 | 12/15/2022 | 91,224 | 2.930% | 6,881 | | |
| | 6/15/2023 | 92,560 | 2.930% | 5,544 | 196,209 | 285,896 |
| 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 | - |
| Total | | \$ 821,592 | | \$ 61,347 | \$ 882,939 | |

\$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

| Fiscal Year | Payment Date | Principal Payment | Interest Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|----------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 45,795,099 |
| 2021 | 12/15/2020 | \$ 1,212,874 | 1.980% | \$ 477,992 | | |
| | 6/15/2021 | 1,225,516 | 1.980% | 465,350 | \$ 3,381,732 | 43,356,709 |
| 2022 | 12/15/2021 | 1,238,291 | 1.980% | 452,575 | | |
| | 6/15/2022 | 1,251,200 | 1.980% | 439,666 | 3,381,732 | 40,867,218 |
| 2023 | 12/15/2022 | 1,264,245 | 1.980% | 426,621 | | |
| | 6/15/2023 | 1,277,426 | 1.980% | 413,439 | 3,381,731 | 38,325,547 |
| 2024 | 12/15/2023 | 1,290,747 | 1.980% | 400,119 | | |
| | 6/15/2024 | 1,304,207 | 1.980% | 386,658 | 3,381,731 | 35,730,593 |
| 2025 | 12/15/2024 | 1,317,809 | 1.980% | 373,056 | | |
| | 6/15/2025 | 1,331,554 | 1.980% | 359,311 | 3,381,730 | 33,081,230 |
| 2026 | 12/15/2025 | 1,345,444 | 1.980% | 345,422 | | |
| | 6/15/2026 | 1,359,480 | 1.980% | 331,386 | 3,381,732 | 30,376,306 |
| 2027 | 12/15/2026 | 1,373,663 | 1.980% | 317,203 | | |
| | 6/15/2027 | 1,387,995 | 1.980% | 302,870 | 3,381,731 | 27,614,648 |
| 2028 | 12/15/2027 | 1,402,478 | 1.980% | 288,387 | | |
| | 6/15/2028 | 1,417,114 | 1.980% | 273,752 | 3,381,731 | 24,795,056 |
| 2029 | 12/15/2028 | 1,431,903 | 1.980% | 258,962 | | |
| | 6/15/2029 | 1,446,849 | 1.980% | 244,017 | 3,381,731 | 21,916,304 |
| 2030 | 12/15/2029 | 1,461,951 | 1.980% | 228,915 | | |
| | 6/15/2030 | 1,477,212 | 1.980% | 213,653 | 3,381,731 | 18,977,141 |
| 2031 | 12/15/2030 | 1,492,634 | 1.980% | 198,231 | | |
| | 6/15/2031 | 1,508,219 | 1.980% | 182,647 | 3,381,731 | 15,976,288 |
| 2032 | 12/15/2031 | 1,523,967 | 1.980% | 166,899 | | |
| | 6/15/2032 | 1,539,881 | 1.980% | 150,985 | 3,381,732 | 12,912,440 |
| 2033 | 12/15/2032 | 1,555,963 | 2.420% | 134,903 | | |
| | 6/15/2033 | 1,572,214 | 2.420% | 118,652 | 3,381,732 | 9,784,263 |
| 2034 | 12/15/2033 | 1,588,636 | 2.420% | 102,230 | | |
| | 6/15/2034 | 1,605,231 | 2.420% | 85,635 | 3,381,732 | 6,590,396 |
| 2035 | 12/15/2034 | 1,622,001 | 2.420% | 68,865 | | |
| | 6/15/2035 | 1,638,947 | 2.420% | 51,918 | 3,381,731 | 3,329,448 |
| 2036 | 12/15/2035 | 1,656,072 | 2.420% | 34,793 | | |
| | 6/15/2036 | 1,673,376 | 2.420% | 17,487 | 3,381,728 | - |
| Total | | \$ 45,795,099 | | \$ 8,312,599 | \$ 16,908,656 | |

\$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

| Fiscal Year | Payment Date | Principal Payment | Interest Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|----------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 10,535,906 |
| 2021 | 12/15/2020 | \$ 278,283 | 2.120% | \$ 111,681 | | |
| | 6/15/2021 | 281,233 | 2.120% | 108,731 | \$ 779,927 | 9,976,390 |
| 2022 | 12/15/2021 | 284,214 | 2.120% | 105,750 | | |
| | 6/15/2022 | 287,227 | 2.120% | 102,737 | 779,927 | 9,404,950 |
| 2023 | 12/15/2022 | 290,271 | 2.120% | 99,692 | | |
| | 6/15/2023 | 293,348 | 2.120% | 96,616 | 779,927 | 8,821,331 |
| 2024 | 12/15/2023 | 296,457 | 2.120% | 93,506 | | |
| | 6/15/2024 | 299,600 | 2.120% | 90,364 | 779,927 | 8,225,274 |
| 2025 | 12/15/2024 | 302,776 | 2.120% | 87,188 | | |
| | 6/15/2025 | 305,985 | 2.120% | 83,978 | 779,927 | 7,616,513 |
| 2026 | 12/15/2025 | 309,229 | 2.120% | 80,735 | | |
| | 6/15/2026 | 312,506 | 2.120% | 77,457 | 779,927 | 6,994,778 |
| 2027 | 12/15/2026 | 315,819 | 2.120% | 74,145 | | |
| | 6/15/2027 | 319,167 | 2.120% | 70,797 | 779,927 | 6,359,792 |
| 2028 | 12/15/2027 | 322,550 | 2.120% | 67,414 | | |
| | 6/15/2028 | 325,969 | 2.120% | 63,995 | 779,927 | 5,711,273 |
| 2029 | 12/15/2028 | 329,424 | 2.120% | 60,540 | | |
| | 6/15/2029 | 332,916 | 2.120% | 57,048 | 779,927 | 5,048,933 |
| 2030 | 12/15/2029 | 336,445 | 2.120% | 53,519 | | |
| | 6/15/2030 | 340,011 | 2.120% | 49,952 | 779,927 | 4,372,477 |
| 2031 | 12/15/2030 | 343,615 | 2.120% | 46,348 | | |
| | 6/15/2031 | 347,258 | 2.120% | 42,706 | 779,927 | 3,681,604 |
| 2032 | 12/15/2031 | 350,939 | 2.120% | 39,025 | | |
| | 6/15/2032 | 354,659 | 2.120% | 35,305 | 779,927 | 2,976,007 |
| 2033 | 12/15/2032 | 358,418 | 2.120% | 31,546 | | |
| | 6/15/2033 | 362,217 | 2.120% | 27,746 | 779,927 | 2,255,372 |
| 2034 | 12/15/2033 | 366,057 | 2.120% | 23,907 | | |
| | 6/15/2034 | 369,937 | 2.120% | 20,027 | 779,927 | 1,519,379 |
| 2035 | 12/15/2034 | 373,858 | 2.120% | 16,105 | | |
| | 6/15/2035 | 377,821 | 2.120% | 12,143 | 779,927 | 767,700 |
| 2036 | 12/15/2035 | 381,826 | 2.120% | 8,138 | | |
| | 6/15/2036 | 385,874 | 2.120% | 4,090 | 779,928 | - |
| Total | | \$ 10,535,907 | | \$ 1,942,929 | \$ 12,478,833 | |

\$58,349,326
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:

The Debt Service Schedule is not available until final close out, which is expected in FY2022.

\$84,893,220
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:

The Debt Service Schedule is not available until final close out, which is expected in FY2022

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 1st and September 1st Annual principal payable on September 1st

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 35th 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.

Debt Service Schedule:

| Fiscal Year | Payment Date | Principal Payment | Coupon Rate | Interest Payment | Fiscal Year Debt Service | Outstanding Principal |
|--------------------|---------------------|--------------------------|--------------------|-------------------------|---------------------------------|------------------------------|
| | | | | | | \$ 60,255,000 |
| 2021 | 3/1/2021 | | | \$ 742,906 | | |
| | 9/1/2021 | \$ 9,600,000 | 2.000% | 742,906 | \$ 11,085,812 | 50,655,000 |
| 2022 | 3/1/2022 | | | 646,906 | | |
| | 9/1/2022 | 9,100,000 | 2.125% | 646,906 | 10,393,812 | 41,555,000 |
| 2023 | 3/1/2023 | | | 550,219 | | |
| | 9/1/2023 | 8,505,000 | 2.250% | 550,219 | 9,605,437 | 33,050,000 |
| 2024 | 3/1/2024 | | | 454,538 | | |
| | 9/1/2024 | 8,450,000 | 2.500% | 454,538 | 9,359,075 | 24,600,000 |
| 2025 | 3/1/2025 | | | 348,913 | | |
| | 9/1/2025 | 8,685,000 | 2.750% | 348,913 | 9,382,826 | 15,915,000 |
| 2026 | 3/1/2026 | | | 229,494 | | |
| | 9/1/2026 | 7,385,000 | 2.750% | 229,494 | 7,843,988 | 8,530,000 |
| 2027 | 3/1/2027 | | | 127,950 | | |
| | 9/1/2027 | 6,080,000 | 3.000% | 127,950 | 6,335,900 | 2,450,000 |
| 2028 | 3/1/2028 | | | 36,750 | | |
| | 9/1/2028 | 2,450,000 | 3.000% | 36,750 | 2,523,500 | - |
| Total | | \$ 60,255,000 | | \$ 6,275,352 | \$ 66,530,350 | |

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. 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. At September 30, 2019, Health Facility Revenue Bonds outstanding aggregated \$79,385,000.

Defeased Debt

Financial Accounting Standard Board Statement No. 7, Advance Refunding Resulting in Defeasance of Debt, states when debt is defeased, it is no longer reported as a liability on the face of the balance sheet; only the new debt, if any, is reported as a liability.

Debt:

| | |
|--|---------------|
| Capital Improvement Revenue Bonds, Series 2008 | \$21,615,000 |
| Special Obligation Revenue Bonds, Series 2011 | \$14,395,000 |
| Water and Sewer Revenue Bonds, Series 2011 | \$155,085,000 |
| Water and Sewer Revenue Bonds, Series 2011 | \$92,285,000 |

Subsequent Event

State Revolving Fund Loan Agreement #DW103130 (North 2 Drinking Water) was awarded an additional \$17.9 million in November 2020 in amendment #4. Principal and interest are payable semiannually at rates of 0.30% excluding capitalized interest.

State Revolving Fund Loan Agreement #CW103120 (North 2 Drinking Water) was awarded an additional \$12 million in November 2020 in amendment #3. Principal and interest are payable semiannually at rates of 0.00% excluding capitalized interest.

The issuance of the Water & Sewer Revenue Bond, Series 2020 closed on 12/16/2020 for \$10.6M to fund the preliminary costs of engineering and design of the North 1 utilities extension project. The loan will be secured by the net water & sewer system revenues. The interest rate is 0.764% and matures 12/01/2023. This loan will be refunded into a bond in FY2023 with the construction costs to complete the North 1 utilities extension project.

During FY 2020, the Coronavirus (COVID-19) affected global markets, supply chains, businesses, and our communities. Specific to the City, COVID-19 may impact various parts of its 2021 operations and financial results. The full impact of COVID-19 is unknown and cannot be reasonably estimated.

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, taking into account 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 less 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 November 30 [is this enough time given all of the other FYE duties?] 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.