



City of Fort Lauderdale, Florida

Prospect Lake Clean Water Center *Preliminary Financing Scenarios*

Prepared by PFM Financial Advisors LLC

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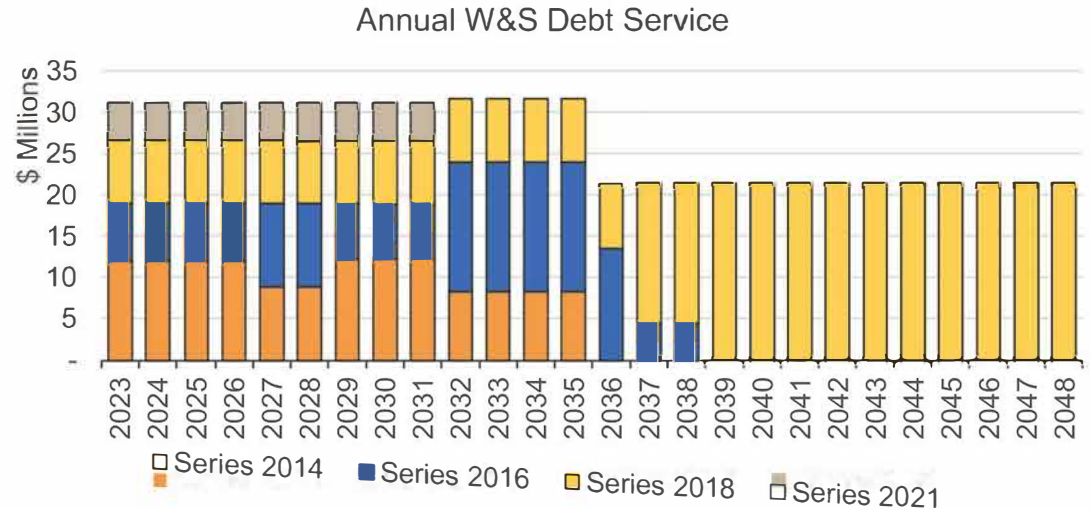
Executive Summary

- Objectives:
 - Fully fund the City's capital obligations for Prospect Lake
 - Structure the financing in a cost-effective manner
 - Mitigate the impact to rate payers
- Includes:
 - Key terminology
 - Various financing scenarios for consideration
 - Discussion of scenario results and impact



Water and Sewer Revenue Bonds (Existing)

Debt Summary		
Total Outstanding Debt		
Principal Outstanding	457,420,000	
Final Maturity	9/1/2048	
Maximum Annual Debt Service	31,717,125	
Refunding Breakdown		
Callable Debt	435,365,000	
Non-Callable Debt	22,055,000	
Bond Ratings		
S&P	Moody's	Fitch
AA+	Aa1	-



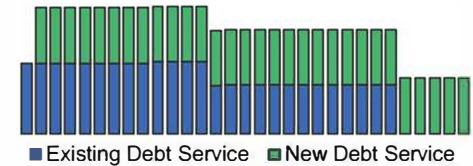
Series	Issue Type	Tax Status	Purpose	Issue Size	Final Maturity	Outstanding Par	Next Call Date	Refunding Status			
								Forward	Current	Non-Callable	
						As of 9/30/2020					
Series 2012	Bond Offering	Tax-Exempt	Refunding	64,585,000	9/1/2031	44,795,000	9/1/2021	41,595,000	-	3,200,000	
Series 2014	Bond Offering	Tax-Exempt	Refunding	121,520,000	9/1/2035	117,485,000	9/1/2024	90,410,000	-	27,075,000	
Series 2016	Bond Offering	Tax-Exempt	Refunding	158,930,000	9/1/2038	125,665,000	9/1/2024	110,690,000	-	14,975,000	
Series 2018	Bond Offering	Tax-Exempt	New Money	196,035,000	9/1/2048	196,035,000	9/1/2027	196,035,000	-	-	
Total						483,980,000		438,730,000	-	45,250,000	



Key Terminology

- Level Debt Service: Principal is amortized to create level debt service payments over the life of a series of bonds
- Wrapped Debt Service: Principal is amortized to “wrap” around existing debt service (or other anticipated debt service) in order to create level debt service on an *aggregate basis*
- Rate Covenant: Covenant of the Issuer to the bondholder that rates and charges will be set at the level sufficient such that net revenues meet or exceed the Principal and Interest payment each year. Usually expressed as a percentage.
- Maximum Annual Debt Service: The maximum principal and interest payment due in a given year over the life of a bond issuance
- Additional Bonds Test: A required test of the issuer, prior to the issuance of Additional Bonds, satisfying that either the prior year’s revenue or projected revenue will be sufficient to meet or exceed MADS. Usually expressed as a percentage

Level Debt Service

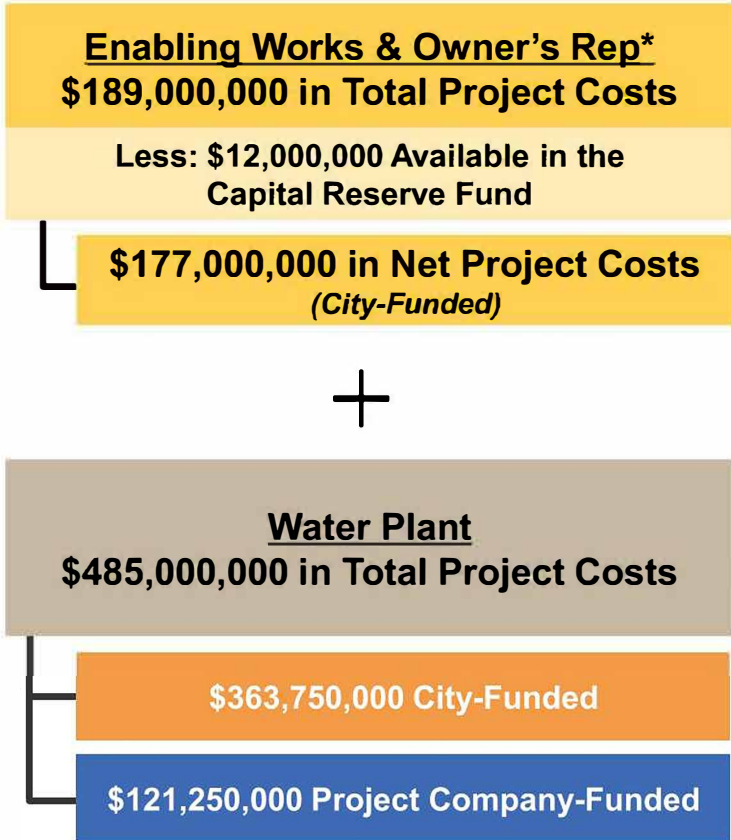


Wrapped Debt Service





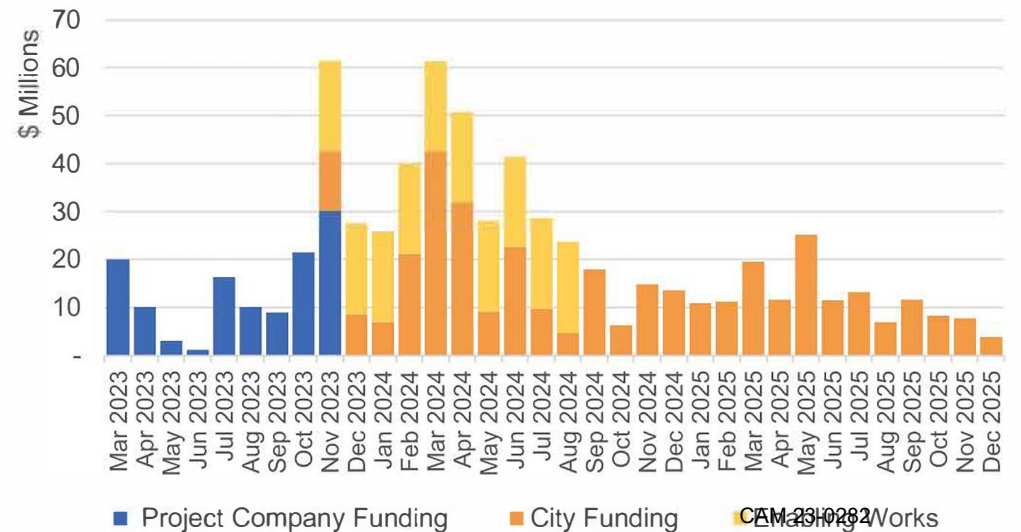
Project Funding Summary



Funding Components



Monthly Capital Expenditure Schedule



*All references to Enabling Works include \$8 million for Owner's Rep



Included Financing Scenarios

- For the City’s portion of the total project costs, PFM prepared preliminary analysis based on different scenarios
 - Each scenario assumes the City issues 2023A Bonds to fund \$177 million in net project costs for the Enabling Works and Owner’s Rep portions⁽¹⁾
 - To fund the \$364 million in project costs for the Water Plant portion⁽²⁾, the City can issue a single standalone series, or use a phased approach funding the project over multiple issuances

Scenario #	Structure	Term	Enabling Works	Water Plant	Description of Funding Approach for Water Plant
1	Level	30 Years	Series 2023A	Series 2023B	Single issuance to fund 100% of Water Plant project costs
2	Level	40 Years	Series 2023A	Series 2023B	Single issuance to fund 100% of Water Plant project costs
3	Wrapped	30 Years	Series 2023A	Series 2023B	Single issuance to fund 100% of Water Plant project costs
4	Wrapped	30 Years	Series 2023A	Series 2023B Series 2024	Phased issuances to initially fund ~50% of Water Plan project costs, followed by a second tranche in 2024 (assuming current market rates)

(1) Assumes net-funded project fund based on equal draws over 10 months at 2% earnings rate

(2) Assumes net-funded project fund based on draw schedule at 3% earnings rate



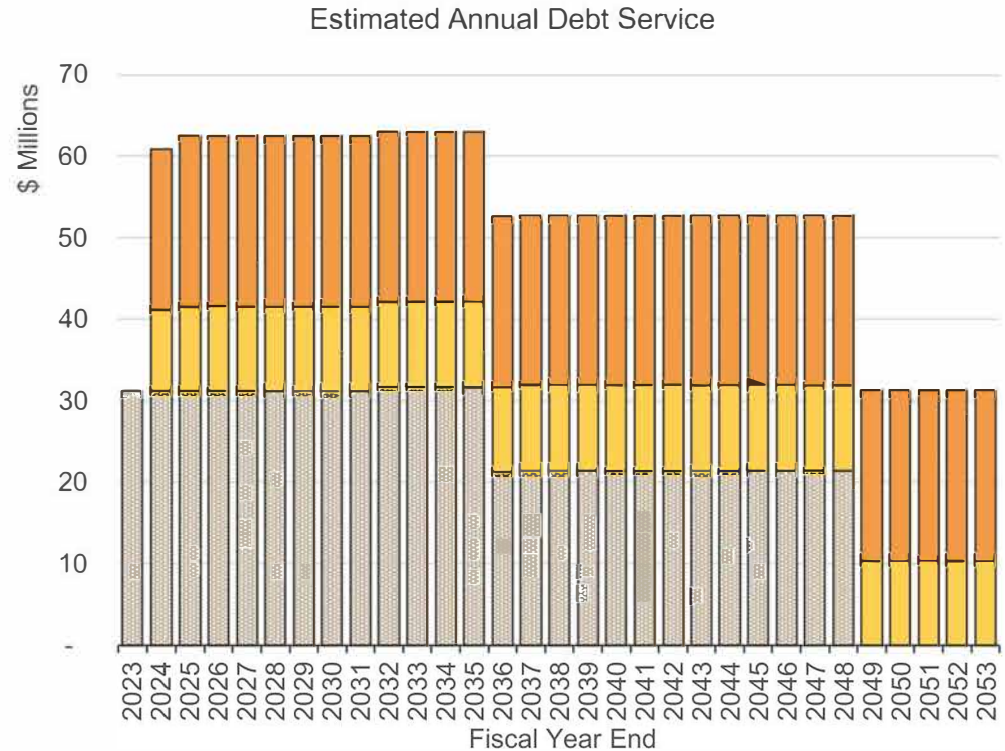
Preliminary Financing Scenario #1: Level Debt Service, 30 Years

(Single Issuance for Water Plant)

● Summary Statistics:

- All-In TIC: 4.22%
- Par Amount: \$482,840,000
- Total Interest: \$465,181,700
- Total Debt Service: \$948,021,700
- Avg. Annual Debt Service: \$32,107,758

● Aggregate MADS: \$63,032,213



- Water and Sewer Revenue Bonds, Series 2023B - Water Plant
- Water and Sewer Revenue Bonds, Series 2023A - Enabling Works
- Existing W&S Debt Service

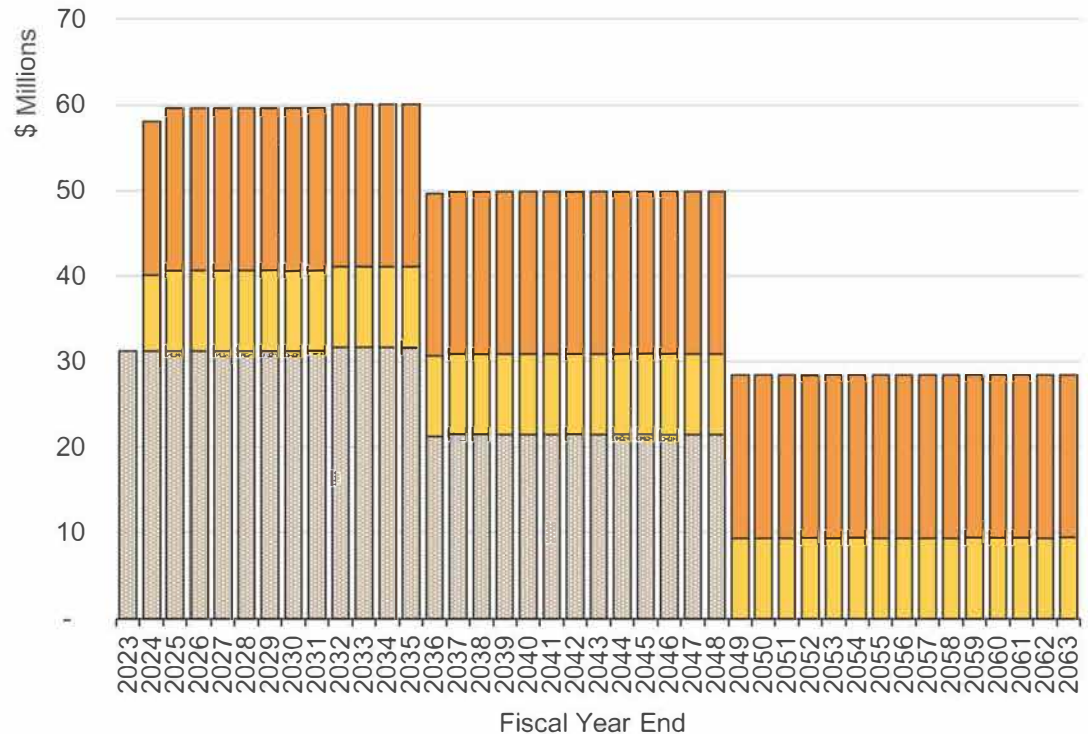


Preliminary Financing Scenario #2: Level Debt Service, 40 Years

(Single Issuance for Water Plant)

- Combined Summary Statistics
 - All-In TIC: 4.43%
 - Par Amount: \$488,725,000
 - Total Interest: \$645,128,333
 - Total Debt Service: \$1,133,853,333
 - Avg. Annual Debt Service: \$28,441,137
- Aggregate MADS: \$60,103,053

Estimated Annual Debt Service



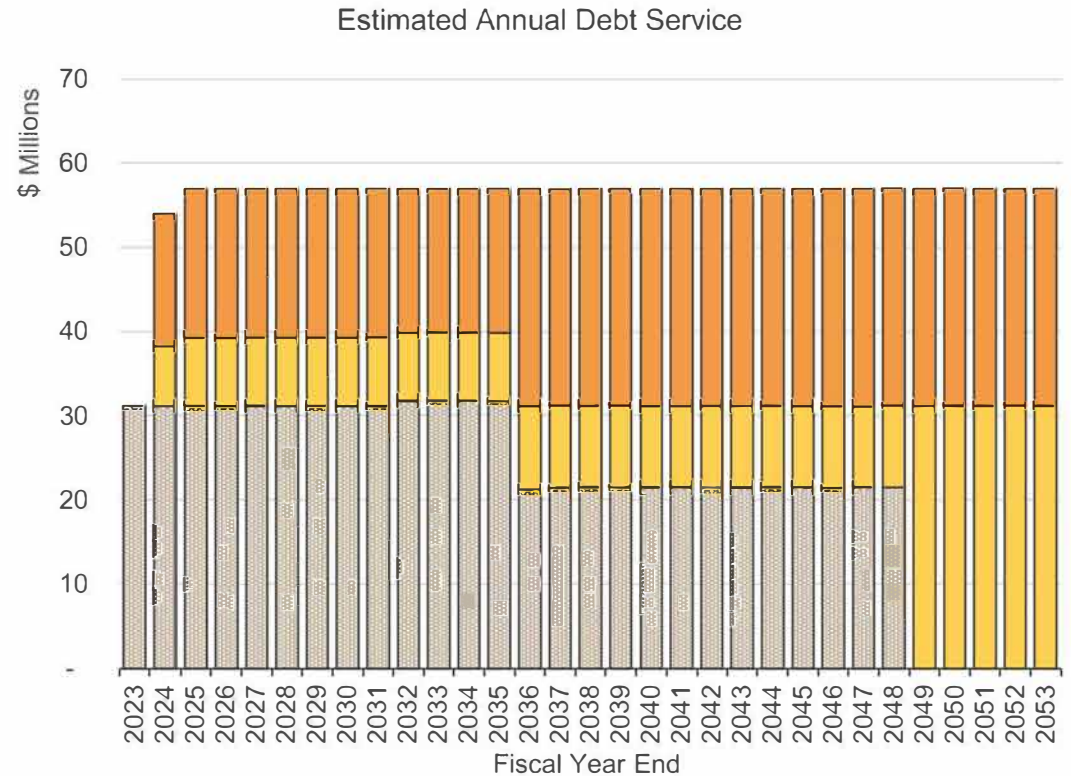
- Water and Sewer Revenue Bonds, Series 2023B - Water Plant
- Water and Sewer Revenue Bonds, Series 2023A - Enabling Works
- Existing W&S Debt Service



Preliminary Financing Scenario #3: Wrapped Debt Service, 30 Years (Single Issuance for Water Plant)

- Combined Summary Statistics
 - All-In TIC: 4.39%
 - Par Amount: \$486,985,000
 - Total Interest: \$565,538,683
 - Total Debt Service: \$1,052,523,683
 - Avg. Annual Debt Service: \$35,240,748

- Aggregate MADS: \$57,032,300



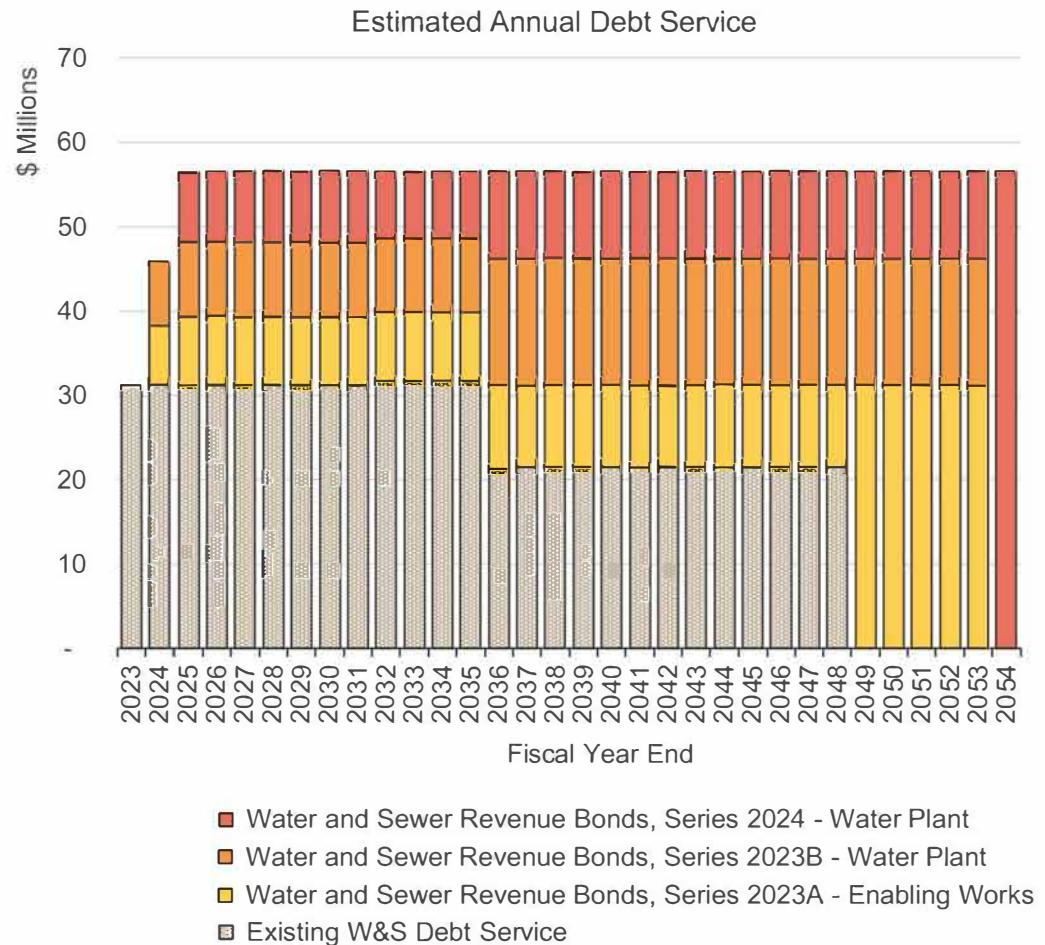
- Water and Sewer Revenue Bonds, Series 2023B - Water Plant
- Water and Sewer Revenue Bonds, Series 2023A - Enabling Works
- Existing W&S Debt Service



Preliminary Financing Scenario #4: Wrapped Debt Service, 30 Years

(Phased Issuances for Water Plant, Assuming Current Rates for 2024 Bonds)

- Combined Summary Statistics
 - All-In TIC: 4.42%
 - Par Amount: \$492,650,000
 - Total Interest: \$596,358,867
 - Total Debt Service: \$1,089,008,867
 - Avg. Annual Debt Service: \$35,281,065
- Aggregate MADS: \$56,625,053





Summary Comparison of Preliminary Financing Scenarios #1-4

	Scenario #1 <i>30 Years, Level Debt Service</i>	Scenario #2 <i>40 Years, Level Debt Service</i>	Scenario #3 <i>30 Years, Wrapped Debt Service</i>	Scenario #4 <i>30 Years, Wrapped Debt Service (w/ 2024 Issuance)</i>
All-In TIC	4.22%	4.43%	4.39%	4.42%
Par Amount	\$482,840,000	\$488,725,000	\$486,985,000	\$492,650,000
Total Interest	\$465,181,700	\$645,128,333	\$565,538,683	\$596,358,867
Total Debt Service	\$948,021,700	\$1,133,853,333	\$1,052,523,683	\$1,089,008,867
Average Annual Debt Service	\$32,107,758	\$28,441,137	\$35,240,748	\$35,281,065
Aggregate Maximum Debt Service (MADS)	\$63,032,213	\$60,103,053	\$57,032,300	\$56,625,053



Annual Debt Service Comparison

- Chart below indicates the total annual debt service for each scenario, upon fully funding the project.
- The table and chart to the right indicate the Maximum Annual Debt Service (“MADS”) for the first three years of each scenario
 - Scenarios 1-3 lock-in the cost of funds immediately, while increasing MADS right away
 - Scenario 4 would issue bonds in two phases, stepping-up MADS over two years

FULL FUNDING MADS

