



City of Green Cove Springs, FL

Stormwater – Plan of Finance

October 3, 2023

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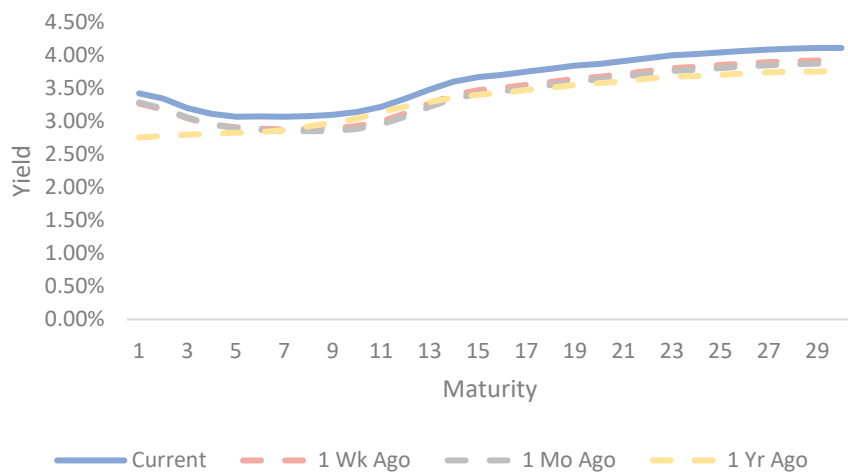


I. Market Update

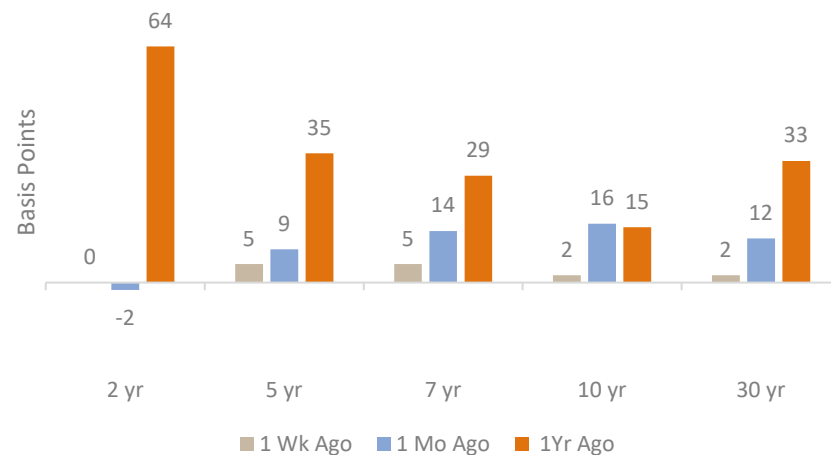


Municipal Interest Rate Movements

BVAL AAA G.O. Curve

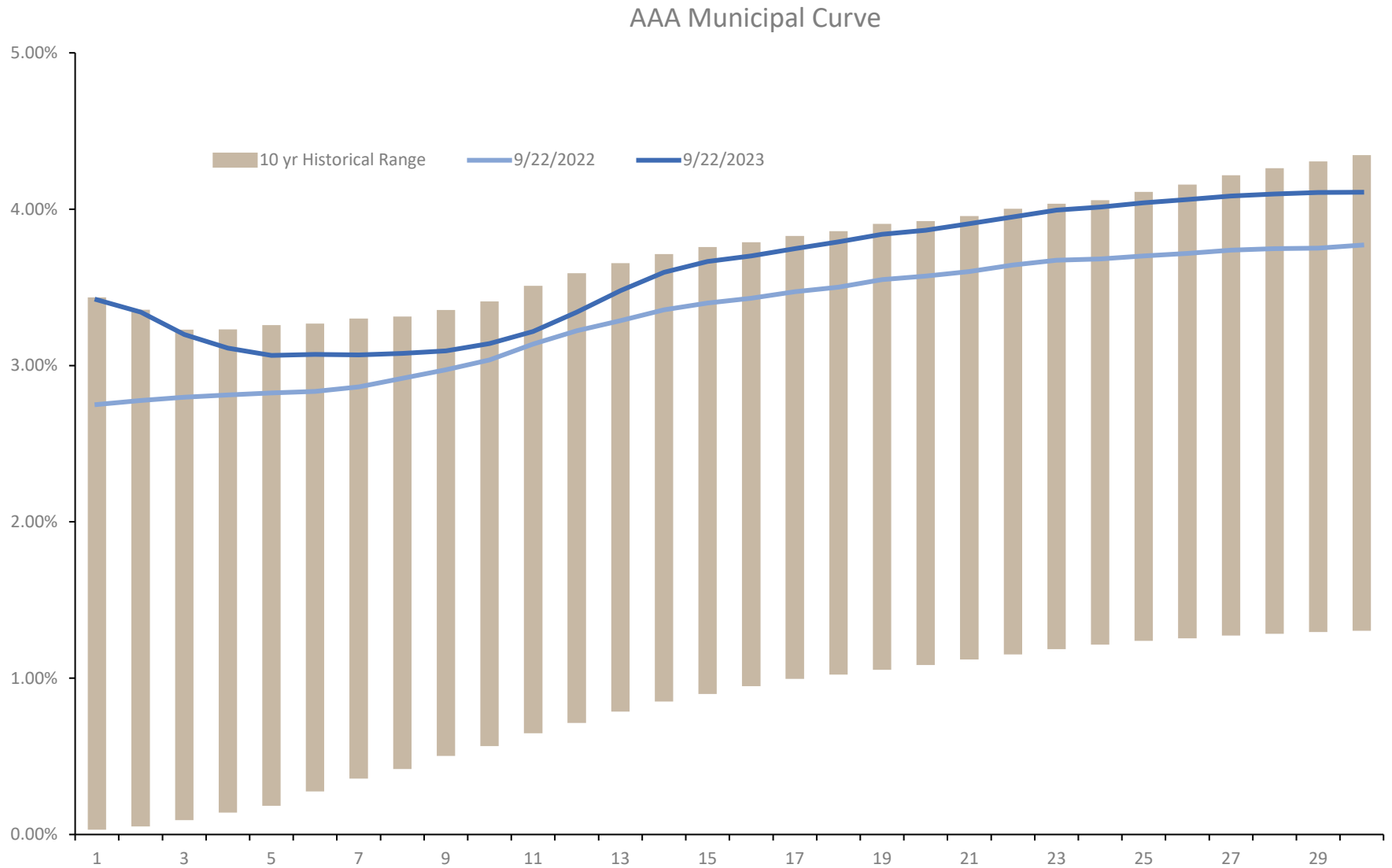


BVAL AAA G.O. Yield Curve Changes





Municipal Interest Rate Movements



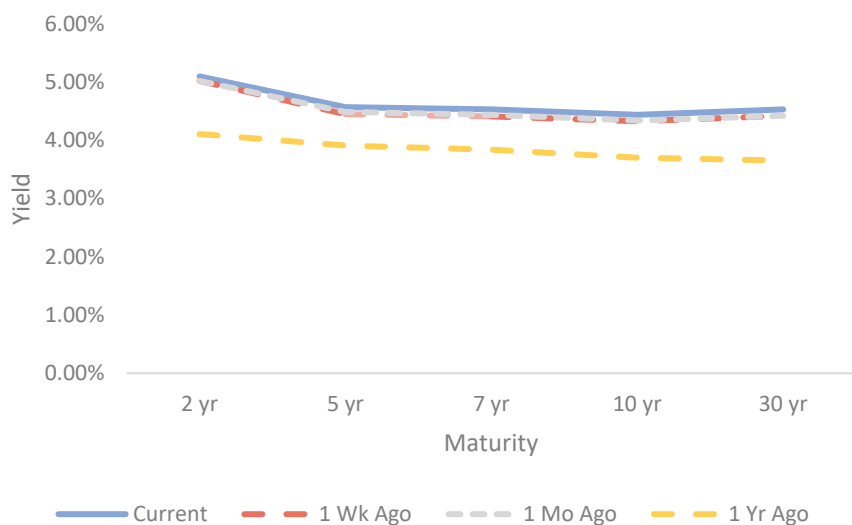
Source: Bloomberg, treasury.gov

PFM Pricing Group

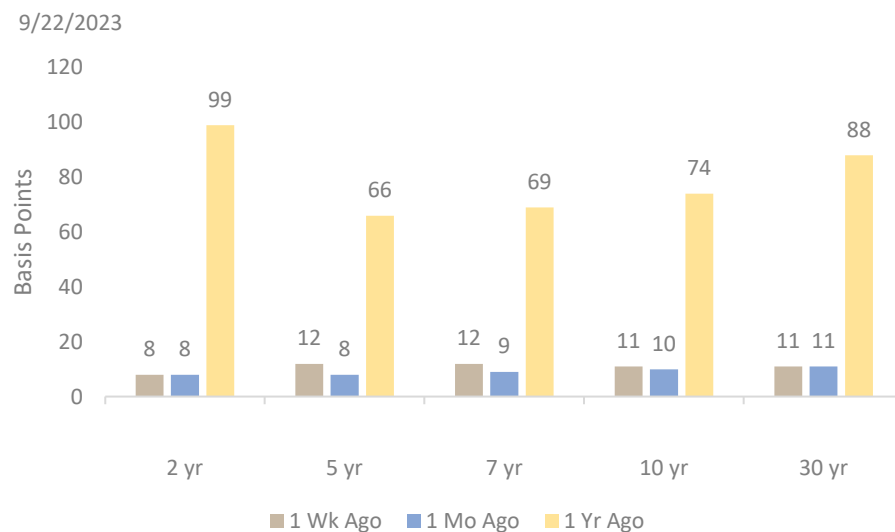


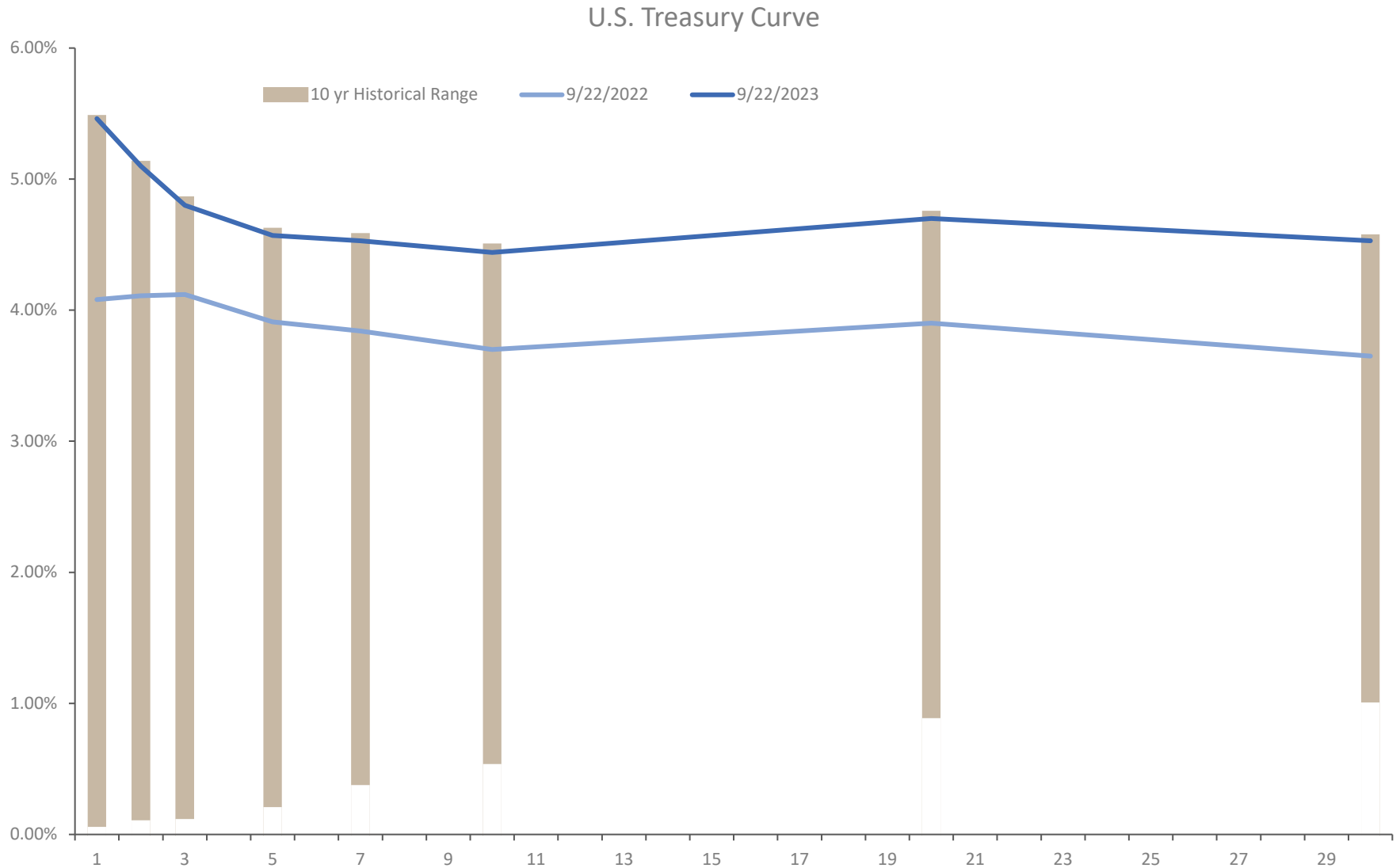
Treasury Interest Rate Movements

U.S. Treasury Yield Curve



U.S. Treasury Yield Curve Changes



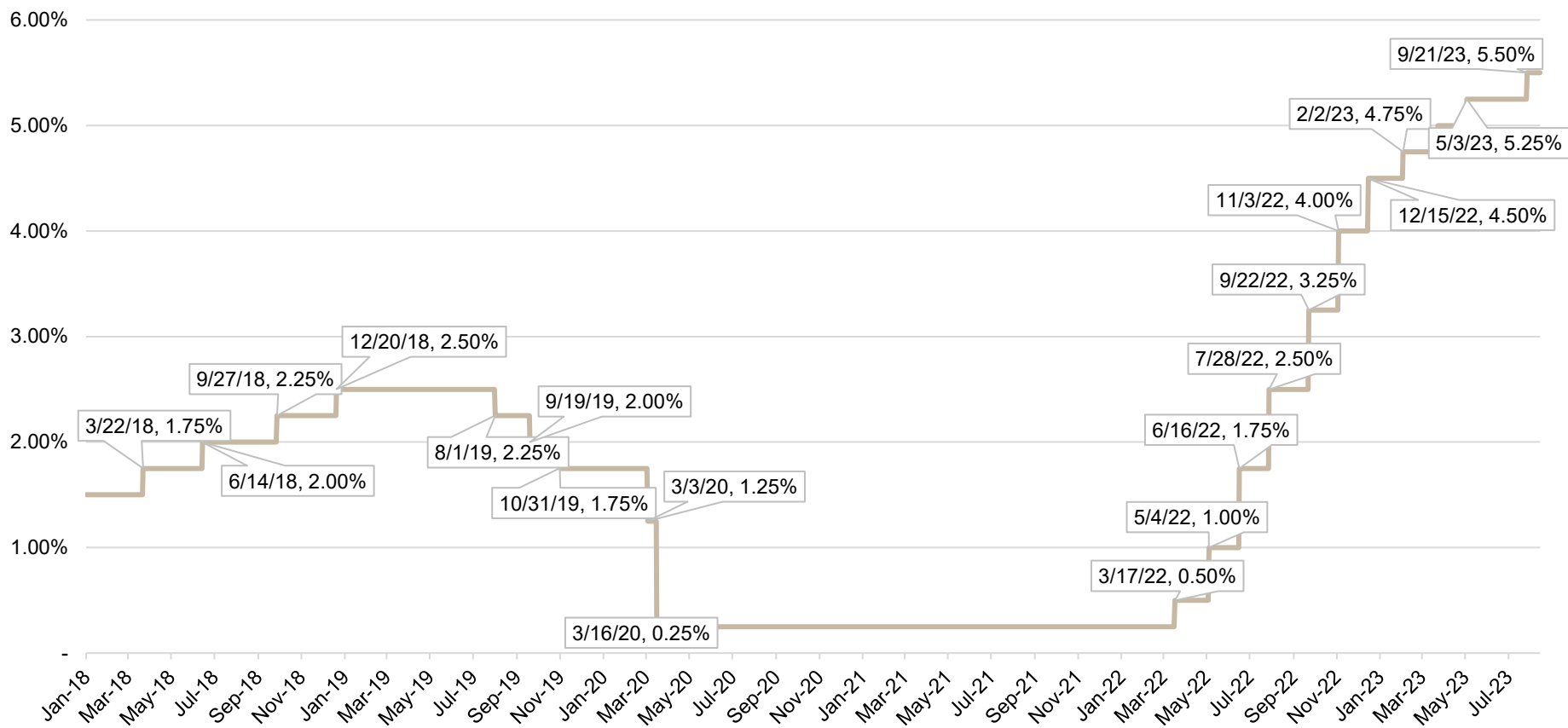


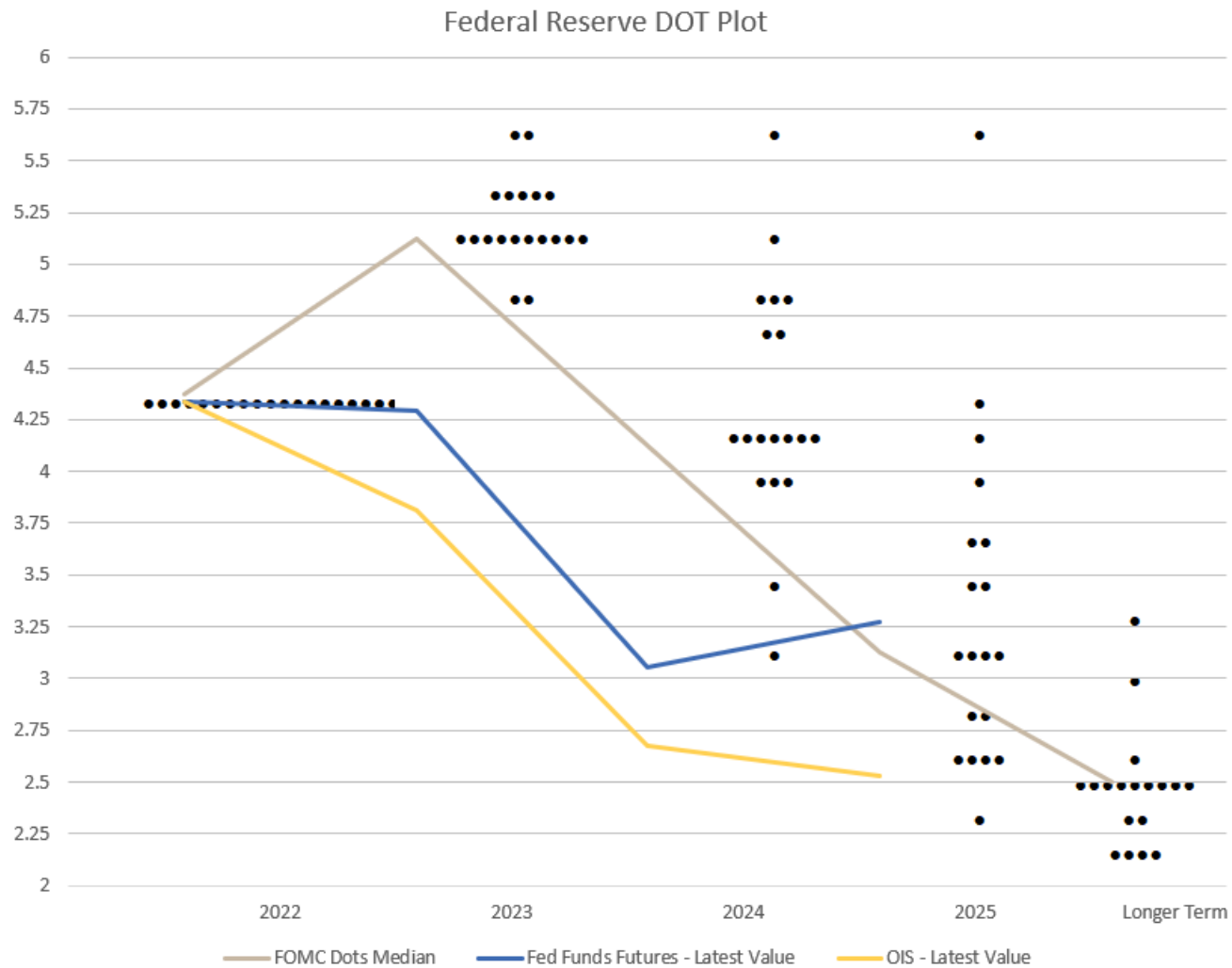
Source: Bloomberg, treasury.gov
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Federal Funds Target Rate

Historical Fed Rate Hikes & Cuts







II. Financing Alternatives



City Debt Portfolio

- Over the years, the City has issued debt for various purposes
 - Park Projects
 - Police Station and Emergency Operations
 - Water
 - Wastewater
 - Other General Capital Needs
- Depending on the circumstances, various types of debt have been issued
 - SRF Loans
 - Bank Loans
 - Bank Leases
 - Public Bond Deals



Bank Loan vs. Bond Issuance

	Bank Loan	Bond Issuance
Pros	<ul style="list-style-type: none">➤ No ratings required➤ No offering documents & minimal disclosure requirements➤ Minimal issuance costs➤ Usually shorter timeframe to close financing	<ul style="list-style-type: none">➤ Financings up to 30 years are common➤ Future tax law change risk is with holders of bonds➤ 10-Year Call Provision is the industry standard
Cons	<ul style="list-style-type: none">➤ Limited banks willing to finance greater than 15 years➤ Some banks require gross-up language if tax laws change➤ Call Provisions are sometimes not available or are costly, can vary greatly between banks	<ul style="list-style-type: none">➤ Ratings would be required➤ Issuance documentation considerations and ongoing administration (Disclosures)➤ Issuance costs greater than Bank Loan➤ Additional time to complete financing due to additional documents and ratings process



III. Stormwater Project Funding Model



Funding Model Objectives

- Over the past 4-6 months, staff has developed a strategy to address stormwater needs
 - Major Capital
 - Equipment
- Increased User Fees provide revenues required to pledge for a loan, to accelerate projects and allow for additional pay-go capacity
- Phased issuance approach allows the City to maximize the amount of project capacity (both current and over time) while mitigating the impact on inflation
- Timing for potential future financing needs allows the City an opportunity to issue debt closer to when it is needed, and provide opportunities to refinance debt when rates are lower
- Periodic (at least annual) model updates and review will allow for a dynamic approach to managing the required User Fee revenues in the future



Stormwater Project Funding Model

City of Green Cove Springs, FL - Stormwater Improvements (Capital)

Debt Assumptions

Project Size	8,000,000	7,000,000	-
Amortization Term	20 years	20 years	20 years
Interest Rate	5.00%	5.00%	5.00%

Fiscal Year	Cash Available					Expenses					Ending Balance
	Beginning Balance	Interest Earnings	User Fee Revenues	Loan Proceeds	Total Available for Capital & DS	Capital Improvements	Series 2024 Debt Service	Series 2027 Debt Service	Series 2030 Debt Service	Total Expenses	
2024	1,834,436	22,930	1,290,686	8,000,000	11,148,053	1,834,436	550,000	-	-	2,384,436	8,763,617
2025	8,763,617	219,090	1,290,686	-	10,273,394	1,666,513	650,000	-	-	2,316,513	7,956,881
2026	7,956,881	99,461	1,290,686	-	9,347,028	4,275,000	650,000	-	-	4,925,000	4,422,028
2027	4,422,028	55,275	1,290,686	7,000,000	12,767,990	1,700,000	650,000	482,500	-	2,832,500	9,935,490
2028	9,935,490	124,194	1,290,686	-	11,350,370	1,500,000	650,000	570,000	-	2,720,000	8,630,370
2029	8,630,370	107,880	1,290,686	-	10,028,936	4,350,000	650,000	570,000	-	5,570,000	4,458,936
2030	4,458,936	55,737	1,290,686	-	5,805,359	-	650,000	570,000	-	1,220,000	4,585,359
2031	4,585,359	57,317	1,290,686	-	5,933,362	-	650,000	570,000	-	1,220,000	4,713,362
2032	4,713,362	58,917	1,290,686	-	6,062,966	-	650,000	570,000	-	1,220,000	4,842,966
2033	4,842,966	60,537	1,290,686	-	6,194,189	-	650,000	570,000	-	1,220,000	4,974,189
2034	4,974,189	62,177	1,290,686	-	6,327,053	600,000	650,000	570,000	-	1,820,000	4,507,053
2035	4,507,053	56,338	1,290,686	-	5,854,078	600,000	650,000	570,000	-	1,820,000	4,034,078
2036	4,034,078	50,426	1,290,686	-	5,375,190	600,000	650,000	570,000	-	1,820,000	3,555,190
2037	3,555,190	44,440	1,290,686	-	4,890,316	600,000	650,000	570,000	-	1,820,000	3,070,316
2038	3,070,316	38,379	1,290,686	-	4,399,382	600,000	650,000	570,000	-	1,820,000	2,579,382
2039	2,579,382	32,242	1,290,686	-	3,902,310	600,000	650,000	570,000	-	1,820,000	2,082,310
2040	2,082,310	26,029	1,290,686	-	3,399,026	600,000	650,000	570,000	-	1,820,000	1,579,026
2041	1,579,026	19,738	1,290,686	-	2,889,450	600,000	650,000	570,000	-	1,820,000	1,069,450
2042	1,069,450	13,368	1,290,686	-	2,373,504	600,000	650,000	570,000	-	1,820,000	553,504
2043	553,504	6,919	1,290,686	-	1,851,109	600,000	650,000	570,000	-	1,820,000	31,109
2044	31,109	389	1,290,686	-	1,322,185	600,000	-	570,000	-	1,170,000	152,185
2045	152,185	1,902	1,290,686	-	1,444,773	600,000	-	570,000	-	1,170,000	274,773
2046	274,773	3,435	1,290,686	-	1,568,895	600,000	-	570,000	-	1,170,000	398,895
2047	398,895	4,986	1,290,686	-	1,694,567	600,000	-	-	-	600,000	1,094,567
2048	1,094,567	13,682	1,290,686	-	2,398,936	600,000	-	-	-	600,000	1,798,936
2049	1,798,936	22,487	1,290,686	-	3,112,109	600,000	-	-	-	600,000	2,512,109
2050	2,512,109	31,401	1,290,686	-	3,834,196	600,000	-	-	-	600,000	3,234,196
Total	94,410,515	1,289,677	34,848,533	15,000,000	145,548,725	25,525,949	12,900,000	11,312,500	-	49,738,449	95,810,276



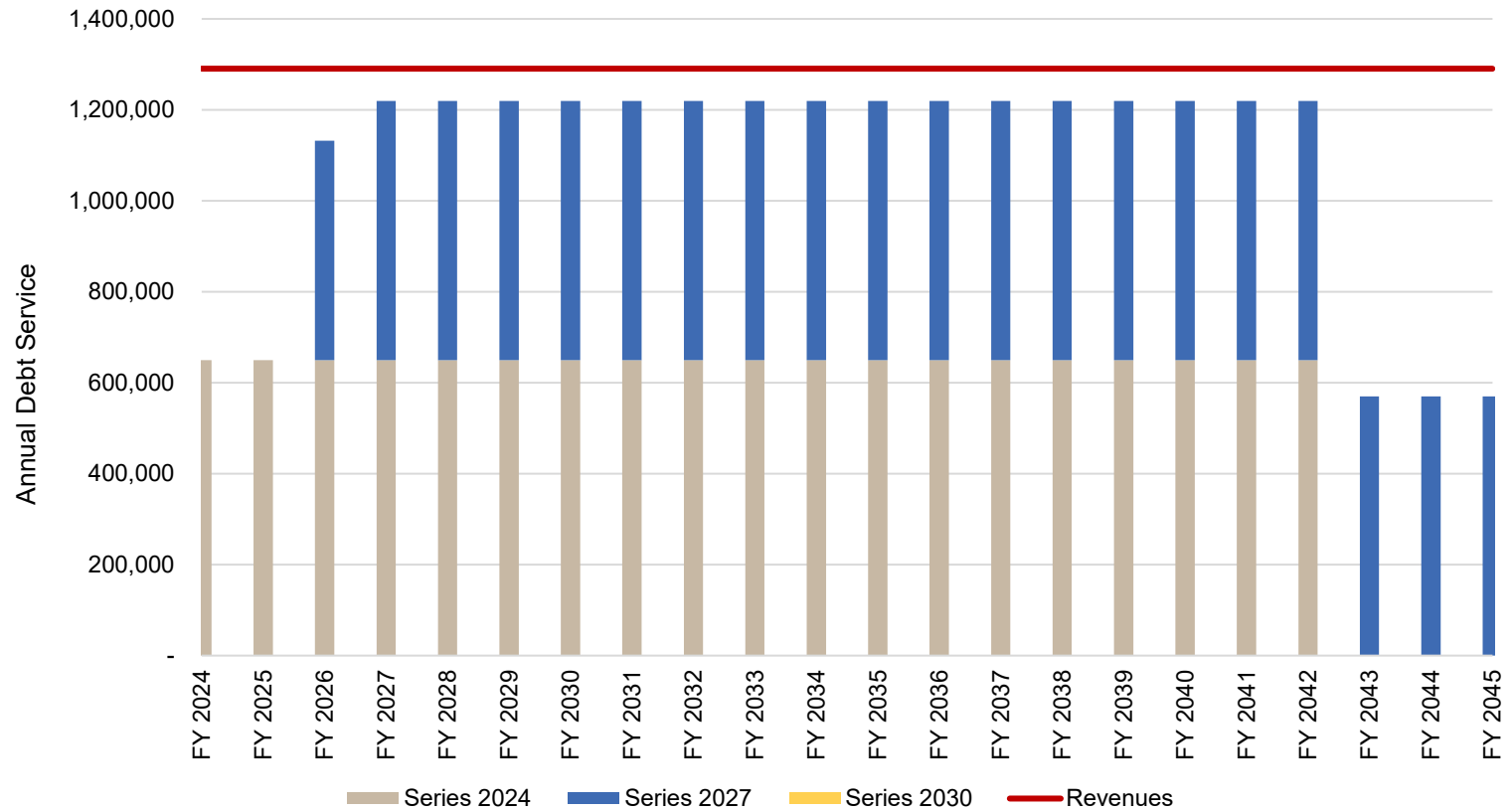
Plan of Finance

- Fixed Rate Debt Analysis Assumptions:
 - \$8 million in 2024, \$7 million in 2027
 - Term: 20 year / 20 year
 - Interest Rate: 5.00% / 5.00%

	Series 2024	Series 2027	Series 2030	Total Debt Service	Revenues	Coverage
FY 2024	650,000	-	-	650,000	1,290,686	
FY 2025	650,000	-	-	650,000	1,290,686	1.99 x
FY 2026	650,000	482,500	-	1,132,500	1,290,686	1.14 x
FY 2027	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2028	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2029	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2030	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2031	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2032	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2033	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2034	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2035	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2036	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2037	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2038	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2039	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2040	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2041	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2042	650,000	570,000	-	1,220,000	1,290,686	1.06 x
FY 2043	-	570,000	-	570,000	1,290,686	2.26 x
FY 2044	-	570,000	-	570,000	1,290,686	2.26 x
FY 2045	-	570,000	-	570,000	1,290,686	2.26 x



Projected Coverage Analysis



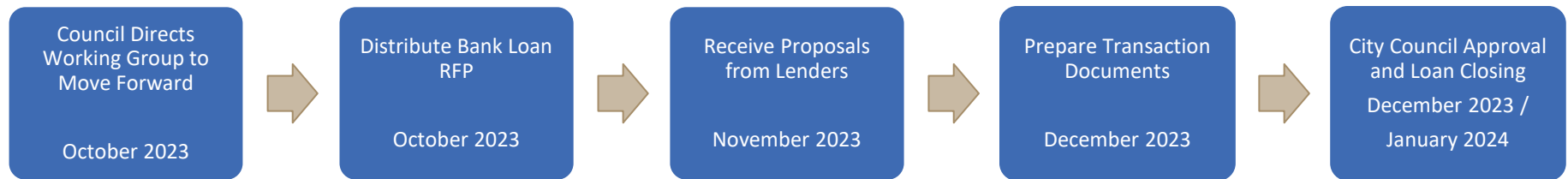


IV. Plan of Finance



Bank Loan Process

- If a fixed rate Bank Loan is selected, execution can occur with relatively short notice
 - Recommended timeframe is typically 3-4 months (Start → Finish)
 - If necessary, an expedited process could take 2 months
- The graphic below shows a typical timeline of the process:



- Prior to closing on a loan, formal approval by City Council is required
- PFM will work with staff to provide a recommendation in December ahead of the approval meeting



Thank you!



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