

CITY OF CORAL GABLES

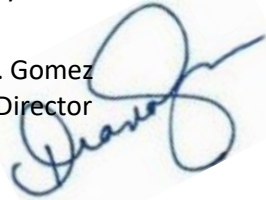
- MEMORANDUM -

TO: Mayor and Members
of the City Commission

DATE: October 9, 2024

FROM: Diana M. Gomez
Finance Director

SUBJECT: Intent Resolution and Bond
Issuance



At the September 10th Commission meeting, a discussion item regarding bonds and other financing options for the City's eligible restoration and new construction projects (City Hall, Venetian Pool, Street Resurfacing, and Sidewalks) was discussed. With that item, it was requested that I provide some information regarding the status of our outstanding bonds and issuance of new bonds, and that an intent resolution be brought back to a future meeting for consideration with a not to exceed 15-year term.

As was discussed, should the City determine that waiting to accumulate funds over the next few years is not in the best interest of the City, then issuing bonds is the best mechanism to obtain funds for certain projects. It was recommended that the City use the \$5M set aside recurring revenue from the priority capital improvement projects as the revenue source to cover the debt service of this new bond. With this revenue source and a 15-year maturity, the City could issue bonds in a total amount of \$58 million. The fixed interest rate for this proposed financing is currently at 3.50%, based on current market conditions.

As mentioned, a reimbursement resolution (i.e., Intent Resolution) does not obligate the City to issue debt, so it will not have any impact on the City's credit rating, bond capacity or any other financial metrics. It simply provides the City with the flexibility to reimburse funds spent on capital projects from the issuance of future tax-exempt bonds. It does not require the City to reimburse funds, it just gives the City the option to do so. Additionally, there are no costs associated with the preparation and approval of the reimbursement resolution. Should the City decide to move forward with the actual issuance of bonds in the future, it will have to be brought back to the City Commission for approval via bond resolution.

It should be noted that the City currently has an outstanding Intent Resolution in the amount of \$42 million for the construction of a Mobility Hub at the Garage 1 location (note the actual bond issuance for the mobility hub is estimated to require approximately \$65 million). This intent resolution was adopted by the City Commission on July 13, 2021, with Resolution #2021-203 (attached). The City has used this intent resolution to fund the design and redesign of the proposed Mobility Hub and has identified Parking revenue as the funding source for the future debt service payments. Whenever the bonds are issued for the Mobility Hub project, the City could reimburse itself for the design related expenditures already incurred.

The intent resolution provides the City time to perform the necessary assessments and design for projects prior to actually taking out the bonds. Additionally, the spend down period of 3 years tied to using the tax-exempt bond funds does not start until the bonds are issued. This also allows the City to monitor interest rates and determine the best time to lock in rates. As a result of all these factors, I see no downside or risk to approving an intent resolution for these restoration projects.

Currently, outstanding principal on all City debt is \$106,793,000 and outstanding interest on all debt is \$37,080,462. The attached pages show the balances of debt and what the debt was taken out for. Per the attached debt service schedules, the first bond issuances that will be paid off are the 2018B series debt on 10/1/2031, and the Series 2021A debt on 10/1/2032. The total amount of debt and interest that will be paid off with these two maturities is \$26,351,622, therefore freeing up approximately \$2.8 million in recurring revenue, no longer needed for debt service payments. The next earliest maturity is scheduled for 4/1/37, completing \$20 million in currently outstanding debt and freeing up \$1.5 million in recurring revenue.

Each year, the City must perform certain calculations to determine our overall debt coverage ability, specifically, an anti-dilution test. This calculation must be disclosed to the bond market as part of our bond continuing disclosure requirements. In preparation of this memo, we have performed the anti-dilution test assuming both the bonds for the mobility hub and this restoration bond are issued and have determined that the City has sufficient coverage and capacity for both issuances, without question. Additionally, with both new issuances, the City will still be within its budgetary policy to keep bond debt service under 8% of total expenses. Adding both the mobility hub and this restoration debt would put our debt service ratio at 7.3%. Should additional debt beyond this be needed, the City may need to consider modification of that self-imposed debt ratio.

Given all the strengths of the City's overall credit, including strong economic profile, strong management and healthy financial resources (strong reserves), the issuance of this additional debt should not have an impact on the City's AAA credit rating. Of course, there are many factors that can have impact on the City's rating, such as changing reserve policies, significant economic downturns, unstable management practices, etc., but the mere issuance of new debt while having the appropriate available revenue to cover the debt service, is not one. When reviewing reports from the ratings agencies on the City's credit, there are multiple references to the City's low/affordable debt metrics and financial strengths. They have also considered the City's additional debt needs. So, all of this is currently factored into the ratings that have already been provided.

Should you wish to discuss further, please do not hesitate to contact me.

c: Amos Rojas Jr., City Manager
Alberto N. Parjus, Deputy City Manager
Jose Gomez, Assistant City Manager

CITY OF CORAL GABLES, FLORIDA

RESOLUTION NO. 2021-203

A RESOLUTION OF THE CITY COMMISSION ESTABLISHING ITS INTENT TO REIMBURSE CERTAIN PROJECT COSTS INCURRED WITH PROCEEDS OF FUTURE TAX-EXEMPT FINANCINGS; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Coral Gables, Florida (the “City”) has determined that the need exists to construct a new parking garage to be known as the Coral Gables Mobility Hub to replace the existing parking garage 1 (the “Project”); and

WHEREAS, the Coral Gables Mobility Hub will be a mixed-use building that will host multiple transportation and mobility activities, including a 750 to 800 space parking garage and an activated roof; and

WHEREAS, the City expects to finance such Project with a future tax-exempt financing; and

WHEREAS, in order to commence the Project now and complete it in a timely manner, the City needs to start expending funds for the construction of the Project; and

WHEREAS, pursuant to the Internal Revenue Service Code, Section 1.150-2 of the Income Tax Regulations, the City is required to declare its official intent to reimburse itself for any expenditures made for the construction of the Project prior to the financing;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF CORAL GABLES, FLORIDA:

SECTION 1. The foregoing “Whereas” clauses are hereby ratified and confirmed as being true and correct and are hereby made a specific part of this Resolution upon adoption hereof.

SECTION 2. This Official Intent Resolution (hereinafter called the "Resolution") is adopted pursuant to the provisions of the Florida Constitution, Chapter 166, Florida Statutes and other applicable provisions of law.

SECTION 3. The City hereby expresses its intention to be reimbursed from proceeds of a future tax-exempt financing issued by the City or another entity for the costs of the Project to be paid by the City in connection with the Project. The total amount of debt to be incurred by the City to reimburse itself for expenditures paid with respect to the Project will not exceed

\$42,000,000. This Resolution is intended to constitute a "declaration of official intent" within the meaning of Section 1.150-2 of the Income Tax Regulations. No funds from sources other than the reimbursement bond issue are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the City for such expenditures pursuant to its budget or financial policies.

SECTION 4. The expenditures to be reimbursed pursuant to this Resolution will be paid from the City's General Fund as may be allowed for the purpose of acquiring and implementing the Project.

SECTION 5. If any one or more of the provisions of this Resolution shall for any reason be held illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution, but this Resolution shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SECTION 6. All resolutions or orders and parts thereof in conflict herewith to the extent of such conflicts, are hereby superseded and repealed.

SECTION 7. This Resolution shall become effective upon the date of its passage and adoption herein.

PASSED AND ADOPTED THIS THIRTEENTH DAY OF JULY, A.D., 2021.

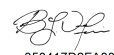
(Moved: Anderson / Seconded: Menendez)

(Yeas: Menendez, Anderson, Fors, Jr., Mena, Lago)

(Unanimous: 5-0: Vote)

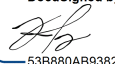
(Agenda Item: I-5)

ATTEST:

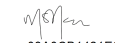
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BILLY Y. URQUIA
CITY CLERK

APPROVED:

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VINCE C. LAGO
MAYOR

APPROVED AS TO FORM AND LEGAL
SUFFICIENCY:

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MIRIAM SOLER RAMOS
CITY ATTORNEY

2024-2025 BUDGET ESTIMATE

DEBT ADMINISTRATION

As of October 1, 2024 the City will have \$106.8 million of special obligation debt outstanding. The City has a "AAA" Bond Rating from Moody's Investors Service, Standard & Poor's Corporation and Fitch Ratings. A review of the City's debt position is required to provide a five-year capital financing plan for infrastructure and other improvements. Decisions regarding the City's use of debt are based upon a number of factors including the long-term capital requirements and the amount of resources available to repay the debt.

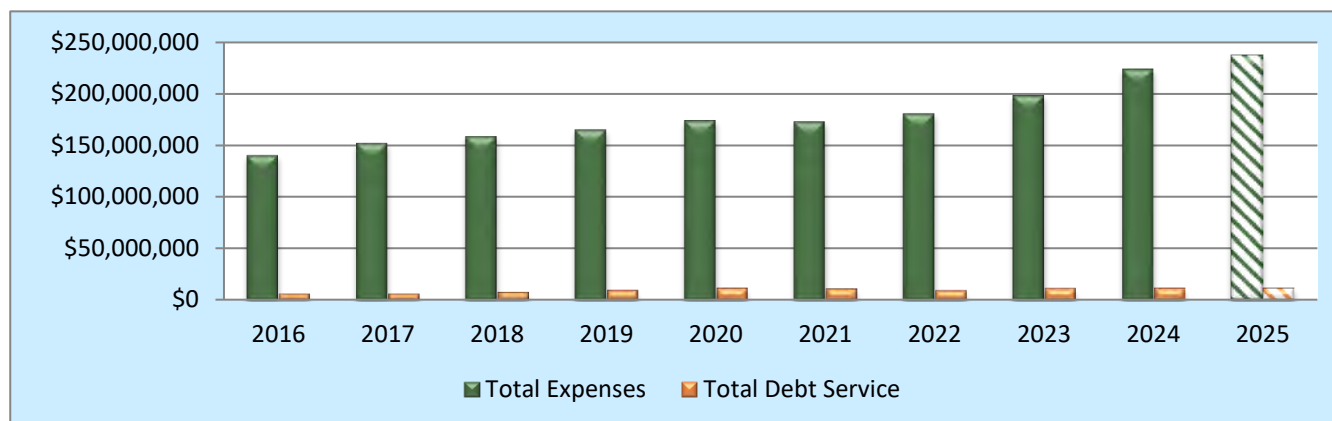
LEGAL DEBT MARGIN

The City's budgetary policy is to keep bond debt service under 8% of total expenses. As of October 1, 2024 the City's net bond debt services is well within the policy debt limit. Debt service represents 4.6% percent of total expenses (operating and debt expense).

SUMMARY OF OUTSTANDING DEBT

SERIES	MATURES	PRINCIPAL	INTEREST	TOTAL
Series 2018A	10/01/47	\$ 44,260,000	\$ 24,103,980	\$ 68,363,980
Series 2018B	10/01/31	19,240,000	2,916,350	22,156,350
Series 2021A	10/01/32	3,918,000	277,272	4,195,272
Series 2021B	04/01/50	22,325,000	6,541,212	28,866,212
Series 2022A	10/01/36	13,705,000	2,605,672	16,310,672
Series 2022B	10/01/36	3,345,000	635,976	3,980,976
TOTAL OUTSTANDING DEBT		\$ 106,793,000	\$ 37,080,462	\$ 143,873,462

DEBT SERVICE COMPARED TO TOTAL EXPENSES



FISCAL Year	TOTAL EXPENSES	TOTAL DEBT SERVICE	% OF TOTAL EXPENSES
2016	\$ 140,578,821	\$ 5,793,260	4.1%
2017	152,321,180	5,793,260	3.8%
2018	158,799,935	7,346,680	4.6%
2019	165,399,836	9,241,745	5.6%
2020	174,437,110	10,937,378	6.3%
2021	173,321,978	10,364,151	6.0%
2022	181,067,393	8,876,243	4.9%
2023	198,756,560	10,829,316	5.4%
2024	224,210,205	11,021,051	4.9%
2025	237,876,067	11,016,090	4.6%

2024-2025 BUDGET ESTIMATE
DEBT ADMINISTRATION - PURPOSE OF BONDS/LOANS

SPECIAL REVENUE SERIES	ISSUE DATE	PURPOSE/USE	MATURITY DATE	INTEREST RATE	OUTSTANDING PRINCIPAL
Series 2018A	04/28/16	Public Safety Building with attached garage	04/01/48	3.64%	\$ 44,260,000
Series 2018B	04/28/16	Refunded Series 2012 (\$35.48M) which was used to fund the following: 'Refunded Bond Series 2011 (\$22.2M) - Neighborhood Renaissance Programs. Refunded Bond Series 2011/1999 (\$5.8M) - 72nd Avenue Maintenance Building Construction. Refunded Bond Series 2011/2001 (\$4.2M) - Country Club Improvements. Refunded Bond Series 2011/2006 (\$3.6M) - Purchase of 427 Bldg. Refunded Bond Series 2011/2007 (\$4M) - Purchase of Miracle Mile Properties 286, 292, 296 (Dulce, Ortanique, SuperCuts). Refunded Bond Series 2009 (\$3.2M) - Construction of Coral Gables Museum. 'Refunded Series 2011/1999/2004 (9M) - Merrick Way Garage and Shops Construction and Improvements.	10/01/31	2.84%	19,240,000
Series 2021A	03/30/21	Refunded Series 2011C which was used to refund Bond Series 2006 (\$1.2M) - 427 Bldg. Improvements. Refunded Bond Series 2007 (\$3.2M) - Biltmore Golf Course Improvements. Refunded Series 2013B which was used to refund portion of Series 2004B (\$4.4M) - IT Equipment, EDEN Applications, Various Capital Projects, Country Club Renovations.	04/01/33	1.89%	3,918,000
Series 2021B	06/10/21	Replacement of Sanitary Sewer Force Mains - (\$14.425M) Refunded Series 2013A which was used to refund Series 2004A (\$7.5M) - IT Equipment, EDEN Applications, Various Capital Projects; Series 2004B (\$9M) - Construction of Museum Parking Garage. Refunded Series 2014 - Sanitary Sewer Improvements (\$3.7M). Refunded Series 2015B - New radio system and replacement of the microwave relay system (\$6.5M).	04/01/51	1.80%	22,325,000
Series 2022A	03/18/22	Refunded Series 2016A - Miracle Mile Streetscape Project (\$14.89M).	04/01/37	2.68%	13,705,000
Series 2022B	03/18/22	Refunded Series 2016B - Giralda Avenue Streetscape Project (\$3.77M).	04/01/37	2.68%	3,345,000
Grand Total					\$ 106,793,000

**CITY OF CORAL GABLES
DEBT SERVICE SCHEDULES
2024-2025 BUDGET ESTIMATE**

PAYMENT	SERIES 2018A		SERIES 2018B		SERIES 2021A		SERIES 2021B	
<u>DUE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
10/1/2024	\$ 1,110,000	\$ 1,738,012	\$ 2,325,000	\$ 755,775	\$ 550,000	\$ 69,219	\$ 2,120,000	\$ 821,488
10/1/2025	1,165,000	1,682,513	2,425,000	637,025	560,000	58,672	1,815,000	715,488
10/1/2026	1,225,000	1,624,263	2,530,000	513,150	575,000	47,890	1,890,000	624,738
10/1/2027	1,285,000	1,563,013	2,235,000	394,025	590,000	36,822	2,000,000	530,238
10/1/2028	1,350,000	1,498,763	2,320,000	280,150	605,000	25,470	2,100,000	430,238
10/1/2029	1,415,000	1,431,263	2,420,000	185,850	255,000	17,300	875,000	325,238
10/1/2030	1,490,000	1,360,513	2,465,000	112,575	265,000	12,360	415,000	281,488
10/1/2031	1,530,000	1,315,813	2,520,000	37,800	275,000	7,230	435,000	260,738
10/1/2032	1,580,000	1,269,913	-	-	243,000	2,309	450,000	247,688
10/1/2033	1,640,000	1,206,713	-	-	-	-	460,000	234,188
10/1/2034	1,695,000	1,155,463	-	-	-	-	475,000	220,388
10/1/2035	1,750,000	1,100,375	-	-	-	-	490,000	206,138
10/1/2036	1,820,000	1,030,375	-	-	-	-	505,000	191,438
10/1/2037	1,880,000	968,950	-	-	-	-	515,000	181,338
10/1/2038	1,945,000	903,150	-	-	-	-	525,000	171,038
10/1/2039	2,025,000	825,350	-	-	-	-	535,000	160,538
10/1/2040	2,105,000	744,350	-	-	-	-	545,000	149,838
10/1/2041	2,190,000	660,150	-	-	-	-	560,000	138,938
10/1/2042	2,275,000	572,550	-	-	-	-	570,000	126,338
10/1/2043	2,365,000	481,550	-	-	-	-	585,000	113,513
10/1/2044	2,460,000	386,950	-	-	-	-	595,000	100,350
10/1/2045	2,560,000	288,550	-	-	-	-	610,000	86,963
10/1/2046	2,650,000	195,750	-	-	-	-	625,000	73,238
10/1/2047	2,750,000	99,688	-	-	-	-	635,000	59,175
10/1/2048	-	-	-	-	-	-	650,000	44,888
10/1/2049	-	-	-	-	-	-	665,000	30,263
10/1/2050	-	-	-	-	-	-	680,000	15,300
	<u>\$ 44,260,000</u>	<u>\$ 24,103,980</u>	<u>\$ 19,240,000</u>	<u>\$ 2,916,350</u>	<u>\$ 3,918,000</u>	<u>\$ 277,272</u>	<u>\$ 22,325,000</u>	<u>\$ 6,541,212</u>

MOBILITY HUB DEBT TO BE

PAYMENT	SERIES 2022A		SERIES 2022B		DETERMINED		TOTAL	
<u>DUE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
10/1/2024	\$ 870,000	\$ 354,960	\$ 215,000	\$ 86,636	\$ -	\$ -	\$ 7,190,000	\$ 3,826,090
10/1/2025	895,000	332,426	215,000	81,066	-	-	7,075,000	3,507,190
10/1/2026	980,000	309,246	240,000	75,498	-	-	7,440,000	3,194,785
10/1/2027	995,000	283,864	240,000	69,282	-	-	7,345,000	2,877,244
10/1/2028	1,020,000	258,094	250,000	63,066	-	-	7,645,000	2,555,781
10/1/2029	1,040,000	231,676	255,000	56,592	-	-	6,260,000	2,247,919
10/1/2030	1,060,000	204,740	260,000	49,986	-	-	5,955,000	2,021,662
10/1/2031	1,085,000	177,286	265,000	43,254	-	-	6,110,000	1,842,121
10/1/2032	1,105,000	149,184	270,000	36,390	-	-	3,648,000	1,705,484
10/1/2033	1,130,000	120,564	275,000	29,398	-	-	3,505,000	1,590,863
10/1/2034	1,155,000	91,298	280,000	22,274	-	-	3,605,000	1,489,423
10/1/2035	1,175,000	61,384	290,000	15,022	-	-	3,705,000	1,382,919
10/1/2036	1,195,000	30,950	290,000	7,512	-	-	3,810,000	1,260,275
10/1/2037	-	-	-	-	-	-	2,395,000	1,150,288
10/1/2038	-	-	-	-	-	-	2,470,000	1,074,188
10/1/2039	-	-	-	-	-	-	2,560,000	985,888
10/1/2040	-	-	-	-	-	-	2,650,000	894,188
10/1/2041	-	-	-	-	-	-	2,750,000	799,088
10/1/2042	-	-	-	-	-	-	2,845,000	698,888
10/1/2043	-	-	-	-	-	-	2,950,000	595,063
10/1/2044	-	-	-	-	-	-	3,055,000	487,300
10/1/2045	-	-	-	-	-	-	3,170,000	375,513
10/1/2046	-	-	-	-	-	-	3,275,000	268,988
10/1/2047	-	-	-	-	-	-	3,385,000	158,863
10/1/2048	-	-	-	-	-	-	650,000	44,888
10/1/2049	-	-	-	-	-	-	665,000	30,263
10/1/2050	-	-	-	-	-	-	680,000	15,300
	<u>\$ 13,705,000</u>	<u>\$ 2,605,672</u>	<u>\$ 3,345,000</u>	<u>\$ 635,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,793,000</u>	<u>\$ 37,080,462</u>