"A City for All Ages"

CITY OF PORT ST. LUCIE

FINANCIAL MANAGEMENT DEPARTMENT

Memorandum

To: Mayor and City Council

Via: Russ Blackburn, City Manager RB
Kristina Ciuperger, Deputy City Manager KC

From: Stephen Okiye, Acting Finance Director SO
Faye Henry CPA, CTP, City Treasurer

Date: October 27, 2021

RE: FY2021 Annual Debt Management Report

DEBT MANAGEMENT POLICY and PROCESSES

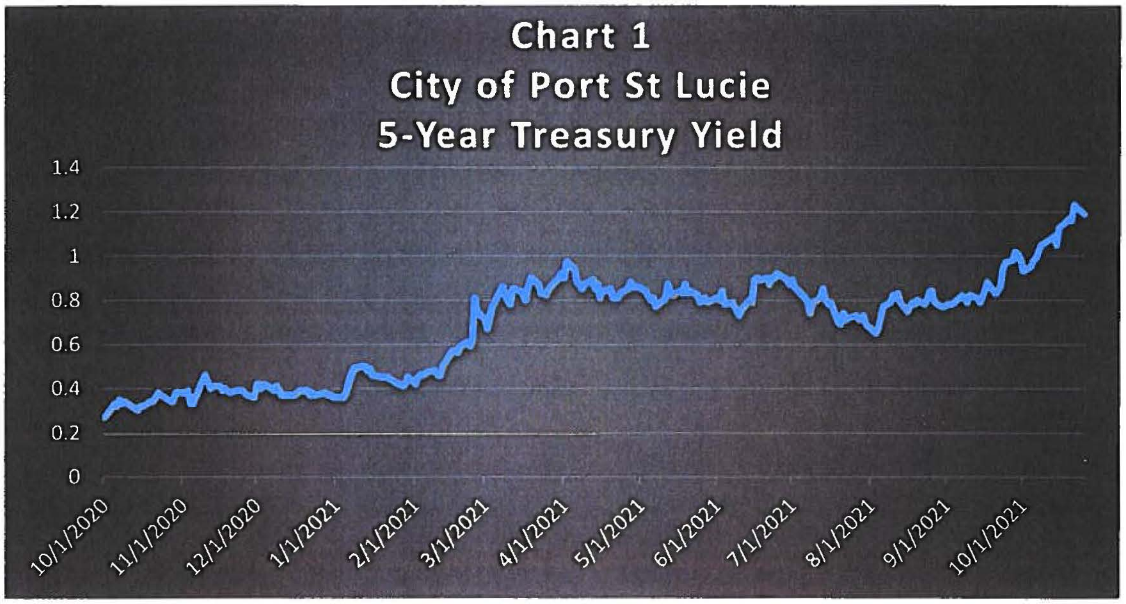
There were no updates to the debt management policies during the fiscal year.

ANNUAL UPDATE

Economic Update

The municipal market is recovering primarily due to the federal fiscal stimuli and the Fed's monetary support. Initially, there was selloff in the municipal market, however by the end of the fiscal year, demand rebounded. Revenues for state and local governments have outperformed expectations (half cent sales tax) and defaults have remained low.

Yields on short-term investments have remained low, possibly because they are tied more closely to Federal Reserve current and expected rates; currently these rates are near zero. Yields for longer term investments have increased, possibly because of the Fed's tapering announcement on 9/22/2021. See Chart 1.



Outstanding Debt

There are two main categories of debt, governmental and enterprise. Included in the enterprise debt are two sub-categories: stormwater and utilities.

During the year, we made scheduled debt payments, communicated early debt redemptions to the paying agent and issued two new rounds of debt. From the Chart 1, it appears that the City took advantage of the low market rates at the right time. Series 2021 Utilities System debt, par value $30.635 million finalized on July 15th, 2021 and Series 2021 Capital Improvement and Refunding debt, par value $45.665 million, which closed on September 22nd, 2021.

The City issues many types of debt. While these are all considered debt of the City, the actual resources committed to repay each type of debt varies (see Table-1). Table-2 outlines the type of debt, debt outstanding, and annual debt service requirements for FY2021.

Table 2 also shows the annual debt service requirements for FY2021. After issuing debt, and making debt principal payments of $35,375,000, the ending debt balance was $753,355,000. During the upcoming fiscal year (FY2022), the City plans to make principal payments of $32,590,000. The par value principal balance is expected to be $716,590,000 (Table 3). The City increased its debt outstanding during the year by issuing approximately $76.3 million of debt in FY2021. We are in a market of historically low rates and the City took advantage market conditions.

Bond Credit Ratings

The City is assigned a separate bond credit rating for each individual bond.

In FY 2021, the City requested and received ratings in conjunction with the issuance of two debt series. June 2021, s2021 US $30.635 million Utility System Revenue Bond was upgraded to AA-. Additionally, Fitch upgraded the $237.8 million utility system revenue bonds, series 2014, 2016 and 2018.

In August 2021, S&P Global assigned a rating of AA to the s2021 US 45,665,000 Capital and Refunding Revenue Bonds.

CITY OF PORT ST LUCIE
TABLE 1
ANNUAL 2021 DEBT UPDATE
PAR VALUE DIRECT DEBT CATEGORIES 9/30/2021

	Final Maturity	General Obligation Debt	Non-Self Supporting Revenue Debt	Self Supporting Revenue Debt	
Series 2003 D, East Lake Village	2023			515,000	**
Series 2011 Stormwater Refunding Revenue Bonds	2023			2,585,000	
Series 2016, CRA TIF Refunding Bonds	2026		24,070,000		
Series 2005 A, St Lucie Land Holdings	2027			5,435,000	**
Series 2016 Public Service Tax Bonds	2027		18,640,000		
Series 2007 Utility Rfnding & Improvement Revenue Bonds	2027			56,565,000	
Series 2012 Utility Rfnding Revenue Bonds	2029			16,275,000	
Series 2014 General Obligation & Refunding Bonds	2032	53,380,000			
Series 2014 Utility Rfnding Revenue Bonds	2034			26,595,000	
Series 2016 General Obligation & Refunding Bonds	2035	35,945,000			
Series 2017 Taxable Special Obligation Bonds (City Center)	2035		17,895,000		
Series 2018 Utility Rfnding Revenue Bonds	2035			7,505,000	
Series 2016 Utility Rfnding Bnds(2004A-2006-2006A-2009P)	2036			200,210,000	
Series 2020 Stormwater Refunding Special Revenue	2039			30,145,000	
Series 2018 Taxable Special Obligation Bonds (FCB)	2042		50,805,000		
Series 2014, Public Service Tax Bonds (Digital Domain)	2043		18,380,000		
Series 2016, SW Annex Refunding	2045			112,110,000	**
Series 2021 Utility System Revenue Bonds	2041			30,635,000	
Series 2021 Capital Improvement and Refunding Bond	2043		45,665,000		
TOTAL PAR VALUE DIRECT DEBT = $753,355,000		**89,325,000**	**175,455,000**	**488,575,000**	

Notes:
** "to the extent special assessment revenues are not sufficient to pay debt service, the City is required to utilize legally available non ad valorem revenues to pay service".

CITY OF PORT ST LUCIE
TABLE 2: ANNUAL DEBT SERVICE
ANNUAL 2021 DEBT UPDATE - PAR VALUE
The following is a summary of the changes in long-term liabilities for the year ended September 30, 2021:

	10/1/2020 Beginning Balance	Principal Current Portion	Interest	Debt Service 9/30/2021	Ending Balance 9/30/2021
Governmental Activities:					
Sales Tax Refunding bonds, Series 2011 (refunded 9/2021)	5,920,000	1,880,000	296,000	2,176,000	-
General Obligation & Refunding Bonds Series 2014	57,830,000	4,450,000	2,709,863	7,159,863	53,380,000
General Obligation & Refunding Bonds Series 2016	35,945,000	-	1,399,794	1,399,794	35,945,000
Public Service Tax Bonds, Series 2014	18,865,000	485,000	837,444	1,322,444	18,380,000
Public Service Tax Bonds, Series 2016	21,250,000	2,610,000	1,062,500	3,672,500	18,640,000
CRA TIF Refunding Bonds, Series 2016	27,655,000	3,585,000	1,293,125	4,878,125	24,070,000
Taxable Special Obligation Bonds, Series 2017	18,865,000	970,000	710,209	1,680,209	17,895,000
Taxable Special Obligation Bonds, Series 2018	52,320,000	1,515,000	2,355,012	3,870,012	50,805,000
Capital Improvement Bond and refunding bonds, Series 2021				-	45,665,000
	238,650,000	15,495,000	10,663,946	26,158,946	264,780,000
Special Assessment District Bonds:					
Series 2003 D, East Lake Village	2,220,000	1,705,000	102,675	1,807,675	515,000
Series 2005 A, St Lucie Land Holdings	6,505,000	1,070,000	297,356	1,367,356	5,435,000
Series 2005 B, USA #9	425,000	425,000	19,125	444,125	-
Series 2016, SW Annex Refunding	115,280,000	3,170,000	3,624,213	6,794,213	112,110,000
	124,430,000	6,370,000	4,043,369	10,413,369	118,060,000
Total bonds payable	363,080,000	21,865,000	14,707,315	**36,572,315**	382,840,000
Business-Type Activities:					
Series 2010A&B Stormwater Revenue Bonds	-	-	-	-	-
Series 2020 Stormwater Refunding Special Revenue	30,145,000	-	1,330,550	1,330,550	30,145,000
Series 2011 Stormwater Refunding Revenue Bonds	3,785,000	1,200,000	176,000	1,376,000	2,585,000
Series 2007 Utility Rfnding & Improvement Rev Bonds	64,420,000	7,855,000	3,382,050	11,237,050	56,565,000
Series 2009 Utility Rfnding Revenue Bonds	-	-			-
Series 2012 Utility Rfnding Revenue Bonds	17,225,000	950,000	820,000	1,770,000	16,275,000
Series 2014 Utility Rfnding Revenue Bonds	28,120,000	1,525,000	1,406,000	2,931,000	26,595,000
Series 2016 Utility Rfnding Bnds(2004A-2006-2006A-2009P)	201,915,000	1,705,000	8,334,400	10,039,400	200,210,000
Series 2018 Utility Rfnding Revenue Bonds	7,780,000	275,000	366,313	641,313	7,505,000
Series 2021, Utilities Systems Revenue Bonds	-	-	156,113	156,113	30,635,000
Total bonds payable (inclusive of refunding)	**353,390,000**	**13,510,000**	**15,971,426**	**29,481,426**	**370,515,000**
TOTAL CITY DEBT	**716,470,000**	**35,375,000**	**30,678,740**	**66,053,740**	**753,355,000**

CITY OF PORT ST LUCIE
TABLE 3: ANNUAL DEBT SERVICE
ANNUAL 2021 DEBT UPDATE - PAR VALUE
The following is a summary of the changes in long-term liabilities for the year ended September 30, 2022:

	10/1/2021 Beginning Balance	Principal Current Portion	Interest	Debt Service 9/30/2022	Ending Balance 9/30/2022
Governmental Activities:					
General Obligation & Refunding Bonds Series 2014	53,380,000	4,675,000	2,487,363	7,162,363	48,705,000
General Obligation & Refunding Bonds Series 2016	35,945,000		1,399,794	1,399,794	35,945,000
Public Service Tax Bonds, Series 2014	18,380,000	505,000	813,194	1,318,194	17,875,000
Public Service Tax Bonds, Series 2016	18,640,000	2,740,000	932,000	3,672,000	15,900,000
CRA TIF Refunding Bonds, Series 2016	24,070,000	3,770,000	1,109,250	4,879,250	20,300,000
Taxable Special Obligation Bonds, Series 2017	17,895,000	1,000,000	685,788	1,685,788	16,895,000
Taxable Special Obligation Bonds, Series 2018	50,805,000	1,565,000	2,303,653	-	49,240,000
Capital Improvement Bond and refunding bonds, Series 2021	45,665,000	2,610,000	1,006,453	3,616,453	43,055,000
	264,780,000	12,690,000	7,427,388	20,117,388	247,915,000
Special Assessment District Bonds:					
Series 2003 D, East Lake Village	515,000	515,000	23,819	538,819	-
Series 2005 A, St Lucie Land Holdings	5,435,000		250,544	250,544	5,435,000
Series 2016, SW Annex Refunding	112,110,000	3,215,000	3,576,663	6,791,663	108,895,000
	118,060,000	3,730,000	3,851,025	7,581,025	114,330,000
Total bonds payable	382,840,000	16,420,000	11,278,413	**27,698,413**	362,245,000
Business-Type Activities:					
Series 2020 Stormwater Refunding Special Revenue	30,145,000		1,330,550	1,330,550	30,145,000
Series 2011 Stormwater Refunding Revenue Bonds	2,585,000	1,260,000	116,000	1,376,000	1,325,000
Series 2007 Utility Rfnding & Improvement Rev Bonds	56,565,000	8,265,000	2,969,663	11,234,663	48,300,000
Series 2009 Utility Rfnding Revenue Bonds	-				-
Series 2012 Utility Rfnding Revenue Bonds	16,275,000	990,000	772,500	1,762,500	15,285,000
Series 2014 Utility Rfnding Revenue Bonds	26,595,000	1,590,000	1,329,750	2,919,750	25,005,000
Series 2016 Utility Rfnding Bnds(2004A-2006-2006A-2009P)	200,210,000	3,245,000	8,266,200	11,511,200	196,965,000
Series 2018 Utility Rfnding Revenue Bonds	7,505,000	280,000	360,125	640,125	7,225,000
Series 2021, Utilities Systems Revenue Bonds	30,635,000	540,000	1,221,750	156,113	30,095,000
Total bonds payable (inclusive of refunding)	**370,515,000**	**16,170,000**	**16,366,538**	**30,930,901**	**354,345,000**
TOTAL CITY DEBT	**753,355,000**	**32,590,000**	**27,644,951**	**58,629,314**	**716,590,000**

Table 4: Definitions

General Obligation Bond or GO Bond: Typically refers to a bond issued by a state or local government that is payable from general funds of the issuer, although the precise source and priority of payment for general obligation bonds may vary considerably from issuer to issuer depending on applicable state or local law. Most general obligation bonds are said to entail the full faith and credit (and in many cases the taxing power) of the issuer, depending on applicable state or local law. General obligation bonds issued by local units of government often are payable from (and in some cases solely from) the issuer's ad valorem taxes, while general obligation bonds issued by states often are payable from appropriations made by the state legislature

Non-Self-Supporting Debt: Long-term indebtedness payable from property taxes and other tax sources (see tax-supported debt).

Revenue Bond: A bond that is payable from a specific source of revenue. Pledged revenues may be derived from operation of the financed project, grants, or excise or other specified non-ad-valorem taxes. Generally, no voter approval is required prior to issuance of such obligations. Only the revenue specified in the bond contract is required to be used for repayment of interest and principal.

Special Assessment Bond: An obligation payable from revenues of a special assessment.

Self-Supporting Debt: Debt that is to be repaid exclusively from specified pledged revenues.

Tax-Supported Debt: Long-term indebtedness payable from property tax revenues.

[1] *Definitions per review of MSRB. http://www.msrb.org/Glossary/Definition/ENTERPRISE-ZONE-_EZ_-BOND.aspx*