

**TOWN OF CUTLER BAY
FLORIDA**

***FUND BALANCE
REPLENISHMENT PLAN
UPDATE
FY 2020-24***

8/23/23

ESTRADA • HINOJOSA
INVESTMENT BANKERS

Presentation Outline



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Long-Term Financial Goals

1

Adhere to Best
Budget Practices

2

Solidify/Improve
Credit Rating

3

Obtain lowest
possible cost of
future financings



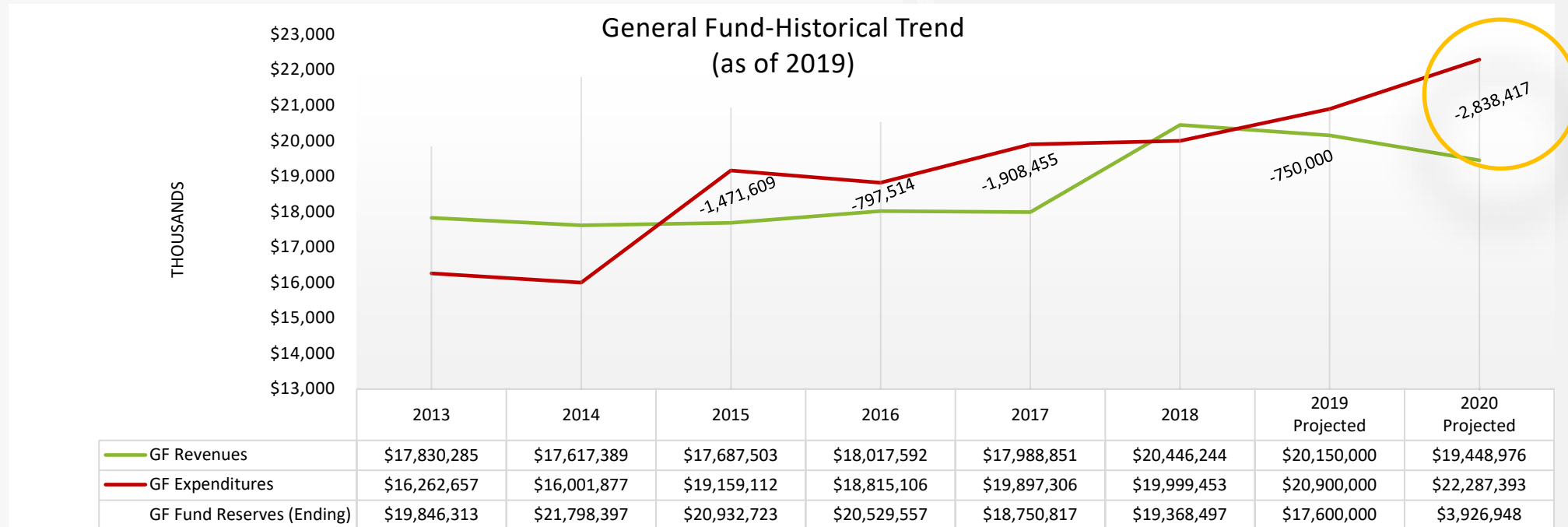
ACCOMPLISHMENTS



Accomplishment No. 1

Adopt a Balanced Budget

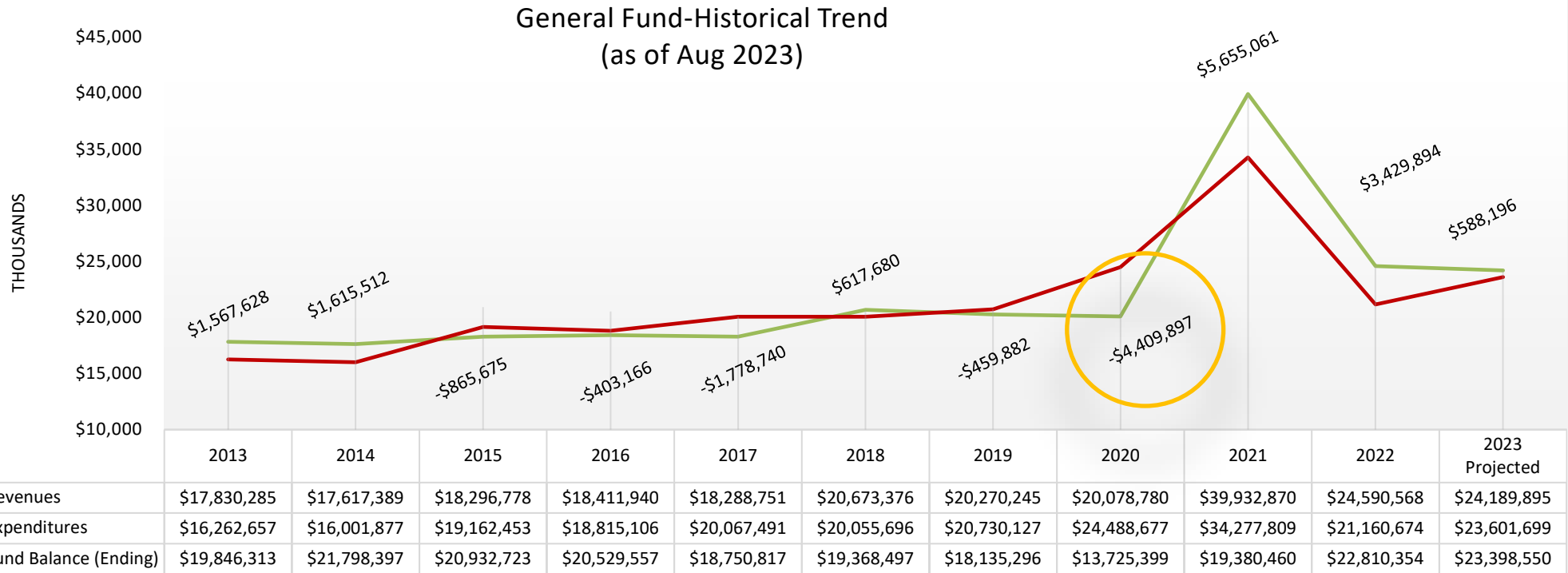
OUTCOME: Adopted a balanced budget by closing the gap between revenues and expenses and stopped the practice of planned General Fund (GF) Reserve dips. This is where the Town's GF was headed unless it implemented changes.



Accomplishment No. 1 *(continued)*

Adopt a Balanced Budget

OUTCOME: The Town reduced its operating expenses by restructuring outstanding debt and increased revenues by adopting a higher millage for two consecutive fiscal years. This is actual and where the Town projects to end FYE 2023.



Accomplishment No. 2

Restructure Outstanding Debt to lower Debt Service Payments

OUTCOME:

The Town restructured its outstanding debt to lower the annual debt service payment expenses.

- Refinanced Series 2015B with the Series 2020 Revenue Note for savings since the Town no longer owned the building
- Series 2012 was paid off Sept. 2021 providing additional reduction in annual debt service payment expenses

Restructure Savings Summary				
Fiscal Year:	2020	2021	2022	2023
Projected DS prior to restructure:	1,865,054	1,759,048	1,759,425	1,502,834
DS after debt restructure:	(1,865,054)	(4,364,526)	(1,000,721)	(1,000,793)
<i>Series 2015 B Payoff Amount:</i>		<i>2,804,983</i>		
<i>2012 Loan Payoff Amount:</i>		<i>506,140</i>		
Debt Service Savings:	-	705,645	758,704	502,040

Outstanding Debt				
Outstanding Debt	2020 Actual Debt Service	2021 Actual Debt Service	2022 Annual Debt Service	2023 Annual Debt Service
2012 Loan	(342,290)	(762,837)		
QNIP	(346,188)	(345,552)	(321,009)	(321,081)
Series 2015 A	(451,154)	(451,154)	(451,154)	(451,154)
Series 2015 B	(725,422)	(\$2,804,983)		
2020 Loan/Note			(228,558)	(228,558)
2020 Cap Improv Rev Bonds		(304,691)	(517,400)	(517,400)
Office Lease			(620,517)	(668,685)
Vehicle Fleet				(62,453)
Total Annual Debt Service:	(1,865,054)	(4,669,217)	(2,138,638)	(2,249,331)

Note: Long-term debt increased as a result of implementing GASB 87 lease accounting standard.

Accomplishment No. 3

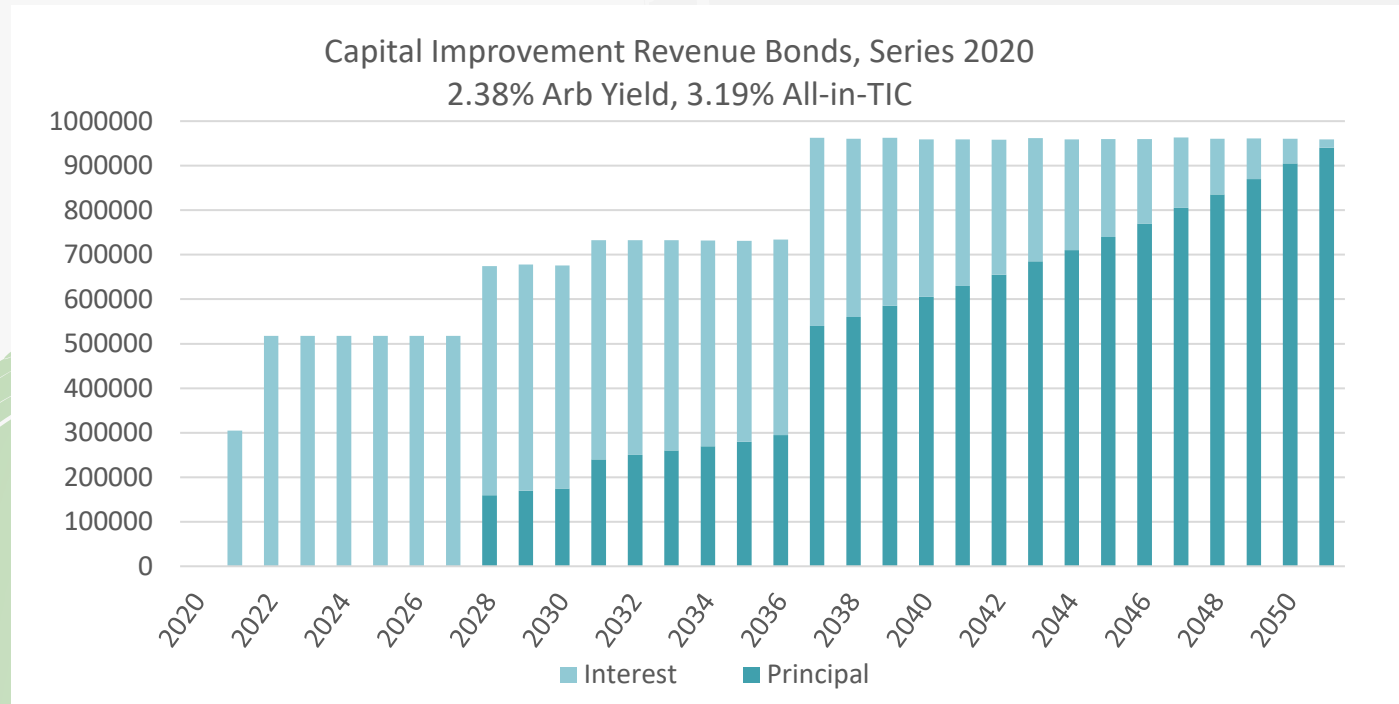
Issue Debt to Fund Unforeseen Capital Improvement Projects

OUTCOME:

Issued \$12.9M Capital Improvement Revenue Bonds, Series 2020 (Bond proceeds = \$14,795,383.90) to fund 8.5-Acre Land Purchase Old Cutler Road & SW 184 Street, Franjo Park Restoration, Town Hall Land Swap.

- Debt Service Structured to wrap around existing debt to create annual level debt service
- Town obtained a Moody's issuer rating of Aa2

Moody's Long-Term Rating Scale	
Investment Grade	
Aaa	
Aa1	
Aa2	
Aa3	
A1	
A2	
A3	
Baa1	
Baa2	
Baa3	
Non-Investment Grade	
Ba1	
Ba2	
Ba3	
B1	
B2	
B3	
Caa1	
Caa2	
Caa3	
Ca	
C	



Accomplishment No. 4

Adopt Recovery Millage Rate

OUTCOME: Increased millage in FY 2020 from 2.4323 to 2.6198 and, as demonstrated below, has maintained the necessary millage to balance the Town’s budget and discontinue past practice of GF Reserve planned dips.

Millage Adjustment for Balanced Budget				
	Adopted FYE 2021 Millage	Adopted FYE 2022 Millage	Adopted FYE 2023 Millage	Proposed FYE 2024 Millage
Adopted Millage Rate	2.6198	2.8332	2.8332	2.8419
Increase/\$1000 Taxable Prop. Value	0.1875	0.2134	No millage increase	0.0087
Cost of Increase/ \$100,000 Taxable Prop. Value	\$18.75	\$21.34	No millage increase	\$0.87
Ad Valorem Revenue Increase	\$492,965	\$591,198	\$930,250	\$30,317

Formula for Ad Valorem Revenue w/ Millage Increase: (Taxable Value x Millage Increase / 1,000) * 95%

Formula for Ad Valorem Revenue w/ No Millage Increase: (New Taxable Value – Prior Year Taxable Value x Current Millage / 1,000) * 95%

Adopted 2021 Millage: $(2,767,525,299 \times 0.1875 / 1,000) * 95\% = \$492,965$

Adopted 2022 Millage: $(2,916,183,965 \times 0.2134 / 1,000) * 95\% = \$591,198$

Adopted 2023 Millage: $(3,261,804,057 - 2,916,183,965 \times 2.8332 / 1,000) * 95\% = \$930,250$

Adopted 2024 Millage: $(3,668,107,009 \times 0.0087 / 1,000) * 95\% = \$30,317^*$

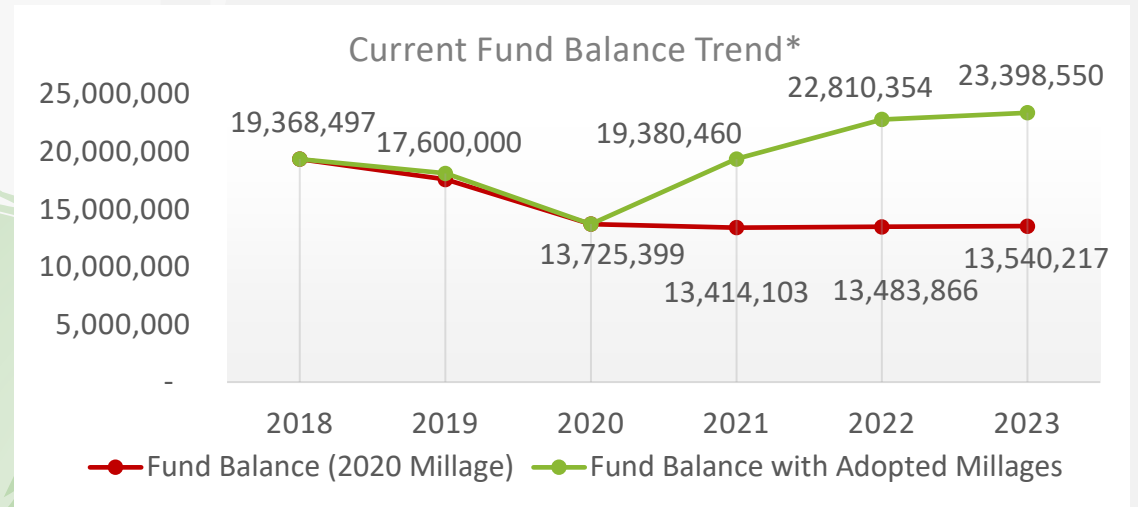
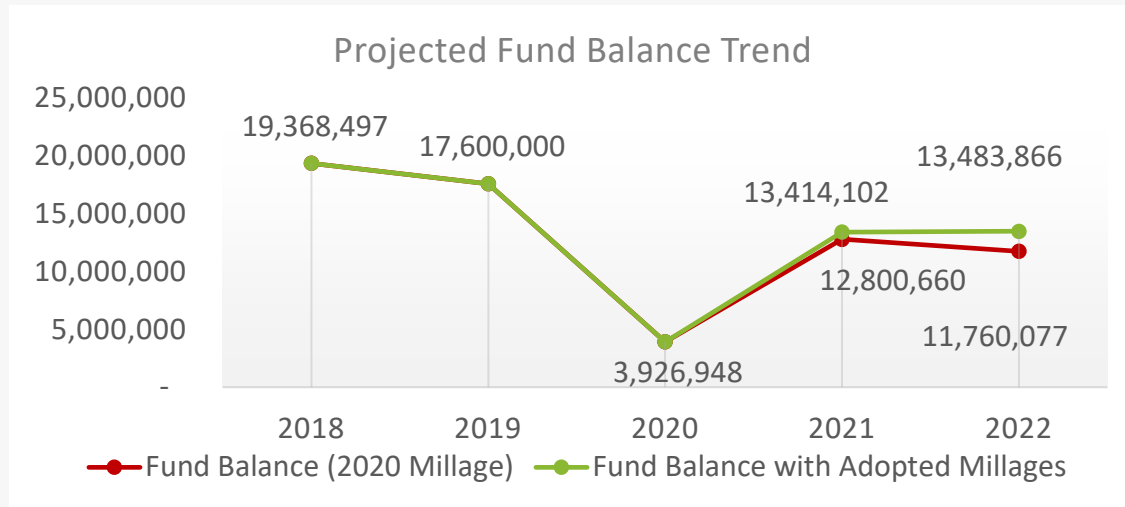
**Based on projected year-end assessed value*

Accomplishment No. 5

Rebuild Fund Balance

OUTCOME: Restructured outstanding debt, balanced their budget, and replenished the GF balance at the recommended levels to maintain strong credit ratings and emergency funds

- Refinanced Series 2015B loan with Series 2020 Note/Bank Loan to lower annual debt service
- Paid off Series 2012 School Loan to further reduce annual debt service
- Issued revenue bonds to replenish some of the out-of-pocket expenses from the fund balance and pay for unforeseen capital project opportunities nearing \$15 Mill
- Adopted a higher millage rate to increase future revenues and reduce amount taken from fund balance to cover expenditures



Note: FYE 23 Fund Balance based on projected numbers.

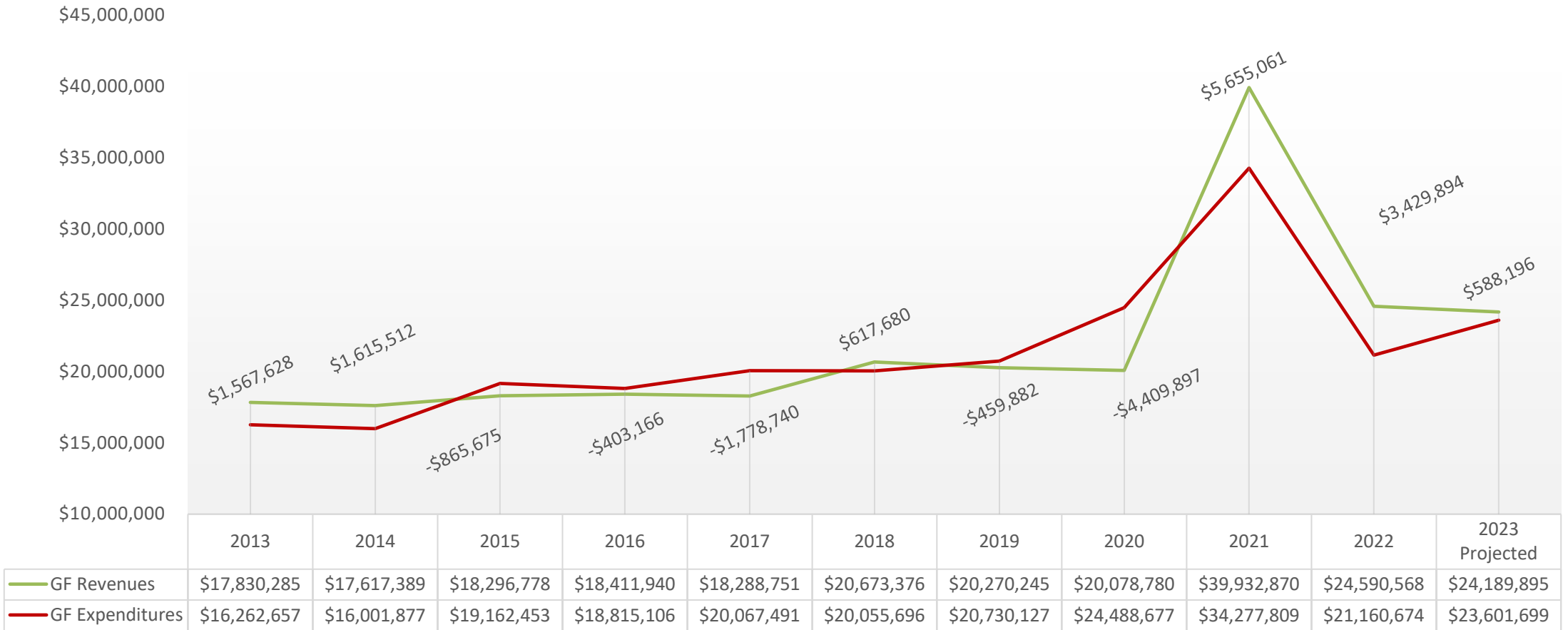


CURRENT SITUATION



General Fund Revenues & Expenditures – Balanced Budget

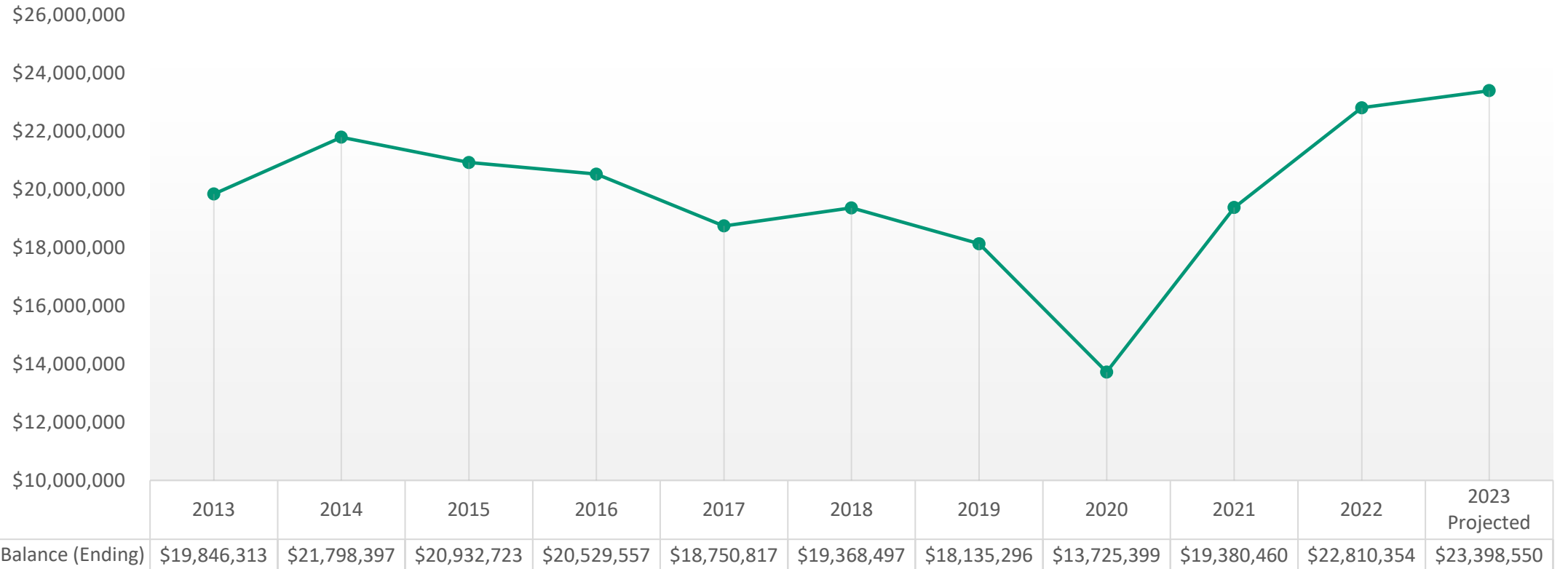
General Fund Trend
FY13-FY23



Note: FYE 2021 general fund revenue and expenditures includes the use of bond proceeds and capital expenditures for unforeseen capital project opportunities detailed in slide 8

General Fund Reserves – Strong Levels

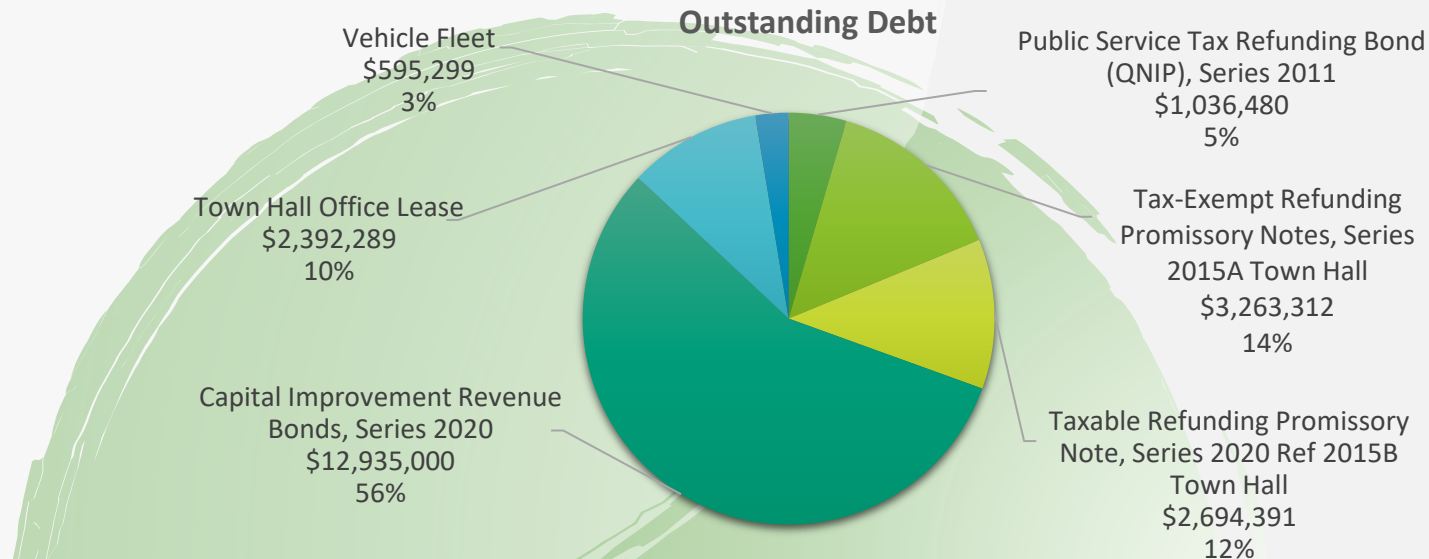
Fund Balance Trend
FY13-FY23



Outstanding Long-Term Debt - FY23

Issue	Outstanding Principal	FY23 Annual Debt Service	Pledged Revenues
Public Service Tax Refunding Bond (QNIP), Series 2011	\$915,325	\$321,081	Utility Taxes
Tax-Exempt Refunding Promissory Notes, Series 2015A Town Hall	\$3,263,312	\$451,154	Half-cent Sales Tax
Taxable Refunding Promissory Note, Series 2020 Ref 2015B Town Hall	\$2,694,391	\$228,558	Half-cent Sales Tax
Capital Improvement Revenue Bonds, Series 2020	\$12,935,000	\$517,400	CB&A
Town Hall Office Lease	\$2,392,289	\$668,685	CB&A
Vehicle Fleet	\$595,298	\$62,453	CB&A
Total Outstanding Principal		\$22,815,715	
Total Annual Debt Service		\$2,249,331	

*Long-term debt increased as a result of implementing GASB 87 lease accounting standard.



Debt Portfolio

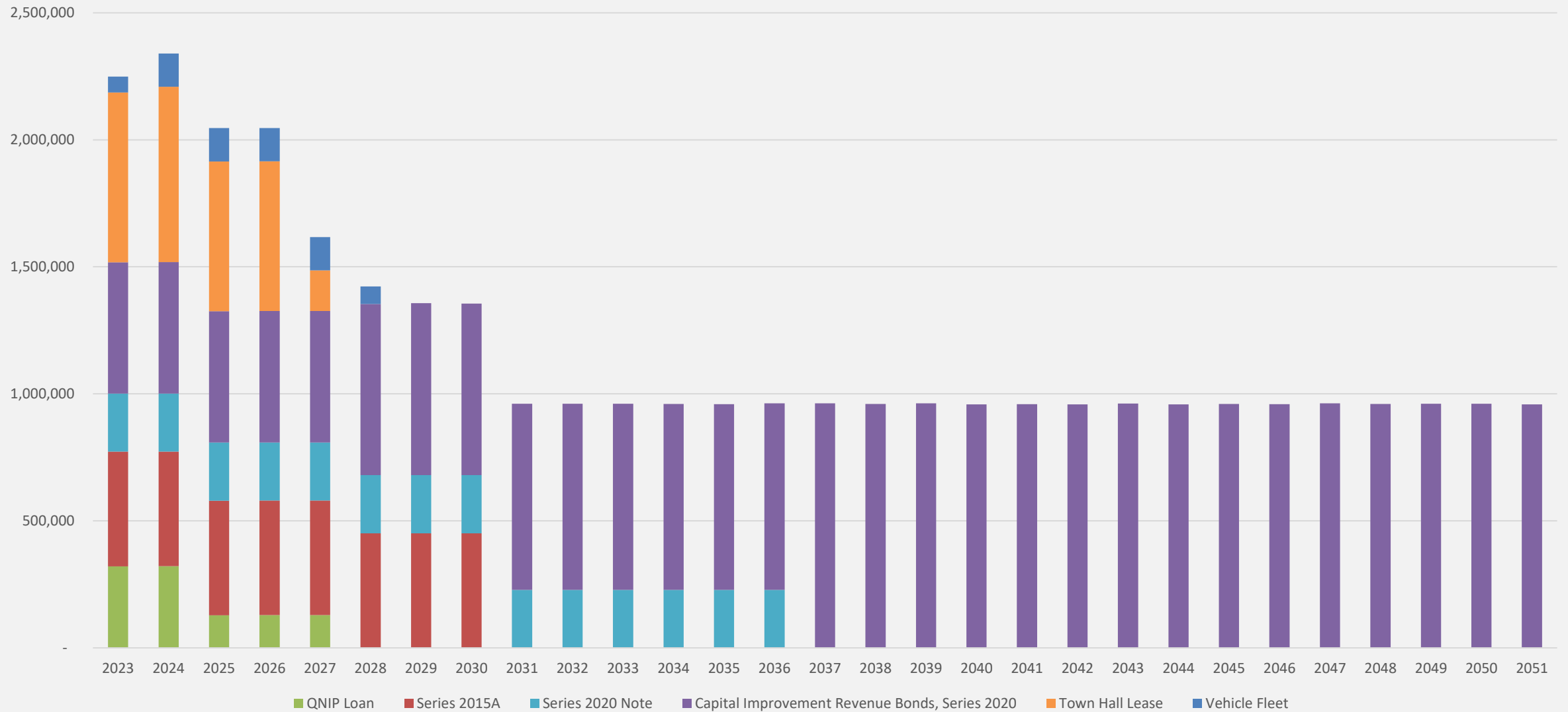
	\$915,325 Town of Cutler Bay Public Service Tax Refunding Bond (UMSA) Series 2011 (QNIP)				\$6,038,886 Town of Cutler Bay Tax-Exempt Refunding Promissory Notes Series 2015A				\$2,694,391 Town of Cutler Bay Taxable Refunding Promissory Note Series 2020				\$12,935,000 Town of Cutler Bay Capital Improvement Revenue Bonds Series 2020			
FYE (09/30)	Principal	Coup.	Interest	Debt Service	Principal	Coup.	Interest	Debt Service	Principal	Coup.	Interest	Debt Service	Principal	Coup.	Interest	Debt Service
2023	275,315		45,766	321,081	373,069	2.50%	78,085	451,154	164,431	2.38%	64,127	228,558			517,400	517,400
2024	289,460		32,001	321,461	382,484	2.50%	68,670	451,154	168,345	2.38%	60,213	228,558			517,400	517,400
2025	110,905		17,528	128,433	392,137	2.50%	59,018	451,154	172,351	2.38%	56,206	228,558			517,400	517,400
2026	116,850		11,982	128,832	402,033	2.50%	49,122	451,154	176,453	2.38%	52,104	228,558			517,400	517,400
2027	122,795		6,140	128,935	412,179	2.50%	38,976	451,154	180,653	2.38%	47,905	228,558			517,400	517,400
2028					422,581	2.50%	28,574	451,154	184,952	2.38%	43,605	228,558	160,000	4.00%	514,200	674,200
2029					433,245	2.50%	17,909	451,154	189,354	2.38%	39,204	228,558	170,000	4.00%	507,600	677,600
2030					445,585	2.50%	5,570	451,154	193,861	2.38%	34,697	228,558	175,000	4.00%	500,700	675,700
2031									198,475	2.38%	30,083	228,558	240,000	4.00%	492,400	732,400
2032									203,198	2.38%	25,359	228,558	250,000	4.00%	482,600	732,600
2033									208,034	2.38%	20,523	228,558	260,000	4.00%	472,400	732,400
2034									212,986	2.38%	15,572	228,558	270,000	4.00%	461,800	731,800
2035									218,055	2.38%	10,503	228,558	280,000	4.00%	450,800	730,800
2036									223,244	2.38%	5,313	228,558	295,000	4.00%	439,300	734,300
2037													540,000	4.00%	422,600	962,600
2038													560,000	4.00%	400,600	960,600
2039													585,000	4.00%	377,700	962,700
2040													605,000	4.00%	353,900	958,900
2041													630,000	4.00%	329,200	959,200
2042													655,000	4.00%	303,500	958,500
2043													685,000	4.00%	276,700	961,700
2044													710,000	4.00%	248,800	958,800
2045													740,000	4.00%	219,800	959,800
2046													770,000	4.00%	189,600	959,600
2047													805,000	4.00%	158,100	963,100
2048													835,000	4.00%	125,300	960,300
2049													870,000	4.00%	91,200	961,200
2050													905,000	4.00%	55,700	960,700
2051													940,000	4.00%	18,800	958,800
	915,325		113,416	1,028,741	3,263,312		345,923	3,609,235	2,694,391		505,415	3,199,806	12,935,000		10,480,300	23,415,300

Debt Portfolio *(continued)*

	Town of Cutler Bay Town Hall Lease					Town of Cutler Bay Vehicle Fleet			
FYE (09/30)	Principal	Coup.	Interest	Add'l Interest*	Debt Service	Principal	Coup.	Interest	Debt Service
2023	538,477	2.38%	51,088	79,120	668,685	53,624		8,829	62,453
2024	551,434	2.38%	38,131	100,935	690,500	111,485		19,638	131,123
2025	564,702	2.38%	24,863		589,565	116,027		15,096	131,123
2026	578,289	2.38%	11,276		589,565	120,754		10,369	131,123
2027	159,387	2.38%	683		160,070	125,674		5,449	131,123
2028						67,734		936	68,670
2029									
2030									
	2,392,289		126,041		2,698,385	595,298		60,317	655,615

**Represents estimated changes in rent based on CPI*

Outstanding Long-Term Debt



Summary of Results

- Refinanced Series 2015 B
 - Paid off 2012 Loan
 - Issued \$15M New Money
 Includes: 8.5-Acre Land Purchase, Franjo Park Restoration, Town Hall Land Swap

		Previous Situation	Actual	Actual	Actual	Actual
FY Millage	FY	2020	2020	2021	2022	2023
	Millage:	2.4323	2.4323	2.6198	2.8332	2.8332
GF Budget	Revenues:	19,448,976	20,078,780	39,932,870	24,590,568	24,189,895
	Projected Expenditures :	(22,287,393)	(24,488,677)	(34,277,809)	(21,160,674)	(23,601,699)
	Budget /(Shortfall)	(2,838,417)	(4,409,897)	5,655,061	3,429,894	588,196
Debt Service	2012 Loan	(342,290)	(342,290)	(762,837)		
	QNIP	(346,188)	(346,188)	(345,552)	(321,009)	(321,081)
	Series 2015 A	(451,154)	(451,154)	(451,154)	(451,154)	(451,154)
	Series 2015 B	(725,422)	(725,422)	(2,804,983)		
	2020 Note				(228,558)	(228,558)
	2020 Capital Improvement Bonds			(304,691)	(517,400)	(517,400)
	Town Hall Office Lease				(620,517)	(668,685)
	Vehicle Fleet Leases					(62,453)
	Currently Outstanding Debt Service	(1,865,054)	(1,865,054)	(4,669,217)	(2,138,638)	(2,249,331)
Cash Fund Balance	Fund Balance, beginning	17,600,000	18,135,296	13,725,399	19,380,460	22,810,354
	Town Hall Land Swap	(3,473,298)				
	Franjo Park	(1,450,000)				
	9-acre land purchase	(3,000,000)				
	Series 2015 A Ref.					
	Loan Proceeds 2021					
	Payoff Series 2015 B	(2,971,229)				
	Budget Surplus/(Shortfall)	(2,778,525)	(4,409,897)	5,655,061	3,429,894	588,196
		Fund Balance, ending	3,926,948	13,725,399	19,380,460	22,810,354



FY2024 OPPORTUNITIES



Opportunity No. 1

Fund Land Purchase – 3.5 acres (Old Cutler Road & SW 87 Ave)

OBJECTIVES:

Fund the 3.5-acre land purchase of the parcel located at Old Cutler Road & SW 87 Ave.

SOLUTION:

Use GF reserves and Park Impact Fees to fund approximately \$2Mil of the land purchase. The remaining \$6.5Mil will be funded through a bank loan.

Type of Financing	Amount
Future Financing <i>(incl COI)</i>	\$6,575,000
Park Impact Fees	900,000
Reserves	1,100,000
Total Financing Cost	\$8,575,000

Note: Financing amounts subject to change

TOWN OF CUTLER BAY, FL		
\$6.5 Million Capital Improvement Projects, Series 2023 Secured by Half-cent Sales Tax		
Financing Options	20 year - Bank-Qualified Loan	20 year - Bank-Qualified Loan
Loan / Par Amount	\$6,575,000	\$6,575,000
Interest Rate / True Interest Cost	3.66%	3.96%
Total Debt Service	9,386,940	9,641,759
Maximum Annual Debt Service	469,347	482,088
Prepayment / Redemption Option	A: Prepayments throughout loan	B: No prepayment penalty after year 5

Note: Rates as of June 2nd

Opportunity No. 2

Fund 16-acre Legacy Park & Municipal Complex

OBJECTIVES:

- Fund the design and build of the Town's new Community Center Complex and Park.
- Maintain/improve Town's credit rating to reduce borrowing costs.


SOLUTION:

Issue General Obligation bonds to finance \$37 Mill 16-acre Legacy Park & Municipal Complex to be paid by separate millage.


Future Financing (GO Bonds)	Project Cost
Phase I – Design	\$4,000,000
Phase II – Construction / CEI	\$33,000,000
Total Project Cost	\$37,000,000

Note: Project cost for each phase subject to change.

THANK YOU

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