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August 26, 2020

Honorable Mayor and
Members of the City Commission
City of Stuart
121 SW Flagler Avenue
Stuart, FL 34994-2139

Subject: **Review of Proposed Fiscal Year 2021 Water and Wastewater Budget**

Ladies and Gentlemen:

On February 26, 2020, the City of Stuart (the "City") completed a loan application for the State Revolving Fund (SRF) Loan Program based on an updated financial forecast for the water and wastewater systems (the "Financial Forecast"), which was prepared by Raftelis Financial Consultants, Inc. (Raftelis). The Financial Forecast was prepared to update the City's previous rate study projections completed on August 14, 2017 (the "Rate Study") to evaluate the adequacy of water and wastewater rates to meet the operating, debt service, capital and transfer expenditure requirements of the water and wastewater systems (the "System"), and specifically to demonstrate the System's ability to repay the proposed SRF Loans. The City's water and wastewater systems are established as an enterprise fund. As such, the utility system should have revenues equal to the costs of the services provided, and should establish rates sufficient to cover the cost of operating, maintaining, repairing and financing system operations. According to the Governmental Accounting Standards Board, "Enterprise Funds should be used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs of providing services to the general public on a continuing basis should be financed or recovered primarily through user charges."

Based on the assumptions provided in the Rate Study related to the development of the revenue requirements for each system, Raftelis identified the need for rate adjustments for the water and wastewater systems, which were adopted by the City Commission and implemented for Fiscal Years 2018, 2019 and 2020. Raftelis further recommended that the City continue to index the water and wastewater rates annually based on the City's adopted annual indexing provision that allows for annual adjustments based on the Florida Public Service Commission Index (the "FPSC Index"). The primary reasons for the identified rate adjustments included the following:

1. Minimal increase in system revenues due to the lack of growth within the water system, while wastewater system revenues were projected to increase modestly based on the planned Sewer Expansion Program.
2. Increases in operating expenses as a result of inflation.
3. The need to fund annual renewal and replacement requirements and other capital needs of the water and wastewater systems.

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4. The need to incur additional debt associated with the water system anion exchange, and design of a future reverse osmosis water treatment plant (the "R.O. Facility"), including a necessary test well, which resulted in additional principal and interest payments.
5. Future additional debt associated with the construction of the R.O. Facility, and incremental operating expenses associated with its operation.

Authorization

The City authorized Rafltelis to perform a review of the System's proposed budget for Fiscal Year 2021. The primary purposes of this review include evaluating the adequacy of projected revenues for Fiscal Year 2021 to meet the proposed operating, debt service, capital and transfer requirements of the System, and identifying significant variances between the proposed budget and recent Financial Forecast, if any. This review is limited to a single test year analysis based on the proposed budget and previously appropriated revenues and expenditures as provided by City staff.

Budget Review and the Adequacy of Revenues

Table 1 at the end of this letter report summarizes the proposed budget, which totals approximately $22.5 million. Based on the budget, the City estimates that its Fiscal Year 2021 water and wastewater gross revenues will be approximately $13.5 million. The projected gross revenues include revenues from monthly water and wastewater rates and other income for the water and wastewater systems such as sewer payment plans, reclaimed water charges, delinquent fees, turn-on/turn-off fees, and other miscellaneous utility charges. The sum of these revenue sources along with monthly rate revenues comprises the gross revenues of the System, or $13.5 million for Fiscal Year 2021 as shown on Table 1.

The estimated revenues are based on the implementation of the proposed FPSC Index of 1.79% for water and wastewater bills rendered on or after October 1, 2020. In preparing the estimates, City staff has assumed an estimated 3% customer growth for the water and wastewater systems based on existing single family and multi-family development projects taking place along Monterey Road. While accounting for new customer growth, City staff reduced estimated water sales slightly based on water conservation efforts by City customers. When compared to the recent Financial Forecast, budgeted revenues are slightly greater by approximately $200,000 for the year.

The various expenditures associated with operating and maintaining a municipally-owned utility system, as well as the cost of financing the renewal and replacement of facilities and capital improvements for upgrades and expansion, are generally referred to as the utility revenue requirements. The sum of these cost components represents the gross revenue requirements, which includes the following various cost components:

- Operating Expenses: These expenses include the cost of utilities, chemicals, labor, materials, supplies, and other items necessary for the operation and maintenance of the water and wastewater systems.

- Debt Service: Debt service includes the principal and interest on the City's current and future obligations payable from the net operating revenues of the water and wastewater systems.

- Other Revenue Requirements: This component of cost includes, in general, any ongoing capital improvements (capital outlay) to be financed from revenues, annual transfers to the Renewal and Replacements (R&R) Fund needed for ongoing system renewals and replacements, and transfers to the General Fund.

The gross revenue requirements as shown on Table 1 total $22.5 million, which includes $8.8 million of operating expenses. When compared to the recent Financial Forecast, budgeted operating expenses are also slightly greater by approximately $100,000 for the year. After considering the budgeted increases in revenues, there is very little difference in overall budgeted net revenues when compared to the Financial Forecast.

The difference between gross revenues of $13.5 million and the gross revenue requirements of $22.5 million relate to capital improvements funded from a combination of capital revenues, grants, transfers from existing reserves and loan proceeds. The projected loan proceeds are estimated to fund a portion of the R.O. Facility construction costs for the budget year. Based on recent estimated construction costs totaling approximately $12.2 million and estimated operating expenses of the proposed R.O. Facility, the Financial Forecast included estimated future debt service and incremental operating expenses of approximately $1.1 million per year being incurred as early as Fiscal Year 2023. As such, the City should continue to index the water and wastewater rates through Fiscal Year 2022 and update the Rate Study before Fiscal Year 2023.

The following tabulation provides a summary of the adequacy of rates and other sources derived for Fiscal Year 2021 from Tables 1 and 2 at the end of this letter report:

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Projected Sufficiency of Revenues [1]

	Fiscal Year 2021
Net Revenues Available for Debt	
Gross Revenues	$13,544,094
Less: Operating Expenses	8,811,833
Net Revenues Available for Debt	$4,732,261
Less: Annual Debt Service Payments [2]	(2,299,731)
Net Revenues Available for Other Uses	$2,432,530
Less: General Fund & Other Transfers	(812,046)
Amount Available for Renewal & Replacement Capital Needs	$1,620,484
Less: Transfer to R&R Fund [2]	(680,000)
Projected Revenues Available for Capital	$940,484

[1] Amounts obtained from Tables 1 and 2.
[2] Amount includes estimated SRF Loan payments for the R.O. Facility Design, the FA-1 Test Well and the Monterey Water Main which are in progress.
[2] The Bond Resolution requires that the City maintain a minimum balance in the Renewal and Replacement Fund (the "R&R Fund") by transferring up to 5% of the prior period Gross Revenues into the R&R Fund in each Fiscal Year to then be used to fund recurring system rehabilitation and maintenance of infrastructure.

Based upon the proposed Fiscal Year 2021 Budget and the City's proposed rate index of 1.79% to be effective on or after October 1, 2020, the projected net revenues are sufficient by approximately $940,000 to meet the revenue requirements of the System before considering additional capital projects.

The City has identified the need to fund certain other capital projects. As shown on Table 2 and below, the City anticipates spending $9.6 million on system infrastructure, machinery and equipment that is assumed to be funded through a combination of water availability fees, transfers from the R&R Fund, grant revenues, proceeds from new debt, and other non-recurring capital revenues:

Projected Sufficiency of Revenues (Cont.) [1]

	Fiscal Year 2021
Projected Revenues Available for Capital	$940,484
Other Sources of Revenues	
Disposition of Fixed Assets	$85,700
Grant Revenues	1,000,000
Proceeds from New SRF Loan	4,500,000
Funds from Water Availability Fees	2,050,000
Funds from Wastewater Availability Fees	0
Funds from Renewal & Replacement Fund	619,500
Total Other Sources of Revenue	$8,255,200
Other Uses – Capital	9,642,200
Net Budgetary Deficiency	($446,516)

[1] Amounts obtained from Table 2.

The major projects totaling $9.6 million shown above include approximately $7.5 million for the planned construction of the R.O. Facility, which is estimated to be completed in Fiscal Year 2022 at a total cost of approximately $12.2 million. Additional capital costs and improvements included in the proposed budget also reflect construction of the Kanner Water Main and Monterey Force Main, and purchases of other capital outlay, including grinder stations to continue converting existing septic tanks to City sewers.

After consideration of all applicable revenues and sources to meet the planned capital expenditure needs and the additional budgetary appropriations anticipated by the City, the net deficiency as shown on Table 2 and summarized above is approximately $446,000. The proposed budget, if achieved, is estimated to reduce the operating cash reserve balance by approximately $446,000 for the year. Based on a projection of the operating reserve fund balance, the System is projected to have an ending unappropriated balance of approximately $6.8 million as of September 30, 2021. This amount includes approximately $4.2 million above the minimum three (3) month (90 days) operating reserve fund requirement established by the City Commission, which may be used by City staff to help reduce to overall borrowing needs of the planned R.O. Facility.

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Debt Service Compliance

The City maintains individual pledges for both senior lien and junior lien debt, which both require tests to ensure debt service coverage compliance. The City's Bond Resolution sets minimum requirements associated with the City's outstanding senior lien obligations. Specifically, the Bond Resolution requires a minimum debt service coverage ratio on all senior lien bonds of 1.00. This requirement was reduced from 1.10 to 1.00 when the Series 2003 Bonds were recently paid off. The City also maintains several junior lien, State Revolving Fund Loans (the "SRF Loans") which has a subordinate claim on the gross revenue requirements of the System. Specifically, the SRF Loans require a minimum debt service coverage ratio of 1.15 after the payment of senior lien bonds. The amount of coverage on the senior lien bonds cannot be used to satisfy or meet this coverage test for the SRF Loan; therefore, net revenues available to pay the SRF Loans exclude senior lien debt service payments and senior lien coverage (if any).

As shown on Table 3 at the end of this letter report and summarized below, the proposed budget is anticipated to provide adequate net revenues to meet the rate covenant of the Bond Resolution associated with the senior lien debt and the debt service coverage requirements of the junior lien debt:

Debt Service Coverage Compliance – By Lien Type [1]	Fiscal Year 2021
Senior Lien Debt Service Coverage	
Debt Service Coverage – Calculated	314%
Debt Service Coverage – Required [2]	100%
Junior Lien Debt Service Coverage	
Debt Service Coverage – Calculated	406%
Debt Service Coverage – Required	115%

[1] Amounts obtained from Table 3 based on the proposed FY 2021 Budget.
[2] The Bond Resolution requires a minimum debt service coverage rate of 100% of the Senior Lien annual debt service payments.

As shown in this section of this report, net revenues as budgeted by the City are projected to be adequate to meet the minimum coverage requirements of the outstanding debt of the utility systems. Budget variances may occur as customers are exposed to changing economic and market conditions or as a result of unanticipated cost increases, and any new watering restrictions or other regulatory requirements. While the projected net revenues appear adequate to pay debt, the use of reserves will be required to fully fund the proposed budgetary needs as shown on Table 2, which was discussed in detail in the previous section.

Conclusions and Recommendations

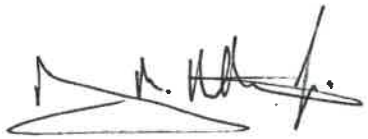
Based upon the foregoing information and analyses, we are of the opinion that the City's utility system financial operating results based on the proposed Fiscal Year 2021 Budget: 1) complies with the minimum debt service coverage requirements of the Bond Resolution and junior lien loan agreements; and 2) should provide adequate gross revenues to fund the majority of the gross revenue requirements anticipated to be funded from rates in the budget. However, net revenues for the budget year will not be sufficient to fully fund all of the capital needs and transfer requirements of the System. As provided for in the proposed budget, the City will need to use approximately $446,000 in operating cash reserve balance to fund the budgeted expenditures. Based on estimates provided by the City, after the planned use of reserves to meet the Fiscal Year 2021 budgetary needs, the System is estimated to retain operating reserves as of September 30, 2021 in excess of the City's minimum reserve fund requirement.

Our conclusions are based on the City implementing a 1.79% water and wastewater rate increase effective for bills rendered on and after October 1, 2020, and we recommend that the City also index the rates in Fiscal Year 2022 based on the construction timeline for the proposed R.O. Facility. The City should consider updating the Rate Study in Fiscal Year 2022.

We appreciate the opportunity to be of service to the City.

Respectfully submitted,

Raftelis Financial Consultants, Inc.



Murray M. Hamilton, Jr.
Senior Manager



Trevor McCarthy
Consultant

City of Stuart, Florida
List of Tables

TABLE NO.	DESCRIPTION
1	Summary of Proposed Budget and Net Revenues Available for Debt
2	Projected Adequacy of Net Revenues
3	Projected Debt Service Coverage
4	Projected Debt Service Payments

Table 1
City of Stuart, Florida
Summary of Proposed Budget and Net Revenues Available for Debt - Fiscal Year 2021

RENEE ACCT	DIVISION	ACCOUNT	----- TITLE -----	TOTAL SOURCES [1]	GROSS REVENUE [2]
410-4100-329500	N/A	325100	CAPITAL ASSESSMENT	$0	
410-4100-329500	N/A	329500	MISC FEES/INSPECTIONS	10,000	Yes
410-4100-389300	N/A	334100	GRANTS - STATE	0	
410-4100-343300	N/A	343300	WATER UTILITY REVENUE	6,761,258	Yes
410-4100-343310	N/A	343310	DELINQUENT WATER FEES	8,000	Yes
410-4100-343500	N/A	343500	SEWER/WASTEWATER REVENUE	5,953,501	Yes
410-4100-343510	N/A	343510	DELINQUENT SEWER FEES	6,000	Yes
410-4100-343520	N/A	343520	RECLAIMED WATER CHARGE	117,585	Yes
410-4100-343550	N/A	343550	SEWER PAYMENT PLANS	630,000	Yes
410-4100-343910	N/A	343910	UTILITY SERVICE CHARGES	57,750	Yes
410-4100-343990	N/A	343990	OTHER UTILITY CHARGES	0	Yes
410-4100-343999	N/A	343999	GRUMAN INTERIM RATES	0	
410-4100-362100	N/A	362100	TAXABLE RENTALS	0	Yes
410-4100-362200	N/A	362200	NONTAXABLE RENTALS	0	Yes
410-4100-363100	N/A	363100	SPECIAL ASSESSMENTS	0	
410-4100-364000	N/A	364000	DISPOSITION OF FIXED ASSETS	85,700	
410-4100-364100	N/A	364100	GAIN/LOSS ON DISPOSALS	0	
410-4100-365000	N/A	365000	SALE OF SURPLUS AND SCRAPE	0	
410-4100-366000	N/A	366000	DONATIONS FROM PUBLIC	0	
410-4100-369100	N/A	369100	MISCELLANEOUS REVENUE	0	Yes
410-4100-369905	N/A	369905	CREDIT CARD CONVENIENCE	0	Yes
410-4100-369910	N/A	369910	RECOVERED BAD DEBT	0	Yes
410-4100-381001	N/A	381001	TRANS FR GENERAL FUND	0	
410-4100-381100	N/A	381100	TRANS FR OTHER FUNDS	0	
410-4100-381110	N/A	381110	TRANS FR PROPERTY MGMNT	0	
410-4100-381248	N/A	381248	(NET) TRANS FR OTHER RESERVES	0	
410-4100-384000	N/A	384000	DEBT PROCEEDS FOR CAPITAL	4,500,000	
410-4100-389100	N/A	389100	INTEREST	0	Yes
410-4100-389300	N/A	389200	GRANTS - FEDERAL	0	
410-4100-389400	N/A	389300	GRANTS - STATE	1,000,000	
410-4100-389411	N/A	389411	FUNDS FR WATER AVAILABLE	2,050,000	
410-4100-389412	N/A	389412	FUNDS FR SEWER AVAILABLE	0	
410-4100-389413	N/A	389413	BEG-YR FUNDS FR RENEW/REPLACMENT	619,500	
410-4100-389900	N/A	389900	OTHER NONOPERATING SOURC	0	
410-4100-389972	N/A	389972	FUNDS FR RETAINED EARNIN [3]	755,000	
				$22,554,294	$13,544,094

Table 1
City of Stuart, Florida
Summary of Proposed Budget and Net Revenues Available for Debt - Fiscal Year 2021

RENEE ACCT	DIVISION	ACCOUNT	----- TITLE -----	TOTAL USES [1]	OPERATING EXPENSES [2]
410-XXXX-512000	N/A	512	REGULAR SALARIES	$2,499,292	Yes
410-XXXX-513000	N/A	513	OTHER SALARIES	25,000	Yes
410-XXXX-514000	N/A	514	OVERTIME	133,000	Yes
410-XXXX-515000	N/A	515	SPECIAL PAY	51,765	Yes
410-XXXX-517000	N/A	517	AUDIT ADJUSTMENTS	0	Yes
410-XXXX-521000	N/A	521	FICA TAXES	203,811	Yes
410-XXXX-522000	N/A	522	RETIREMENT CONTRIBUTIONS	261,132	Yes
410-XXXX-523000	N/A	523	LIFE AND HEALTH INSURANCE	551,111	Yes
410-XXXX-524000	N/A	524	WORKERS' COMPENSATION	60,931	Yes
410-XXXX-525000	N/A	525	UNEMPLOYMENT COMPENSATION	0	Yes
410-XXXX-529000	N/A	529	COMPENSATED ABSENCES	0	Yes
410-XXXX-531000	N/A	531	PROFESSIONAL SERVICES	215,000	Yes
410-XXXX-534000	N/A	534	OTHER CONTRACTUAL SERVICE	853,486	Yes
410-XXXX-540000	N/A	540	TRAVEL AND PER DIEM	18,200	Yes
410-XXXX-541000	N/A	541 & 542	COMMUNICATION AND FREIGHT	26,725	Yes
410-XXXX-543000	N/A	543	UTILITY SERVICES	621,698	Yes
410-XXXX-544000	N/A	544	RENTALS AND LEASES	127,564	Yes
410-XXXX-545000	N/A	545	INSURANCE	109,622	Yes
410-XXXX-546000	N/A	546	REPAIR AND MAINTENANCE	1,931,900	Yes
410-XXXX-547000	N/A	547	PRINTING AND BINDING	0	Yes
410-XXXX-548000	N/A	548	PROMOTIONAL ACTIVITIES	0	Yes
410-XXXX-549000	N/A	549	OTHER CURRENT CHARGES	156,320	Yes
410-XXXX-550000	N/A	550	VEHICLE LEASES	88,204	Yes
410-XXXX-551000	N/A	551	OFFICE SUPPLIES	0	Yes
410-XXXX-552000	N/A	552	OPERATING SUPPLIES	494,982	Yes
410-XXXX-553000	N/A	553	ROAD MATERIALS/SUPPLIES	0	Yes
410-XXXX-554000	N/A	554	BOOKS,EDUCATION,DUES	30,235	Yes
410-XXXX-555000	N/A	555	TRAINING	0	Yes
410-XXXX-557000	N/A	557	INDIRECT COST ALLOCATION	351,855	Yes
410-XXXX-562&563	N/A	562 & 563	BUILDINGS & INFRASTRUCTURE	9,130,000	
410-XXXX-564000	N/A	564	MACHINERY AND EQUIPMENT	512,200	
410-XXXX-571000	N/A	571	PRINCIPAL	1,422,878	
410-XXXX-572000	N/A	572	INTEREST	689,815	
410-XXXX-573&574	N/A	573 & 574	OTHER DEBT & AMORT COSTS	237,040	
410-XXXX-591000	N/A	591	INTRAGOVERNMENTAL TRANSFERS	812,046	
410-XXXX-595000	N/A	595	TRANSFER TO RESERVES [3]	258,482	
			END-YR TRANSFER TO R&R FUND (5%)	680,000	
				$22,554,294	$8,811,833

Net Revenues Available for Debt:	Proposed Budget
Gross Revenues	$13,544,094
Operating Expenses	8,811,833
Total Net Revenues [4]	$4,732,261

Table 1
City of Stuart, Florida
Summary of Proposed Budget and Net Revenues Available for Debt - Fiscal Year 2021

Footnotes:

[1] Amounts provided by City staff on July 27, 2020.

[2] Indicates whether such revenues and/or expenses are includable in the City's debt service coverage formula as defined in the Bond Resolution and all subordinate debt service covenants.

[3] Funds from Retained Earnings based on the following budgetary information:

Ion Exchange	$530,000
Storage Tank Coating	225,000
Projected Transfer from Retained Earnings	$755,000

[4] Amount reflects the projected net revenues available to pay annual debt service.

Table 2
City of Stuart, Florida
Projected Adequacy of Net Revenues - Fiscal Year 2021

LINE NO.	DESCRIPTION	AMOUNT
	PROJECTED SUFFICIENCY OF NET REVENUES:	
	Net Revenues Available After Payment of Debt	
1	Net Revenues Available for Debt [1]	$4,732,261
2	Annual Debt Service Payments (Senior & Junior Lien) [2]	2,299,731
3	Total Net Revenues Available After Payment of Debt	$2,432,530
	Less Other Revenue Requirements of the System [1]	
4	Intragovernmental Transfers	$812,046
5	Transfer to Other Funds	0
6	Year-End Transfer to Maintain Minimum R&R Fund Balance [3]	680,000
7	Sub-total Net Revenues After Payment of Required Transfers	$940,484
8	Capital Outlay - Buildings, Infrastructure, Machinery and/or Equipment	9,642,200
9	Projected Revenue Deficiency from Rates	($8,701,716)
	OTHER SOURCES OF REVENUES:	
	Other Non-operating Revenues [1]	
10	Capital Assessments	$0
11	Donations from the Public	0
12	Disposition of Fixed Assets	85,700
13	Grant Revenues	1,000,000
14	Proceeds from New SRF Loan	4,500,000
15	Funds from Water Availability Fees	2,050,000
16	Funds from Sewer Availability Fees	0
17	Funds from Renewal & Replacement Fund	619,500
18	Total Other Non-operating Revenues	$8,255,200
19	USE OF CASH RESERVES TO FUND CAPITAL	($446,516)
	ADDITIONAL APPROPRIATION OF REVENUES / NON-CASH ADJUSTMENTS TO BUDGET	
20	Other Debt and Amortized Costs	$237,040
21	Budget Adjustments - Timing of Debt Service Payments	(187,038)
22	Total Other Appropriations of Revenues	$50,002
23	NET TRANSFER FROM RETAINED EARNINGS	($496,518)

Footnotes:

[1] Amount derived from Table 1.

[2] Amount derived from Table 4 and includes all annual debt service payments, both Senior Lien and Junior Lien.

[3] The Bond Resolution requires that the City transfer 5% of the prior period Gross Revenues into the Renewal and Replacement Fund (the "R&R Fund") in each Fiscal Year.

Table 3
City of Stuart, Florida
Projected Debt Service Coverage - Fiscal Year 2021

LINE NO.	DESCRIPTION	AMOUNT
	COMBINED DEBT SERVICE COVERAGE:	
1	Net Revenues Available for Debt [1]	$4,732,261
2	Annual Debt Service Payments (Senior & Junior Lien) [2]	$2,299,731
3	Combined Coverage - Calculated	2.06
4	Combined Coverage - Targeted	1.50
	SENIOR LIEN DEBT SERVICE COVERAGE [4]:	
5	Net Revenues Available for Debt	$4,732,261
6	Annual Debt Service Payments	$1,505,486
7	Coverage - Calculated	3.14
8	Coverage - Minimum Required [4]	1.00
	JUNIOR LIEN DEBT SERVICE COVERAGE:	
	SRF Revolving Fund Loan Test [5]	
9	Net Revenues Available for Debt	$4,732,261
10	Less Senior Lien Debt Service Payments Including Coverage (1.00x)	$1,505,486
11	Net Revenues Available for Subordinate Loan Payments	$3,226,775
12	Annual Debt Service Payments (Subordinate Loans - SRF Loan)	$794,244
13	Coverage - Calculated	4.06
14	Coverage - Minimum Required	1.15

Footnotes:

[1] Amount derived from Table 1.

[2] Amount derived from Table 4 and includes all annual debt service payments, both Senior Lien and Junior Lien.

[3] The City adopted a minimum combined debt service coverage ratio of at least 115% of the annual debt service payment. No minimum requirement is stipulated by the City's existing Bond Resolution or any subordinated covenant agreement.

[4] The City's Bond Resolution requires a minimum debt service coverage ratio of 100% of the Senior Lien annual debt service payments.

[5] The City's SRF Loan requires a minimum debt service coverage ratio of 115% on the annual SRF loan payments after payment of all Senior Lien and Subordinate Bonds (including coverage, if any).

Table 4
City of Stuart, Florida
Projected Debt Service Payments

	Identify Each Obligation [1]	Coverage		Insured?
#1	Revenue Refunding and Improvement Bonds, Series 2003	110%		Yes
#2	Subordinate Lien Public Utilities Revenue Refunding Note, Series 2006	100%		No
#3	Subordinate Lien Public Utilities Revenue Refunding Note, Series 2007	100%		No
#4	Subordinate Lien Public Utilities Revenue Refunding Note, Series 2011 (Refunded Series 2007B)	100%		No
#5	Series 2019 Bond Anticipation Note (BAN) - Seacoast National Bank [2]			

Fiscal Year	Annual Debt Service (Principal + Interest)						Total Debt Service	Total Debt Service Including Coverage
	#1	#2	#3	#4	#5 [2]			
2016	$468,290.00	$343,154.02	$315,713.32	$379,333.62	$0.00	$0.00	$1,506,490.96	$1,553,319.96
2017	469,800.00	343,393.25	315,700.82	380,217.36	0.00	0.00	1,509,111.43	1,556,091.43
2018	0.00	343,429.65	780,386.82	379,916.84	0.00	0.00	1,503,733.31	1,503,733.31
2019	0.00	342,425.90	785,937.69	379,455.12	0.00	0.00	1,507,818.71	1,507,818.71
2020	0.00	343,289.06	785,079.62	379,832.20	93,000.00	0.00	1,601,200.88	1,508,200.88
2021	0.00	343,378.25	783,082.94	379,025.02	0.00	0.00	1,505,486.21	1,505,486.21
2022	0.00	343,254.05	778,882.63	379,056.64	0.00	0.00	1,501,193.32	1,501,193.32
2023	0.00	948,089.70	178,902.13	379,904.02	0.00	0.00	1,506,895.85	1,506,895.85
2024	0.00	946,382.38	179,040.96	379,544.14	0.00	0.00	1,504,967.48	1,504,967.48
2025	0.00	278,175.75	1,144,245.13	0.00	0.00	0.00	1,422,420.88	1,422,420.88
2026	0.00	277,493.20	1,147,250.25	0.00	0.00	0.00	1,424,743.45	1,424,743.45
2027	0.00	277,810.65	1,142,489.69	0.00	0.00	0.00	1,420,300.34	1,420,300.34
2028	0.00	277,797.78	1,146,333.68	0.00	0.00	0.00	1,424,131.46	1,424,131.46
2029	0.00	1,447,365.25	0.00	0.00	0.00	0.00	1,447,365.25	1,447,365.25
2030	0.00	1,445,626.90	0.00	0.00	0.00	0.00	1,445,626.90	1,445,626.90
2031	0.00	1,446,041.65	0.00	0.00	0.00	0.00	1,446,041.65	1,446,041.65
2032	0.00	1,443,748.76	0.00	0.00	0.00	0.00	1,443,748.76	1,443,748.76
2033	0.00	1,447,888.80	0.00	0.00	0.00	0.00	1,447,888.80	1,447,888.80
2034	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2035	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2036	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2037	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2038	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2039	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2040	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2041	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2042	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2043	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2044	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2045	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Footnotes:
[1] Amounts derived from the actual loan payment schedules provided by the City. Amounts reflect the estimated sinking fund payments required in each Fiscal Year.

[2] On May 15, 2019, the City entered into an agreement with Seacoast National Bank to borrow a maximum of $1.5 million in anticipation of issuing future bonds (the Bond Anticipation Note or BAN). Based on conversations with City staff, to date only approximately $93,000 has been drawn and is due on May 15, 2020. The City made this payment.

Table 4
City of Stuart, Florida
Projected Debt Service Payments

	Identify Each Obligation	Coverage		Insured?
#6	Existing SRF Loan - WW 430400 - Reclaimed Water Transmission Main [1]	115%		No
#7	Existing SRF Loan - DW 430410 - Water Distribution Replacements and Meters [1]	115%	1st Pmt. Dec. 2016	No
#8	Existing SRF Loan - DW 430420 - Water Sysetm Anion Exchange [1]	115%		No
#9	Existing SRF Loan - DW 430430 - Eng. & Design Water RO Phase 1 (Estimated based on Contract)	115%	1st Pmt. Nov. 2020	No
#10	Existing SRF Loan - DW 430431 - Construction Well FA-1 (Estimated based on Contract)	115%	1st Pmt. Mar. 2021	No
#11	Existing SRF Loan - DW 430440 - Monterey Water Main (Estimated based on Contract)	115%	1st. Pmt. Jun. 2021	No

Fiscal Year	Annual Debt Service (Principal + Interest)						Total Debt Service	Total Debt Service Including Coverage
	#6	#7	#8	#9	#10	#11		
2016	$178,054.30	$88,617.00	$0.00	$0.00	$0.00	$0.00	$266,671.30	$306,672.00
2017	178,054.30	322,667.00	0.00	0.00	0.00	0.00	500,721.30	575,829.50
2018	178,054.30	322,667.00	0.00	0.00	0.00	0.00	500,721.30	575,829.50
2019	178,054.30	322,667.00	0.00	0.00	0.00	0.00	500,721.30	575,829.50
2020	178,054.30	322,667.00	106,497.56	29,268.00	0.00	0.00	636,486.86	731,959.89
2021	178,054.30	322,667.00	106,497.56	87,804.00	96,688.00	2,533.50	794,244.36	913,381.01
2022	178,054.30	322,667.00	106,497.56	87,804.00	96,688.00	3,378.00	795,088.86	914,352.19
2023	178,054.30	322,667.00	106,497.56	87,804.00	96,688.00	3,378.00	795,088.86	914,352.19
2024	178,054.30	322,667.00	106,497.56	87,804.00	96,688.00	3,378.00	795,088.86	914,352.19
2025	178,054.30	322,667.00	106,497.56	87,804.00	96,688.00	3,378.00	795,088.86	914,352.19
2026	178,054.30	322,667.00	106,497.56	87,804.00	96,688.00	3,378.00	795,088.86	914,352.19
2027	178,054.30	322,667.00	106,497.56	87,804.00	96,688.00	3,378.00	795,088.86	914,352.19
2028	178,054.30	322,667.00	106,497.56	87,804.00	96,688.00	3,378.00	795,088.86	914,352.19
2029	178,054.30	322,667.00	106,497.56	87,804.00	96,688.00	3,378.00	795,088.86	914,352.19
2030	178,054.30	322,667.00	106,497.56	58,536.00	96,688.00	3,378.00	765,820.86	880,693.99
2031	89,026.98	322,667.00	106,497.56	0.00	96,688.00	3,378.00	618,257.54	710,996.17
2032	0.00	322,667.00	106,497.56	0.00	96,688.00	3,378.00	529,230.56	608,615.14
2033	0.00	322,667.00	106,497.56	0.00	96,688.00	3,378.00	529,230.56	608,615.14
2034	0.00	322,667.00	106,497.56	0.00	96,688.00	3,378.00	529,230.56	608,615.14
2035	0.00	322,667.00	106,497.56	0.00	96,688.00	3,378.00	529,230.56	608,615.14
2036	0.00	322,667.00	106,497.56	0.00	96,688.00	3,378.00	529,230.56	608,615.14
2037	0.00	322,668.00	106,497.56	0.00	96,688.00	3,378.00	529,231.56	608,616.29
2038	0.00	0.00	106,497.56	0.00	96,688.00	3,378.00	206,563.56	237,548.09
2039	0.00	0.00	106,497.56	0.00	96,688.00	3,378.00	206,563.56	237,548.09
2040	0.00	0.00	0.00	0.00	96,688.00	3,378.00	100,066.00	115,075.90
2041	0.00	0.00	0.00	0.00	0.00	844.50	844.50	971.18
2042	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2043	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2044	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2045	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Footnotes:
[1] Amounts derived from the actual loan payment schedules provided by the City. Amounts reflect the estimated sinking fund payments required in each Fiscal Year.