

**Date:** July 22, 2020

**To:** Scott Evans, Interim Executive Director | Riviera Beach CRA

**From:** Hilltop Securities Inc.  
Joel Tindal, Director

**Subject:** Riviera Beach CRA (the “CRA”) Series 2020A&B Financing Summary

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**Background.** After August 1, 2020, the CRA has approximately \$21.87 million of outstanding senior lien tax increment revenue debt, in multiple financing series, with a final repayment term through August 1, 2033 at fixed interest rates. These outstanding loans have individual interest rates ranging from 3.01% to 4.50% and provide for the ability to prepay prior to their final terms, subject to prepayment penalties of up to 1.5% of the principal prepaid.

At the CRA’s direction, a financing plan was developed to fund additional CRA projects, including the acquisition of land, in an amount of \$7.5 million. In developing the financing plan, the CRA’s existing senior lien loans were evaluated for potential refinancing savings opportunities considering existing market conditions. It was determined that the CRA may be able to achieve economic savings by refinancing its existing loans at lower interest rates, and the refinancing could be incorporated into the overall financing plan.

The CRA issued a request for bank loan proposals on June 11, 2020 seeking tax-exempt and taxable fixed rate loans in a combined total of up to \$30 million, secured solely by tax increment revenues of the CRA. The CRA received proposals for both the tax-exempt and taxable loans on June 30, 2020 from Truist Bank (the “Bank”), which is the CRA’s existing lender for its outstanding senior lien loans. The Bank’s proposals provide for fixed interest rates of 1.81% and 2.40% respectively for the tax-exempt and taxable loans that are held through August 14, 2020, the ability to prepay the loans at any time prior to maturity (with 1% penalty during the first half of the term), and provided for the reduction of prepayment penalties on the CRA’s existing loans in connection with the refinancing.

**Series 2020A&B Financing.** The proposed CRA resolution provides for the tax-exempt and taxable loans with the Bank, and authorizes the issuance to the Bank of a Redevelopment Refunding Revenue Note, Series 2020A in an amount not exceeding \$13.5 million and a Taxable Redevelopment Refunding and Improvement Revenue Note, Series 2020B in an amount not exceeding \$16.5 million for the purpose of refinancing the CRA’s existing senior lien debt and financing certain redevelopment projects. The proposed financing provides the CRA with:

- Fixed interest rates: Interest rates for the tax-exempt Series 2020A and taxable Series 2020B are 1.81% and 2.40% respectively
- Same final term: The final terms of the Series 2020A&B are August 1, 2033, which are equal to the current term of the CRA’s outstanding senior lien debt being refinanced
- Project Funding: The Series 2020B provides funding of \$7.5 million for certain redevelopment projects
- Refunding savings (refunding portion): Refinancing of the CRA’s existing debt at the new lower interest rates is estimated to provide total debt service savings over the remaining life of the loans of approximately \$2.18 million, which equates to approximately \$1.98 million on a net present value basis or 9% of the principal amount refunded
- Prepayment flexibility: Both the Series 2020A and Series 2020B can be prepaid at any time in whole prior to maturity with a 1% penalty during the first half of the term, and without penalty thereafter

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The proposed Series 2020A&B financing provides the CRA the ability to obtain historically favorable fixed interest rates for the borrowing, provides the additional requested financing for CRA projects, achieves significant refinancing savings on the CRA's existing debt without extending the final repayment term, and provides substantial flexibility to the CRA by allowing for prepayment of the loans at any time prior to maturity.

**Financing Summary Analysis.** The following provides a preliminary summary analysis of the proposed Series 2020A&B financing, and comparison to the CRA's existing senior lien debt.

Preliminary Summary Analysis & Comparison to Existing Senior Lien Debt					
Scenario	Existing	New			Difference
Description	Series 2011, 2013A, 2013B, and 2018	Tax-Exempt Series 2020A and Taxable Series 2020B			
		<b>Series 2020A</b>	<b>Series 2020B</b>	<b>Combined</b>	
<b>New Issue Statistics</b>					
Maturity Date	8/1/2033	8/1/2033	8/1/2033	8/1/2033	---
Principal Amount (after 8/1/2020)	\$21,872,000	\$13,279,000	\$16,326,000	\$29,605,000	\$7,733,000
Total Interest Cost (after 8/1/2020)	\$5,015,732	\$1,276,925	\$3,082,219	\$4,359,145	(\$656,587)
New Project Fund Deposit	---	\$0	\$7,500,000	\$7,500,000	\$7,500,000
Interest Rate	---	1.81%	2.40%	---	---
All-In True Interest Cost	---	1.89%	2.45%	2.25%	---
<b>Refunding Statistics (Refunding Portion Only)</b>					
Total Debt Service Savings	---	\$1,406,851	\$777,707	\$2,184,557	---
Net Present Value Savings (\$)	---	\$1,279,023	\$702,335	\$1,981,358	---
Net Present Value Savings (% of Principal)	---	9.71%	8.07%	9.06%	---
Principal Amount Refunded	---	\$13,173,500	\$8,698,500	\$21,872,000	---
Average Interest Rate Refunded	---	3.92%	3.95%	3.93%	---
<b>Senior Lien Debt Service Comparison</b>					
<b>Fiscal Year</b>	<b>Aggregate</b>	<b>Series 2020A</b>	<b>Series 2020B</b>	<b>Aggregate</b>	<b>Difference</b>
2021	\$2,907,588	\$1,638,338	\$1,123,763	\$2,762,101	(\$145,487)
2022	2,906,842	1,650,901	1,121,944	2,772,845	(133,997)
2023	3,567,595	2,143,910	1,289,992	3,433,902	(133,694)
2024	3,571,073	2,149,524	1,287,576	3,437,100	(133,973)
2025	3,569,191	2,155,397	1,279,680	3,435,077	(134,114)
2026	1,296,024	602,509	1,662,424	2,264,933	968,909
2027	1,295,681	602,061	1,663,424	2,265,485	969,804
2028	1,295,981	602,450	1,662,608	2,265,058	969,076
2029	1,295,849	602,657	1,663,000	2,265,657	969,809
2030	1,295,246	601,684	1,663,552	2,265,236	969,991
2031	1,295,135	601,548	1,664,240	2,265,788	970,654
2032	1,295,440	602,231	1,663,040	2,265,271	969,831
2033	1,296,087	602,715	1,662,976	2,265,691	969,604
<b>Total</b>	<b>\$26,887,732</b>	<b>\$14,555,925</b>	<b>\$19,408,219</b>	<b>\$33,964,145</b>	<b>\$7,076,413</b>

-Analysis is preliminary and subject to change, and assumes closing on August 13, 2020.

-Principal amount and total interest cost of existing debt represents amounts after August 1, 2020.

-Refunding of outstanding Series 2013A&B and Series 2018 loans assume prepayment penalties are reduced by 50%.

-Net present value refunding savings calculated using combined All-In TIC.

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