

# **Building Better Communities-General Obligation Bond**

**Workshop Presentation**



# GENERAL OBLIGATION BONDS

# Breakdown of Spent to Date Per GOB Question



- In 2004, the voters of Miami-Dade County approved the \$2.9 billion Building Better Communities General Obligation Bond (BBC GOB) program
  - ✓ As of FY 2010-11, we have received bond proceeds and premium totaling \$967,671,000
  - ✓ Earned \$33,159,000 in Interest
  - ✓ Total Proceeds, Premium and Interest of \$1,000,830,000
- The BBC GOB was anticipated to fund more than 300 projects over the next 15 years
  - ✓ As of FY 2010-11, we have spent \$814,483,000 and completed over 150 projects

# Breakdown of Spent to Date Per GOB Question



- Water, Sewer and Flood Control – \$85,867,000
  - ✓ 60 Local Drainage Improvement projects
  - ✓ 15 Water and Sewer projects
  
- Park and Recreation Facilities – \$276,760,000
  - ✓ Amazon and Beyond at Zoo Miami
  - ✓ Southridge Park Stadium
  - ✓ 3 Additional Fields at Kendall Soccer Park
  - ✓ Haulover Park Marina Expansion and Dockmaster Building
  - ✓ Gwen Cherry Football Field Bleachers and Parking Lighting
  - ✓ North Point Community Center
  - ✓ Deerwood Bonita Lakes Recreation Center
  - ✓ Chapman Field Park Land and Water Trail

# Breakdown of Spent to Date Per GOB Question



- Improve Bridges, Public and Neighborhood Infrastructure – \$152,831,000
  - ✓ ADA upgrades throughout the County
  - ✓ Sidewalk Resurfacing Improvements
  - ✓ Design of the Tamiami Swing Bridge
  
- Construct and Improve Public Safety Facilities – \$21,707,000
  - ✓ 2 new fire stations in the City of Miami Beach
  - ✓ Purchase of the new Animal Shelter Facility
  - ✓ Purchase of a Mobile Police Sub-Station Command Center in Hialeah Gardens

# Breakdown of Spent to Date Per GOB Question



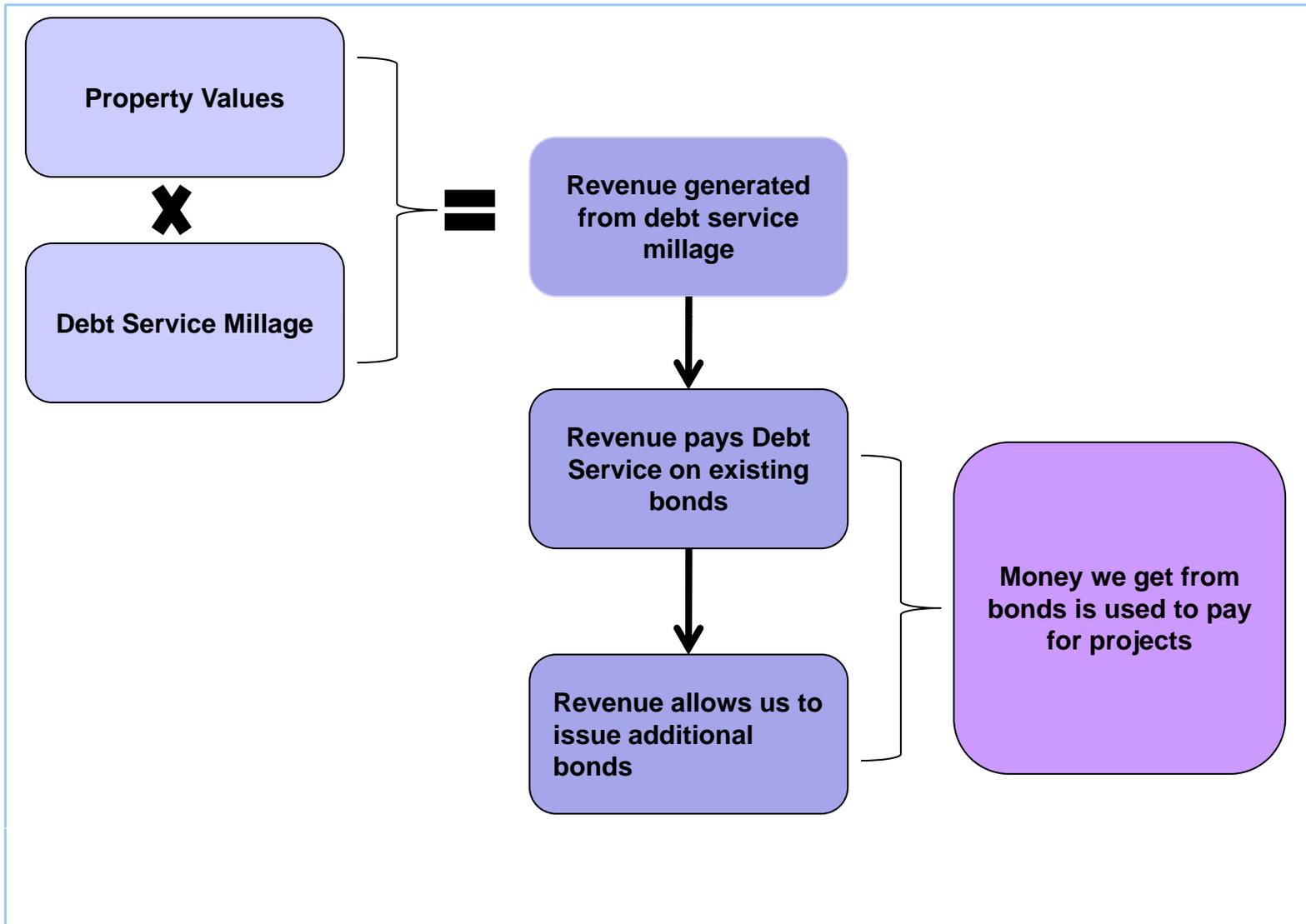
- Construct and Improve Emergency and Healthcare Facilities – \$77,240,000
  - ✓ Construction of Jackson South
  - ✓ Variety of Technical and Medical Improvements in the Radiology Unit
  - ✓ Renovation of the Pediatric Intensive Care Unit at Holtz Children Hospital
  - ✓ Acquisition of the Citrus Healthcare Facility
  - ✓ Miami Beach Healthcare Center
- Construct and Improve Public Services Outreach Facilities – \$56,360,000
  - ✓ Acquisition of the Lightspeed Facility
  - ✓ YMCA of Greater Miami (Allapattah)
  - ✓ United Way Center for Excellence in Early Education

# Breakdown of Spent to Date Per GOB Question



- Construct and Improve Housing for Elderly and Families – \$21,773,000
  - ✓ 145 Units for previously homeless families at Homestead Airforce Base
  - ✓ 300 Affordable housing for the elderly in Hialeah
  
- Construct and Improve Cultural, Library and Multicultural Facilities – \$117,847,000
  - ✓ South Miami-Dade Cultural Arts Center
  - ✓ Renovation of the Miami Lakes Branch Library
  - ✓ Coral Gables Historic Museum
  - ✓ Curtiss Mansion

# Overview of General Obligation Money Cycle



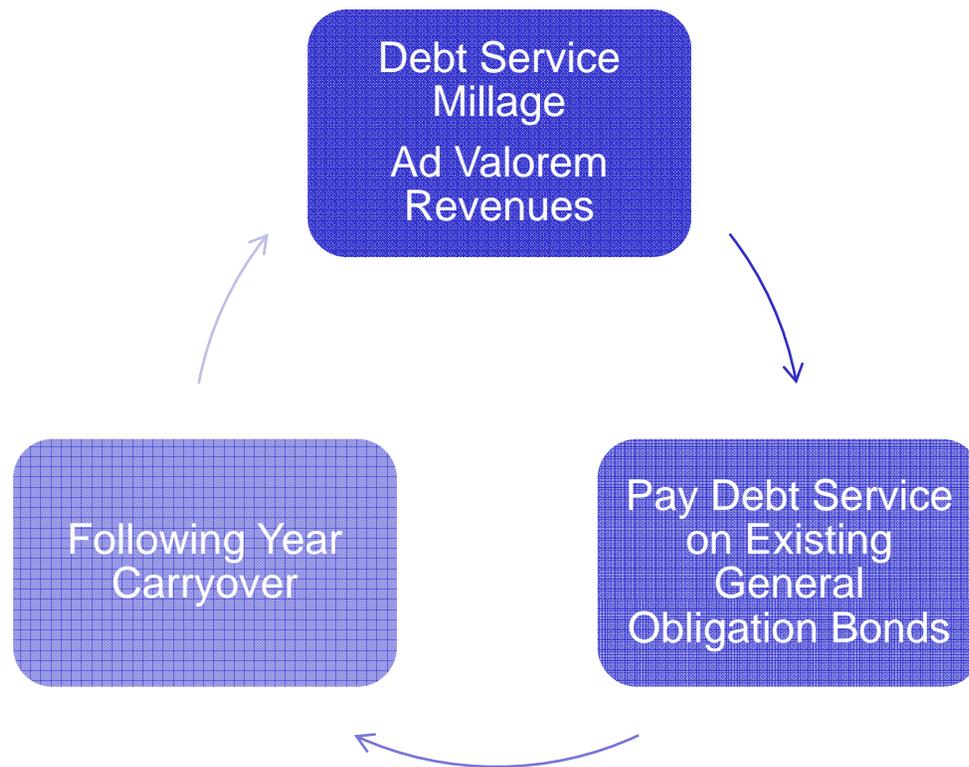
# Assumptions



- The property roll growth assumptions are 0% for FY 2013, 3% for FY 2014, FY 2015, FY 2016, and 5% in FY 2017
- The projected annual interest rate on long-term debt is 5.25%
- The projected monthly GOB expenditure is \$7.5 million

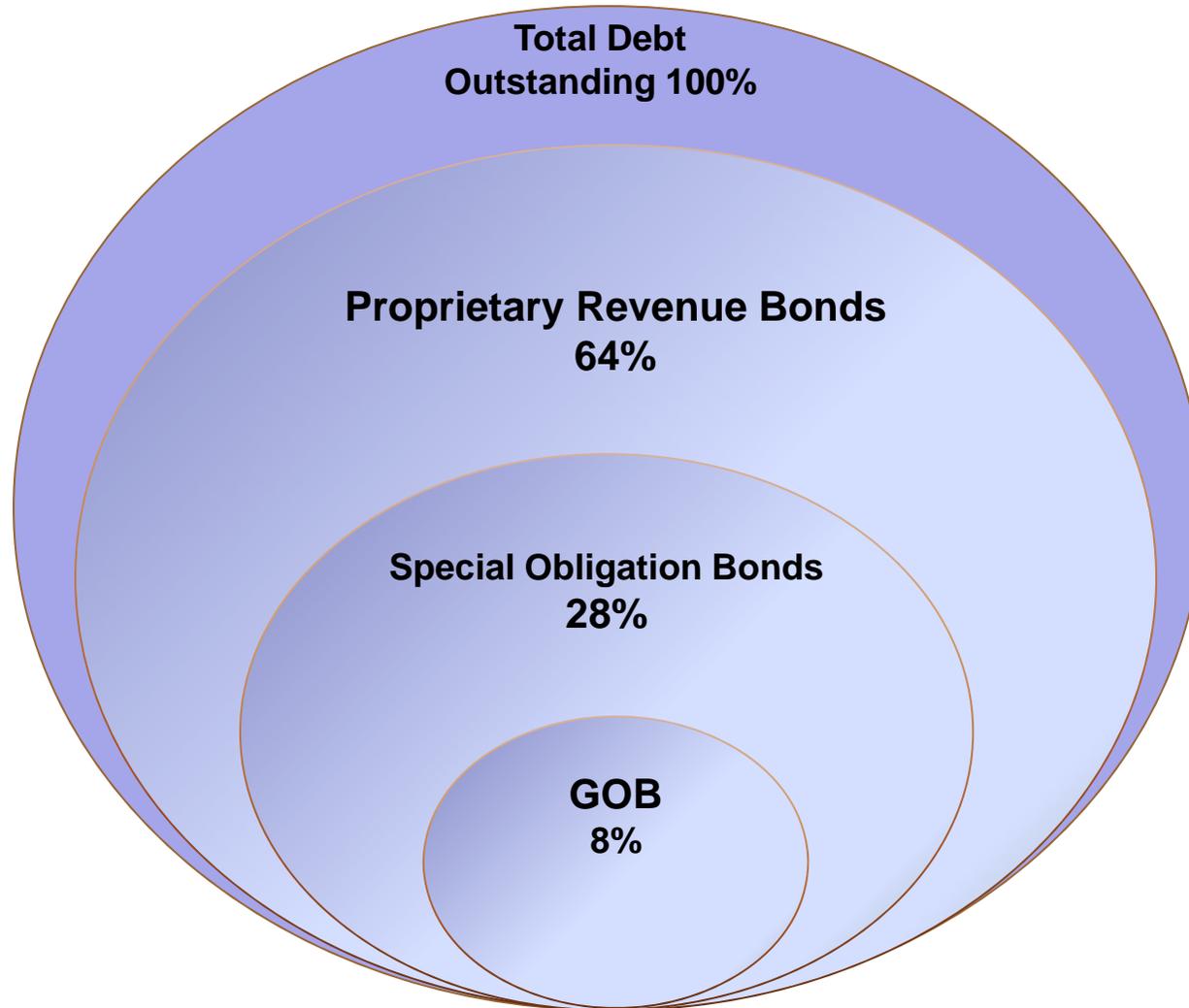
# Overview of General Obligation Cycle

- General Obligation Debt Service Millage pays *only* Debt Service on GO Bonds
  - ✓ The millage is set, depending on the Taxable Assessed Value, to a sufficient level to make the upcoming GO Debt Service payment



\*Carryover serves as a cushion until tax receipts are realized in December

# County Total Debt Obligations

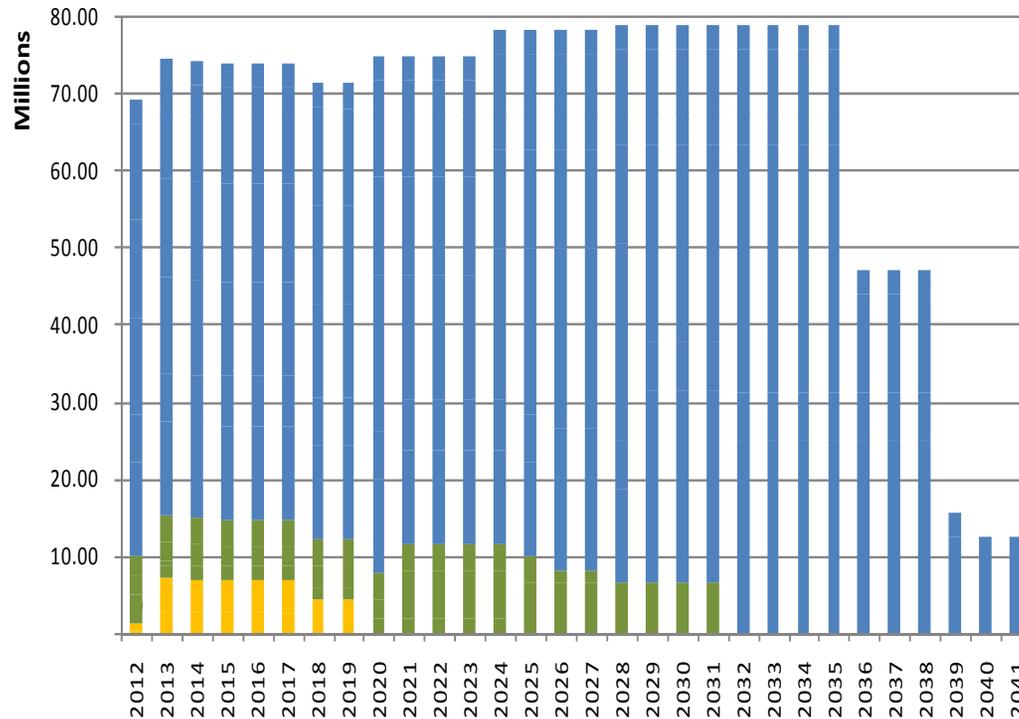


# Existing General Obligation Bonds



- The Debt Service Millage pays several existing GO Bonds

Annual General Obligation Debt Service by Program



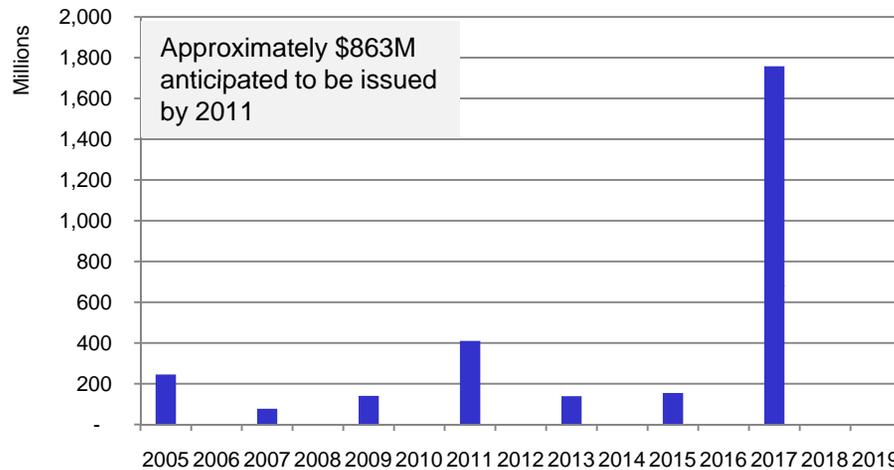
In 000's

- BBC Program**
  - Series 2005 - \$266,086
  - Series 2008 A - \$101,376
  - Series 2008 B - \$147,067
  - Series 2008 B1 - \$201,799
  - Series 2010 A - \$ 51,344
  - Series 2011 A - \$199,999
- Parks Program**
  - Series 2001 - \$28,705
  - Series 2002 - \$11,491
  - Series 2005 - \$57,310
- Criminal Justice Program**
  - Series CC - \$38,876
  - Series DD - \$51,124

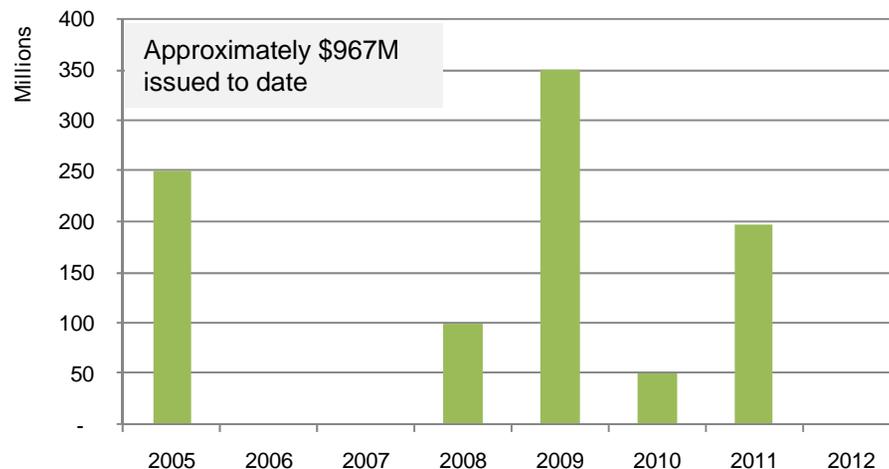
# Capital Plan Overview – Original BBC Program



**Original Planned GO Issuance Schedule**



**Actual GO Issuance to Date**



- The original plan was structured to resemble a “pay-as-you-go” program

- ✓ GO Bonds would be issued annually or every other year in order to fund capital projects as needed

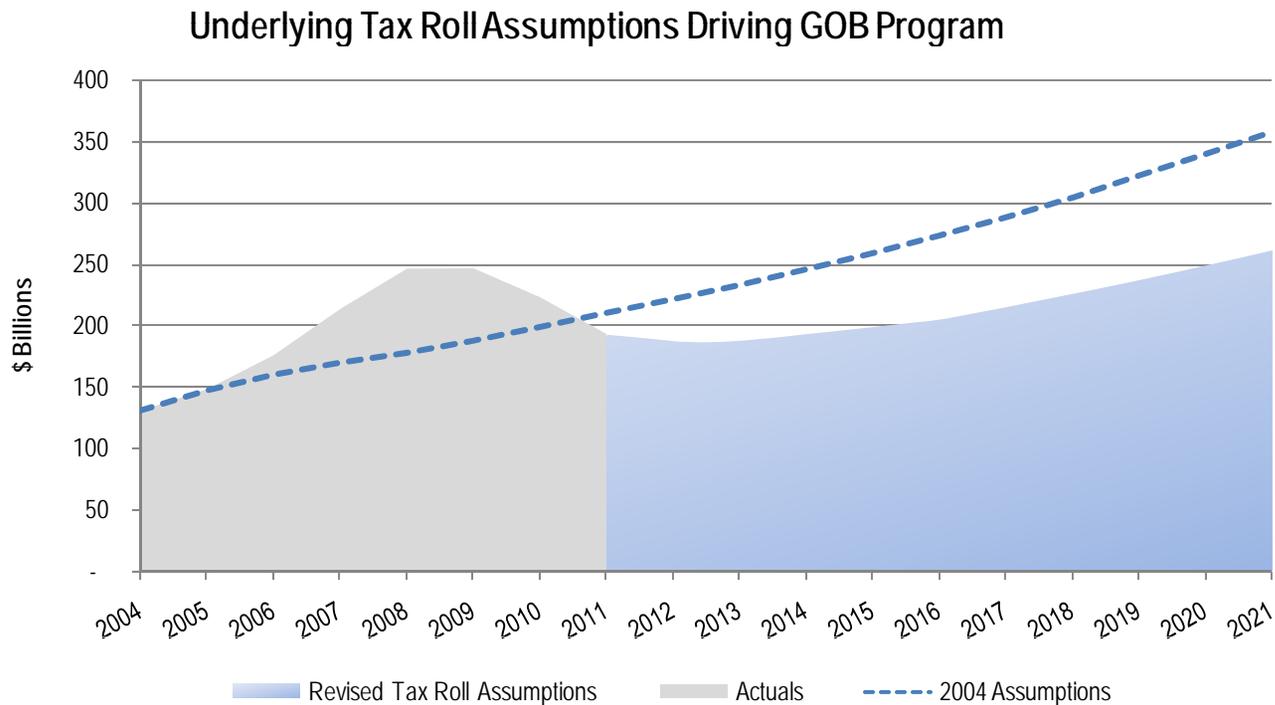
- Actual Issuance was accelerated

- ✓ GO Bonds were issued as capital projects were moved forward, and revenue (property values multiplied by millage rate) supported issuance

# Capital Plan Overview – Tax Roll



- The County was able to accelerate projects due to the strong growth in the Tax Roll
  - ✓ When the tax roll began to decline starting in 2010, a higher millage was required to generate the same level of revenue



# Capital Planning



- The decision to include projects in the annual budget is based on:
  - ✓ Available revenues
    - Bond Proceeds
    - Commercial Paper
  - ✓ Monthly Construction Schedules
  - ✓ Is the Project ready to proceed?
    - Are the plans complete?
    - Do we (or the developer) have control of the site?
    - Is all of the financing in place?
    - What is the economic impact, including operating costs?

# Projected BBC Millage Rates – Current Estimate



- The projected millage rates shown to the right are **projections** based on current **estimates**
- The millage rates reflect the current estimates for the BBC construction schedule
  - Assuming the Museums are funded beginning in FY 2011
- Millage rates reflect the current estimates for ad valorem growth, in the near and long-term
- Millage rates reflect the current borrowing cost assumptions
- Millage rates are only a snapshot based on today’s information. **Any** change in key inputs will modify the actual necessary millage rate

Fiscal Year	Projected Millage
9/30/2011	0.445
9/30/2012	0.285
9/30/2013	0.285
9/30/2014	0.455
9/30/2015	0.457
9/30/2016	0.494
9/30/2017	0.504
9/30/2018	0.465
9/30/2019	0.464
9/30/2020	0.447
9/30/2021	0.467
9/30/2022	0.460
9/30/2023	0.473
9/30/2024	0.477
9/30/2025	0.470
9/30/2026	0.487
9/30/2027	0.492
9/30/2028	0.477
9/30/2029	0.489
9/30/2030	0.491
9/30/2031	0.478
9/30/2032	0.456
9/30/2033	0.458
9/30/2034	0.436
9/30/2035	0.416
9/30/2036	0.334

Fiscal Year	Projected Millage
9/30/2037	0.318
9/30/2038	0.303
9/30/2039	0.236
9/30/2040	0.220
9/30/2041	0.209
9/30/2042	0.181
9/30/2043	0.173
9/30/2044	0.164
9/30/2045	0.157
9/30/2046	0.119
9/30/2047	0.113
9/30/2048	0.108
9/30/2049	0.103
9/30/2050	0.098
9/30/2051	0.093
9/30/2052	0.066
9/30/2053	0.063
9/30/2054	0.060
9/30/2055	0.057
9/30/2056	0.036
9/30/2057	0.034
9/30/2058	0.033
9/30/2059	0.015
9/30/2060	0.014
9/30/2061	0.013

# Summary Comparison



MIAMI-DADE COUNTY BUILDING BETTER COMMUNITIES GENERAL OBLIGATION BOND PROGRAM - COMMERCIAL PAPER MODEL			
VERSION SUMMARY			
	<input checked="" type="checkbox"/> Scenario 1	<input checked="" type="checkbox"/> Scenario 2	<input checked="" type="checkbox"/> Scenario 3
Version	1	2	3
			
Scenario Name:	Version 1: BASE CASE - BUDGET BOOK	Version 2: ADD AFFORDABLE HOUSING TO BASE CASE	Version 3: ADD \$5M/DISTRICT FOR PRIORITY PROJECTS TO BASE CASE
<b>Millage Summary</b>			
10 year Program Average	0.439	0.466	0.455
2012	0.285	0.285	0.285
2013	0.285	0.334	0.327
2014	0.455	0.459	0.466
2015	0.452	0.540	0.501
2016	0.504	0.535	0.529
2017	0.507	0.520	0.514
2018	0.482	0.493	0.487
2019	0.469	0.479	0.474
2020	0.473	0.495	0.476
2021	0.479	0.517	0.488

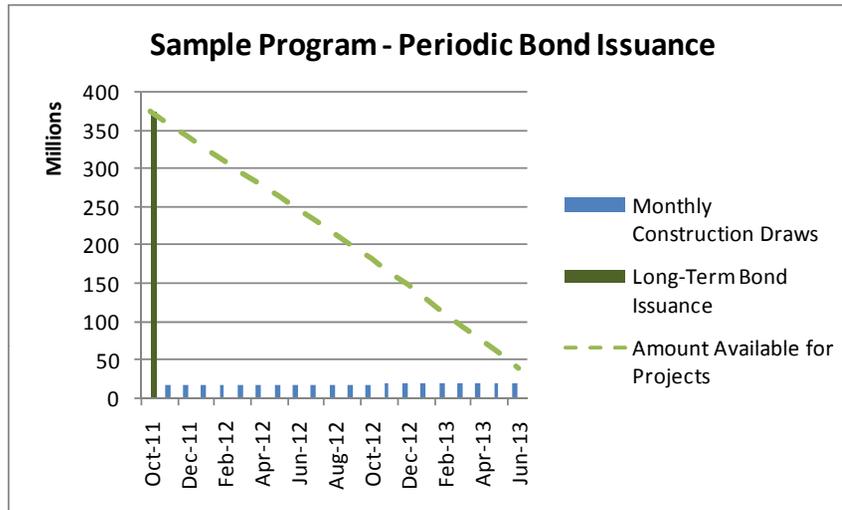
# COMMERCIAL PAPER

# The Basics of Commercial Paper

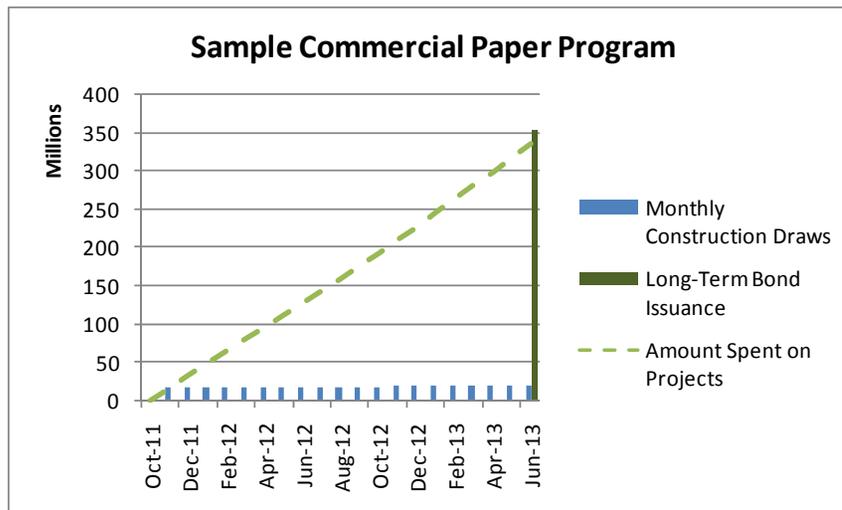
- Commercial Paper is similar to a line of credit
  - ✓ Commercial Paper proceeds are only used when there is a need for money, compared to bond proceeds that we receive all at once
  - ✓ The cost to use money from Commercial Paper is generally less expensive in the short-term than from issuing a bond
  - ✓ Eventually Commercial Paper borrowings are replaced with long-term financing (i.e. a bond) or repaid from other sources



# Timing - Bond Financing vs. Commercial Paper Program



- Long-Term Bonds are issued, and proceeds are held until needed for construction
- When available bond funds are depleted, a new series of Long-Term bonds must be issued
  - ✓ *Debt service, including principal and interest, is paid immediately upon issuance*



- Commercial Paper is used as projects need funding and then repaid through issuance of Long-term bonds
- When Commercial Paper is repaid with Long-term Bonds, the outstanding Commercial Paper balance becomes zero and the process is repeated
  - ✓ *Debt Service is paid on the actual amount of money spent*

# Model Limitations

- The resulting output from scenarios run through the model are completely dependent on, and only as reliable as, the inputs and assumptions being utilized
- There will undoubtedly be variations from the current assumptions to the actual future conditions. Variations to any of the key inputs will skew results
  - ✓ *Taxable Assessed Values growing/declining faster or slower*
  - ✓ *Short and Long-term Borrowing Rates either cheaper or more costly*
  - ✓ *Construction costs come in higher or lower*
- The model is a long-term planning tool that arms decision-makers with the flexibility to test and compare a variety of scenarios
- The model is not a crystal ball or magic bullet... *that's extra*

