



Audit & Finance Committee

April 8, 2009

River of Grass Financing Update

Paul E. Dumars, Sr.
Chief Financial Officer

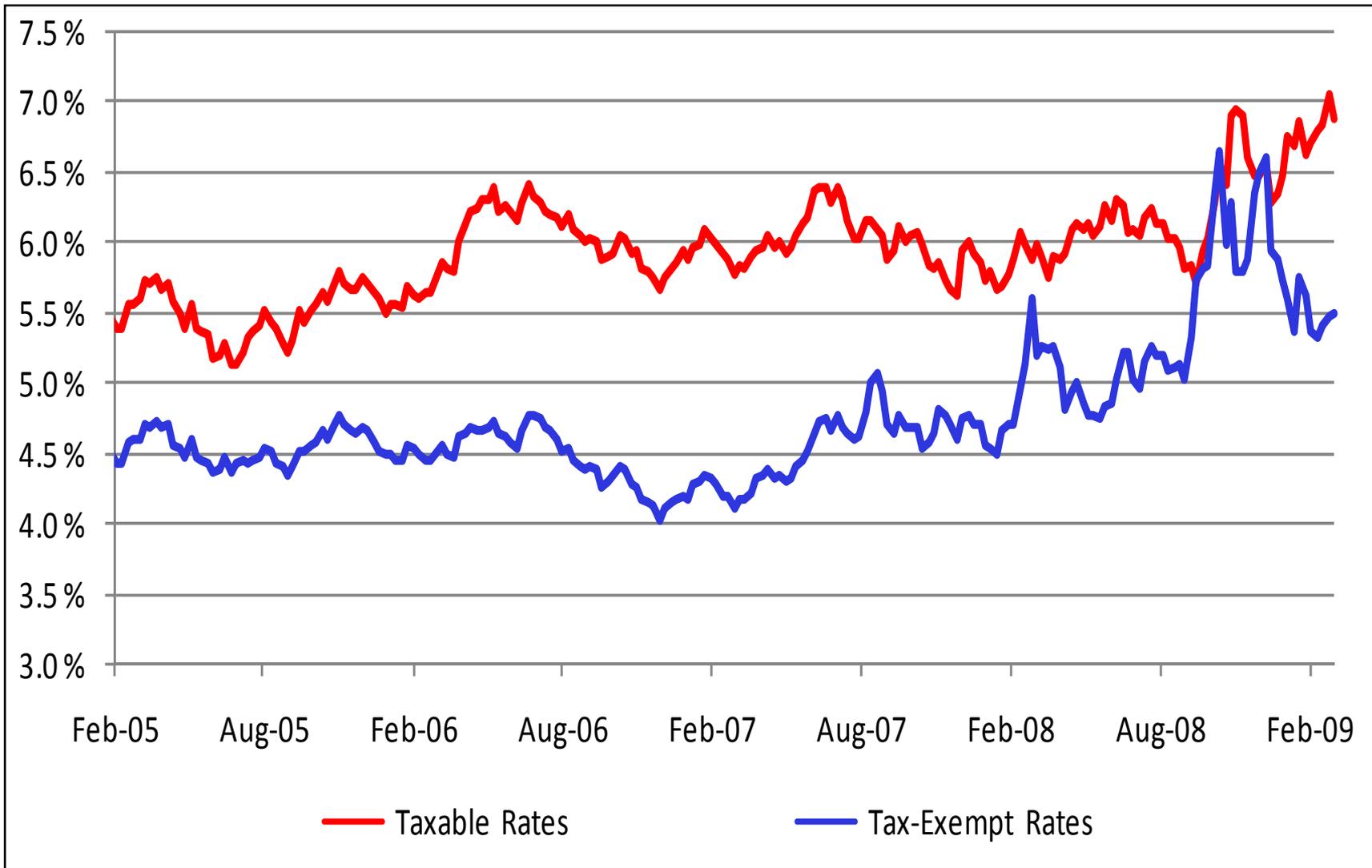
Proposed Framework

- **Cost of land - \$533 million**
- **30-year fixed rate taxable**
- **Debt service cost - \$43-45 million annually**
- **Estimated interest rate – 7-7.4%**
- **Annual lease revenue - \$6.075 million**
- **Seven years (40,500 acres @ \$150 per acre)**
- **\$63 million savings in annual debt service cost from previously projected debt service**
- **\$800 million savings in initial acquisition cost**

Market Update

- **U.S. municipal finance issuers continue to be impacted by the recession**
 - **Federal action to stabilize banks**
- **While dislocations in credit markets continue to make borrowing more costly, financings of all sizes are moving through the market**
 - **Highly rated credits lead the way; small weaker credits are challenged**

Long Term Interest Rates (Taxable vs. Tax-Exempt)



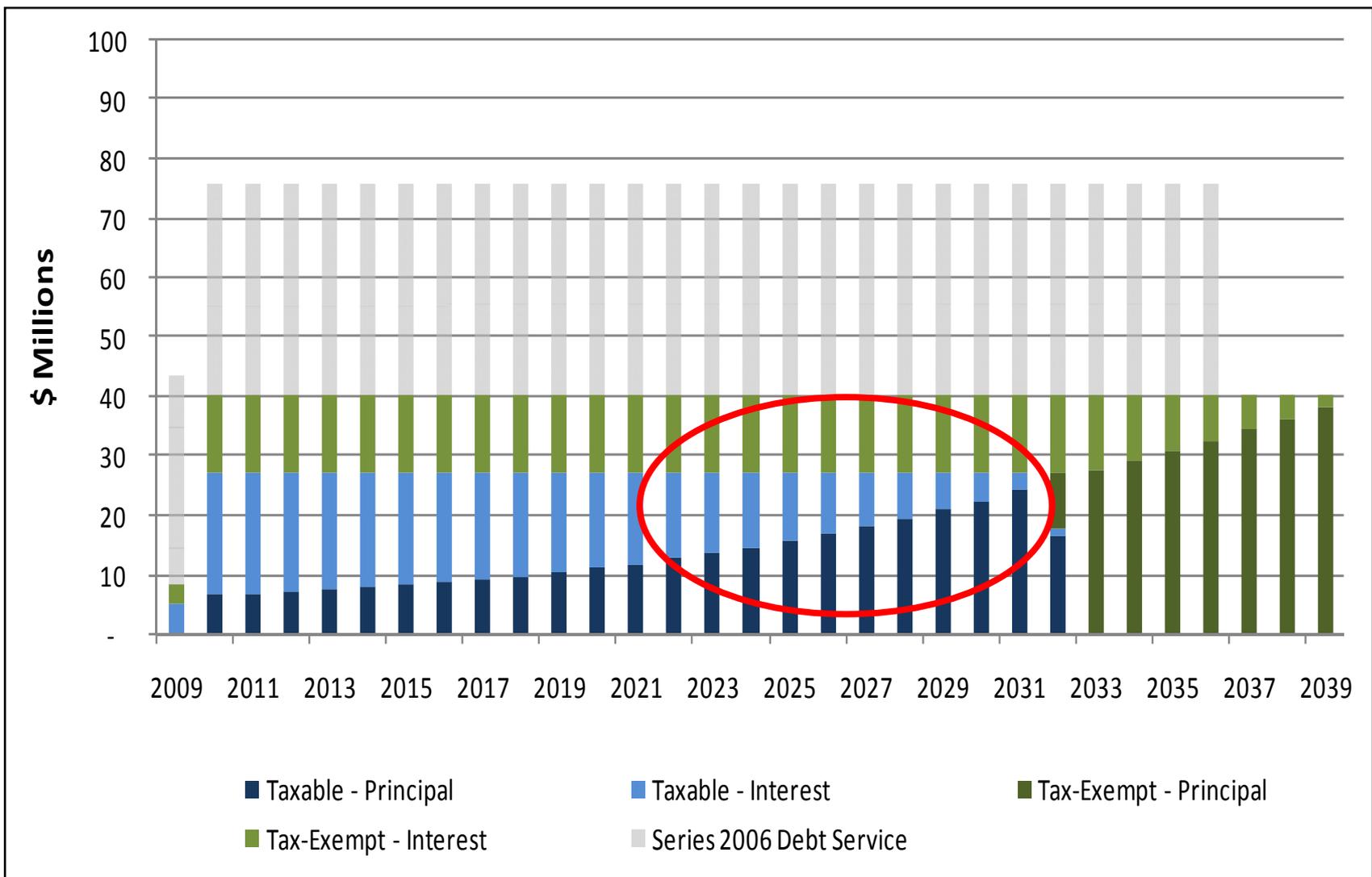
Timetable

- **Validation process will drive timetable**
- **Current timetable:**
 - **April/May: Refine credit package and present plan to rating agencies/insurers**
 - **May: Solicit credit enhancement (bank Letters of Credit and bond insurance)**
 - **June: Finalize financing documents incorporating credit enhancement**
 - **July: Marketing and bond closing**

Debt Structure

- **Debt structure will likely include taxable and tax-exempt components**
 - **Base Case:**
 - **30 level payments of approximately \$40 million per year (\$75M including 2006 financing)**
 - **Taxable debt amortized quickly in order to eliminate higher cost debt**
 - **Tax-exempt amortized later**
 - **Base Case financing includes 100% fixed rate COPs**

Debt Service on Existing and Proposed COPs



Structuring Options

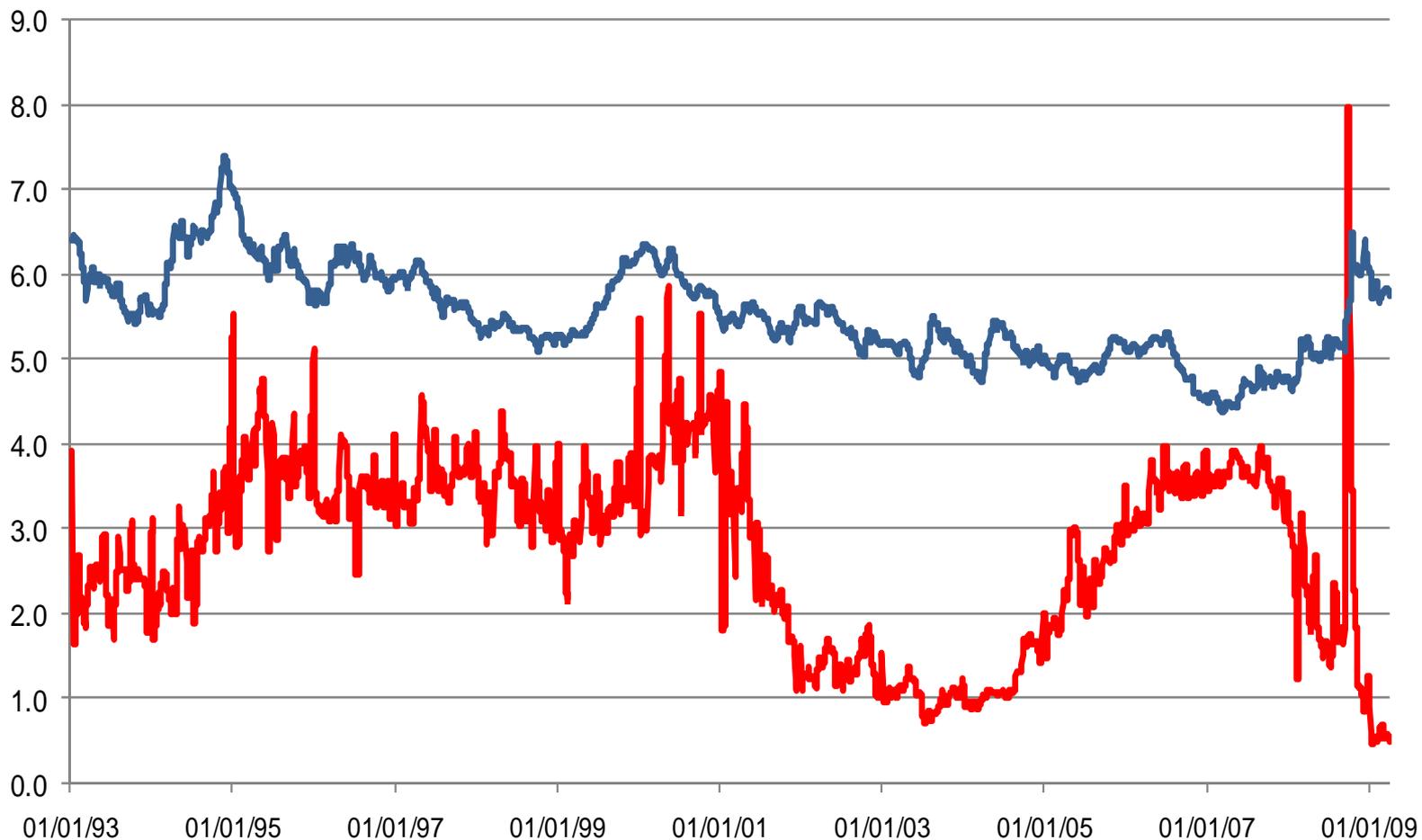
Alternative: Variable Rate Debt

- **Many large issuers benefit from using variable rate debt; risks must be considered**
- **Advantages:**
 - **Potential for significantly lower interest expense**
 - **Callable at any time – facilities restructuring (taxable to tax-exempt conversion, etc)**
- **Disadvantages:**
 - **Market exposure – interest rates could rise during a market dislocation/inflationary period**
 - **Renewal risk – variable rate obligations require Letters of Credit, liquidity facilities, and remarketing agreements; all are subject to renegotiation at some point during the life of a financing**

Variable Rate Debt

- **Market conditions may require the District consider issuing a portion of COPs as variable rate obligations, “put” bonds or possibly include hedges**
 - **Over time, District would be allowed to convert taxable debt into tax-exempt debt as land is converted to preservation/restoration purposes**
- **Since taxable debt is typically “non-callable”, financing team would develop strategies that are (1) conservative/ prudent, (2) work in this financial market, (3) allow for restructuring to convert to tax-exempt, and (4) create the greatest likelihood of providing for the lowest total debt service over time**

Short & Long Term Interest Rates Comparison



— Short-Term (SIFMA) — Long-Term - Revenue Bond Index

2009 Bills of Interest

Certificates of Participation

- GAAC 09-03 by the House Government Accountability Act Council places a **20 percent debt service to ad valorem revenue cap on the issuance of certificates of participation without the approval of the Legislative Budget Commission. Bonds issued and outstanding before January 1, 2009, are not included in the calculation of the limitation**
- SB 1898 by the Senate Environmental Preservation and Conservation Committee places a **25 percent debt service to ad valorem revenue cap on the issuance of certificates of participation. Bonds issued and outstanding before January 1, 2009, in excess of the 25 percent cap are not included in the calculation of the limitation**
- SB 1436 by Sen. Bennett and HB 987 by Rep. Williams **prohibits water management districts from issuing certificates of participation unless approved by the electors of the district in a referendum**

2009 Bills of Interest

Property Tax Legislation

- **HB385 by Rep. Rivera & SB738 by Sen. Bennett proposes a constitutional amendment that would limit the amount of ad valorem property taxes that may be collected by counties, school districts, municipalities, and special districts from any parcel of real property to 1.35%**
- **SB1906 by Sen. Haridopolos & HJR 1263 by Representative Flores proposes an amendment to limit state and local government revenues and require voter approval of new taxes and fees**

2009 Bills of Interest

Property Tax Legislation, cont.

- HB97 by Rep. Domino & SB532 by Sen. Lynn **limits increases in assessments of real property used for commercial or residential rental purposes. Also provides first-time homestead property owners with an additional homestead exemption equal to 50 percent of property's just value in the first year and reduces it by 20 percent in each succeeding year**
- HB521 by Rep. Lopez-Cantera **revises provisions relating to factors for determining just valuation of property and places the presumption of correctness on the property owner instead of the Property Appraiser in case of a challenge**



Questions?

