



Monroe County, FL

Discussion of Financing Opportunities

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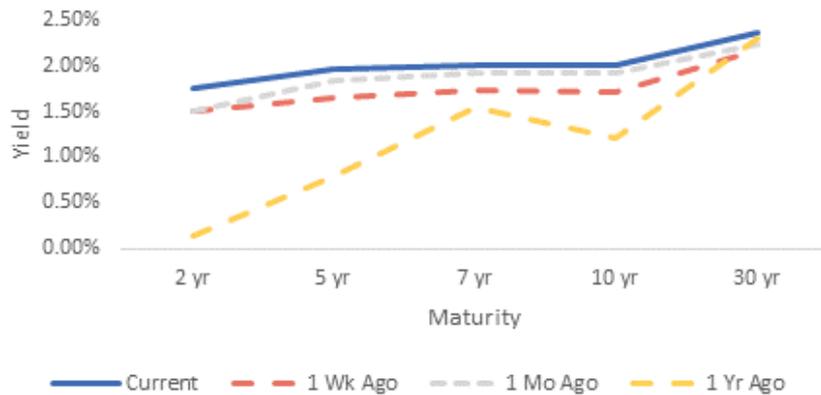
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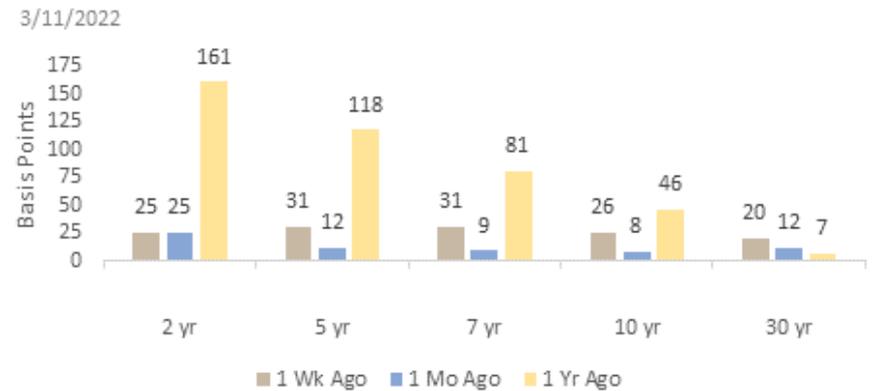
Current Market Conditions

- Yields have increased significantly to start the year, albeit still at very attractive historical levels.

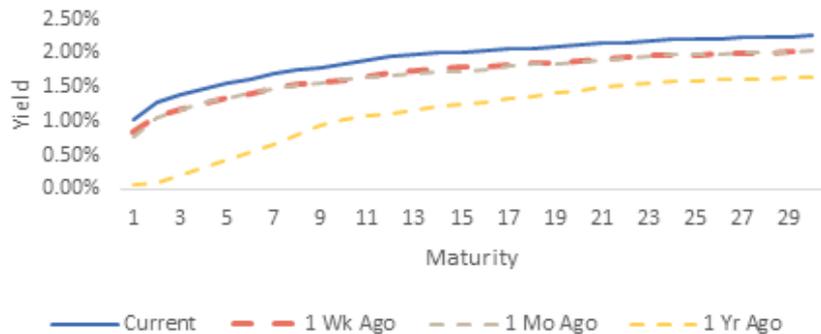
Treasury Yield Curve



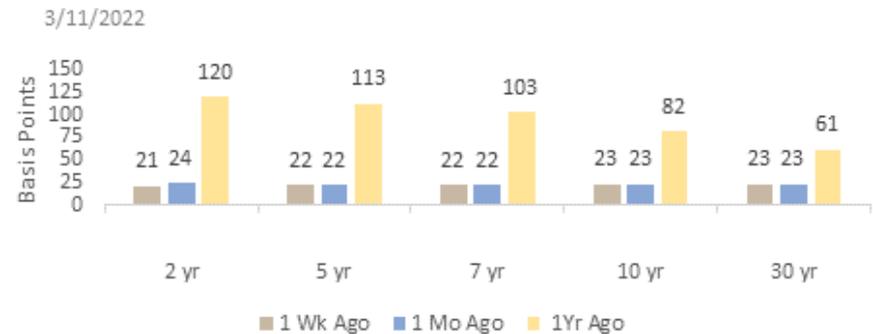
UST Yield Changes



MMD AAA G.O. Curve



MMD AAA Yield Changes





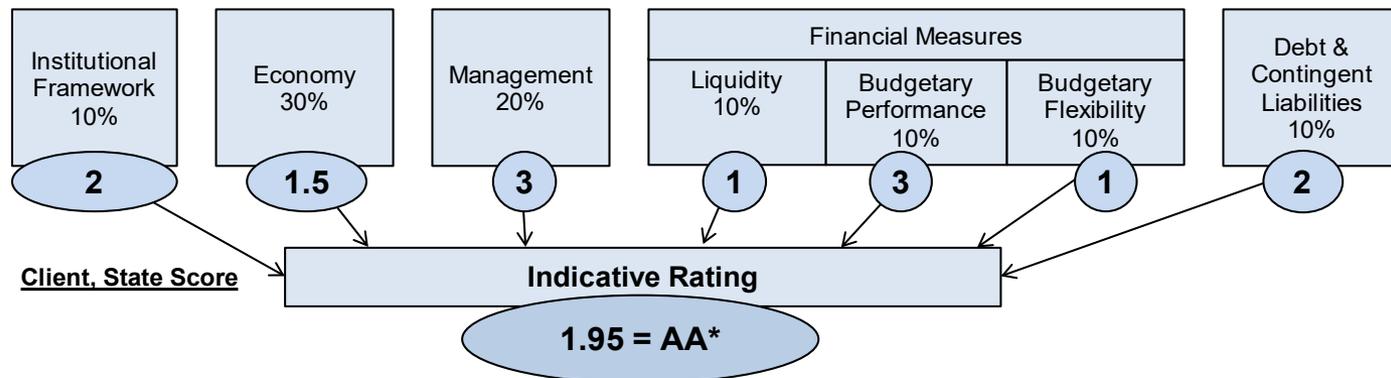
Credit Rating Overview

- Monroe County does not have any current credit ratings from the major rating agencies.
- Based on an independently calculated estimate of the various credit factors listed below, indicated ratings would be expected in the AA category.
- What matters?
 - Economic and Management profiles are most heavily weighted
 - Management specifically relates to budgetary practices
 - Economic scores are based on taxable values and median family income

Moody's Local Government Rating Calculator

Category	Weight	Indicated Rating
Economy/Tax Base	30%	0.84
Fund Balance	15%	3.14
Cash Balance	15%	2.98
Management	20%	2.25
Direct Debt	10%	1.88
Pension Liability	10%	1.25
Indicated Rating Score	100%	1.93
Indicated Rating	-	Aa2

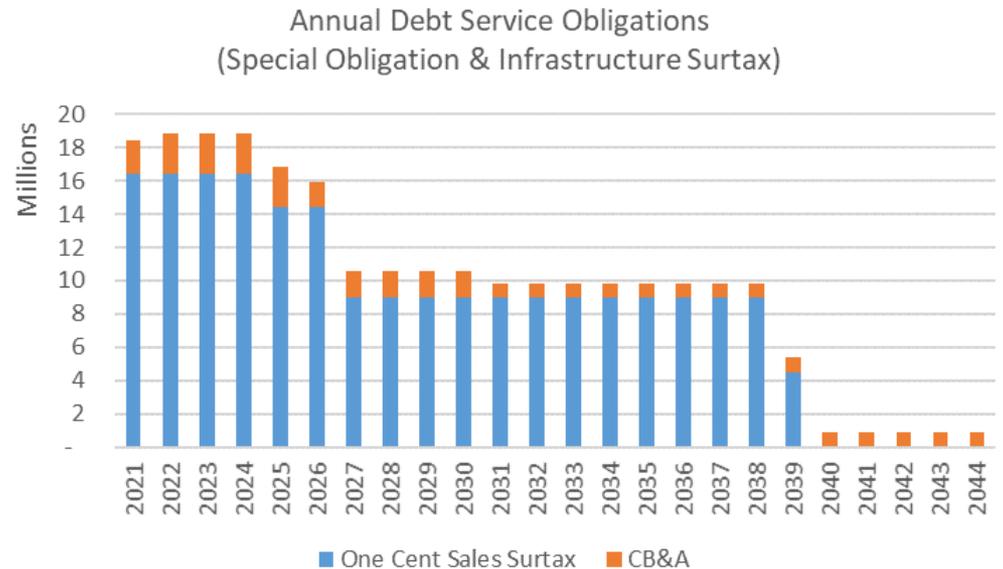
S&P's Local Government Rating Calculator





Existing Debt Portfolio

- Two primary security sources for borrowing:
 - One-cent Infrastructure Sales Surtax
 - Approximately \$172.1M outstanding
 - Maximum Annual Debt Service of \$16.4 (2021-2024)
 - FY 2021 Revenues equaled \$28.6M
 - Covenant to Budget and Appropriate from non-Ad Valorem Revenues
 - Approximately \$9.7M outstanding
 - Maximum Annual Debt Service of \$1.6M (2022-2025)
- While the non-AV revenues are *pledged*, they are not being utilized for payments. (Actual payments are being made from special assessments and/or fund 304)



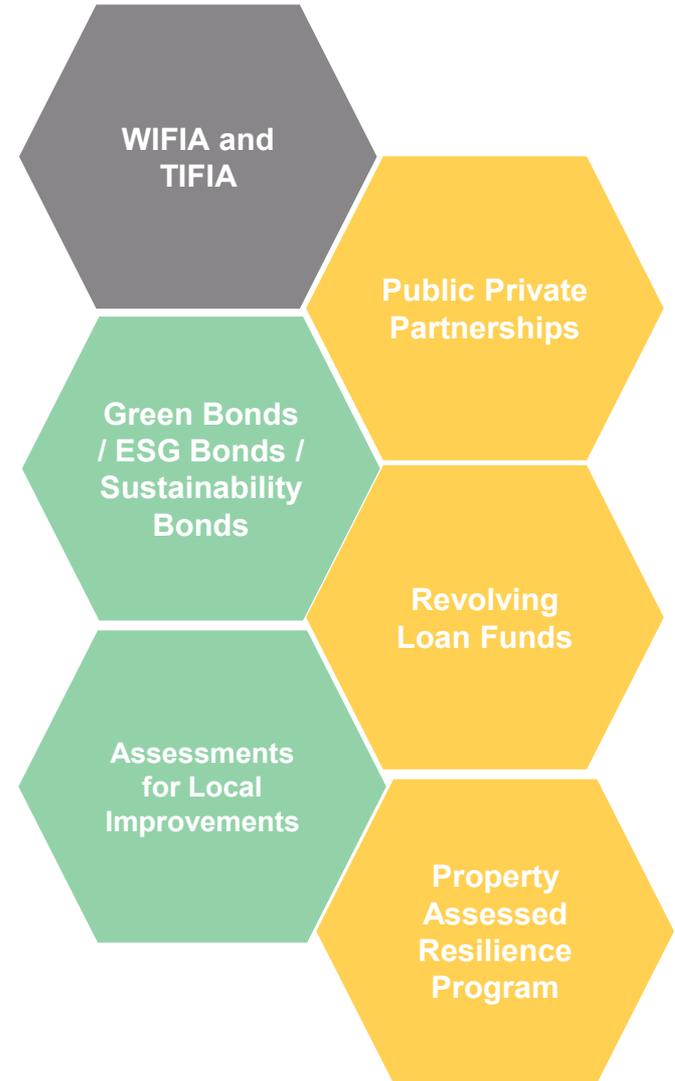


Financing Toolbox

Widely-Utilized Programs



Potential Enhancing Programs





Outstanding Security Pledges

◆ Two primary security sources for borrowing:

- **One-cent Infrastructure Sales Surtax**

- Additional Bonds Test: 12 consecutive of the prior 24 months must be at least 130% of Maximum Annual Debt Service
- Additional capacity of approximately \$35 million through the current 2033 sunset date

- **Covenant to Budget and Appropriate from non-Ad Valorem Revenues**

- Additional Bonds Test: average of prior two year's non-Ad Valorem revenues must be at least 120% of Maximum Annual Debt Service
- Additional capacity of approximately \$400 million.

◆ *However, the true measure of debt capacity is the ability to continue providing effective County service(s) and make debt payments*



Non-Ad Valorem Revenues

- The calculation of bonding capacity is provided to the right
- This capacity considers the County's 2019 and 2020 audited financials
- As shown, the ~\$385 million capacity assumes a conservative interest rate of 5.00% over 20 years

Fund ¹	FY 2020 CAFR NAV Revenues	FY 2019 CAFR NAV Revenues
General Fund	20,172,015	23,257,301
Fine & Forfeiture	12,202,523	12,755,205
One Cent Infrastructure Surtax	20,436,462	24,207,427
All Debt Service	92,146	115,495
Nonmajor Governmental Funds	7,999,993	9,752,572
Total Non Ad Valorem Revenues	\$ 60,903,139	\$ 70,088,000
- Essential Services Covered by NAV Revenues ²	(12,605,240)	(1,017,662)
Total Available Non Ad Valorem Revenues	\$ 48,297,899	\$ 69,070,338
Average Available NAV for prior two Fiscal Years ³ :	58,684,119	
Maximum Annual Debt Service ⁴ :	18,005,017	

Coverage:	3.26x
Minimum Coverage Required:	1.20x

(1) Only funds available to pay debt service are shown here (AFR and provided by County).

(2) This calculation takes general government and public safety expenses from total governmental funds and subtracts ad valorem revenues; essential services left over are paid for by non-ad valorem revenues and thus are subtracted here.

(3) Based on average of 2019 and 2020 CAFR; uses non-ad valorem revenues from total governmental funds.

(4) MADS projected to occur in Fiscal Year 2022.

Capacity Estimate:

Assumed Interest Rate:	5.00%
Assumed Term (Years):	20
Annual Available Debt Service:	30,898,415
Capacity:	\$385,060,000



General Obligation or Ad Valorem Bonds

- ◆ Another potential funding source: Ad Valorem Bonds
 - Every \$10 million of capital financing would require a millage of ~0.0204
 - The median homestead property of \$463,000 would pay ~\$9.46/year for each \$10 million financed
 - Not likely to be the primary funding source for capital projects

General Obligation or Ad Valorem Financing Capacity	
<u>Taxable Assessed Values - Monroe County</u>	
2020 Taxable Value (Budget)	33,524,119,928
<u>Millage Estimates</u>	
95% of Taxable Value	31,847,913,932
Value of one mill (0.001) @ 95%	\$ 31,847,914
<u>Financing Assumptions</u>	
Amount Financed	\$ 10,000,000
Financing Term	30
Estimated Interest Rate	5%
Annual Debt Service Payment	\$ 650,514
Estimated Required DS Millage	0.0204
<u>Estimated Millage Impact Summary</u>	
Homeowner Taxable Value	Annual \$ impact
\$463,100	9.46
\$1,000,000	20.43



Infrastructure Sales Surtax

- ◆ Extending or Expanding the Infrastructure Sales Surtax creates significant capacity

Extension (years)	Additional Capacity*
None (2033)	\$35 million
10 (2043)	\$60 million
20 (2053)	\$75 million
30 (2063)	\$200 million

- A NEW Surtax, assuming each additional 1% generates approximately \$28M/yr:
 - 30-year upfront capacity estimated to be ~\$300M*
- ◆ In addition, approximately 20% of the surtax revenues would be available on a pay-go basis (~\$5M/yr)

**All scenarios are for discussion only and subject to credit and market conditions at the time of sale. Assumes phased borrowing program.*

Thank You.



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