




City of Dublin

Office of the City Manager

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Memo

To: Members of Dublin City Council
From: Dana L. McDaniel, City Manager 
Date: April 20, 2017
Initiated By: Angel L. Mumma, Director of Finance
Re: Debt Presentation

Summary

In lieu of the regular 1st quarter financial update, originally scheduled for April 10, 2017, the Director of Finance and City Manager requested of the Finance Chairman, Michael Keenan, to forego the regular financial update and instead, present to City Council the City's capital financing plan. This was amenable to the Finance Committee Chair, and the meeting has been scheduled for April 24, 2017 at 5:30pm. The 1st quarter financial report has been completed and will be provided to Council in their packets for the April 24 meeting.

Due to the complexity of information that will be included in the capital financing presentation, Staff felt it was appropriate to provide this information in advance of the meeting. Attached for Council's review is the presentation along with a narrative for most of the slides, providing further explanation.

Recommendation

Information only. Staff will present this subject matter at the Finance Committee meeting to be held on April 24, 2017 at 5:30 pm.

The following is a narrative of the PowerPoint presentation regarding Capital Financing presented to the Dublin City Council Finance Committee on Monday, April 24, 2017.

Slide #3 – Presentation Purpose/Desired Outcomes

The purpose of this presentation is to provide City Council with an overview of the City's debt. There are four outcomes that are desired as part of this presentation:

1. An understanding of the various types of debt that are issued by municipalities in Ohio, and the limitations that exist according to state and local policies;
2. An understanding of the City's current debt profile;
3. An understanding of the City's plan of finance for 2017; and
4. An understanding of the factors that are analyzed by Moody's Investor Services as part of the rating process and the estimated impact of future financings on the City's rating.

To summarize, the 2017-2021 CIP represents forward investment in the community to ensure the City's fiscal health into the future. We hope that through this presentation, City Council will understand how this important financing tool fits in with our planned investment. Furthermore, we hope that Council understands that the capital budgets recommended by the Administration reflect a level of investment that is affordable given our conservative revenue estimates and within the confines of state restrictions and Dublin's own policies.



Slide #4 – Outstanding Debt Summary (as of April 24, 2017)

The City's outstanding bonds, by credit type, are reflected on slide #4. The table reflects the series name, the date the bonds were issued (or refunded), the final maturity date, the call date (if applicable), the original par amount, the outstanding par amount as of April 24, 2017, and the callable par amount on the call date (if applicable).

In order to better understand this slide, it is important to have a general understanding about the two primary categories of debt that municipalities issue: General Obligation Bonds (GO Bonds) and Revenue Bonds. Each are described as follows:

GO Bonds

GO Bonds are a type of municipal bond that are secured by the City's pledge to use all legally available resources, including tax revenues, to repay bond-holders. There are two subcategories of GO Bonds:

- Limited Tax (Unvoted GO Bond) (LTGO)
 - Pledges the full faith and credit of the City subject to the maximum rate at which taxes may be levied without voter approval.
 - Does not require voter approval to be issued.
 - Subject to state statutory and constitutional debt limitations.
 - Special Assessment – A type of Limited Tax GO Bond in which bond proceeds are repaid by a special assessment tax levied on a specific parcel of land that directly benefits from the financed improvements.

All of the City's LTGO Bonds pledge income tax revenues as an additional source of repayment.

- Unlimited Tax (Voted GO Bond) (ULTGO)
 - Pledges the full faith and credit of the City and obligates the City to raise property tax revenues in order to satisfy debt service requirements.
 - Requires voter approval.
 - Not subject to state constitutional debt limitations.

GO debt is traditionally rated higher by the rating agencies than any other debt given the backing of the City to pledge the full faith and credit (utilizing all available resources) to repay bond-holders.



Slide #4 – Outstanding Debt Summary (as of April 24, 2017) (continued)

Revenue Bonds

Revenue bonds are a type of municipal bond that are secured by a specific revenue of the City. Examples include Water, Sewer, Income Tax and Nontax Revenue Bonds.

- Debt of the City payable solely from the revenue pledged.
- Not backed by the full faith and credit of the City.
- Does not count towards the City's GO debt limit.
- Do not require voter authorization.

The City has chosen to use the GO pledge on most of the City's outstanding debt, even the debt which is funded by water, sewer and income tax revenues. This was done to obtain the highest bond rating to lower the interest costs on the bonds.



Slide #5 – Outstanding Debt Summary (as of April 24, 2017)

In addition to the City's traditional debt issued, as reflected in slide #4, there are three other forms of debt that the City has issued in order to finance capital projects:

- The Upper Scioto West Branch Inteceptor – funded through the Ohio Water Development Authority Loan program
- The I270/US 33 Interchange construction – funded through the State of Ohio State Infrastructure Bank (SIB) loan program
- The Dublin Road/Glick Road Improvements – funded through the Ohio Public Works Commission loan program



Slide #6 – General Obligation Debt Capacity Limitations – Statutory Debt Limit

There are three different constraints on the City's overall ability to issue debt: the Statutory Debt Limit, the Constitutional Debt Limit and the City's own Debt Policy limitations. Each are discussed in slides #6 through 10:

Statutory Debt Limit

- Based on the City's Assessed Valuation
 - 2016 assessed value for Dublin is \$2,039,280,850
- All GO debt that pledges income tax revenue is considered exempt
- Issuing exempt LTGO debt is common practice among Ohio issuers
- For total GO Debt (unvoted + voted), the limitation is based on 10.5% of assessed value
 - Taking into consideration exempt debt, the City's debt capacity within the 10.5% limitation is \$210,832,489
- For unvoted GO Debt, the limitation is based on 5.5% of assessed value
 - Taking into consideration exempt debt, the City's debt capacity within the 5.5% limitation is \$112,160,447
- 10.5% and 5.5% limitation applies to GO debt solely supported by ad valorem property taxes

*The State's statutory limits likely pose no issue for the City now or for the foreseeable future as it relates to borrowing capacity.



Slide #7 – General Obligation Debt Capacity Limitations – Constitutional Debt Limit

Constitutional Debt Limit

This limitation is frequently referred to as the “ten-mill” limitation and through the Constitution of Ohio, stipulates that the maximum combined unvoted ad valorem property taxes that all overlapping subdivisions may impose on a taxpayer is one percent of assessed valuation (which equals 10 mills).

Applied on a county-wide basis, this analysis takes into consideration any overlapping subdivision that may levy ad valorem property taxes within the ten-mill limitation. Subdivisions impacting Dublin’s ten-mill limitation include:

- The City
- County
- School Districts
- Townships
- Joint Vocational and Technical Career Centers
- SWACO

Of the three counties in which Dublin is located, Union County and the overlapping taxing districts have the highest amount of overlapping debt on a millage basis. Total millage used in the ten-mill calculation in Union County is 7.1145 mills (for the year of the highest potential debt due), leaving 2.885 mills remaining available within the ten-mill limitation.

Based on 2.885 mills remaining, the City and overlapping subdivisions within Union County have approximately \$73.3 million in par value available (assuming all debt is issued immediately and based on a 5% interest rate over 20 years). As debt is paid down in each related subdivision over time, the ten-mill limit increases accordingly. Conversely, as new debt is issued, the remaining available millage decreases. No subdivision may issue debt that increases the total over ten mills.



Slide #8 – General Obligation Debt Capacity Limitations – Constitutional Debt Limit (continued)

Constitutional Debt Limit

Based on the 10-mill limitation and the highest amount of overlapping debt on a millage basis which exists within Union County, the pie chart on slide #8 shows the how much millage is utilized by each of the taxing entities.

For comparison, Staff has also shown the remaining millage available in a number of other Ohio municipalities. This demonstrates that while there are some entities that have a substantial amount of millage available to issue GO debt, the level available to the City is not inconsistent with other Central Ohio suburbs.



Slide #9 – Debt Capacity Limitations – City of Dublin Debt Policy Limitations

City of Dublin Debt Policy Limitations

In 2016, City Council adopted a formal Debt Policy. The policy stipulated that of the 25% of income tax revenue that is dedicated to capital improvements (through the Capital Improvement Tax Fund), 60% is reserved to pay debt service while the remaining 40% is used to cash fund projects.

Furthermore, the maximum amount of debt (existing and proposed new debt) shall not exceed 90% of the allocation of income tax revenue allocated to pay debt service.

For Debt Policy purposes, income tax revenue is the primary factor that determines how much debt can be issued and retired. Additional revenue into the Capital Improvement Tax Fund (such as the transfer of funds from the General Fund, as part of the City's General Fund Balance Policy) is not taken into consideration.

As part of the annual update to the City's five-year CIP, income tax revenues are estimated for the upcoming five-year period. Based on those estimates, the amount of funding available to retire debt service is calculated. As projects are evaluated and funding is determined, existing debt service as well as projected debt service is considered. The Administration's proposed CIP ensures that any debt service anticipated to be undertaken by the City is within the funding constraints provided for in the Debt Policy.

Based on the income tax revenue estimates provided for in the 2017-2021 CIP as well as the City's existing debt service payments, the City could issue an average of \$111.1 million in income tax supported debt over the same five-year time period.



Slide #10 – Sources of payment for Debt Service

The City utilizes many different revenue sources beyond the income tax revenue to fund the semi-annual debt service payments. Water and sewer revenues are used to fund improvements to the water and sewer systems; TIF revenues are used to fund the public improvements that are outlined in the TIF legislation as eligible expenditures. And in some cases, revenues from other sources such as the bed tax revenue, property taxes, and special assessments are utilized.

The following is a comprehensive listing, by funding source, of the City's outstanding debt, including the principal balance as of January 1, 2017 and the final maturity date. Where applicable, the specific TIF(s) that fund the debt service are noted.

Income Tax Revenue

- Avery-Muirfield Interchange
 - Outstanding Principal \$1,675,000
 - Retired in 2019

- Service Center
 - Outstanding Principal \$1,159,937
 - Retired in 2021

- South Pool
 - Outstanding Principal \$1,548,000
 - Retired in 2025

- LED Street Lights
 - Outstanding Principal \$1,450,000
 - Retired in 2022

- Rec Center Expansion
 - Outstanding Principal \$437,000
 - Retired in 2018

- Emerald Parkway Bridge
 - Outstanding Principal \$513,000
 - Retired in 2017

- Emerald Parkway Overpass – Phase 7
 - Outstanding Principal \$1,495,000
 - Retired 2019

- Justice Center Improvements
 - Outstanding Principal \$10,290,000
 - Retired 2035

- Riverside Drive/SR 161/Park Improvements
 - Outstanding Principal \$24,275,000
 - Retired 2035



Slide #10 – Sources of payment for Debt Service (continued)

TIF Revenues

- Rings Road
 - Outstanding Principal \$1,014,957
 - Retired in 2020
 - Rings Road TIF

- Perimeter Drive Extension
 - Outstanding Principal \$1,132,693
 - Retired in 2020
 - Perimeter West TIF

- Emerald Parkway Phase 7A
 - Outstanding Principal \$576,495
 - Retired in 2020
 - Thomas Kohler TIF

- Industrial Parkway/SR 161 Improvements
 - Outstanding Principal \$6,870,000
 - Retired in 2029
 - Perimeter West TIF

- Emerald Parkway Phase 8
 - Outstanding Principal \$6,175,000
 - Retired in 2033
 - Emerald 8 TIF, McKitrick TIF, Kroger TIF

- BSD Land Acquisition (Riverside Drive Realignment)
 - Outstanding Principal \$5,030,000
 - Retired in 2033
 - River Ridge TIF, McKitrick TIF

- 270/33 Interchange
 - Outstanding Principal (Design) \$6,475,000
 - Retired in 2023

 - Outstanding Principal (Construction) \$9,812,642
 - Retired in 2035
 - RuscilliTIF, Upper Metro TIF, Dublin Methodist TIF

- Woerner-Temple Road
 - Outstanding Principal \$1,258,000
 - Retired in 2019
 - Woerner-Temple TIF



Slide #10 – Sources of payment for Debt Service (continued)

TIF Revenues (continued)

- BSD Roadways (John Shields Parkway II)
 - Outstanding Principal \$9,325,000
 - Retired in 2036
 - Tuller TIF
 - MSP guarantee begins in 2019 and will cover all annual debt service

- BSD Roadways & Parking Structures (Blocks B & C – Development Agreement with Crawford Hoying)
 - Outstanding Principal \$11,100,000 (Roadways)
 - Retired in 2035

 - Outstanding Principal \$32,000,000 (Garages)
 - Retired in 2044
 - MSP guarantee begins in 2018

Property Taxes

- Coffman Park Expansion
 - Outstanding Principal \$847,000
 - Retired in 2020
 - Retired in 2018

Special Assessment

- Ballantrae
 - Outstanding Principal \$540,063
 - Retired in 2021

Water Revenue

- Darree Fields Water Tower
 - Outstanding Principal \$1,430,000
 - Retired in 2029

- Dublin Road Water Tower
 - Outstanding Principal \$1,985,000
 - Retired in 2032

Sewer Revenue

- Upper Scioto West Branch Interceptor
 - Outstanding Principal \$1,942,035
 - Retired in 2018



Slide #10 – Sources of payment for Debt Service (continued)

Sewer Revenue (continued)

- Sanitary Sewer Lining & Repairs
 - Outstanding Principal \$1,575,000
 - Retired in 2029

 - Outstanding Principal \$2,135,000
 - Retired in 2032

 - Outstanding Principal \$2,425,000
 - Retired in 2035

Hotel/Motel Tax Revenue

- Arts Facility Acquisition
 - Outstanding Principal \$385,684
 - Retired in 2020

- Arts Facility Renovation
 - Outstanding Principal \$215,171
 - Retired in 2020

State Highway Funds

- Dublin Road/Glick Road
 - Outstanding Principal \$237,500
 - Retired in 2026



Slide #11 – Future Financing Plan

As part of the 2017-2021 CIP (Ordinance No. 26-16, approved September 12, 2016), the Administration discussed the capital projects programmed for the five-year period along with the source of funding for each of the projects. There were \$119.2 million in projects in which the funding was expected to come from the issuance of long-term bonds.

The chart on slide #11 breaks down each year of the CIP along with the amount planned on being financed and a general characterization of the projects financed. A comprehensive listing of the specific projects are reflected in the chart below.

	2017	2018	2019	2020	2021
City Facilities	\$4,445,000	\$-	\$-	\$-	\$-
5800 Building Renovations	3,480,000	-	-	-	-
Salt Barns	465,000	-	-	-	-
Other	500,000	-	-	-	-
Transportation	\$39,850,000	\$3,930,000	\$6,530,000	\$9,500,000	\$13,660,000
Pedestrian Bridge	22,750,000	-	-	-	-
Historic Dublin CML Street Network	4,600,000	-	-	-	-
Historic Dublin High Street	2,500,000	-	-	-	-
CML Parking Deck	10,000,000	-	-	-	-
Post Preserve Access Modification	-	1,430,000	-	-	-
Emerald Parkway Deck Overlay	-	2,500,000	-	-	-
Shawan Falls Extension Phase I	-	-	5,000,000	-	-
Hyland Croy/Post Preserve Roundabout	-	-	1,530,000	-	-
Post Rd. Realignment/Kilgour Place	-	-	-	8,000,000	-
US33/161/Frantz Rd. Intersection Acquisition	-	-	-	1,500,000	-
Avery Road Widening	-	-	-	-	7,560,000
Reserve for US33/Post Rd. Interchange	-	-	-	-	6,100,000
Parks & Recreation	\$9,400,000	\$1,000,000	\$7,000,000	\$6,900,000	\$-
Riverside Park	9,400,000	1,000,000	7,000,000	1,900,000	-
Dublin Community Pool North	-	-	-	5,000,000	-
Sewer Improvements/Extensions	\$1,140,000	\$3,610,000	\$2,065,000	\$7,000,000	\$3,205,000
TOTAL	\$54,835,000	\$8,540,000	\$15,595,000	\$23,400,000	\$16,865,000



Slide #11 – Future Financing Plan (continued)

It is important to remember that the cost estimates provided in the CIP are estimates based on the best information available at the time the document is presented to Council for consideration. The timing of projects can shift from one year to the next based on several factors. Additionally, as design for projects is more refined (as construction nears), the cost estimates become more accurate. However, until projects are actually bid are the costs certain. The CIP projects are fluid and oftentimes span more years than the year(s) indicated in the CIP document.



Slide #12 – 2017 Plan of Finance

As reflected in the previous slide, the estimate for financing in 2017 was \$54.8 million. However, after analyzing the projects status, Staff has determined that it is in the best interest of the City to move forward with a bond package that totals \$35.425 million. The amount of bonds will be broken down as follows:

- City Facilities - \$6,750,000
 - Service Center Expansion - \$3,300,000
 - Resolution No. 29-16 approved May 23, 2016
 - 5800 Building Renovations - \$3,450,000
 - Bid in summer 2017

Amount is higher than programmed in CIP due to delaying the Service Center Expansion financing until 2017 when it was originally programmed for 2016. However, the funding for the replacement of the salt barns will not be needed in 2017. As such, it was removed.

- Transportation - \$27,200,000
 - North High Street Widening - \$4,900,000
 - Resolution No. 01-17 approved January 10, 2017
 - Scioto River Pedestrian Bridge - \$22,300,000
 - GMP with Kokosing for western bridge abutment \$152,343
 - Resolution No. 06-17 approved January 23, 2017
 - GMP with Kokosing for construction of the bridge \$22,126,570
 - Resolution No. 22-17 approved April 10,

Amount is lower than programmed in CIP due to delaying the CML Parking Deck and Roadway network financing until 2018 based on the current project status.

- Sanitary Sewer Improvements - \$1,475,000
 - Deer Run Sanitary Sewer - \$550,000
 - Resolution No. 55-16 approved November 7, 2016
 - Deer Run Sewer Upsizing - \$95,000
 - Manhole Rehab - \$275,000
 - Work to begin after Memorial Tournament
 - Sewer Extensions to Areas 11A, 11B, and 13 - \$555,000
 - Bid in fall 2017

Amount is higher than programmed in CIP due to delaying the Deer Run Sanitary Sewer financing until 2017 when it was originally programmed for 2016.

- Parks & Recreation – No funding is being requested at this time. The amount needed for the Riverside Crossing Park (in conjunction with the pedestrian bridge), has already been accounted for and financed through cash.



Slide #13 – 2017 Plan of Finance Timeline

This slide reflects the timeline of the 2017 financing, including upcoming decisions that will be requested of City Council (approval of bond legislation).



Slide #14 – Debt Service Analysis

In addition to income tax, additional sources of revenue are used to pay debt service, including property tax revenue, TIF revenue, special assessments, hotel/motel taxes and water and sewer revenue.

While income taxes alone traditionally are not sufficient to pay the entire debt service of the City, combined with these other sources, there have been and will continue to be sufficient revenues to retire the City's debt.

Slide #14 shows the City's annual debt service measured against income tax revenues for the years 2000-2030. Please keep in mind the following:

- The total debt service, shown as the blue line, reflects the actual debt outstanding in each year, as well as the debt that was anticipated to be issued as part of the 2017-2021 CIP.
- The green bars represent the income tax revenue that is dedicated to pay debt service pursuant to the City's Debt Policy. That is, 90% of the income tax revenue dedicated to the Capital Improvement Tax Fund reserved to pay debt service (60% of the 25% dedicated to capital).
- The income tax revenue estimates for 2017-2021 are consistent with the amounts programmed as part of the 2017-2021 CIP. Beyond 2021, income tax growth is conservatively estimated at 1.5% annually.

While comparing these two data sets (total debt service versus income tax revenue dedicated to pay debt service) may not prove to be useful, Staff felt it was important to show the overall debt of the City compared to the primary source of revenue.



Slide #15 – Debt Service Analysis – Total Debt Service versus Income Tax Revenue

A more appropriate comparison when analyzing the City's debt is between Debt Service (excluding those amounts paid by water, sewer, or special assessment revenues) and the revenues used to pay the debt service (excluding the revenue from water, sewer, or special assessments). Slide #15 provides this comparison.

Revenue

- The blue bars represent the income tax revenue that is dedicated to pay debt service pursuant to the City's Debt Policy. That is, 90% of the income tax revenue dedicated to the Capital Improvement Tax Fund reserved to pay debt service (60% of the 25% dedicated to capital).
- The red bars represent other revenue used to pay debt service. Included are revenues from property taxes, TIFs, hotel/motel taxes and state highway funds. Excluded from these amounts are water, sewer and special assessment revenues.

Expenses

- The green line represents the total debt service for the City excluding water, sewer and special assessment debt.
- The blue line represents the total debt service for the City that is paid from income tax revenue.

This slide provides a better "apples to apples" comparison between revenue used to pay debt service and the City's actual and projected debt service.

There are two important conclusions that can be drawn from this slide:

- 1. There are sufficient resources from the income tax to support the income tax debt through 2030 (blue bar compared to blue line). The proposed financing plan is compliant within the City's approved Debt Policy.**
- 2. There are sufficient resources between the income tax and other sources of revenue to support the total debt service of the City (excluding water, sewer, special assessment as they each have a dedicated revenue stream to pay the debt service) (red bar + blue bar compared to green line).**



Slide #16 – Rating Analysis

This slide depicts the four categories that Moody's uses in evaluating the credit quality of US local government GO debt. It is referred to as the Moody's scorecard. Each of the categories is weighted, as are the 'subcategories' within each category.

Based on the rating and weight of each of the subcategories, Moody's calculates a score, whereby the higher the number, the lower the rating. The minimum, unadjusted score for a Aaa rating is 1.50. However, the scorecard may be adjusted up or down based on additional "below-the-line" factors that the rating agency believes impact a particular local government's credit quality in ways not captured by the statistical portion of the scorecard. Examples of these factors include: Institutional presence, regional economic center, economic concentration, unusually strong or weak budget management and planning, to name a few.

To articulate this point, the following is taken directly from Moody's rating methodology on US Local Government General Obligation Debt:

This methodology explains how Moody's evaluates the credit quality of US local government General Obligation (GO) debt. This document is intended to provide general guidance that helps local governments, investors, and other interested market participants understand how key quantitative and qualitative risk factors are likely to affect rating outcomes for local governments that issue GO bonds. This document does not include an exhaustive treatment of all factors that are reflected in our ratings but should enable the reader to understand the qualitative considerations, financial information, and ratios that are usually most important for ratings in this sector.

The purpose of the scorecard is to provide a reference tool that market participants can use to approximate most credit profiles within the local government sector. The scorecard provides summarized guidance for the factors that we generally consider most important in assigning ratings to these issuers. However, the scorecard is a summary that does not include every rating consideration. The weights the scorecard shows for each factor represent an approximation of their importance for rating decisions. In addition, the scorecard was built based on historical results while our ratings are based on our forward-looking expectations. As a result, we would not expect the scorecard outcome to match the actual rating in every case.

The City's rating in each of the subcategories as part of the November 2016 issuance of \$9.3 million in bonds is reflected on this slide. You will note that on a purely numerical basis (no other factors are taken into consideration), the City's estimated score was a 1.50.



Slide #16 – Rating Impact of Future Debt

Taking the financing plan that was presented as part of the 2017- 2021 CIP, the City’s Municipal Advisor analyzed the impact of future debt on the Debt and Pension section of the scorecard (focusing on the Debt portion only). Each year is benchmarked against the rating that was assigned in November 2016.

While it is not expected that the rating assigned to the Net Direct Debt/Full Value and Net Direct Debt/Operating Revenues to change from our existing rating of A, the numerical score is expected to increase from 1.50 to 1.56, based on the issuance of additional debt alone, over the next five years. This increase in score, not considering any ‘below the line factors’, moves the City’s rating from a Aaa to Aa1. **However, please note that full value and operating revenues are a factor that the net direct debt is measured against. This analysis does not consider growth in either category. This is the most conservative approach as based on history, we would expect an increase in our assessed valuation as well as our operating revenues.**



April 24, 2017

Presentation to the Finance Committee of the Whole

Capital Financing



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Presentation Purpose/Desired Outcomes

An understanding of the following:

- The various types of debt issued by municipalities in Ohio and the limitations that exist
- The City's current debt profile
- The City's financing plan for 2017
- The factors analyzed by Moody's Investor Services as part of the rating process and the estimated impact of future financings on the City's rating



Outstanding Debt Summary (as of April 24, 2017)

Three credits outstanding: unlimited (voted) GO, limited (unvoted GO) and nontax revenue bonds

Outstanding Bonds by Credit Type

Credit Type	Series Name	Dated Date	Final Maturity	Call Date	Original Par	Outstanding Par	Callable Par
Limited Tax GO	Municipal Pool South (OMB)	4/14/2004	1/1/2025	Non-Callable	\$2,986,000	\$1,402,000	-
	Various Purpose Imp. and Refg Bonds, Series 2009B	11/18/2009	12/1/2021	12/1/2019	\$10,375,000	\$5,025,000	\$1,530,000
	Various Purpose Imp. and Refg Bonds, Series 2012	10/2/2012	6/1/2032	6/1/2022	\$10,820,000	\$7,245,000	\$2,805,000
	Capital Facilities Imp. Bonds, Series 2013	12/19/2013	12/1/2033	12/1/2021	\$9,855,000	\$9,825,000	\$8,480,000
	Capital Facilities Imp. and Refg Bonds, Series 2014	1/7/2014	12/1/2029	12/1/2021	\$23,645,000	\$17,730,000	\$8,440,000
	Various Purpose Bonds, Series 2015	9/30/2015	12/1/2035	12/1/2025	\$49,200,000	\$48,090,000	\$29,805,000
	Capital Facilities Bonds, Series 2016	12/6/2016	12/1/2036	12/1/2025	\$9,325,000	\$9,325,000	\$5,840,000
Limited Tax GO Total					\$116,206,000	\$98,642,000	\$56,900,000
Unlimited Tax GO	Various Purpose Refg Bonds, Series 2009A	11/18/2009	12/1/2020	12/1/2019	\$15,105,000	\$4,550,000	\$200,000
Unlimited Tax GO Total					\$15,105,000	\$4,550,000	\$200,000
Nontax Revenue	Special Ob. Nontax Revenue Bonds, Series 2015A	10/28/2015	12/1/2044	12/1/2025	\$16,000,000	\$16,000,000	\$16,000,000
	Special Ob. Nontax Revenue Bonds, Series 2015B	10/28/2015	12/1/2035	12/1/2025	\$16,000,000	\$16,000,000	\$10,145,000
Nontax Revenue Total					\$32,000,000	\$32,000,000	\$26,145,000
Grand Total					\$163,311,000	\$135,192,000	\$83,245,000



Outstanding Debt Summary (as of April 24, 2017)

Three other forms of (non-traditional) debt outstanding:

Outstanding Bonds by Credit Type

Credit Type	Series Name	Dated Date	Final Maturity	Call Date	Original Par	Outstanding Par	Callable Par
Other Debt	Upper Scioto West Branch Interceptor (OWDA)	1/1/1999	7/1/2018		\$19,716,717	\$1,942,036	-
	270/33 Interchange (SIB Loan)	2/10/2015	2/1/2035		\$35,000,000	\$14,895,959	**
	Dublin Road/Glick Road Improvements (OPWC)	7/1/2014	7/1/2020		\$250,000	\$225,000	-
Other Debt Total					\$54,966,717	\$17,062,995	\$0
Grand Total					\$54,966,717	\$17,062,995	\$0

**Outstanding Par is based on amount of a portion of the loan that was drawn upon as of December 31, 2016.



General Obligation Debt Capacity Limitations – Statutory Limits

Statutory Debt Limit

- Applies to GO debt solely supported by ad valorem property taxes
- 10.5% of assessed value for total (unvoted + voted) GO Debt
- 5.5% of assessed value for unvoted GO Debt
- All GO debt that pledges income tax revenue is considered exempt;
- Issuing exempt GO debt is common practice among Ohio issuers

The State's statutory limits likely pose no issue for the City now or for the foreseeable future as it relates to borrowing capacity

Calculation of Debt Limits as of 12/31/16

Assessed Value	\$2,039,280,850
10.5% AV Value for Total GO Debt	214,124,489
(less) Non-Exempt Debt	<3,292,000>
Debt Capacity within 10.5% Limitation	\$210,832,489
5.5% AV Value for Unvoted GO Debt	\$112,160,447
(less) Non-Exempt Unvoted Debt	-
Debt Capacity within 5.5% Limitation	\$112,160,447



General Obligation Debt Capacity Limitations – Constitutional Limits

Constitutional Debt Limit (General Obligation)

- 10 mill overlapping debt limitation
- Only some entities may levy ad valorem property taxes within the ten-mill limitation
- The City's highest overlapping subdivision is within Union County and is estimated to currently have utilized 7.1145 mills (for the year of its highest potential debt due)
- 2.885 mills remain available within the ten-mill limitation to the City and overlapping subdivisions in connection with the issuance of additional unvoted general obligation debt. (2.885 mills = \$73.3 million in par value – based on 5% over 20 years)

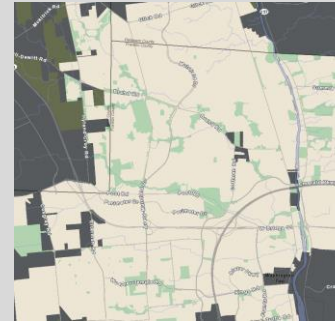
How is one mill calculated?

One mill = 1/10 of a percent of assessed valuation (0.10%)

The maximum combined unvoted ad valorem property tax an overlapping subdivision may impose on a taxpayer is one percent of assessed valuation

$$0.10\% \times 10 \text{ mills} = 1\%$$

Dublin is located within three counties with overlapping subdivisions which includes:



Counties
School Districts
Regional Transit Authorities
Townships
Park/Preservation Districts
Library Districts
Mental Health Districts
Airports
SWACO

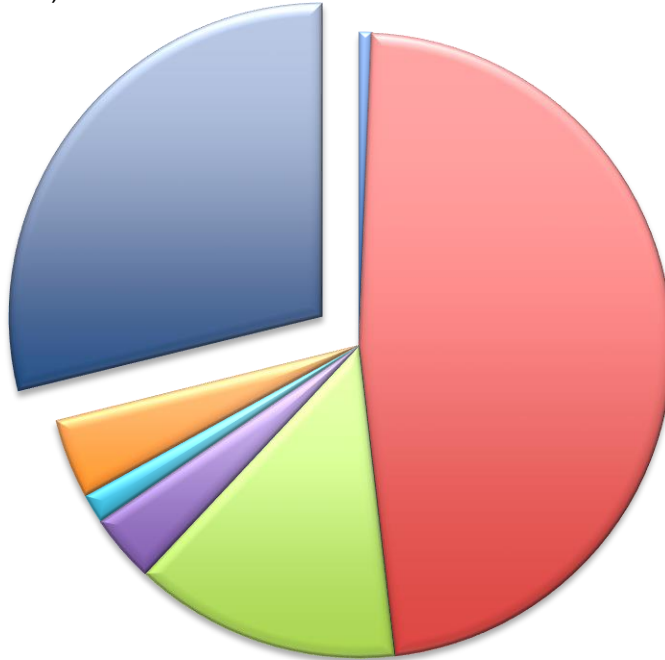


General Obligation Debt Capacity Limitations – Constitutional Limits

Constitutional Debt Limit

Required Tax Rates (within the 10 mills)

- City of Dublin - Special Assessment Bonds 0.0632 mills
- City of Dublin - All Other Bonds 4.7530 mills
- Union County 1.3813 mills
- Dublin School District 0.3521 mills
- Tolles Career & Technical Center 0.1528 mills
- SWACO 0.4122 mills
- **Remaining Millage Available 2.8855 mills**



Summary of Available Millage - Other Issuers

- Mentor – 7.55451 mills
- Worthington – 6.43125 mills
- Beavercreek – 5.90537 mills
- Blue Ash – 5.3095 mills
- Mason – 4.25025 mills
- Hudson – 4.10813 mills
- New Albany – 3.23217 mills
- Dublin – 2.8855 mills**
- Westerville – 2.32389 mills
- Hilliard – 1.78145 mills
- Grove City – 1.68667 mills
- Upper Arlington – 0.91350 mills
- Columbus – 0.30405 mills

Debt Capacity Limitations – Dublin Debt Policy

Year	Income Tax Funding ¹	Debt Service Allocation ²	90% of Debt Service Allocation	Existing Debt Service ³	Debt Allocation not Committed	Additional Debt that Could be Supported ⁴
2017	\$21,183,525	\$12,710,115	\$11,439,103	\$4,125,520	\$7,313,589	➔ \$91,419,862
2018	21,501,250	12,900,750	11,610,675	2,836,926	8,773,749	109,671,863
2019	21,823,750	13,094,250	11,784,825	2,651,818	9,133,007	➔ 114,162,588
2020	22,483,250	13,489,950	12,140,955	2,270,687	9,870,268	123,378,350
2021	22,820,500	13,692,300	12,323,070	2,969,089	9,353,981	➔ 116,924,762
					5-Year Average	\$111,111,485

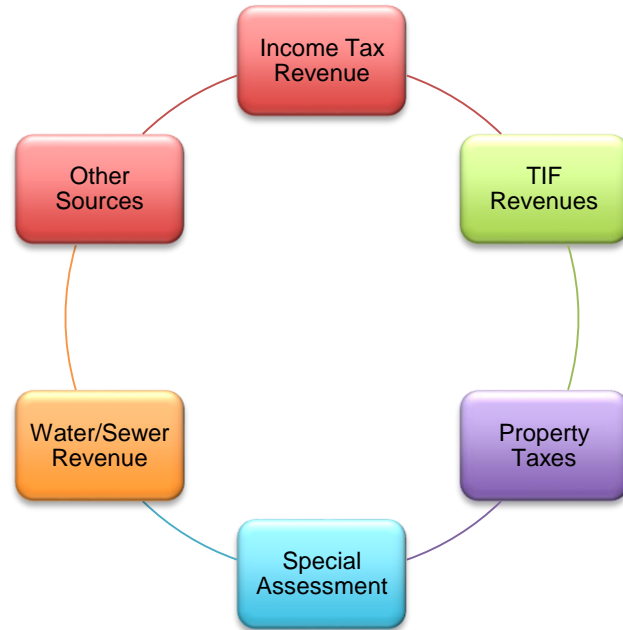
¹ 25% of income tax revenue dedicated to the Capital Improvement Tax Fund

² 60% of the income tax revenue in the Capital Improvement Tax Fund reserved to pay debt service on capital projects

³ Actual debt service payments for existing debt funded by Income Tax

⁴ Based on 20-year level debt service at 5% interest rate

Source of Payment for Debt Service



Future Financing Plan

2017 – 2021 Capital Improvements Program (Ordinance No. 26-16 Approved September 12, 2016)

	Repayment Source	2017	2018	2019	2020	2021
City Facilities	Income Tax	\$4,445,000	\$0	\$0	\$0	\$0
Transportation	Income Tax & TIF	\$39,850,000	\$3,930,000	\$6,530,000	\$9,500,000	\$13,660,000
Parks & Recreation	Income Tax & TIF	\$9,400,000	\$1,000,000	\$7,000,000	\$6,900,000	\$0
Sewer Improvements/Extensions	Sewer Revenue	\$1,140,000	\$3,610,000	\$2,065,000	\$7,000,000	\$3,205,000
Total		\$54,835,000	\$8,540,000	\$15,595,000	\$23,400,000	\$16,865,000
Five-Year Total						\$119,235,000



2017 Plan of Finance

Original Plan \$54.8 million
Revised \$35.4 million

City Facilities - \$6,750,000

- Service Center Expansion - \$3,300,000
 - Resolution No. 29-16 approved May 23, 2016
 - Originally planned to be financed in 2016; expenditures have been covered through Advance from the General Fund
- 5800 Building Renovations - \$3,450,000
 - Bid Summer 2017

Transportation - \$27,200,000

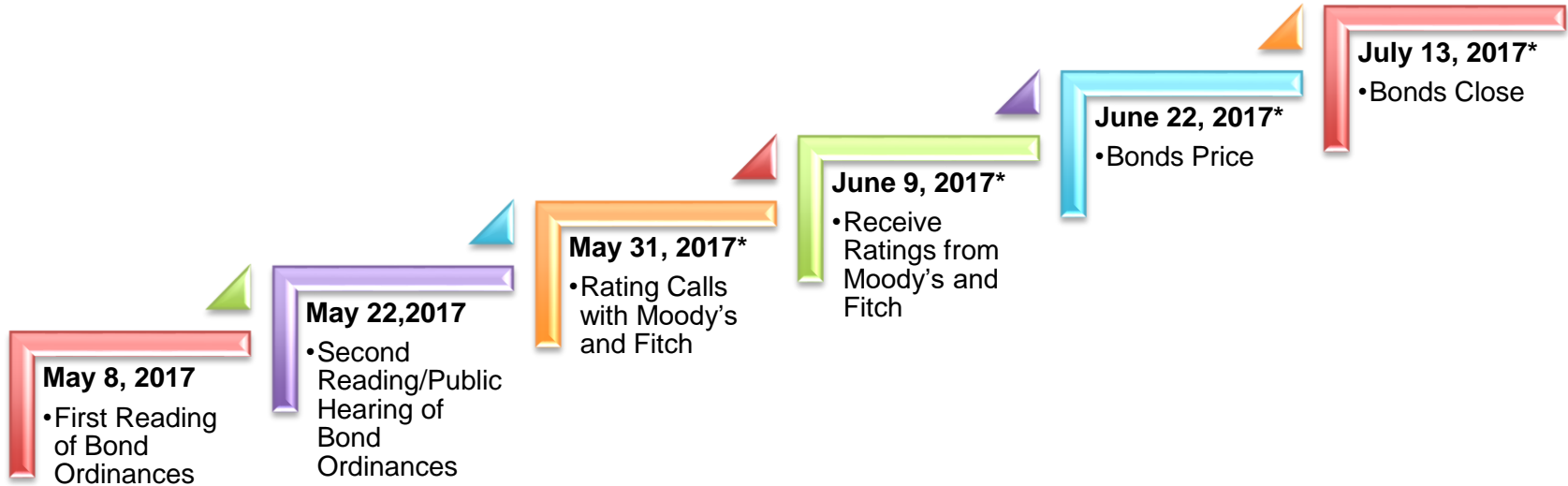
- Scioto River Pedestrian Bridge/Park - \$22,300,000
 - Resolution No. 06-17 approved January 23, 2017 (GMP with Kokosing for bridge west abutment) – \$152,343
 - Resolution No. 22-17 approved April 10, 2017 (GMP with Kokosing for bridge construction) - \$22,165,570
- N. High Street - \$4,900,000
 - Resolution No. 01-17 approved January 10, 2017

Sanitary Sewer Improvements - \$1,475,000

- Deer Run Sanitary Sewer - \$550,000
 - Resolution 55-16 approved November 7, 2016
- Deer Run Sewer Upsizing - \$95,000
- Manhole Rehab – \$275,000
- Sewer Extensions to Area 11A, 11B, and 13 - \$555,000
 - Bid in Fall 2017



2017 Plan of Finance Timeline

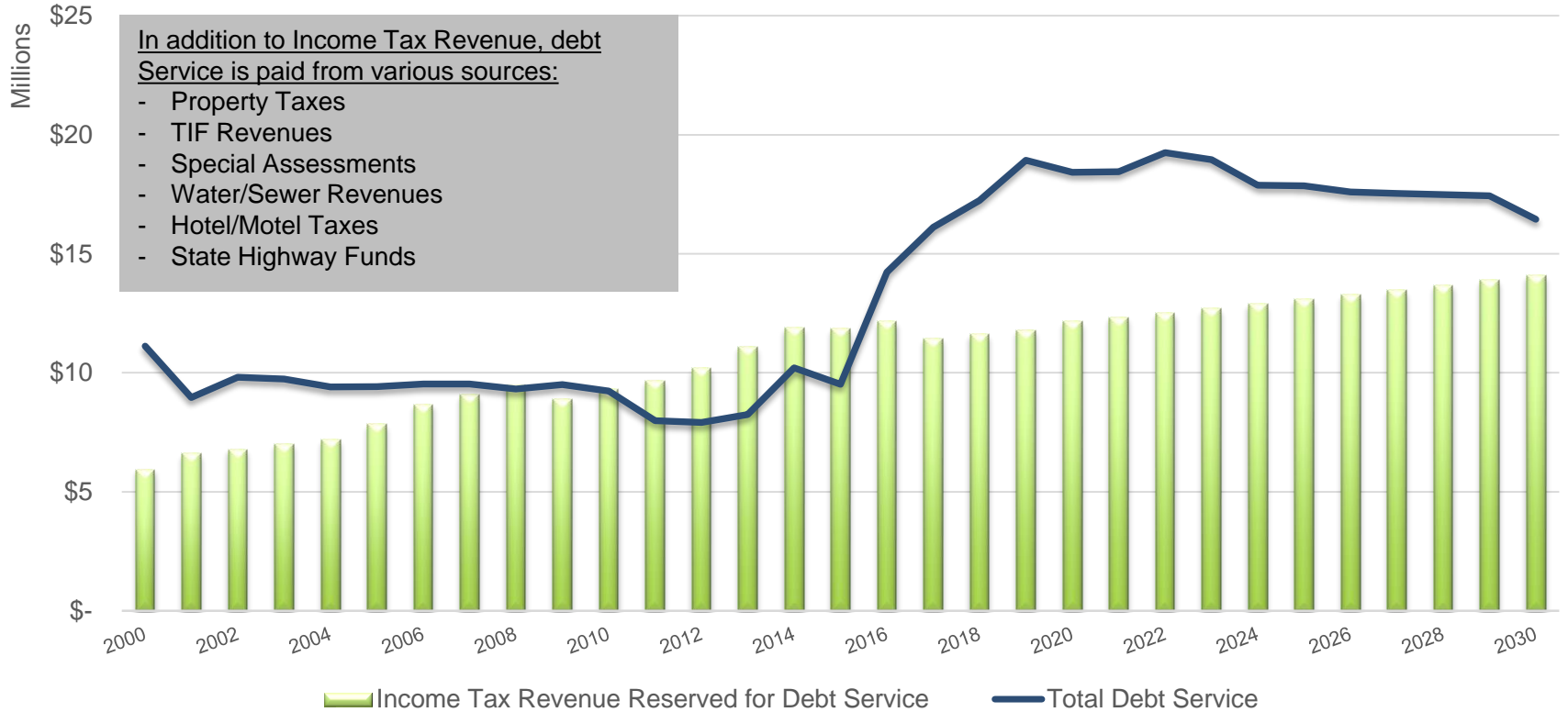


*Dates are approximate



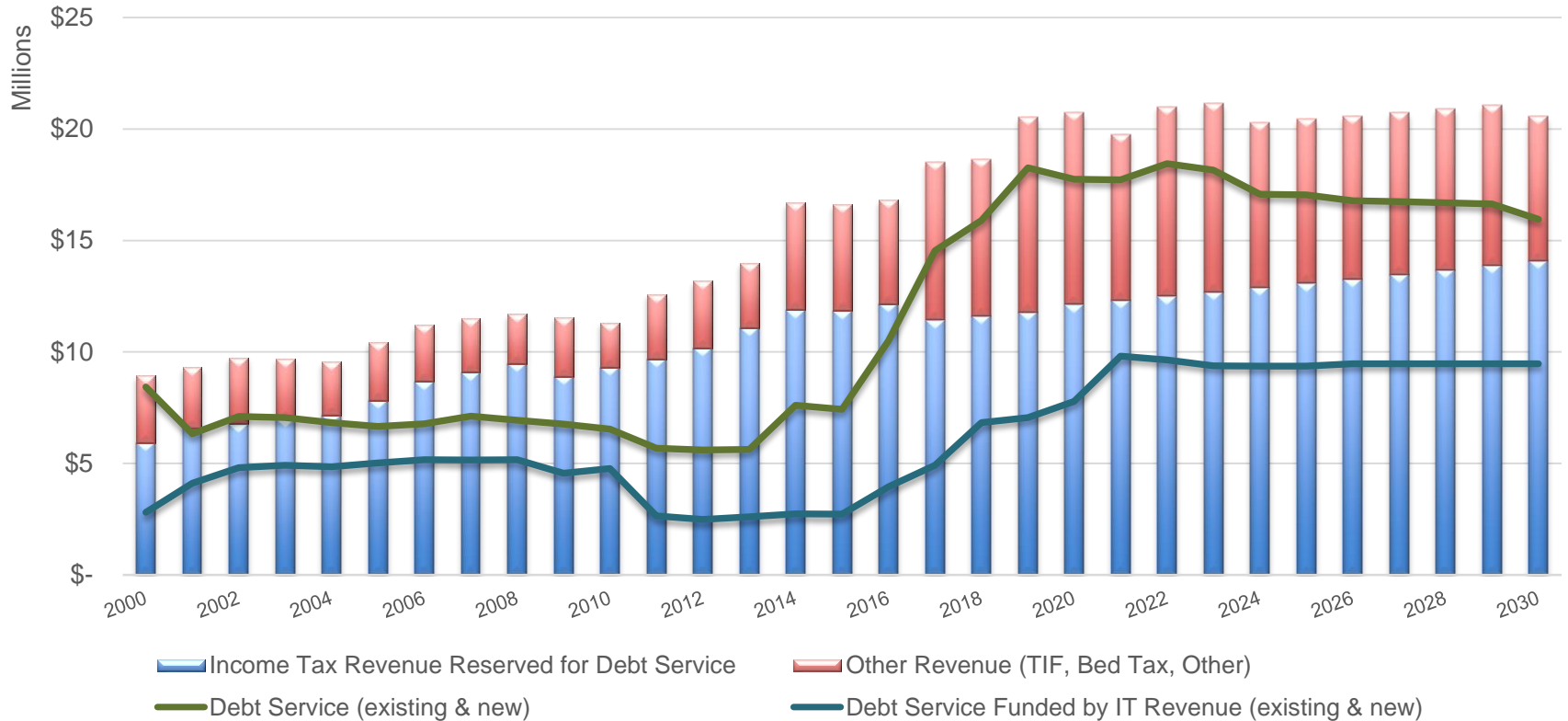
Debt Service Analysis – Total Debt Service vs. Income Tax Revenue (reserved for debt)

Based on 2017-2021 CIP



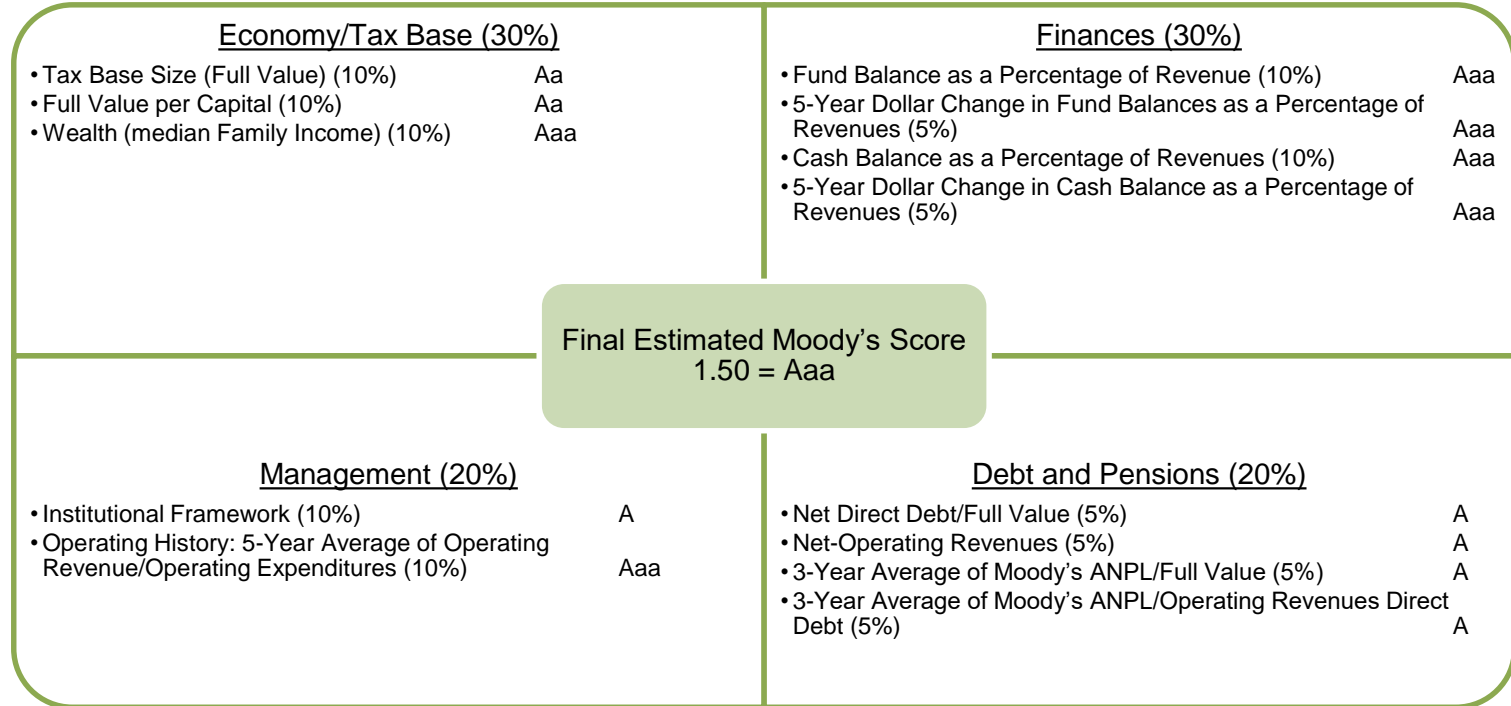
Debt Service Analysis – Total Debt Service vs. Income Tax Revenue (reserved for debt)

Based on 2017-2021 CIP (excludes water, sewer & special assessment debt)



Rating Analysis

City's current rating by Moody's Investor Services – Aaa (based on November 2016 transaction)



Rating Impact of Future Debt* — Debt and Pension Section (20%)

	2016 (November Transaction)	2017	2018	2019	2020	2021
Net Direct Debt/Full Value	A	A	A	A	A	A
Net Direct Debt/Operating Revenues*	A	A	A	A	A	A
Final Estimated Moody's Score	1.50	1.53	1.54	1.54	1.55	1.56
Rating – Based on Scorecard Alone	Aaa	Aa1	Aa1	Aa1	Aa1	Aa1

Note: Table is based on 2017-2021 CIP

*Based on conservative estimates reflecting no growth in revenue



Conclusion

2017-2021 CIP reflects programming to support an aggressive capital plan

- Responsive to our residents
- Emphasis on maintenance of existing infrastructure and assets
- Investment throughout the Community
- Efforts to continue strengthening the City's tax base (both income tax base and property tax base) through development and redevelopment

Debt plan proposed as part of the 2017-2021 CIP

- Is a fluid process in which the timing of projects and overall project costs change over time as more refined details are obtained
- Utilizes conservative revenue estimates
- Adheres to City's Debt Policy
- While aggressive, leaves additional capacity
- Is affordable based on revenue estimates

Future financings

- Continually analyze the use of cash on hand to finance projects versus issuing long-term debt
- Will be in compliance with restrictions imposed by State law
- Will look at all options available, including utilizing non-GO debt where appropriate to preserve GO capacity





City of Dublin

OHIO, USA