

April 23, 2018

Presentation to the Finance Committee of the Whole

# Capital Financing



# 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
- City's current Debt Policy as approved by City Council through Ordinance No. 31-16 (September 12, 2016)
- 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
- Mechanisms built into our policies/practices that help mitigate against declines in revenue
  - Dedicated revenue stream to retire debt service
  - Conservative revenue , realistic expenditure estimates
  - Limit amount available to spend on debt service to 90% of estimated revenue
  - Significant cash balances
  - Additional coverage for debt supported by TIF revenues (subject to changes in property valuations)
  - 5-year CIP that is updated annually
- Affirmation of the City's existing Debt Policy

# General Debt Information

Two primary categories of debt issued by municipalities: **General Obligation Bonds** and **Revenue Bonds**

## **General Obligation (GO) Bonds**

Secured by the City's pledge to use all legally available resources to repay bondholders

Two subcategories:

### *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 LTGO 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



# General Debt Information

Two primary categories of debt issued by municipalities: **General Obligation Bonds** and **Revenue Bonds**

## **General Obligation (GO) Bonds**

Secured by the City's pledge to use all legally available resources, including tax revenues, to repay bondholders

Two subcategories:

### *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
- Does require voter approval to be issued
- Not subject to state constitutional debt limitations



# General Debt Information

Two primary categories of debt issued by municipalities: **General Obligation Bonds** and **Revenue Bonds**

## **Revenue Bonds**

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
- Does not require voter authorization

# General Debt Information

Two primary categories of debt issued by municipalities: **General Obligation Bonds** and **Revenue Bonds**

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

MOODY'S

FitchRatings

S&P Global  
Ratings

2017 GO	Aaa
2016 NTR	Aa1

AAA

AAA



The background of the slide features a large, circular seal of the City of Dublin, Ohio. The seal is rendered in a dark, textured style. It contains an illustration of a two-story building with a flag on its roof, situated behind a low stone wall. The words "CITY OF DUBLIN" are arched across the top, and "OHIO" is on the right side. At the bottom, the phrase "where yesterday meets tomorrow" is written in a script font. The entire image has a green color overlay.

# Debt Limitations



# General Obligation Debt Limitations

## Statutory Limits

- Chapter 133 of the Ohio Revised Code
  - Establishes debt limits which are tied to assessed valuation
  - 133.04 and 133.05 define what securities are not included in calculation

## Constitutional Limits

- In conjunction with ORC, establishes debt limits based on assessed valuation and debt of overlapping entities

## Dublin Limit

- Based on adopted Debt Policy





# General Obligation Debt Limitations – Statutory Limits

## Statutory 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 unvoted 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 for City of Dublin as of 12/31/17

Assessed Value	\$2,063,082,690
10.5% AV Value for Total GO Debt	216,623,682
(less) Non-Exempt Debt	<2,700,000>
Debt Capacity within 10.5% Limitation	<b>\$213,932,682</b>
5.5% AV Value for Unvoted GO Debt	\$113,469,548
(less) Non-Exempt Unvoted Debt	-
Debt Capacity within 5.5% Limitation	<b>\$113,469,548</b>



# General Obligation Debt Limitations – Statutory Limits

How does Dublin compare to other cities?

Entity (Rating)	10.5% Limitation	5.5% Limitation
Westerville (Aaa)	\$85,531,625	\$31,373,520
Mason (Aaa)	\$94,524,591	\$38,958,282
Dublin (Aaa)	\$213,932,682	\$113,469,548
Blue Ash (Aa1)	\$76,125,201	\$39,875,105
Hudson (Aaa)	\$68,346,419	\$28,158,001
Beavercreek (Aa2)	\$137,313,636	\$68,090,017

Source: CAFR for FY 2016



# General Obligation Debt Limitations – Constitutional Limits

## Constitutional Limit

- Applies to GO debt
- 10 mill overlapping debt limitation
- Only some entities may levy ad valorem property taxes within the ten-mill limitation
- City must consider overlapping subdivisions within Delaware, Franklin and Union Co. when issuing debt.
- The City's highest overlapping subdivision is within **Union County**; Estimated that 7.3088 mills are 'utilized' (based on the year of its highest potential debt due)
  - **2.6912 mills remain available** to the City and overlapping subdivisions in connection with the issuance of additional unvoted GO debt.
  - **2.6912 mills = \$75.0 million in par value** – based on 5% over 20 years

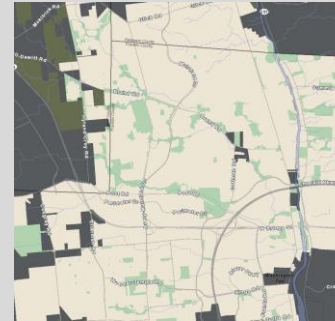
### How is one mill calculated?

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:



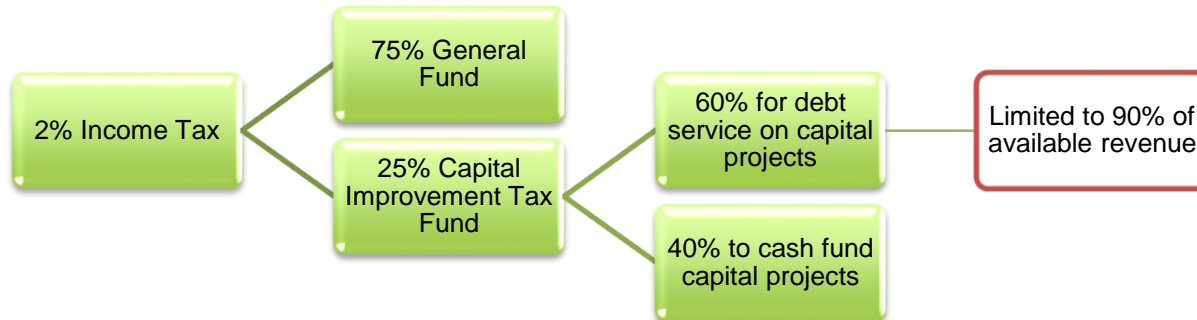
Counties  
School Districts  
Regional Transit Authorities  
Townships  
Park/Preservation Districts  
Library Districts  
Mental Health Districts  
Airports  
SWACO



# Debt Limitations – Dublin Debt Policy

## Dublin Limits

- Debt Policy approved by City Council September 12, 2016 (Ord No. 31-16); reviewed April 24, 2017; Formalized long-standing practice of City
- Of the Income Tax revenue dedicated to the Capital Improvement Tax Fund, 60% will be allocated to pay debt service on projects while the remaining 40% will be used to cash fund projects
- Excess of the debt allocation may be used to cash fund projects
- The maximum amount of debt (both existing and proposed) shall not exceed 90% of the allocation of income tax revenue allocated to pay debt service



# Debt Capacity Limitations – Dublin Debt Policy

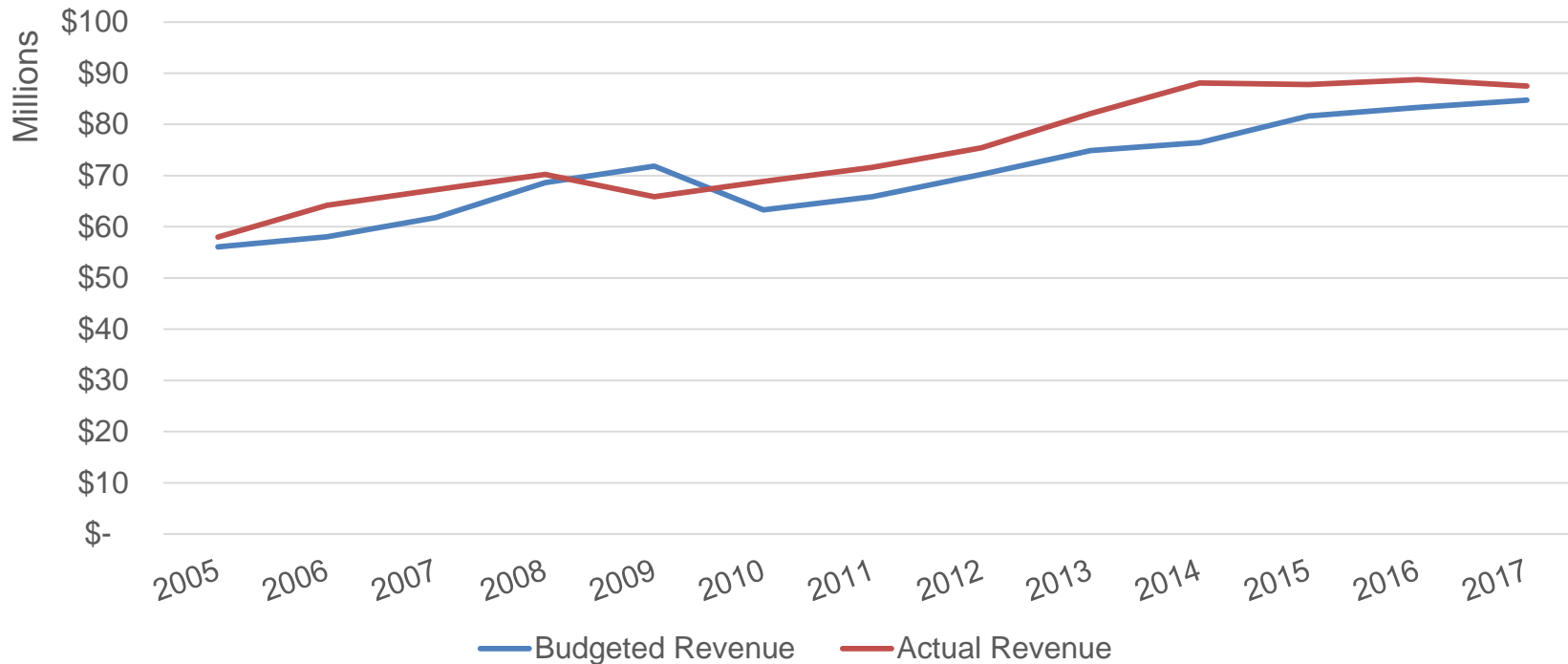
Year	Estimated Income Tax Revenue <sup>1</sup>		
2018	\$86,000,000	1.5% growth annually	Income Tax revenue estimates determined during CIP; modified as needed
2019	87,290,000		
2020	88,600,000		
2021	89,929,000		
2022	91,300,000		
2023	91,300,000	0% growth annually	
2024	91,300,000		
2025	91,300,000		

<sup>1</sup> 1.5% growth annually in income tax revenue is projected from 2018 – 2022; 0% growth 2023-2025.



# Income Tax Estimates

## Budget versus Actual Income Tax Revenues



# Income Tax Estimates

## Considerations when estimating Income Tax revenue

- Existing companies
  - Companies downsizing or leaving the City
    - Actual income tax revenue is analyzed and removed from future year projections based on timing of reduction or departure
      - Chase, Nationwide
  - Look at overall performance of existing businesses
- New companies
  - For new companies in which EDAs have been executed in prior years, we do not plan on that revenue until it actually materializes
  - For new companies (with no EDA), information gathered from Economic Development and/or other sources is used to determine revenue estimates
    - United Healthcare
- Remain conservative!



# Debt Capacity Limitations – Dublin Debt Policy

Year	Estimated Income Tax Revenue <sup>1</sup>	Allocation to Capital Fund <sup>2</sup>	Debt Service Allocation <sup>3</sup>	90% of Debt Service Allocation
2018	\$86,000,000	\$21,500,000	\$12,900,000	<b>\$11,610,000</b>
2019	87,290,000	21,822,500	13,093,500	<b>11,784,150</b>
2020	88,600,000	22,150,000	13,290,000	<b>11,961,000</b>
2021	89,929,000	22,482,250	13,489,350	<b>12,140,415</b>
2022	91,300,000	22,825,000	13,695,000	<b>12,325,500</b>
2023	91,300,000	22,825,000	13,695,000	<b>12,325,500</b>
2024	91,300,000	22,825,000	13,695,000	<b>12,325,500</b>
2025	91,300,000	22,825,000	13,695,000	<b>12,325,500</b>

Establishes Revenue Set Aside (per Debt Policy to Fund Debt Service)

<sup>1</sup> 1.5% growth annually in income tax revenue is projected from 2018 – 2022; 0% growth 2023-2025.

<sup>2</sup> 25% of income tax revenue dedicated to the Capital Improvement Tax Fund

<sup>3</sup> 60% of the income tax revenue in the Capital Improvement Tax Fund reserved to pay debt service on capital projects





# Debt Capacity Limitations – Dublin Debt Policy

Year	Estimated Income Tax Revenue <sup>1</sup>	Allocation to Capital Fund <sup>2</sup>	Debt Service Allocation <sup>3</sup>	90% of Debt Service Allocation	Existing IT Supported Debt Service <sup>4</sup>
2018	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	\$4,847,341
2019	87,290,000	21,822,500	13,093,500	11,784,150	6,100,261
2020	88,600,000	22,150,000	13,290,000	11,961,000	5,220,157
2021	89,929,000	22,482,250	13,489,350	12,140,415	6,342,237
2022	91,300,000	22,825,000	13,695,000	12,325,500	6,134,061
2023	91,300,000	22,825,000	13,695,000	12,325,500	5,890,256
2024	91,300,000	22,825,000	13,695,000	12,325,500	5,637,092
2025	91,300,000	22,825,000	13,695,000	12,325,500	6,049,423

Represents Debt Service that Relies on the Revenue Set Aside to Fund Debt Service

<sup>1</sup> 1.5% growth annually in income tax revenue is projected from 2018 – 2022; 0% growth 2023-2025.

<sup>2</sup> 25% of income tax revenue dedicated to the Capital Improvement Tax Fund

<sup>3</sup> 60% of the income tax revenue in the Capital Improvement Tax Fund reserved to pay debt service on capital projects

<sup>4</sup> Actual debt service payments for existing debt funded by Income Tax

<sup>5</sup> Based on 20-year level debt service at 5% interest rate

# Existing Income Tax Supported Debt

When calculating existing Income Tax supported debt (utilizing the allocation defined in the policy) the following are considered:

- Debt service in which there are no other sources of revenue that can be used
  - City facilities
  - Roadways
- Debt service in which other sources of revenue may be used but contain an income tax revenue as a backing
  - TIF funded debt service
  - Reserve income tax funding if 110% of annual debt service payment isn't available between annual TIF revenues and TIF fund balances



# Debt Capacity Limitations – Dublin Debt Policy

Year	Estimated Income Tax Revenue <sup>1</sup>	Allocation to Capital Fund <sup>2</sup>	Debt Service Allocation <sup>3</sup>	90% of Debt Service Allocation	Existing IT Supported Debt Service <sup>4</sup>	Debt Allocation not Committed	Additional Debt that Could be Supported <sup>5</sup>
2018	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	\$4,847,341	\$6,762,659	\$84,533,237
2019	87,290,000	21,822,500	13,093,500	11,784,150	6,100,261	5,683,889	71,048,612
2020	88,600,000	22,150,000	13,290,000	11,961,000	5,220,157	6,740,843	84,260,537
2021	89,929,000	22,482,250	13,489,350	12,140,415	6,342,237	5,798,178	72,477,225
2022	91,300,000	22,825,000	13,695,000	12,325,500	6,134,061	6,191,439	77,392,987
2023	91,300,000	22,825,000	13,695,000	12,325,500	5,890,256	6,435,244	80,440,550
2024	91,300,000	22,825,000	13,695,000	12,325,500	5,637,092	6,688,408	83,605,100
2025	91,300,000	22,825,000	13,695,000	12,325,500	6,049,423	6,276,077	78,450,962

<sup>1</sup> 1.5% growth annually in income tax revenue is projected from 2018 – 2022; 0% growth 2023-2025.

<sup>2</sup> 25% of income tax revenue dedicated to the Capital Improvement Tax Fund

<sup>3</sup> 60% of the income tax revenue in the Capital Improvement Tax Fund reserved to pay debt service on capital projects

<sup>4</sup> Actual debt service payments for existing debt funded by Income Tax

<sup>5</sup> Based on 20-year level debt service at 5% interest rate



# Debt Capacity Limitations – Dublin Debt Policy

Year	Estimated Income Tax Revenue <sup>1</sup>	Allocation to Capital Fund <sup>2</sup>	Debt Service Allocation <sup>3</sup>	90% of Debt Service Allocation	
2018	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	
2019	87,290,000	21,822,500	13,093,500	11,784,150	
2020	88,600,000	22,150,000	13,285,000	11,956,500	
2021	89,929,000	22,477,250	13,476,500	12,128,850	
2022	91,300,000	22,825,000	13,695,000	12,325,500	
2023	91,300,000	22,825,000	13,695,000	12,325,500	
2024	91,300,000	22,825,000	13,695,000	12,325,500	
2025	91,300,000	22,825,000	13,695,000	12,325,500	

**Conservative Revenue Estimates**  
 1.5% growth annually (through 2022); 0% growth thereafter  
  
 5-year average growth 3%  
 10-year average growth 3%

<sup>1</sup> 1.5% growth annually in income tax revenue is projected from 2018 – 2022; 0% growth 2023-2025.

<sup>2</sup> 25% of income tax revenue dedicated to the Capital Improvement Tax Fund

<sup>3</sup> 60% of the income tax revenue in the Capital Improvement Tax Fund reserved to pay debt service on capital projects

<sup>4</sup> Actual debt service payments for existing debt funded by Income Tax

<sup>5</sup> Based on 20-year level debt service at 5% interest rate

# Debt Capacity Limitations – Dublin Debt Policy

Year	Estimated Income Tax Revenue <sup>1</sup>	Allocation to Capital Fund <sup>2</sup>	Debt Service Allocation <sup>3</sup>	90% of Debt Service Allocation
2018	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000
2019	87,290,000	21,822,500	13,093,500	11,784,150
2020	88,600,000	22,150,000	13,290,000	11,961,000
2021	89,929,000	22,482,250	13,489,350	12,140,415
2022	91,300,000	22,825,000	13,695,000	12,325,500
2023	91,300,000	22,825,000	13,695,000	12,325,500
2024	91,300,000	22,825,000	13,695,000	12,325,500
2025	91,300,000	22,825,000	13,695,000	12,325,500

Allows only 90% of amount reserved for debt to be available

<sup>1</sup> 1.5% growth annually in income tax revenue is projected from 2018 – 2022; 0% growth 2023-2025.

<sup>2</sup> 25% of income tax revenue dedicated to the Capital Improvement Tax Fund

<sup>3</sup> 60% of the income tax revenue in the Capital Improvement Tax Fund reserved to pay debt service on capital projects

<sup>4</sup> Actual debt service payments for existing debt funded by Income Tax

<sup>5</sup> Based on 20-year level debt service at 5% interest rate

# Debt Capacity Limitations – Dublin Debt Policy

Year	Estimated Income Tax Revenue <sup>1</sup>	Allocation to Capital Fund <sup>2</sup>	Debt Service Allocation <sup>3</sup>	90% of Debt Service Allocation	Existing IT Supported Debt Service <sup>4</sup>	Debt Allocation not Committed	Additional Debt that Could be Supported <sup>5</sup>
2018	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	\$4,847,341	\$6,762,659	\$84,533,237
2019	87,290,000	21,822,500	13,093,500	11,784,150	6,100,261	5,683,889	71,048,612
2020	88,580,000	22,145,000	13,286,500	11,957,850	5,220,157	6,740,843	84,260,537
2021	89,870,000	22,467,500	13,479,500	12,131,550	6,342,237	5,798,178	72,477,225
2022	91,160,000	22,790,000	13,672,500	12,305,250	6,134,061	6,191,439	77,392,987
2023	91,300,000	22,825,000	13,695,000	12,325,500	5,890,256	6,435,244	80,440,550
2024	91,300,000	22,825,000	13,695,000	12,325,500	5,637,092	6,688,408	83,605,100
2025	91,300,000	22,825,000	13,695,000	12,325,500	6,049,423	6,276,077	78,450,962

Actual IT and TIF supported debt where TIF cannot provide 110% coverage mitigates against decrease in property values in TIF areas

<sup>1</sup> 1.5% growth annually in income tax revenue is projected from 2018 – 2022; 0% growth 2023-2025.

<sup>2</sup> 25% of income tax revenue dedicated to the Capital Improvement Tax Fund

<sup>3</sup> 60% of the income tax revenue in the Capital Improvement Tax Fund reserved to pay debt service on capital projects

<sup>4</sup> Actual debt service payments for existing debt funded by Income Tax

<sup>5</sup> Based on 20-year level debt service at 5% interest rate



# Debt Capacity Limitations – Dublin Debt Policy

Year	Estimated Income Tax Revenue <sup>1</sup>	Allocation to Capital Fund <sup>2</sup>	Debt Service Allocation <sup>3</sup>	90% of Debt Service Allocation	Existing IT Supported Debt Service <sup>4</sup>	Debt Allocation not Committed	Additional Debt that Could be Supported <sup>5</sup>
2018	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	\$4,847,341	\$6,762,659	\$84,533,237
2019	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	6,100,261	5,509,739	68,871,737
2020	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	5,220,157	6,389,843	79,873,037
2021	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	6,342,237	5,267,763	65,847,037
2022	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	6,134,061	5,475,939	68,449,237
2023	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	5,890,256	5,719,744	71,496,800
2024	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	5,637,092	5,972,908	74,661,350
2025	\$86,000,000	\$21,500,000	\$12,900,000	\$11,610,000	6,049,423	5,560,577	69,507,212

<sup>1</sup> 0% growth annually in income tax revenue.

<sup>2</sup> 25% of income tax revenue dedicated to the Capital Improvement Tax Fund

<sup>3</sup> 60% of the income tax revenue in the Capital Improvement Tax Fund reserved to pay debt service on capital projects

<sup>4</sup> Actual debt service payments for existing debt funded by Income Tax

<sup>5</sup> Based on 20-year level debt service at 5% interest rate



The background of the slide features the official seal of the City of Dublin, Ohio. The seal is circular with a dark border. Inside the border, the words "CITY OF DUBLIN" are written in a semi-circle at the top, and "OHIO" is written vertically on the right side. The center of the seal depicts a two-story stone building with a gabled roof and a small flag on a pole. In front of the building is a low stone wall. At the bottom of the seal, the phrase "where yesterday meets tomorrow" is written in a cursive font. The entire seal is set against a background of a green and white striped American flag.

# Current Debt Profile





# Outstanding Debt Summary (as of April 23, 2018)

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	\$1,250,000	-
	Various Purpose Imp. and Refg Bonds, Series 2009B	11/18/2009	12/1/2021	12/1/2019	\$10,375,000	\$3,915,000	\$1,530,000
	Various Purpose Imp. and Refg Bonds, Series 2012	10/2/2012	6/1/2032	6/1/2022	\$10,820,000	\$6,270,000	\$2,805,000
	Capital Facilities Imp. Bonds, Series 2013	12/19/2013	12/1/2033	12/1/2021	\$9,855,000	\$9,815,000	\$8,480,000
	Capital Facilities Imp. and Refg Bonds, Series 2014	1/7/2014	12/1/2029	12/1/2021	\$23,645,000	\$15,705,000	\$8,440,000
	Various Purpose Bonds, Series 2015	9/30/2015	12/1/2035	12/1/2025	\$49,200,000	\$46,290,000	\$29,805,000
	Capital Facilities Bonds, Series 2016	12/6/2016	12/1/2036	12/1/2025	\$9,325,000	\$8,980,000	\$5,840,000
	Various Purpose Bonds, Series 2017	8/2/2017	12/1/2037	6/1/2027	\$31,880,000	\$31,880,000	\$20,390,000
<b>Limited Tax GO Total</b>					<b>\$148,086,000</b>	<b>\$124,105,000</b>	<b>\$77,290,000</b>
Unlimited Tax GO	Various Purpose Refg Bonds, Series 2009A	11/18/2009	12/1/2020	12/1/2019	\$15,105,000	\$2,700,000	\$200,000
<b>Unlimited Tax GO Total</b>					<b>\$15,105,000</b>	<b>\$2,700,000</b>	<b>\$200,000</b>
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
<b>Nontax Revenue Total</b>					<b>\$32,000,000</b>	<b>\$32,000,000</b>	<b>\$26,145,000</b>
<b>Grand Total</b>					<b>\$195,191,000</b>	<b>\$158,805,000</b>	<b>\$103,635,000</b>



# Outstanding Debt Summary (as of April 23, 2018)

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

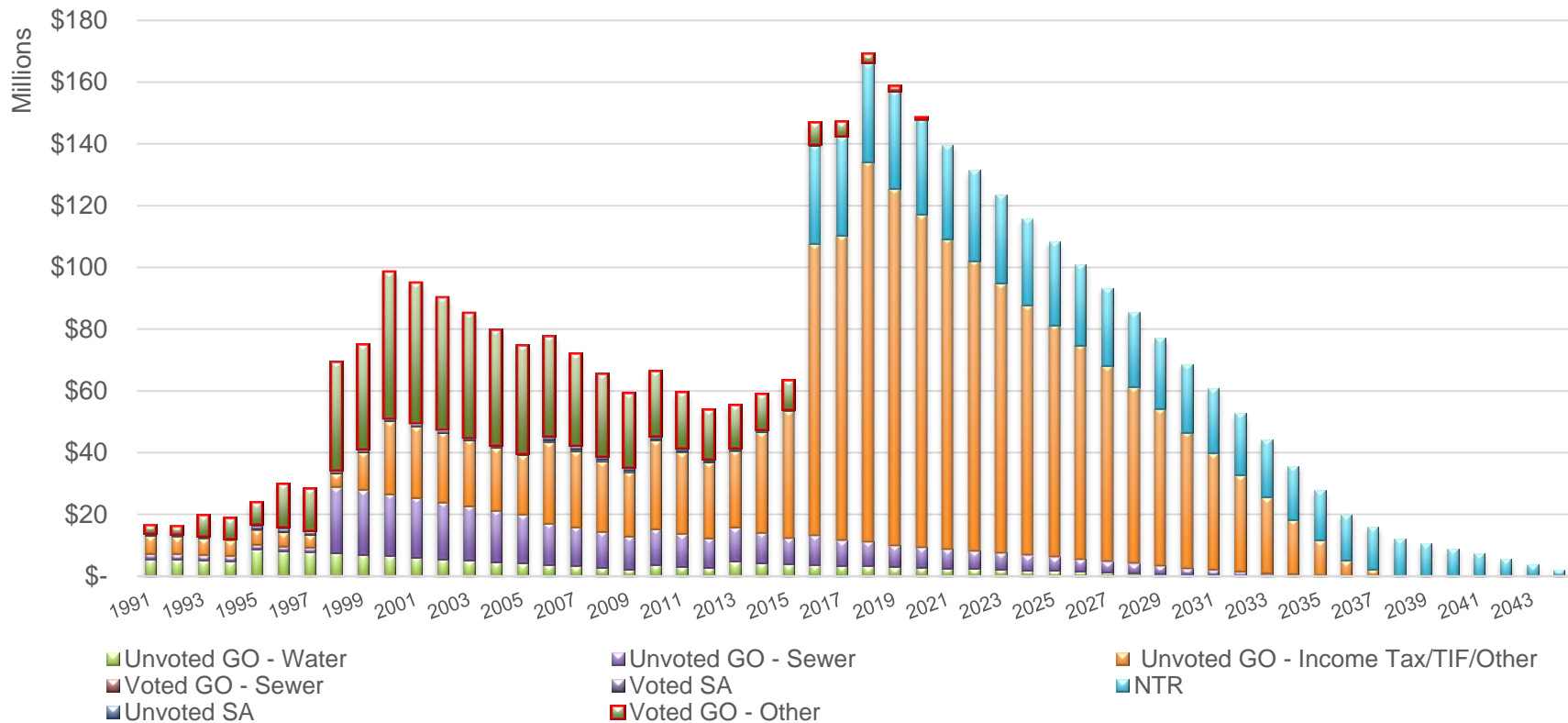
## Outstanding Bonds by Credit Type

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	Non-Callable	\$19,716,717	\$661,066	-
	270/33 Interchange (SIB Loan)**	2/10/2015	2/1/2035	Non-Callable	\$35,000,000	\$6,650,441	-
	Dublin Road/Glick Road Improvements (OPWC)	7/1/2014	7/1/2026	Non-Callable	\$250,000	\$200,000	-
<b>Other Debt Total</b>					<b>\$54,966,717</b>	<b>\$7,511,507</b>	<b>-</b>
<b>Grand Total</b>					<b>\$54,966,717</b>	<b>\$7,511,507</b>	<b>-</b>

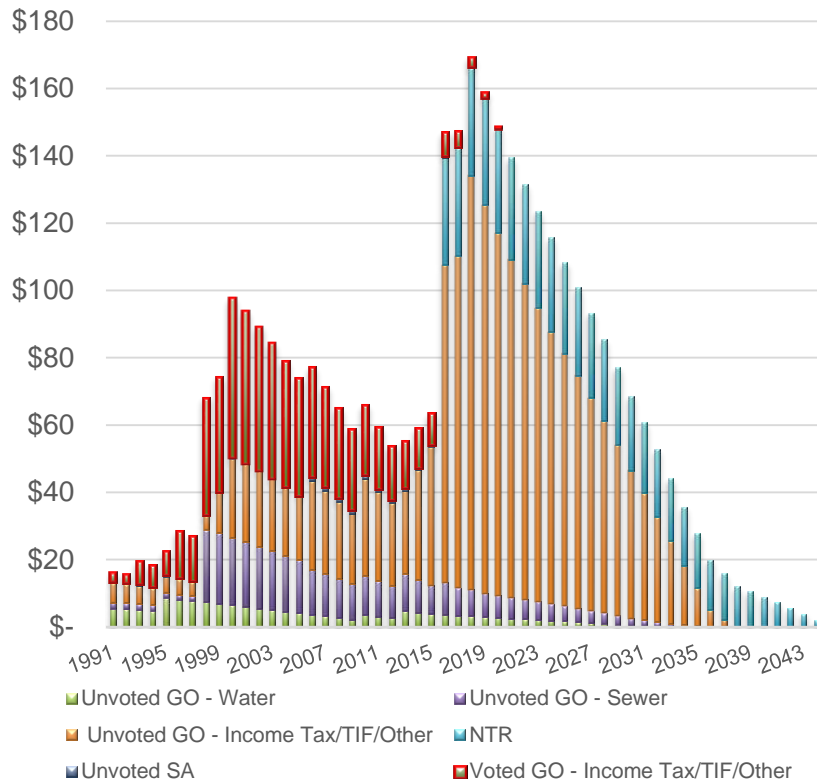
\*\*Outstanding Par is based on Dublin's amount of the loan that was drawn upon as of December 31, 2017.



# Debt Service Analysis – Total Outstanding Principal from 1991 – 2044 (as of January 1)



# Debt Service Analysis – Total Outstanding Principal from 2018 – 2044 (as of January 1)



## Unvoted GO – Water

Source of Repayment: Water Fund

- Darree Fields Water Tower (2029)
- Dublin Road Water Tower (2032)

## Unvoted GO – Sewer

Source of Repayment: Sewer Fund

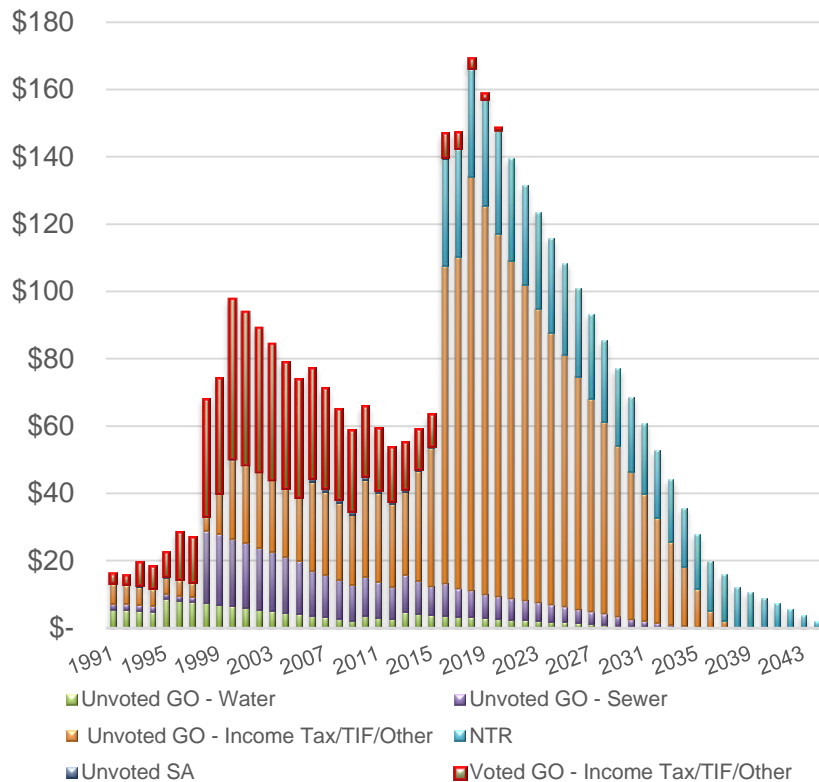
- Upper Scioto West Branch Interceptor (2018)
- Sanitary Sewer Lining (2029)
- Sewer Lining & Repairs (2032)
- Sewer Lining & Repairs (2035)
- Sewer Lining & Repairs/Extensions (2037)

## Unvoted Special Assessment

Source of Repayment: Special Assessment

- Ballantrae (2021)

# Debt Service Analysis – Total Outstanding Principal from 2018 – 2044 (as of January 1)

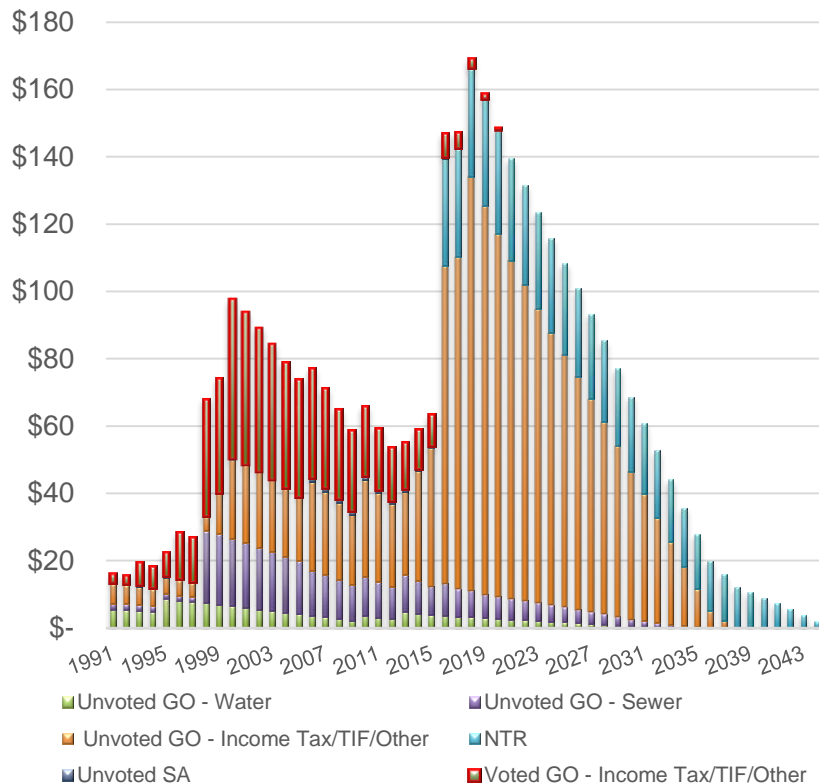


## ■ Voted GO – Income Tax/TIF/Other

### Source of Repayment – Income Tax/TIF/Other

- Rec Center Expansion (2018)
- Woerner-Temple Road (2019)
- Emerald Pkwy Overpass – Phase 7 (2019)
- Coffman Park Expansion (2020)

# Debt Service Analysis – Total Outstanding Principal from 2018 – 2044 (as of January 1)

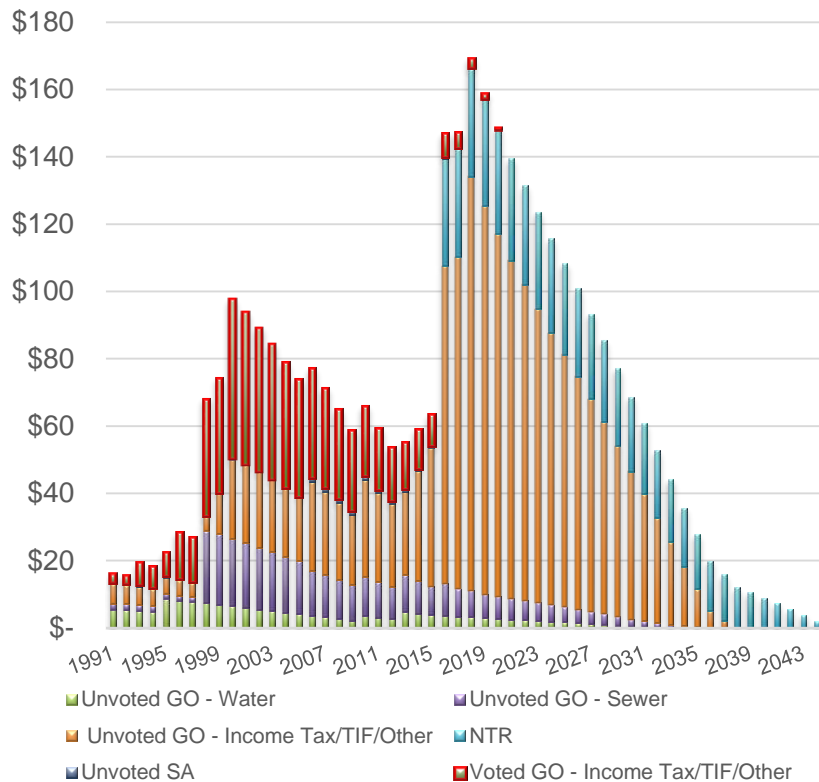


## Unvoted GO – Income Tax/TIF/Other

### Source of Repayment: Income Tax/TIF

- Avery-Muirfield Interchange (2019)
- Rings Road (2020)
- Arts Facility Acquisition/Renovation (2020)
- Perimeter Drive Extension (2020)
- Emerald Pkwy – Phase 7 (2020)
- Service Center (2021)
- South Pool (2025)
- Industrial Pkwy/SR 161 Improvements (2029)
- LED Street Lights (2022)
- Emerald Pkwy – Phase 8 (2033)
- BSD Land Acquisition (2033)
- 270/33 Interchange (Design/ROW) (2023)
- Justice Center (2035)
- BSD Transportation (2035)
- Bridge Park Transportation (2035)
- 270/33 Interchange (Construction) (2035)
- Dublin Rd/Glick Road Intersection (2026)
- John Shields Pkwy – Phase 2 (2036)
- Service Center Renovation/Expansion (2037)
- Pedestrian Bridge/N. High Street (2037)

# Debt Service Analysis – Total Outstanding Principal from 2018 – 2044 (as of January 1)



## ■ Non-Tax Revenue (NTR)

Source of Repayment: TIF/MSP

- BSD Parking Garage (Taxable) (2035)
- BSD Parking Garage (Tax Exempt) (2044)

# Bridge Park Debt Service

**2015 City issued \$43.1 million in bonds for Bridge Park (total principal and interest \$74,031,193)**

**\$11.1 million for Bridge Park roadway system**

Unvoted GO, 20 year debt

Total debt service (P & I) \$15,663,100

**\$32.0 million for two parking garages (Blocks B & C)**

Non-Tax Revenue, 30 year debt to match TIF period

\$16 million (taxable); \$16 million (tax-exempt)

Total debt service (P & I) \$58,368,092

**Revenue to fund debt service - Minimum Service Payment Guarantee (MSP) on Blocks B & C**

Calendar year 2018 - \$1,887,978

Calendar years 2019 – 2046 - \$2,432,351

Calendar year 2047 - \$2,333,630

**TOTAL \$72,327,436**

MSP is the minimum amount City will receive. If property values (as determined by County Auditor) are higher than conservative estimates used when agreement was executed, additional revenue will be received by the City

MSP runs with the land. If property sells (regardless of sales price), the MSP becomes the responsibility of the new owner.





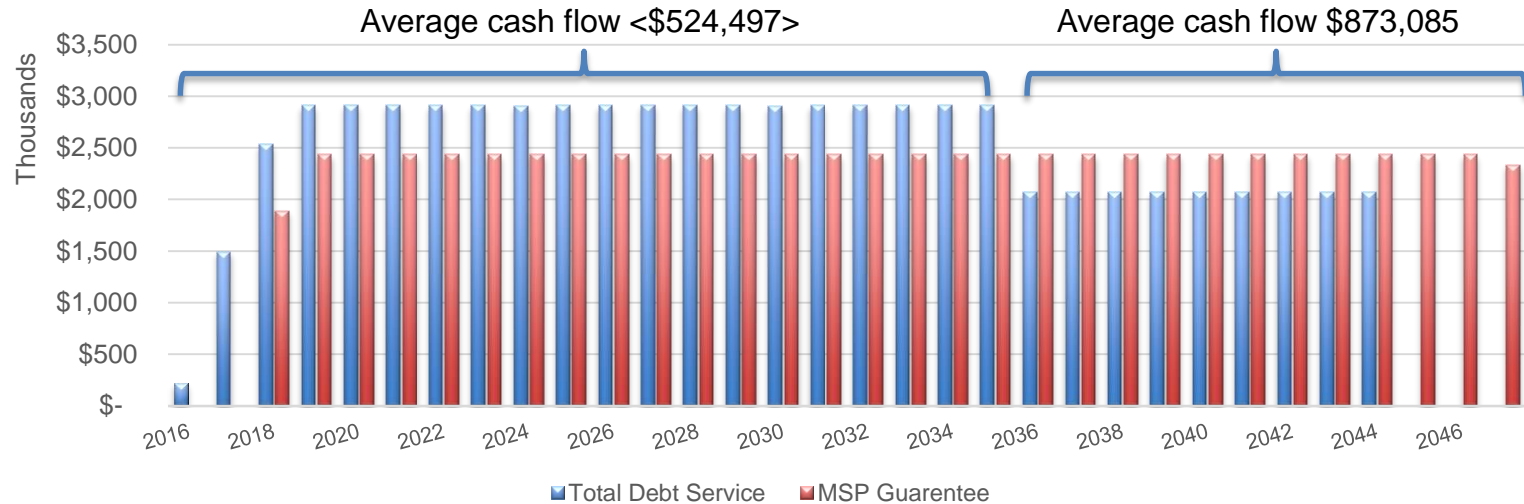
# Bridge Park Debt Service

Revised

**Total Debt Service Bridge Park - \$72,340,364**

**Total Revenue from MSP Guarantee - \$72,327,436**

**Variance <12,928>**



Net Present Value of variance between MSP guarantee and debt service on Bridge Park of <\$12,928>:

2% cost of capital <\$2,802,056>

3% cost of capital <\$3,522,997>

4% cost of capital <\$3,966,213>

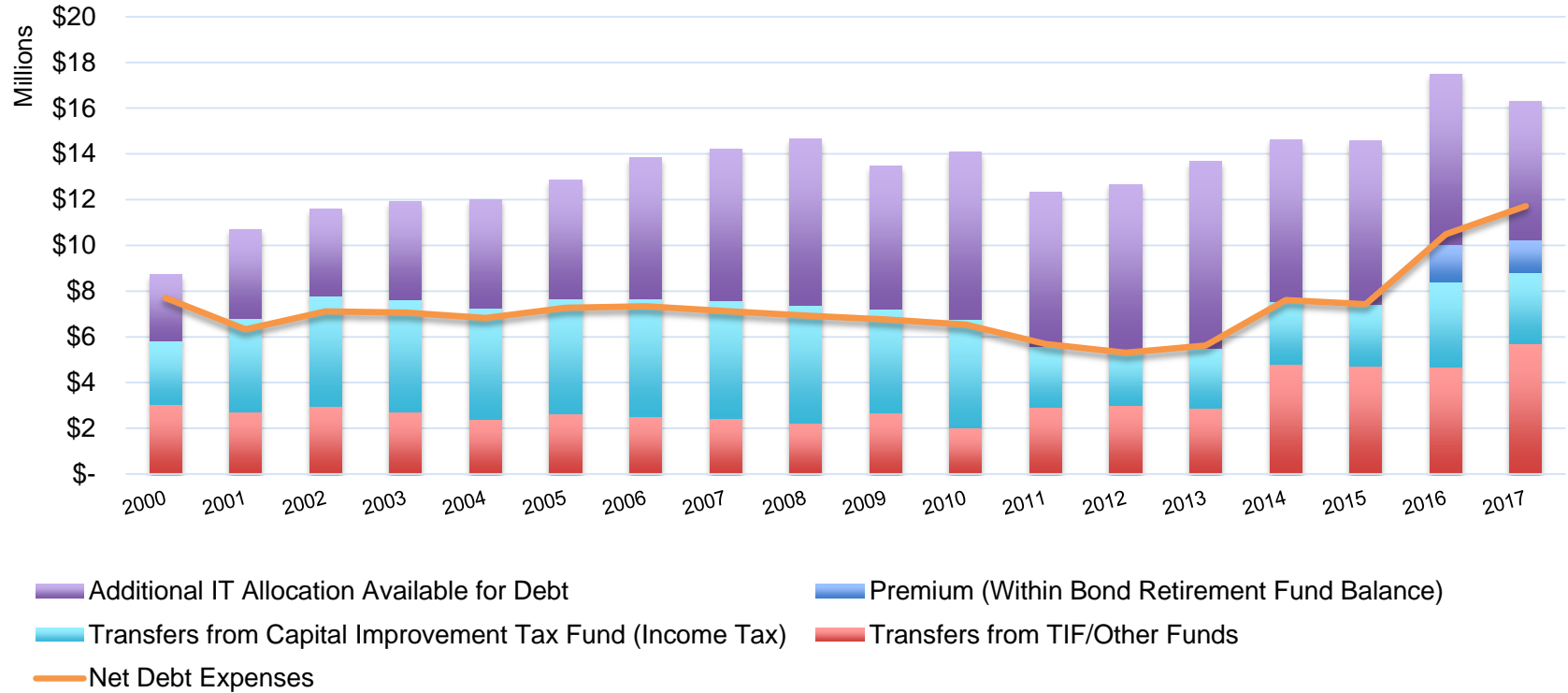


# Debt Service Analysis

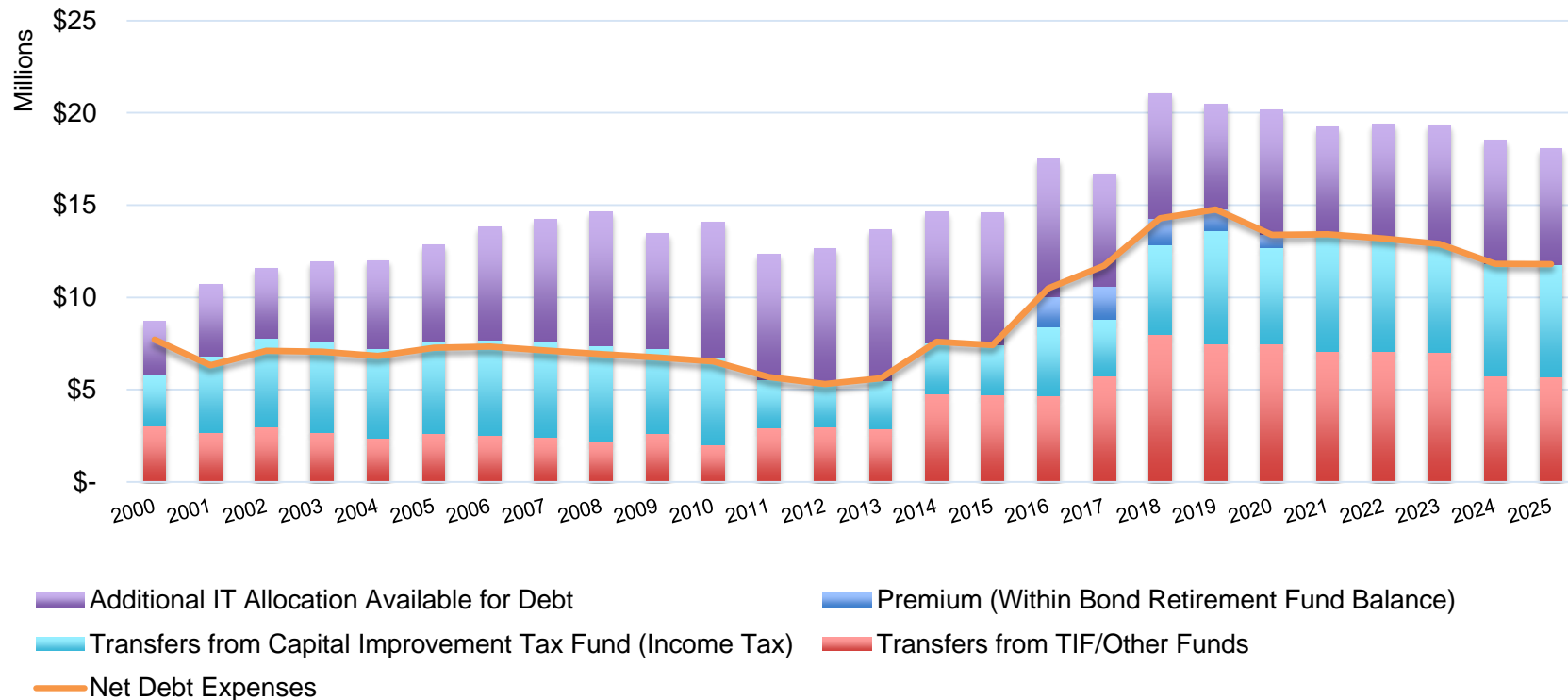


Year	o/s principal as % of IT Revenue	Year	o/s principal as % of IT Revenue
1991	113%	2005	129%
1992	99%	2006	121%
1993	110%	2007	107%
1994	95%	2008	93%
1995	103%	2009	90%
1996	117%	2010	96%
1997	100%	2011	83%
1998	202%	2012	72%
1999	186%	2013	67%
2000	225%	2014	67%
2001	194%	2015	72%
2002	180%	2016	163%
2003	164%	2017	168%
2004	150%	Indicates periods when % was in excess of present day	

# Debt Service Analysis – 2000 - 2017



# Debt Service Analysis – 2000 - 2025



The background of the slide features the official seal of the City of Dublin, Ohio. The seal is circular with a dark border. Inside the border, the words "CITY OF DUBLIN" are arched across the top and "OHIO" is on the right side. The center of the seal depicts a two-story wooden building with a gabled roof and a small flag on a pole in front of it. Below the building is a field of crops, possibly corn. At the bottom of the seal, the phrase "where yesterday meets tomorrow" is written in a cursive font. The entire seal is set against a background of a green and white striped American flag.

# Credit Ratings



# Credit Ratings

## Moody's

- Strong tax base
- Robust operating fund reserves and liquidity
- Strong, proactive management team

- High debt burden
- Above average unfunded pension burden

## S&P

- Economy
- Management
- Strong Policies
- Budgetary Flexibility
- Budgetary Performance
- Strong Liquidity

- Debt & Pension Position

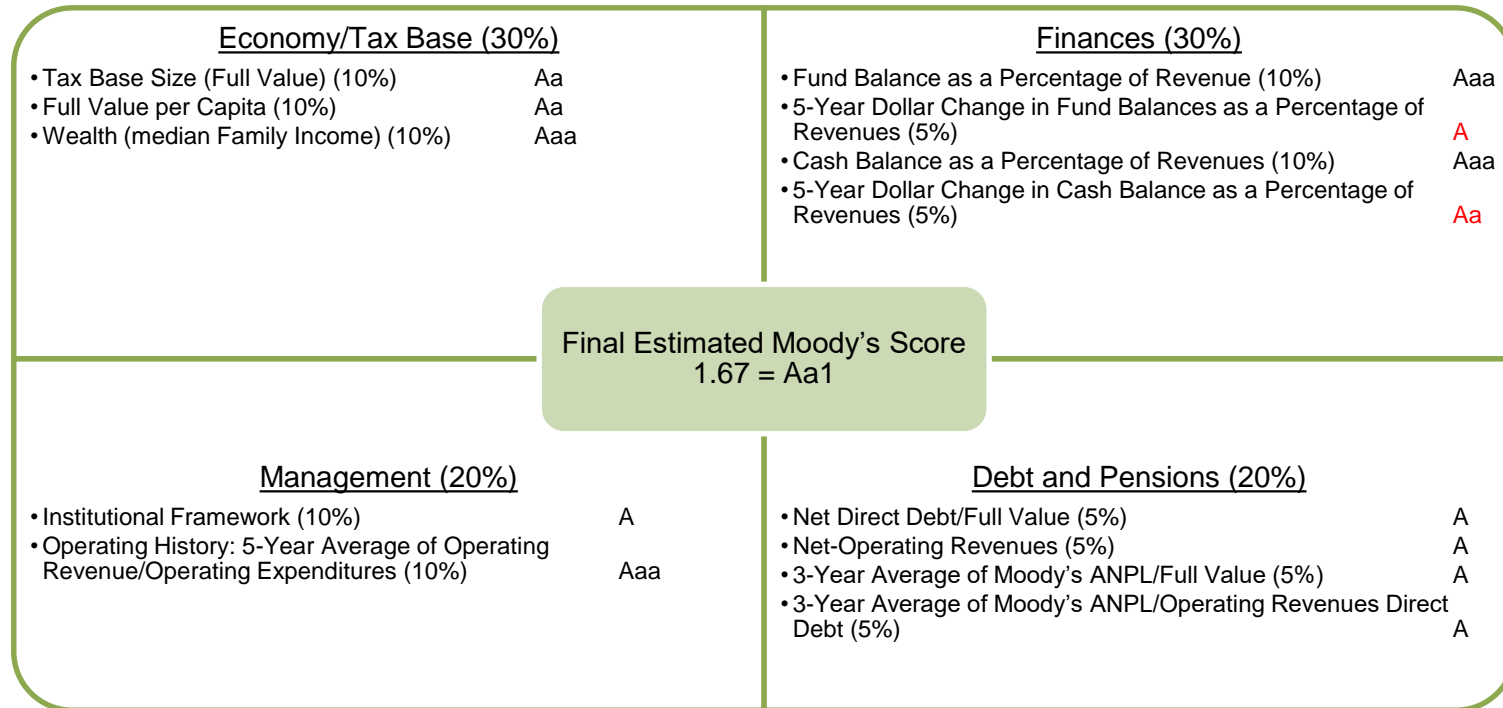
## Fitch

- Economy
- Financial Management Practices
- LT Liability Burden is low relative to personal income
- Revenue raising ability
- Expenditure flexibility
- Prudent budget controls

- Moderate Carrying
- Costs for Debt Service and Pension

# Rating Analysis – Quantitative Factors

City's estimated 'score' by Moody's Investor Services – Aa1 (based on 2016 financials)



# Rating Analysis – Qualitative Factors

City's estimated 'score' by Moody's Investor Services – Aa1 (based on 2016 financials)

- 5-Year Dollar Change in Fund Balances as a % of Revenues Aaa → A
- 5-Year Dollar Change in Cash Balance as a % of Revenues Aaa → Aa

## Finances (30%)

- |  |     |
|--|-----|
| • Fund Balance as a Percentage of Revenue (10%)                          | Aaa |
| • 5-Year Dollar Change in Fund Balances as a Percentage of Revenues (5%) | A   |
| • Cash Balance as a Percentage of Revenues (10%)                         | Aaa |
| • 5-Year Dollar Change in Cash Balance as a Percentage of Revenues (5%)  | Aa  |

Moody's methodology considers forward-looking elements that may not be captured in historical data

"Below the Line" Adjustments:

- If tax base is a regional economic center (positive)
- Institutional presence such as universities (positive)
- Outsized enterprise or contingent liability risk (negative)
- Unusually strong or weak security features (negative or positive)
- Unusually strong or weak budget management and planning (positive or negative)





# Conclusion/Recommendations



# Conclusion/Recommendations

Recent CIP have reflected programming to support proactive investment throughout the City

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

Current Debt

- Adheres to City's Debt Policy
- Is affordable based on revenue estimates
- Does not overextend the City; able to absorb decline in IT funding, decline in TIF revenues which support debt service
- Provides additional capacity

Future financings proposed as part of CIP process

- Will be fluid in which the timing of projects and overall project costs will change over time as more refined details are obtained
- Will utilize conservative revenue estimates to ensure affordability
- Will adhere to City's Debt Policy and be in compliance with restrictions imposed by State law
- Will look at all options available, including utilizing cash on hand or non-GO debt where appropriate to preserve GO capacity



# Discussion Regarding Current Debt Policy

Current Debt Policy, approved September 2016, formalized a long-standing practice (in place since AT LEAST the 1996-2000 CIP approved in 1995):

- Allocates 60% of the income tax revenue dedicated to the Capital Improvement Tax Fund to support debt service
  - Provides that only 90% of the amount noted above is available to be programmed
- 

Staff recommends maintaining the current Debt Policy which provides appropriate safeguards which help mitigate against declines in revenue:

- Dedicated revenue stream to retire debt service
- Conservative revenue estimates
- Limit amount available to spend on debt service to 90% of estimated revenue
- Significant cash balances
- Additional coverage for debt supported by TIF revenues (subject to changes in property valuations)\*
- 5-year CIP that is updated annually

While it is important to remain mindful with regard to debt levels with future projects, a Debt Policy should be a strategic policy that can be used in long-term capital planning; promote stability.

