

# **Fiscal Year 2011 Ancillary Financing Capacity and Alternatives**

# City of Las Cruces, New Mexico

## Outstanding Debt Overview and Refunding Opportunities

February 22, 2010



RBC Capital Markets®

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# Outstanding Debt

## SECTION I



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# Overview of Outstanding Debt

Original Par Amount	Description	Series	Final Maturity	Revenue Pledged	Par Outstanding	Call Date	Call Price	Rating	Insurance
<b>State Shared Gross Receipts Tax Bonds</b>									
\$12,800,000	Gross Receipts Tax Revenue and Refunding Bonds	2003	2018	SSGRT	\$4,985,000	06/01/2012	100%	A2/A+	MBIA
\$33,000,000	Gross Receipts Tax Revenue Bonds	2005	2035	SSGRT	\$28,825,000	06/01/2014	100%	A2/A+	MBIA
\$4,999,980	New Mexico Finance Authority Loan Dated January 15, 2009	2009	2021	SSGRT	\$4,999,890	06/01/2019	100%	NR	NA
<b>\$45,800,000</b>	<b>Total</b>				<b>\$33,810,000</b>				
<b>Municipal Gross Receipts Tax Bonds</b>									
\$10,075,000	Municipal Gross Receipts Tax Revenue Bonds (Street Projects)	1999A	2014	1st 1/4 MGRT	\$4,085,000	06/01/2009	100%	A3	FSA
\$7,040,000	Municipal Gross Receipts Tax Revenue Bonds (Flood Projects)	1999B	2014	5th 1/4% MGRT	\$2,955,000	06/01/2009	100%	A3	FSA
\$1,865,251	New Mexico Finance Authority Loan Dated November 10, 2006	2006	2014	2nd 1/4% MGRT	\$1,313,462	11/10/2007	100%	NR	NA
\$9,985,448	New Mexico Finance Authority Loan Dated December 15, 2006	2006	2021	1st & 5th 1/4% MGRT	\$8,637,379	12/15/2007	100%	NR	NA
\$336,232	NMFA Loan - Street Equipment Dated November 16, 2007	2007	2015	2nd 1/4% MGRT	\$274,629	11/16/2008	100%	NR	NA
\$3,590,000	New Mexico Finance Authority Loan Dated November 1, 2007	2007	2017	1st & 5th 1/4% MGRT	\$1,313,462	11/01/2008	100%	NR	NA
\$4,563,829	New Mexico Finance Authority Loan Dated December 23, 2008	2008	2016	5th 1/4% MGRT	\$4,318,832	non-callable	100%	NR	NA
<b>\$32,891,931</b>	<b>Total</b>				<b>\$18,578,932</b>				
<b>Convention Center</b>									
\$27,361,565	New Mexico Finance Authority Loan Dated October 19, 2007	2007	2032	Hotel Room Surcharge	\$26,356,189	10/19/2008	100%	NR	NA

## Overview of Outstanding Debt - Continued

Original Par Amount	Description	Series	Final Maturity	Revenue Pledged	Par Outstanding	Call Date	Call Price	Rating	Insurance
<b>Gasoline Tax Revenue Bonds</b>									
\$5,110,000	Gasoline Tax Revenue Bonds	2000	2016	TOTAL	\$2,990,000	06/01/2010	100%	A3	FSA
<b>Joint Utility Revenue Bonds</b>									
\$222,222	NMFA Loan	2003	2013	Utility Revenues	\$97,021	Anytime	100%	NR	NA
\$418,274	NMFA Loan	2004	2024	Utility Revenues	\$342,953	Anytime	100%	NR	NA
\$278,317	NMFA Loan	2005	2024	Utility Revenues	\$228,629	Anytime	100%	NR	NA
\$11,050,000	Joint Utility Revenue Bonds	2005	2024	Utility Revenues	\$10,155,000	06/01/2015	100%	A1	Ambac
\$17,575,000	Joint Utility Revenue Bonds	2006	2026	Utility Revenues	\$16,905,000	06/01/2016	100%	A1	XLCLA
\$2,139,117	NMFA Loan - 2007A	2007	2027	Utility Revenues	\$2,139,117	07/06/2008	100%	NR	NA
\$6,311,058	NMFA Loan - 2007B	2007	2027	Utility Revenues	\$6,311,058	07/06/2008	100%	NR	NA
\$12,483,206	NMFA Loan - 2007C Water Reclamation Phase 2	2007	2027	Utility Revenues	\$12,483,206	12/21/2008	100%	NR	NA
\$3,139,919	NMFA Loan - 2007D Water Projects Loan	2007	2027	Utility Revenues	\$3,139,919	12/21/2008	100%	NR	NA
\$17,575,000	Joint Utility Refunding and Improvement Revenue Bonds	2009	2017	Utility Revenues	\$17,575,000	07/01/2017	100%	A1	NA
\$53,617,113	<b>Total</b>				<b>\$51,801,903</b>				
<b>Other Debt</b>									
\$7,980,000	South Central Solid Waste Authority Ref. Bonds	2004	2016	System Revenues	\$5,110,000	06/01/2013	100%	A2	MBIA
<b>State Fire Protection Funds</b>									
\$816,777	New Mexico Finance Authority Loan Dated November 16, 2006	2006	2014	Fire Protec. Fund	\$574,799	11/16/2007	100%	NR	NA
\$896,598	New Mexico Finance Authority Loan Dated November 16, 2007	2007	2016	Fire Protec. Fund	\$798,271	11/16/2008	100%	NR	NA

# Bond Cycling – Overview

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- Bond cycling is a debt issuance program that allows an issuer to sell bonds on a consistent basis, 1, 2, 3 years etc., over a 10 or 20 year time frame for capital needs with debt service constrained to a defined revenue stream or property tax levy.
- Benefits of Bond Cycling
  - Can advance projects and can eliminate potential costly construction inflation instead of pay-as-you go
  - Predictability
    - City knows approximately how many bonds will be issued over the next 2, 3, 5 or 10 years depending upon the forecast of the cycling program
  - Flexibility
    - City can choose to stop the cycling program at any point in the future
  - Dollar Cost Averaging
    - Due to a volatile interest rate market the City will issue bonds during high interest rate market and low interest rate markets. However, on average the cost of funds of a cycling program are typically less than if all bonds were issued at once.
  - Lower Cost of Borrowing
    - Typically lower cost of borrowing over life of cycling program, due to shorter final maturities than debt that is issued all at once

# Current Funding Sources Available to City

## SECTION II



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# General Fund Revenue Bonds Cycling Program - Summary

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- The City currently has outstanding debt which is secured by state shared and municipal gross receipts taxes with maximum annual debt service payments of approximately \$6.23 million
  - When special project debt such as the City Hall debt and other debt paid from specific developer fees is deducted, the cycling debt service is \$4.78 million
- Based upon this max annual debt service the City can issue future debt without an increase in annual debt service payments utilizing a 3 year cycling program
- Issue \$10.00 million every 3 years starting in 2009
- Total of \$40 million issued over the next 10 years for citywide projects
- No tax rate increase required and no election required
- Does not impact current general fund expenditures
- Continues current cycling program

# General Fund Revenue Cycling Program – Outstanding Debt

Year	City of Las Cruces, Sales Tax Series 1999A				City of Las Cruces, Sales Tax Series 1999B				Series 2003 Debt Service				City of Las Cruces, Sales Tax Series 2005			
	Principal	Coupon	Interest	Total P & I	Principal	Coupon	Interest	Total P & I	Principal	Coupon	Interest	Total P & I	Principal	Coupon	Interest	Total P & I
2010	1,090,000	5.05%	204,795	1,294,795	535,000	4.90%	147,215	682,215	945,000	4.00%	198,110	1,143,110	750,000	4.00%	346,913	1,096,913
2011	695,000	5.00%	149,750	844,750	560,000	5.00%	121,000	681,000	980,000	4.00%	160,310	1,140,310	710,000	4.00%	316,913	1,026,913
2012	730,000	5.00%	115,000	845,000	590,000	5.00%	93,000	683,000	860,000	4.00%	121,110	981,110	930,000	4.00%	288,513	1,218,513
2013	765,000	5.00%	78,500	843,500	620,000	5.00%	63,500	683,500	690,000	3.75%	86,710	776,710	525,000	4.25%	251,313	776,313
2014	805,000	5.00%	40,250	845,250	650,000	5.00%	32,500	682,500	280,000	3.80%	60,835	340,835	745,000	5.00%	229,000	974,000
2015									290,000	3.90%	50,195	340,195	2,615,000	5.00%	191,750	2,806,750
2016									300,000	4.00%	38,885	338,885	1,525,000	4.00%	61,000	1,586,000
2017									315,000	4.15%	26,885	341,885				
2018									325,000	4.25%	13,813	338,813				
2019																
2020																
2021																
<b>Total</b>	<b>4,085,000</b>		<b>588,295</b>	<b>4,673,295</b>	<b>2,955,000</b>		<b>457,215</b>	<b>3,412,215</b>	<b>4,985,000</b>		<b>756,853</b>	<b>5,741,853</b>	<b>7,800,000</b>		<b>168,540</b>	<b>9,485,400</b>

Year	City of Las Cruces, Sales Tax 2009 NMFA Loan				Total
	Principal	Coupon	Interest	Total P & I	
2010	249,890	4.00%	315,161	565,051	4,782,083
2011	500,000	3.25%	222,500	722,500	4,415,473
2012	500,000	4.50%	206,250	706,250	4,433,873
2013	500,000	5.00%	183,750	683,750	3,763,773
2014	500,000	4.25%	158,750	658,750	3,501,335
2015	500,000	4.50%	137,500	637,500	3,784,445
2016	500,000	5.00%	115,000	615,000	2,539,885
2017	500,000	5.00%	90,000	590,000	931,885
2018	500,000	5.00%	65,000	565,000	903,813
2019	250,000	5.00%	40,000	290,000	290,000
2020	250,000	5.50%	27,500	277,500	277,500
2021	250,000	5.50%	13,750	263,750	263,750
2022					-
2023					-
2024					-
2025					-
<b>Total</b>	<b>4,999,890</b>		<b>1,575,161</b>	<b>6,575,051</b>	

# General Fund Revenue Cycling Program – Cycling Debt

Year	Existing Debt	City of Las Cruces, GRT Bonds Possible Series 2011				City of Las Cruces, GRT Bonds Series 2014				City of Las Cruces, GRT Bonds Series 2017				City of Las Cruces, GRT Bonds Series 2020				
		Principal	Coupon	Interest	Total P & I	Principal	Coupon	Interest	Total P & I	Principal	Coupon	Interest	Total P & I	Principal	Coupon	Interest	Total P & I	
2010	4,782,083																	4,782,083
2011	4,415,473																	4,415,473
2012	4,433,873	110,000	4.75%	237,500	347,500													4,781,373
2013	3,763,773	550,000	4.75%	469,775	1,019,775													4,783,548
2014	3,501,335	840,000	4.75%	443,650	1,283,650													4,784,985
2015	3,784,445	100,000	4.75%	403,750	503,750	-	5.00%	500,000	500,000									4,788,195
2016	2,539,885	1,050,000	4.75%	399,000	1,449,000	300,000	5.00%	500,000	800,000									4,788,885
2017	931,885	1,050,000	4.75%	349,125	1,399,125	1,970,000	5.00%	485,000	2,455,000									4,786,010
2018	903,813	1,050,000	4.75%	299,250	1,349,250	800,000	5.00%	386,500	1,186,500	825,000	5.25%	525,000	1,350,000					4,789,563
2019	290,000	1,050,000	4.75%	249,375	1,299,375	800,000	5.00%	346,500	1,146,500	1,565,000	5.25%	481,688	2,046,688					4,782,563
2020	277,500	1,050,000	4.75%	199,500	1,249,500	800,000	5.00%	306,500	1,106,500	1,750,000	5.25%	399,525	2,149,525					4,783,025
2021	263,750	1,050,000	4.75%	149,625	1,199,625	800,000	5.00%	266,500	1,066,500	700,000	5.25%	307,650	1,007,650	605,000	5.50%	642,400	1,247,400	4,784,925
2022	-	1,050,000	4.75%	99,750	1,149,750	800,000	5.00%	226,500	1,026,500	650,000	5.25%	270,900	920,900	1,075,000	5.50%	609,125	1,684,125	4,781,275
2023	-	1,050,000	4.75%	49,875	1,099,875	900,000	5.00%	186,500	1,086,500	650,000	5.25%	236,775	886,775	1,160,000	5.50%	550,000	1,710,000	4,783,150
2024	-	-	-	-	-	900,000	5.00%	141,500	1,041,500	650,000	5.25%	202,650	852,650	850,000	5.50%	486,200	1,336,200	3,230,350
2025	-	-	-	-	-	900,000	5.00%	96,500	996,500	650,000	5.25%	168,525	818,525	850,000	5.50%	439,450	1,289,450	3,104,475
2026	-	-	-	-	-	1,030,000	5.00%	51,500	1,081,500	650,000	5.25%	134,400	784,400	850,000	5.50%	392,700	1,242,700	3,108,600
2027	-	-	-	-	-	-	-	-	-	650,000	5.25%	100,275	750,275	850,000	5.50%	345,950	1,195,950	1,946,225
2028	-	-	-	-	-	-	-	-	-	650,000	5.25%	66,150	716,150	850,000	5.50%	299,200	1,149,200	1,865,350
2029	-	-	-	-	-	-	-	-	-	610,000	5.25%	32,025	642,025	850,000	5.50%	252,450	1,102,450	1,744,475
2030	-	-	-	-	-	-	-	-	-	-	-	-	-	850,000	5.50%	205,700	1,055,700	1,055,700
2031	-	-	-	-	-	-	-	-	-	-	-	-	-	850,000	5.50%	158,950	1,008,950	1,008,950
2032	-	-	-	-	-	-	-	-	-	-	-	-	-	360,000	5.50%	112,200	472,200	472,200
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	850,000	5.50%	92,400	942,400	942,400
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	830,000	5.50%	45,650	875,650	875,650
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		10,000,000		3,350,175	13,350,175	10,000,000		3,493,500	13,493,500	10,000,000		2,925,563	12,925,563	11,680,000		4,632,375	16,312,375	

## MGRT Cycling Program (Flood Control)

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- \$1 million in annual revenue available to pay debt service
- \$3.5 million sold in 2007
- \$3.0 million bond sale in 2010
- \$1.5 million bond sale in 2011
- \$2.5 million bond sales every two year thereafter
- Total of \$11.5 million issued over the next 8 years
- Utilize available revenue from current tax rate
- No impact on general fund revenues
- No election required
- Requires pledge of other existing City revenue such as State Shared or Municipal GRT revenues

# MGRT Cycling Program

6/30	Series 2007 \$3,590,000		Series 2009 \$3,000,000		Series 2011 \$1,500,000		Series 2013 \$2,000,000		Series 2015 \$2,500,000		Series 2017 \$2,500,000		TOTAL DEBT REQUIREMENTS		
	Series 6/1/08		Series 8/1/10		Series 8/1/12		Series 8/1/14		Series 8/1/16		Series 8/1/18		PRIN	INT	TOTAL
	Prin. 5/1	4.25%	Prin. 6/1	4.50%	Prin. 6/1	4.75%	Prin. 6/1	5.00%	Prin. 6/1	5.00%	Prin. 6/1	5.00%			
2007													930,000	73,608	1,003,608
2008	930,000	73,608											930,000	101,575	1,031,575
2009	930,000	101,575											930,000	101,575	1,031,575
2010	150,000	66,980	760,000	60,061									910,000	127,041	1,037,041
2011	230,000	61,371	700,000	51,722									930,000	113,093	1,043,093
2012	225,000	52,725	575,000	40,444	120,000	15,093							920,000	108,262	1,028,262
2013	225,000	44,178	575,000	29,138	140,000	19,386							940,000	92,701	1,032,701
2014	225,000	35,542	75,000	6,525	355,000	26,172	280,000	23,155					935,000	91,394	1,026,394
2015	225,000	26,817	75,000	6,300	355,000	20,394	300,000	21,110					955,000	74,622	1,029,622
2016	225,000	18,004	75,000	5,850	105,000	8,838	175,000	15,221	375,000	28,142			955,000	76,055	1,031,055
2017	225,000	9,057	75,000	4,950	100,000	8,227	175,000	14,692	400,000	22,533			975,000	59,459	1,034,459
2018			50,000	3,150	100,000	7,453	150,000	13,634	50,000	9,067	605,000	44,994	955,000	78,297	1,033,297
2019			40,000	1,800	75,000	5,906	150,000	13,767	55,000	13,634	640,000	35,538	960,000	70,645	1,030,645
2020					75,000	5,063	150,000	14,034	250,000	22,317	150,000	13,475	625,000	54,889	679,889
2021					75,000	3,375	150,000	14,569	250,000	22,134	150,000	13,451	625,000	53,529	678,529
2022							225,000	15,638	250,000	21,769	150,000	13,402	625,000	50,808	675,808
2023							245,000	11,025	250,000	21,038	150,000	13,303	645,000	45,366	690,366
2024									250,000	19,575	150,000	13,106	400,000	32,681	432,681
2025									370,000	16,650	150,000	12,713	520,000	29,363	549,363
2026											175,000	11,925	175,000	11,925	186,925
2027											180,000	8,100	180,000	8,100	188,100
<b>TOTAL</b>	<b>\$3,590,000</b>	<b>\$489,858</b>	<b>\$3,000,000</b>	<b>\$209,939</b>	<b>\$1,500,000</b>	<b>\$119,907</b>	<b>\$2,000,000</b>	<b>\$156,845</b>	<b>\$2,500,000</b>	<b>\$196,858</b>	<b>\$2,500,000</b>	<b>180,006</b>	<b>\$15,090,000</b>	<b>\$1,353,413</b>	<b>\$16,443,413</b>

# Overview – Current Sources of Funding

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Sources of Funding without tax increase or impact to General Fund

- GRT Bonds
  - Can issue up to \$40.5 million for general City projects over the next 10 years
  
- Flood Control Fund
  - Can issue up to \$11.5 for flood control projects over the next 8 years

# Additional Funding Sources

## SECTION III



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# Additional Funding Sources for Capital Projects

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- The City has additional funding sources available to fund capital projects that require the an imposition of new taxes through Council action or approval from voters

## Citywide Funding Sources

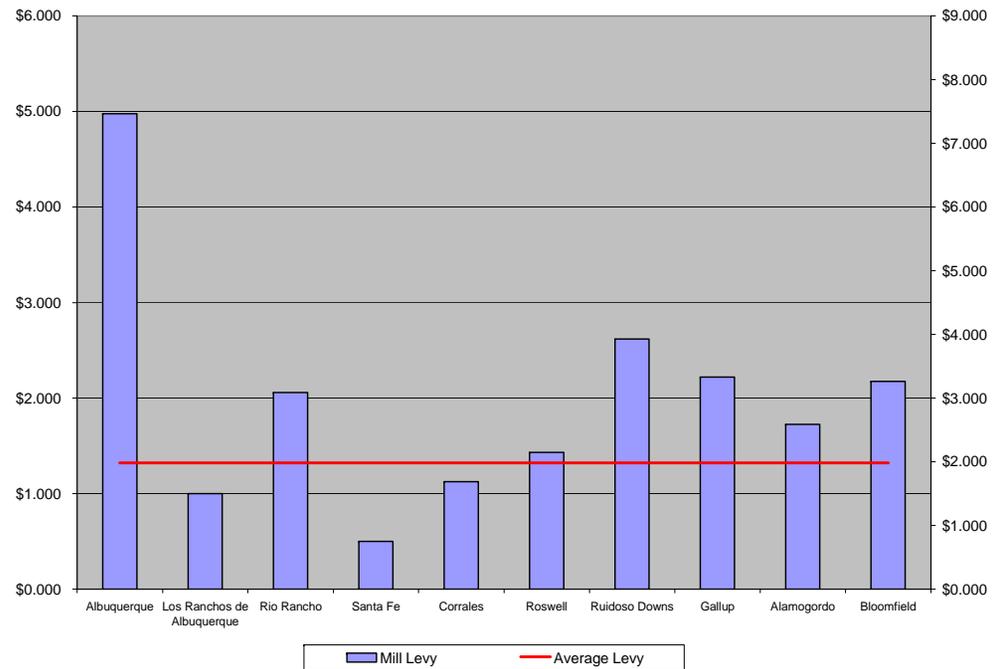
- Imposition of State authorized but un-imposed .25% municipal gross receipts tax
- General Obligation Bonds

## Area or Project Specific Funding Sources

- Impact Fees from future development
- Special Assessment Districts
- Public Improvement Districts
- Tax Increment Development Districts

# Debt Service Mill Rates for Other Cities

City	GO Tax Rate
Albuquerque	\$4.976
Los Ranchos de Albuquerque	1.000
Rio Rancho	2.060
Santa Fe	0.500
Corrales	1.125
Roswell	1.431
Ruidoso Downs	2.618
Gallup	2.220
Alamogordo	1.724
Bloomfield	2.175
Average Rate	\$1.983



**Average Mill Rate  
of \$1.98**

**Currently Las Cruces has no GO Bonds outstanding and therefore no debt service property tax is levied**

# General Obligation Bonds - Overview

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- General Obligation Bonds are debt that is secured by taxes levied on property owners within the City
  - Property tax is levied at a rate necessary to pay annual debt service on the bonds
- General Obligation Bonds must be approved by voters prior to issuance
- Considered the most secure type of municipal debt, general obligation bonds typically have the lowest cost of borrowing for municipalities
- Property taxes levied until all general obligation debt has matured
- State statute limits the amount of general obligation bonds issued by municipalities to 4% of total assessed valuation. Current capacity is \$78.3 million.
- General obligation bonds can be issued for general purpose projects

## Examples of Projects to be Funded with GO Bonds

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- General Obligation Bonds are typically best suited for projects that benefit the general public but generate little or no revenue to pay debt service
  
- Typical projects that have been approved by voters and funded from General Obligation Bonds in other cities in New Mexico are:
  - Public Libraries
  - Public Pools or Aquatic Centers
  - City Parks and other City recreation areas
  - Major Arterial Roads
  - Fire Stations
  - Police Stations
  - Storm & Sewer
  - Other projects with strong local support

## General Obligation Cycling Program - \$1.00 Mill

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- Requires General Obligation Bond election approval from voters
- \$10 million election every 4 years
- \$5 million bond sales every 2 years
- Tax impact of \$1.00 per \$1,000 of assessed valuation shown below

<u>Full Value</u>	<u>Assessed Value</u>	<u>Increase Per Year</u>	<u>Increase Per Month</u>
\$100,000	\$26,333	\$26.33	\$2.19
125,000	33,417	33.42	2.78
150,000	40,500	40.50	3.38
175,000	47,583	47.58	3.97
200,000	54,667	54.67	4.56
225,000	61,750	61.75	5.15
250,000	68,833	68.83	5.74

- No impact on general fund revenues

# General Obligation Cycling Program - \$2.00 Mills

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- Requires General Obligation Bond Election approval from voters
- \$20 million election every 4 years
- \$10 million bond sales every 2 years
- Tax impact of \$2.00 per \$1,000 of assessed valuation shown below

<u>Full Value</u>	<u>Assessed Value</u>	<u>Increase Per Year</u>	<u>Increase Per Month</u>
\$100,000	\$26,333	\$52.93	\$4.41
125,000	33,417	67.17	5.60
150,000	40,500	81.41	6.78
175,000	47,583	95.64	7.97
200,000	54,667	109.88	9.16
225,000	61,750	124.12	10.34
250,000	68,833	138.36	11.53

- No impact on general fund revenues

# Example of \$1.00 Mill General Obligation Cycling Program

10/30	2010 Election		2014 Election		2018 Election		TOTAL DEBT REQUIREMENTS			Estimated Tax Rate @ 94.00% Collect. Rate						
	\$5,000,000		\$5,000,000		\$5,000,000											
	Prin 8/1	4.25%	Prin 8/1	4.50%	Prin 8/1	4.75%	Prin 8/1	5.00%	Prin 8/1		5.00%	Prin 8/1	5.00%	PRIN	INT	TOTAL
2010																
2011	1,700,000	158,151											1,700,000	158,151	1,858,151	1.001
2012	1,825,000	85,901											1,825,000	85,901	1,910,901	1.001
2013	200,000	16,676	1,640,000	117,522									1,840,000	134,198	1,974,198	1.007
2014	200,000	16,353	1,720,000	87,444									1,920,000	103,797	2,023,797	1.005
2015	200,000	15,705	225,000	20,088	1,515,000	109,988							1,940,000	145,781	2,085,781	1.008
2016	175,000	14,410	225,000	19,927	1,610,000	83,625							2,010,000	117,962	2,127,962	1.001
2017	175,000	13,945	225,000	19,603	250,000	22,351	1,400,000	102,773					2,050,000	158,672	2,208,672	1.011
2018	175,000	13,016	225,000	18,956	250,000	22,201	1,475,000	79,545					2,125,000	133,718	2,258,718	1.006
2019	175,000	11,156	225,000	17,663	250,000	21,902	300,000	26,341	1,210,000	90,974			2,160,000	168,036	2,328,036	1.009
2020	175,000	7,438	225,000	15,075	250,000	21,305	300,000	25,682	1,300,000	73,049			2,250,000	142,547	2,392,547	1.009
2021			150,000	9,900	250,000	20,109	300,000	24,363	325,000	29,097	1,250,000	95,030	2,275,000	178,499	2,453,499	1.007
2022			140,000	6,300	250,000	17,719	250,000	21,727	325,000	28,944	1,425,000	77,559	2,390,000	152,249	2,542,249	1.016
2023					200,000	12,938	250,000	20,953	325,000	28,638	300,000	26,868	1,075,000	89,397	1,164,397	0.453
2024					175,000	7,875	250,000	19,406	325,000	28,027	300,000	26,736	1,050,000	82,044	1,132,044	0.428
2025							250,000	16,313	325,000	26,803	300,000	26,473	875,000	69,588	944,588	0.348
2026							225,000	10,125	325,000	24,356	300,000	25,945	850,000	60,427	910,427	0.326
2027									325,000	19,463	300,000	24,891	625,000	44,353	669,353	0.234
2028									215,000	9,675	300,000	22,781	515,000	32,456	547,456	0.186
2029											300,000	18,563	300,000	18,563	318,563	0.105
2030											225,000	10,125	225,000	10,125	235,125	0.076
<b>TOTAL</b>	<b>\$5,000,000</b>	<b>\$352,750</b>	<b>\$5,000,000</b>	<b>\$332,478</b>	<b>\$5,000,000</b>	<b>\$340,012</b>	<b>\$5,000,000</b>	<b>\$347,227</b>	<b>\$5,000,000</b>	<b>\$359,026</b>	<b>\$5,000,000</b>	<b>\$354,970</b>	<b>\$30,000,000</b>	<b>\$2,086,464</b>	<b>\$32,086,464</b>	

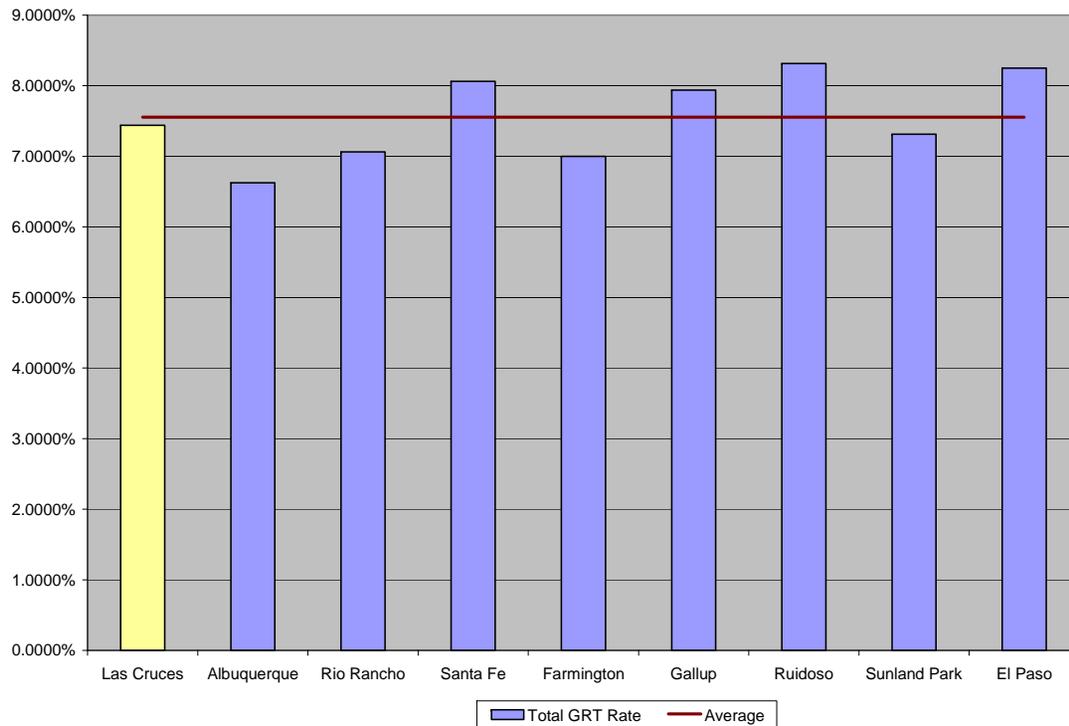
# Example of \$2.00 Mills General Obligation Cycling Program

10/30	2010 Election				2014 Election				2018 Election				TOTAL DEBT REQUIREMENTS			Estimated Tax Rate @ 94.00% Collect. Rate
	\$10,000,000		\$10,000,000		\$10,000,000		\$10,000,000		\$10,000,000		\$10,000,000					
	Series 8/1/08		Series 8/1/10		Series 8/1/12		Series 8/1/14		Series 8/1/16		Series 8/1/18		PRIN	INT	TOTAL	
	Prin 8/1	4.25%	Prin 8/1	4.50%	Prin 8/1	4.75%	Prin 8/1	5.00%	Prin 8/1	5.00%	Prin 8/1	5.00%				
2010																
2011	3,425,000	317,521											3,425,000	317,521	3,742,521	2.015
2012	3,650,000	171,959											3,650,000	171,959	3,821,959	2.003
2013	400,000	33,668	3,300,000	235,650									3,700,000	269,318	3,969,318	2.025
2014	400,000	33,336	3,425,000	174,300									3,825,000	207,636	4,032,636	2.002
2015	400,000	32,672	500,000	40,351	3,000,000	218,740							3,900,000	291,762	4,191,762	2.025
2016	400,000	31,344	400,000	35,701	3,225,000	167,480							4,025,000	234,525	4,259,525	2.003
2017	400,000	28,688	400,000	35,402	500,000	44,710	2,775,000	206,262					4,075,000	315,062	4,390,062	2.009
2018	325,000	23,375	400,000	34,805	500,000	44,420	3,025,000	162,773					4,250,000	265,373	4,515,373	2.011
2019	300,000	19,125	400,000	33,609	500,000	43,840	600,000	53,297	2,500,000	185,577			4,300,000	335,448	4,635,448	2.009
2020	300,000	12,750	400,000	31,219	500,000	42,680	600,000	52,594	2,650,000	146,153			4,450,000	285,396	4,735,396	1.998
2021			400,000	26,438	500,000	40,359	600,000	51,188	600,000	53,807	2,425,000	183,878	4,525,000	355,669	4,880,669	2.004
2022			375,000	16,875	500,000	35,719	600,000	48,375	600,000	53,613	2,650,000	149,506	4,725,000	304,088	5,029,088	2.009
2023					400,000	26,438	600,000	42,750	600,000	53,227	700,000	60,513	2,300,000	182,927	2,482,927	0.966
2024					375,000	16,875	400,000	31,500	600,000	52,453	700,000	58,025	2,075,000	158,854	2,233,854	0.845
2025							400,000	27,000	600,000	50,906	600,000	53,051	1,600,000	130,957	1,730,957	0.638
2026							400,000	18,000	600,000	47,813	600,000	52,102	1,600,000	117,914	1,717,914	0.616
2027									600,000	41,625	600,000	50,203	1,200,000	91,828	1,291,828	0.451
2028									650,000	29,250	600,000	46,406	1,250,000	75,656	1,325,656	0.450
2029											600,000	38,813	600,000	38,813	638,813	0.211
2030											525,000	23,625	525,000	23,625	548,625	0.176
<b>TOTAL</b>	<b>\$10,000,000</b>	<b>\$704,438</b>	<b>\$10,000,000</b>	<b>\$664,350</b>	<b>\$10,000,000</b>	<b>\$681,260</b>	<b>\$10,000,000</b>	<b>\$693,738</b>	<b>\$10,000,000</b>	<b>\$714,423</b>	<b>\$10,000,000</b>	<b>716,122</b>	<b>\$60,000,000</b>	<b>\$4,174,331</b>	<b>\$64,174,331</b>	

# Comparison of Gross Receipts Taxes by City

	Las Cruces <sup>(1)</sup>	Albuquerque	Rio Rancho	Santa Fe	Farmington	Gallup	Ruidoso	Sunland Park	El Paso
State GRT	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%	6.2500%
City GRT	1.5625%	0.8125%	1.6875%	1.8125%	1.1875%	1.8125%	3.0625%	1.4375%	1.5000%
County GRT	0.8750%	0.8125%	0.3750%	1.2500%	0.8125%	1.1250%	0.2500%	0.8750%	0.5000%
Total	7.4375%	6.6250%	7.0625%	8.0625%	7.0000%	7.9375%	8.3125%	7.3125%	8.2500%

(1) County GRT Includes .25% Regional Spaceport GRT



Type of Tax & Purpose	Las Cruces	
	Authorized	Imposed
State	5.0000%	5.0000%
County GRT	0.3750%	0.3750%
County 1/16th GRT	0.6250%	0.0625%
County Infrastructure	0.0000%	0.0000%
County Capital Outlay	0.2500%	0.0000%
County Environment	0.0000%	0.0000%
County Fire	0.0000%	0.0000%
County Jail	0.1250%	0.1250%
County Health Care	0.1250%	0.0625%
County Regional Spaceport	0.2500%	0.2500%
County Emergency Comm.	0.2500%	0.0000%
Municipal GRT	1.5000%	1.2500%
Municipal Infrastructure	0.2500%	0.2500%
Municipal Capital Outlay	0.2500%	0.0000%
Municipal Environment	0.0625%	0.0625%
<b>Total Distribution</b>	<b>9.0625%</b>	<b>7.4375%</b>

## Imposed vs. Authorized Gross Receipts Taxes

City of Las Cruces, New Mexico Gross Receipts Tax Imposed vs. Authorized					
Type of Tax & Purpose	Total Taxing Authority	Percentage Imposed	FY/09 Estimated Revenue <sup>(1)</sup>	Unused Authority	Potential Add'l Revenue <sup>(2)</sup>
Municipal GRT	1.5000%	1.2500%	\$30,938,602	0.2500%	\$6,187,720
Municipal Infrastructure GRT	0.2500%	0.2500%	6,117,029	0.0000%	-
Municipal Environmental Services GRT	0.0625%	0.0625%	1,529,698	0.0000%	-
Municipal Capital Outlay GRT	0.2500%	0.0000%	-	0.2500%	6,117,029
Municipal Quality of Life GRT <sup>(1)</sup>	0.2500%	0.0000%	-	0.2500%	6,117,029
Total Local Option GRT	2.3125%	1.5625%	\$38,585,329	0.5000%	\$18,421,779
State Shared GRT	1.2250%	1.2250%	30,831,741	0.0000%	-
Total Distribution to City	3.5375%	2.7875%	\$69,417,071	0.5000%	18,421,779

(1) Based upon gross receipts tax distributed by taxation and revenues as reported monthly on their website. Actual collections may differ.

(2) Does not included certain food and medical goods/services for which the City will not be credited for newly imposed GRT increments.

# FY 2009 Gross Receipts Tax Collection with Food and Medical

FY 2009

	July-08	August-08	September-08	October-08	November-08	December-08	January-09	February-09	March-09	April-09	May-09	June-09	
Environment GRT	112,946	104,648	112,290	117,365	105,279	129,810	110,077	109,572	118,468	118,307	112,323	122,131	1,373,216
Environment GRT - Food	5,040	(2,137)	10,214	11,792	10,668	10,652	11,543	9,885	11,048	11,523	10,470	10,502	111,198
Environment GRT - Medical	3,665	3,695	3,968	2,879	3,259	3,864	3,526	3,587	4,440	4,465	3,355	4,580	45,283
Environment GRT Total	121,651	106,206	126,472	132,036	119,206	144,326	125,147	123,044	133,956	134,295	126,148	137,213	1,529,698
Municipal Infrastructure GRT	451,615	418,707	448,615	469,212	421,010	519,178	440,373	438,142	473,715	472,962	449,242	488,333	5,491,103
Municipal Infrastructure GRT - Food	20,160	(8,550)	40,854	47,166	42,673	42,607	46,174	39,540	44,191	46,091	41,881	42,006	444,793
Municipal Infrastructure GRT - Medical	14,661	14,780	15,872	11,518	13,037	15,455	14,104	14,349	17,760	17,858	13,420	18,319	181,133
Municipal Infrastructure GRT Total	486,436	424,937	505,341	527,896	476,720	577,239	500,651	492,031	535,667	536,911	504,542	548,658	6,117,029
Municipal GRT	2,286,926	2,118,765	2,273,790	2,376,469	2,131,728	2,628,569	2,228,940	2,218,629	2,399,693	2,395,519	2,274,384	2,475,559	27,808,972
Municipal GRT - Food	100,801	(42,750)	204,272	235,831	213,364	213,034	230,869	197,702	220,954	230,454	209,403	210,031	2,223,965
Municipal GRT - Medical	73,303	73,903	79,359	57,590	65,186	77,272	70,521	71,746	88,802	89,292	67,098	91,593	905,665
Municipal GRT Total	2,461,030	2,149,918	2,557,421	2,669,889	2,410,278	2,918,875	2,530,330	2,488,078	2,709,450	2,715,266	2,550,885	2,777,183	30,938,602
SSGRT	2,282,477	2,114,451	2,269,631	2,371,849	2,127,548	2,623,513	2,224,718	2,214,307	2,395,031	2,393,061	2,273,603	2,474,514	27,764,703
SSGRT - Food	98,785	(41,895)	200,187	231,114	209,096	208,773	226,252	193,748	216,535	225,845	205,215	205,831	2,179,486
SSGRT - Medical	71,837	72,425	77,772	56,438	63,882	75,727	69,111	70,311	87,026	87,507	65,757	89,761	887,552
SSGRT Total	2,453,099	2,144,981	2,547,589	2,659,401	2,400,527	2,908,014	2,520,080	2,478,366	2,698,592	2,706,412	2,544,574	2,770,105	30,831,741
Total GRT	5,133,965	4,756,570	5,104,327	5,334,894	4,785,565	5,901,071	5,004,108	4,980,650	5,386,908	5,379,849	5,109,551	5,560,538	62,437,994
Total GRT - Food	224,786	(95,331)	455,527	525,903	475,801	475,066	514,838	440,875	492,728	513,913	466,968	468,370	4,959,442
Total GRT - Medical	163,466	164,803	176,971	128,425	145,364	172,317	157,262	159,994	198,029	199,122	149,629	204,252	2,019,634
<b>Grand Total GRT</b>	<b>5,522,217</b>	<b>4,826,041</b>	<b>5,736,824</b>	<b>5,989,222</b>	<b>5,406,730</b>	<b>6,548,454</b>	<b>5,676,208</b>	<b>5,581,519</b>	<b>6,077,664</b>	<b>6,092,884</b>	<b>5,726,148</b>	<b>6,233,159</b>	<b>69,417,071</b>
Food as a % of Total	4.1%	-2.0%	7.9%	8.8%	8.8%	7.3%	9.1%	7.9%	8.1%	8.4%	8.2%	7.5%	7.1%
Medical as a % of Total	3.0%	3.4%	3.1%	2.1%	2.7%	2.6%	2.8%	2.9%	3.3%	3.3%	2.6%	3.3%	2.9%

## Recap – Additional Sources of Funding

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- Sources of Funding that requires a tax rate increase and/or election
- Municipal Gross Receipts Tax Bonds
  - Can issue up to \$75 million for general City projects over the next 10 years
- General Obligation Bonds
  - \$1 mill per \$1,000 of assessed valuation
    - Can issued up to \$30 million for general City projects over the next 10 years
  - \$2 mill per \$1,000 of assessed valuation
    - Can issue up to \$60 million for general City project over the next 10 years
- Bonds issued for other sources of funding for impact fees, Special Assessment Districts and Public Improvement Districts are determined upon need, City policies, State law and revenues generated to pay debt service.

# Refunding Opportunities

## SECTION IV



RBC Capital Markets®

# Overview of Refunding Opportunities

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- Based upon current interest rates the City has several outstanding bonds/loans that could provide positive present value savings if refunded
  - Municipal Gross Receipts Tax Bonds
    - The City has 4 outstanding bond issues secured from the 1<sup>st</sup> and 5<sup>th</sup> ¼% Municipal Gross Receipts Tax revenues which are currently callable (Series 1999A Bonds, Series 1999B Bonds, December 15, 2006 NMFA Loan and November 1, 2007 NMFA Loan)
    - By refunding the outstanding bond issue the City can accomplish the following
      - Generate overall 4% present value savings
      - Rework revenue pledged to a less complicated and more advantageous legal structure

# Appendix



RBC Capital Markets®

# Tax Increment Finance District

## APPENDIX SECTION I



RBC Capital Markets®

## What is Tax Increment Financing (“TIF”)?

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- ✓ A financial tool widely used by municipalities to promote economic development and redevelopment
- ✓ *Base revenues* - This is the amount available before the TIF district is established
- ✓ *Incremental revenues* - These new revenues in excess of the base revenues are generated by development projects - mostly used by municipalities

- ✓ Funds can only be used for public infra-structure purposes such as water and sewer costs, water rights acquisition for the municipality, street and signaling costs
- ✓ All improvements are dedicated to the municipality to achieve tax exempt interest rates
- ✓ All improvements must be built to municipality standards & specifications
- ✓ Generally cannot be used for private activities

- ✓ Today, it helps municipalities achieve a variety of economic development goals, including job creation, growth in property values, and protection of the local tax base.
- ✓ Suburban municipalities even use tax increment financing today to spur development in previously undevelopable or under developed areas.
- ✓ Municipality governments cite the most common goals for a TIF project to be: (1) attraction of new business, (2) downtown redevelopment, and (3) retention or expansion of existing businesses.

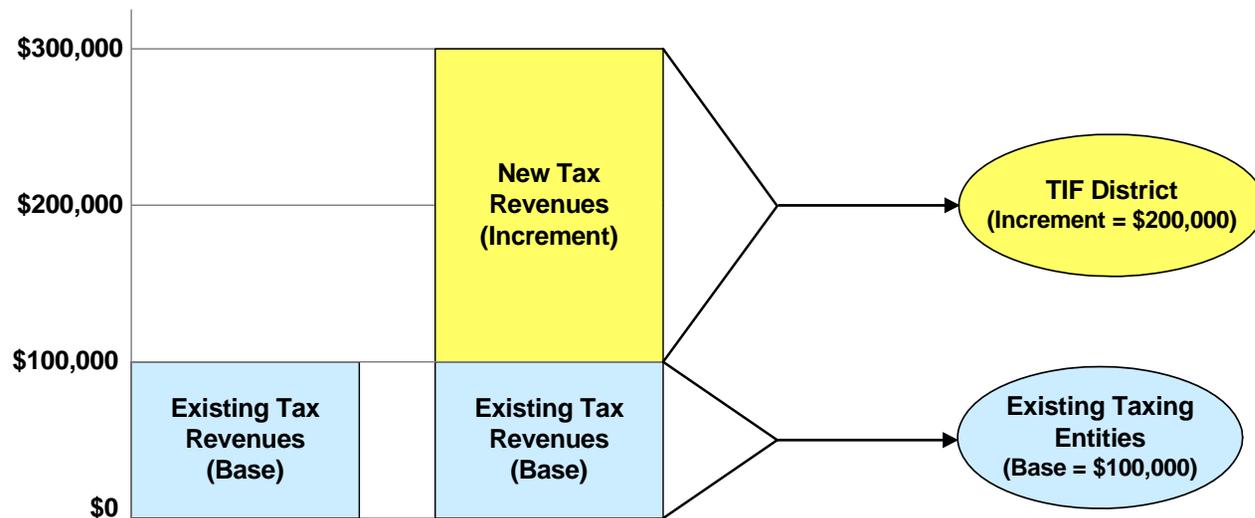
## Why has the use of TIF become more widespread, nationally?

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- ✓ Every state but 1 has given local governments authority to establish TIF districts
- ✓ Coincided with the reduction in federal funding for municipal economic development over the past twenty years (CDBG)
- ✓ A way to generate new gross receipts & property taxes

## How does TIF differ from other economic development financing tools?

- ✓ No new taxes created & no tax increases
- ✓ Self Financing: no reliance on guarantees or pledges of existing revenues
- ✓ Local Control: not dependent on federal or state funding
- ✓ Flexibility in project activities



## What is the general process for establishing a TIF District?

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- ✓ Phase 1: Determine project feasibility
- ✓ Phase 2: Create Tax Increment Development Plan
- ✓ Phase 3: Adopt Plan & form District
- ✓ Phase 4: Issue bonds to finance new public infrastructure
- ✓ Phase 5: Evaluate and terminate when bonds are retired

## Who comprises the TIF management team?

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- ✓ District is a political subdivision of the State with the powers the statues & municipality give it
- ✓ Municipality Council can sit as TIF Board
- ✓ A municipality official or contracted professionals monitor TIF performance and ensures compliance with development agreement
- ✓ Governments issuing TIF bonds rely on the standard set of advisors for a bond issue - financial advisor, underwriter, bond counsel

## How is stakeholder participation incorporated into the TIF process?

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- ✓ The normal municipality ordinance process or a specific ordinance process is used, requiring advance disclosures to the public of TIF plans, financing arrangements, and proposed geographic boundaries
- ✓ Municipality will adopt a Tax Increment District Application Policy
- ✓ Follow-up education meeting on issues about what should be in this policy

- ✓ A TIF District is formed; separate political subdivision
- ✓ Revenue Bond: pledge of up to 75% of new property and gross receipts taxes from the TIF District only
- ✓ No pledge of any other revenues of the municipality
- ✓ No general obligation of the municipality
- ✓ No liability of the municipality
- ✓ Any debt issued is an obligation of the TIF district only
- ✓ Debt counts as overlapping debt

## What is a feasibility study?

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- ✓ Required of the developer by state law
- ✓ Study done by third party to determine financial viability of project
- ✓ Also a financing study is done by bond underwriter
- ✓ Discussion of possible tax receipts

Term:	25 years
Rating:	Undeveloped districts are non-rated unless supported by a Letter of Credit provided by the developer
Type:	Fixed rate, variable rate possible if supported by a Letter of Credit
Capitalized Interest:	Financed from bond proceeds for construction period plus 6 months (limited to a maximum of 3 years)
Cost of Issuance:	Approaches 6% of bond proceeds
Size:	Size of borrowing influenced by a number of factors: <ol style="list-style-type: none"><li>1. Projected GO and GRT revenue streams</li><li>2. Experience of developer</li><li>3. Product quality (retail development/residential development)</li><li>4. Pace of development and absorptions</li></ol>
Liens:	Same as general property tax and gross receipts tax liens

# Public Improvement District

## APPENDIX SECTION II



RBC Capital Markets®

New development requires infrastructure (such as streets, major arterials, water systems sewers, storm drains). Local governments are also forced to require developers to put in the necessary regional offsite infrastructure for new home developments. The developer then adds the cost of this infrastructure to the price of each new home. The homebuyer pays more for the home, therefore increasing the amount of the mortgage.

Many developers opt for establishing a PID so they can sell the homes at a lower price. Prior to the sale of the homes, they are the only “voters” in the PID and thus have the power to create the district for future property owners. The PID has the power to issue tax-exempt bonds to pay for the infrastructure. The cost is then passed on to the homeowner in the form of annual special levies.

## Public Improvement District (“PID”) Overview

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- ✓ Improvements financed may directly or indirectly benefit the District
- ✓ Formed upon petition of 25% of the real property by assessed valuation in the District
- ✓ Development Agreement required between property owner or developer and District or City/County
- ✓ General Plan for District is required to be filed by the developer with the City/County
- ✓ Legislation does not change or diminish powers of local government
- ✓ Public hearing required prior to calling election or forming District
- ✓ Election required to create District (unless 100% of owners petition). Extraordinary majority required is 75%
- ✓ Five member Board of Directors
- ✓ Elections required for 1) appointment of Directors of the District; 2) approval of General Obligation Bonds; and 3) approval of property tax
- ✓ Operating mill levy is permitted by cannot exceed \$3.00 per \$1,000 assessed valuation unless approved via election at a higher level within three years of formation
- ✓ Dissolution of the District occurs when 1) improvements are completed; 2) no debt of the District is outstanding; and 3) all Development Agreements are satisfied

A district may utilize a variety of public financing mechanisms to construct and maintain infrastructure including:

- ✓ General Obligation Bonds: Ad valorem taxes
- ✓ Revenue Bonds: User fees and charges
- ✓ Special Levy Bonds: Special levy imposed
- ✓ Municipal/state/federal contributions
- ✓ Private Contributions
- ✓ Other funds available to the district

A Public Improvement District has spending and debt limits that are independent of and separate from those of the sponsoring municipality.

- ✓ Most special levies are levied on properties within the PID usually based on the square footage of the lot or the home. The Act allows flexibility in this area and the methods vary widely among districts. The Rate and Method of Apportionment (“RMA”), which is approved during the PID establishment proceedings, provides this information for each individual PID.
- ✓ The amount of levy may vary from year to year, but may not exceed the maximum amount specified when the district was created. It is the policy of most cities and counties to maintain stable rates for its residents to the extent possible.
- ✓ Chapter 5, Article 11 NMSA 1978 requires that PID special levies be included on a property owner’s property tax bill and are collected with payments due on November 10th and April 10th of each year. These special levies are subject to the same penalties that apply to regular property taxes.

- ✓ PID special levies are subject to the same penalties that apply to regular property taxes. If there are outstanding bonds and the special levies become delinquent, the PID may exercise its legal right to foreclose and sell the property after providing the required notifications to the homeowner.
- ✓ If there are PID bonds, the levy will be imposed until the principal and interest on the bonds are paid off. Typically, PID bonds are paid off over a 30-year period. If the PID was established to pay for maintenance or other services, the property owner will be taxed as long as the maintenance and/or other services are provided.
- ✓ Per the "Act," the special levy is a lien on your property. It is recorded as a "Notice of Special Levy Lien" which is a continuing lien to secure each imposition of the special levy. Any delinquent payments must be paid before the sale of the property.

## Type of Public Improvement District (“PID”) Projects

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- Water and Sewerage
- Flood Control and Drainage
- Highways, Streets and Parking
- Non-vehicular Trails
- Recreational Facilities
- Pedestrian Malls
- Library/Educational/Cultural Facilities
- Cable/Telecommunications Lines
- Water Rights Acquisition
- Public Buildings
- Traffic Control
- School Sites and Facilities
- Equipment, Vehicles, Furnishings
- Landscaping
- Natural Gas Facilities
- Electrical Generation Facilities
- Inspection & Construction Management

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Term:	Typically, 30 years
Rating:	Undeveloped districts are non-rated unless supported by a Letter of Credit provided by the developer
Type:	Fixed rate, variable rate possible if supported by a Letter of Credit
Capitalized Interest:	Financed from bond proceeds for construction period plus 6 months
Cost of Issuance:	Approaches 6% of bond proceeds
Size:	Size of borrowing influenced by a number of factors: <ol style="list-style-type: none"><li>1. Experience of developer</li><li>2. Appraisal strength: lien to value ratio (4:1 target)</li><li>3. Homebuilder experience in marketing homes</li><li>4. Expected absorption of lots</li><li>5. Targeted monthly payment required of property owners</li></ol>
Special Levy Lien:	Co-equal with general property taxes
Foreclosure of Tax Lien:	6 months

# Special Assessment District

## APPENDIX SECTION III



RBC Capital Markets®

## Special Assessment District (“SAD”) Overview

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- ✓ Statute amended in 2001
- ✓ Applies to municipalities and counties
- ✓ Amends existing Special Assessment District legislation
  - City
  - County
- ✓ District may be created to provide infrastructure improvements, both on-site and off-site
  - Act expands permitted purposes beyond the traditional street, water and sewer to include railroad improvements and off-site improvements
- ✓ Provides for a special assessment against benefited property or an improvement district property tax
- ✓ Create by petition or provisional order methods

- ✓ Streets, bridges, roads, etc.
- ✓ Drainage
- ✓ Storm sewer
- ✓ Sanitary sewer
- ✓ Water projects
- ✓ Flood control or storm drainage
- ✓ Utilities (i.e. gas, water, electricity, telephone)
- ✓ Railroad spurs, tracks, rail yards, rail switches
- ✓ On-site or off-site improvements, including fees and charges, necessary for approval of a development to be served by a project

## General Obligation Bonds and Pledge (New Amendment)

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- ✓ Full faith and credit of District pledged (unlimited tax authorized)
- ✓ Election required to authorize bonds
- ✓ Taxes imposed and collected at similar time and manner as other tax impositions
- ✓ Final maturity cannot exceed 30 years
- ✓ May be sold at public or negotiated sale
- ✓ Debt Limitation: Cannot issue more than 25% of the value of properties in the district after improvements made with bond proceeds and after development of the properties in accordance with their planned use
- ✓ Do not have to follow Procurement Code for selection and hiring of any professionals (design, engineer, financial, construction)
- ✓ Refunding bonds permitted

- ✓ No election required
- ✓ Final maturity may not exceed 20 years (40 semi-annual payments)
- ✓ Amount of bonds may not exceed cost of improvements
- ✓ Assessments levied against properties are pledged to bondholders
- ✓ Amount of assessment limited to actual benefit to tract or parcel of land by reason of the enhanced value as a result of the improvements
- ✓ Additional taxes (i.e. gasoline or gross receipts tax) may be pledged for certain types of improvements
- ✓ Interest rate on bonds cannot exceed rate on deferred assessments
- ✓ Administrative fees may be charged by governing body
- ✓ What is need to market bonds?
  - Good development property
  - Standby Contribution Agreement with developer may be needed (cash flow assurance to City/County)
  - Credible development plan
  - Property appraisal before and after improvements

# Comparison of TIDs, PIDs & SADs

## APPENDIX SECTION IV



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## Comparison of TIFs, PIDs and SADs

	TIF	PID	SAD
New Tax or Revenue Sources Required	No	Yes	Yes
Election Required	Yes	Yes	No <sup>(1)</sup>
Separate Governing Board Required	Yes	Yes	No
Bond Maturity Limitation	25 Years	40 Years	20 Years
Source of Revenue	GRT and Property Tax	Property Tax, Special Levy, GRT, Enterprise Revenue (water/sewer)	Special Assessment or Property Tax (can be additionally secured by other revenue streams)
Limitation on Tax / Levy	75% of GRT and Property Tax	None	None

(1) If general obligation bonds are issued election is required

# Example of SAD Financing

## SPECIAL ASSESSMENT DISTRICT FINANCING

Sources		Period Ending	Estimated Loan Debt Service				Assessment Collections <sup>(1)</sup>				Diff btw Collect. and Payments <sup>(5)</sup>	Cumulative Balance <sup>(5)</sup>	
			Principal	Coupon	Interest <sup>(2)</sup>	Total	Fiscal Year	Principal	Rate	Interest <sup>(3)</sup>			Total <sup>(4)</sup>
Bond Proceeds	\$4,175,000.00	11/1/2009									228,402	228,402	
Assessment Prepayment	0.00	5/1/2010	95,000.00	6.00%	125,250.00	220,250.00	220,250.00	82,277.00	7.000%	143,245.31	225,522.31	5,272	233,674
Accrued Interest	0.00	11/1/2010	0.00	0.00%	122,400.00	122,400.00		88,138.00	7.000%	140,365.61	228,503.61	106,104	339,778
Cash Contribution	0.00	5/1/2011	195,000.00	6.00%	122,400.00	317,400.00	439,800.00	88,139.00	7.000%	137,280.78	225,419.78	-91,980	247,798
<b>Total</b>	<b>\$4,175,000.00</b>	11/1/2011	0.00	0.00%	116,550.00	116,550.00		94,418.00	7.000%	134,195.92	228,613.92	112,064	359,862
<b>Uses</b>		5/1/2012	205,000.00	6.00%	116,550.00	321,550.00	438,100.00	94,419.00	7.000%	130,891.29	225,310.29	-96,240	263,622
Project Cost	\$3,642,495.00	11/1/2012	0.00	0.00%	110,400.00	110,400.00		101,145.00	7.000%	127,586.62	228,731.62	118,332	381,954
Engineering Costs	0.00	5/1/2013	220,000.00	6.00%	110,400.00	330,400.00	440,800.00	101,146.00	7.000%	124,046.55	225,192.55	-105,207	276,746
Project Contingencies	0.00	11/1/2013	0.00	0.00%	103,800.00	103,800.00		108,351.00	7.000%	120,506.44	228,857.44	125,057	401,804
Project Management	0.00	5/1/2014	230,000.00	6.00%	103,800.00	333,800.00	437,600.00	108,352.00	7.000%	116,714.15	225,066.15	-108,734	293,070
Costs of Issuance	112,625.00	11/1/2014	0.00	0.00%	96,900.00	96,900.00		116,072.00	7.000%	112,921.83	228,993.83	132,094	425,164
Utilities/Water	0.00	5/1/2015	245,000.00	6.00%	96,900.00	341,900.00	438,800.00	116,071.00	7.000%	108,859.31	224,930.31	-116,970	308,194
Reserve Fund	417,500.00	11/1/2015	0.00	0.00%	89,550.00	89,550.00		124,341.00	7.000%	104,796.83	229,137.83	139,588	447,782
Software SAD	0.00	5/1/2016	260,000.00	6.00%	89,550.00	349,550.00	439,100.00	124,341.00	7.000%	100,444.89	224,785.89	-124,764	323,018
Rounding	2,380.00	11/1/2016	0.00	0.00%	81,750.00	81,750.00		133,199.00	7.000%	96,092.96	229,291.96	147,542	470,559
Accrued Interest	0	5/1/2017	275,000.00	6.00%	81,750.00	356,750.00	438,500.00	133,201.00	7.000%	91,430.99	224,631.99	-132,118	338,441
<b>Total</b>	<b>\$4,175,000.00</b>	11/1/2017	0.00	0.00%	73,500.00	73,500.00		142,690.00	7.000%	86,768.96	229,458.96	155,959	494,400
		5/1/2018	290,000.00	6.00%	73,500.00	363,500.00	437,000.00	142,690.00	7.000%	81,774.81	224,464.81	-139,035	355,365
		11/1/2018	0.00	0.00%	64,800.00	64,800.00		152,856.00	7.000%	76,780.66	229,636.66	164,837	520,202
		5/1/2019	310,000.00	6.00%	64,800.00	374,800.00	439,600.00	152,856.00	7.000%	71,430.70	224,286.70	-150,513	369,689
		11/1/2019	0.00	0.00%	55,500.00	55,500.00		163,746.00	7.000%	66,080.74	229,826.74	174,327	544,015
		5/1/2020	330,000.00	6.00%	55,500.00	385,500.00	441,000.00	163,747.00	7.000%	60,349.63	224,096.63	-161,403	382,612
		11/1/2020	0.00	0.00%	45,600.00	45,600.00		175,413.00	7.000%	54,618.48	230,031.48	184,431	567,043
		5/1/2021	345,000.00	6.00%	45,600.00	390,600.00	436,200.00	175,413.00	7.000%	48,479.03	223,892.03	-166,708	400,335
		11/1/2021	0.00	0.00%	35,250.00	35,250.00		187,911.00	7.000%	42,339.57	230,250.57	195,001	595,336
		5/1/2022	370,000.00	6.00%	35,250.00	405,250.00	440,500.00	187,911.00	7.000%	35,762.69	223,673.69	-181,576	413,760
		11/1/2022	0.00	0.00%	24,150.00	24,150.00		201,299.00	7.000%	29,185.80	230,484.80	206,335	620,095
		5/1/2023	390,000.00	6.00%	24,150.00	414,150.00	438,300.00	201,299.00	7.000%	22,140.34	223,439.34	-190,711	429,384
		11/1/2023	0.00	0.00%	12,450.00	12,450.00		215,641.00	7.000%	15,094.87	230,735.87	218,286	647,670
		5/1/2024	415,000.00	6.00%	12,450.00	427,450.00	439,900.00	215,641.00	7.000%	7,547.44	223,188.44	-204,262	443,408
			4,175,000.00		2,190,450.00	4,169,550.00	4,169,550.00	4,175,000.00		2,633,858.20	6,808,858.20	\$443,408	

## Example of SAD Payment Analysis

Term	Assessment Payment					
	\$15,000		\$30,000		\$45,000	
	Level Principal	Level Payment	Level Principal	Level Payment	Level Principal	Level Payment
10 Year						
Max Payment	\$ 2,280	\$ 1,955	\$ 4,559	\$ 3,909	\$ 6,839	\$ 5,865
Min. Payment	1,560	1,955	3,120	3,909	4,680	5,865
Avg. Payment	1,920	1,955	3,839	3,909	5,759	5,865
Total Payment	19,197	19,545	38,395	39,091	57,592	58,646
Avg. Rate	5.33%	5.33%	5.33%	5.33%	5.33%	5.33%
15 Year						
Max Payment	\$ 1,867	\$ 1,519	\$ 3,735	\$ 3,037	\$ 5,602	\$ 4,556
Min. Payment	1,044	1,519	2,088	3,037	3,132	4,556
Avg. Payment	1,456	1,519	2,911	3,037	4,367	4,556
Total Payment	21,836	22,781	43,671	45,562	65,507	68,343
Avg. Rate	5.88%	5.88%	5.88%	5.88%	5.88%	5.88%
20 Year						
Max Payment	\$ 1,670	\$ 1,320	\$ 3,340	\$ 2,640	\$ 5,010	\$ 3,960
Min. Payment	785	1,320	1,570	2,640	2,355	3,960
Avg. Payment	1,227	1,320	2,455	2,640	3,682	3,960
Total Payment	24,548	26,400	49,096	52,800	73,644	79,200
Avg. Rate	6.21%	6.21%	6.21%	6.21%	6.21%	6.21%

### Assumptions

1. 10 Year Assessment Rate is 150 over current 10 year AAA MMD plus 60 bps
2. 15 Year Assessment Rate is 150 over current 15 year AAA MMD plus 80 bps
3. 20 Year Assessment Rate is 150 over current 20 year AAA MMD plus 100 bps

## Example of SAD Payment Analysis

### Assessment Payment

Term	\$13,575		\$31,900	
	Level Principal	Level Payment	Level Principal	Level Payment
10 Year				
Max Payment	\$ 2,129	\$ 1,811	\$ 5,003	\$ 4,255
Min. Payment	1,417	1,811	3,329	4,255
Avg. Payment	1,773	1,811	4,166	4,255
Total Payment	17,730	18,106	41,664	42,547
Avg. Rate	5.83%	5.83%	5.83%	5.83%
15 Year				
Max Payment	\$ 1,793	\$ 1,444	\$ 4,213	\$ 3,393
Min. Payment	950	1,444	2,233	3,393
Avg. Payment	1,029	1,444	3,223	3,393
Total Payment	20,571	21,660	48,340	50,899
Avg. Rate	6.65%	6.65%	6.65%	6.65%
20 Year				
Max Payment	\$ 1,648	\$ 1,294	\$ 3,873	\$ 3,041
Min. Payment	716	1,294	1,681	3,041
Avg. Payment	1,182	1,294	2,777	3,041
Total Payment	23,635	25,883	55,540	60,822
Avg. Rate	7.23%	7.23%	7.23%	7.23%

### Assumptions

1. 10 Year Assessment Rate is 150 over current 10 year AAA MMD plus 60 bps
2. 15 Year Assessment Rate is 150 over current 15 year AAA MMD plus 80 bps
3. 20 Year Assessment Rate is 150 over current 20 year AAA MMD plus 100 bps

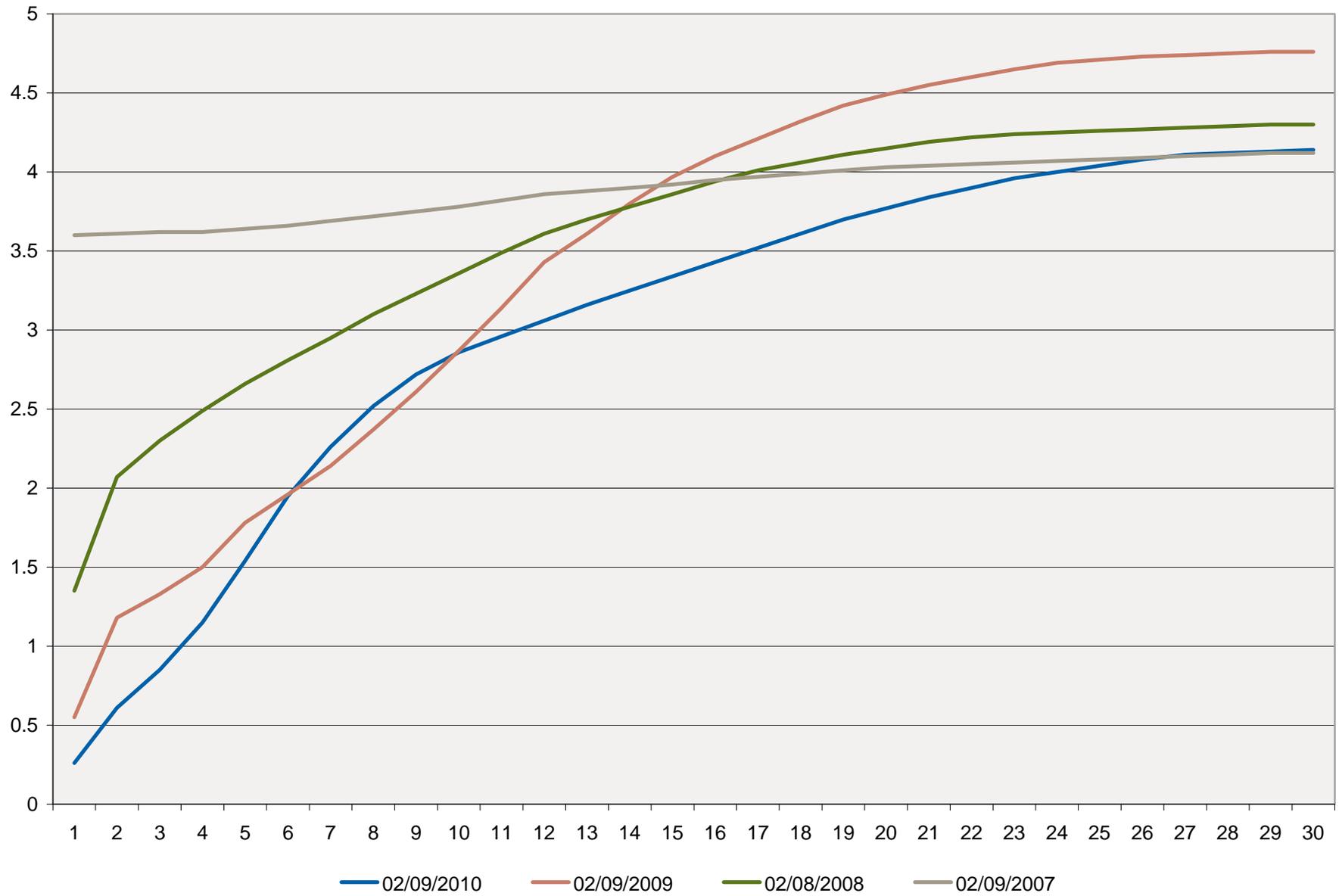
# Interest Rate Graphs and Current Bond Insurer Ratings

APPENDIX SECTION V

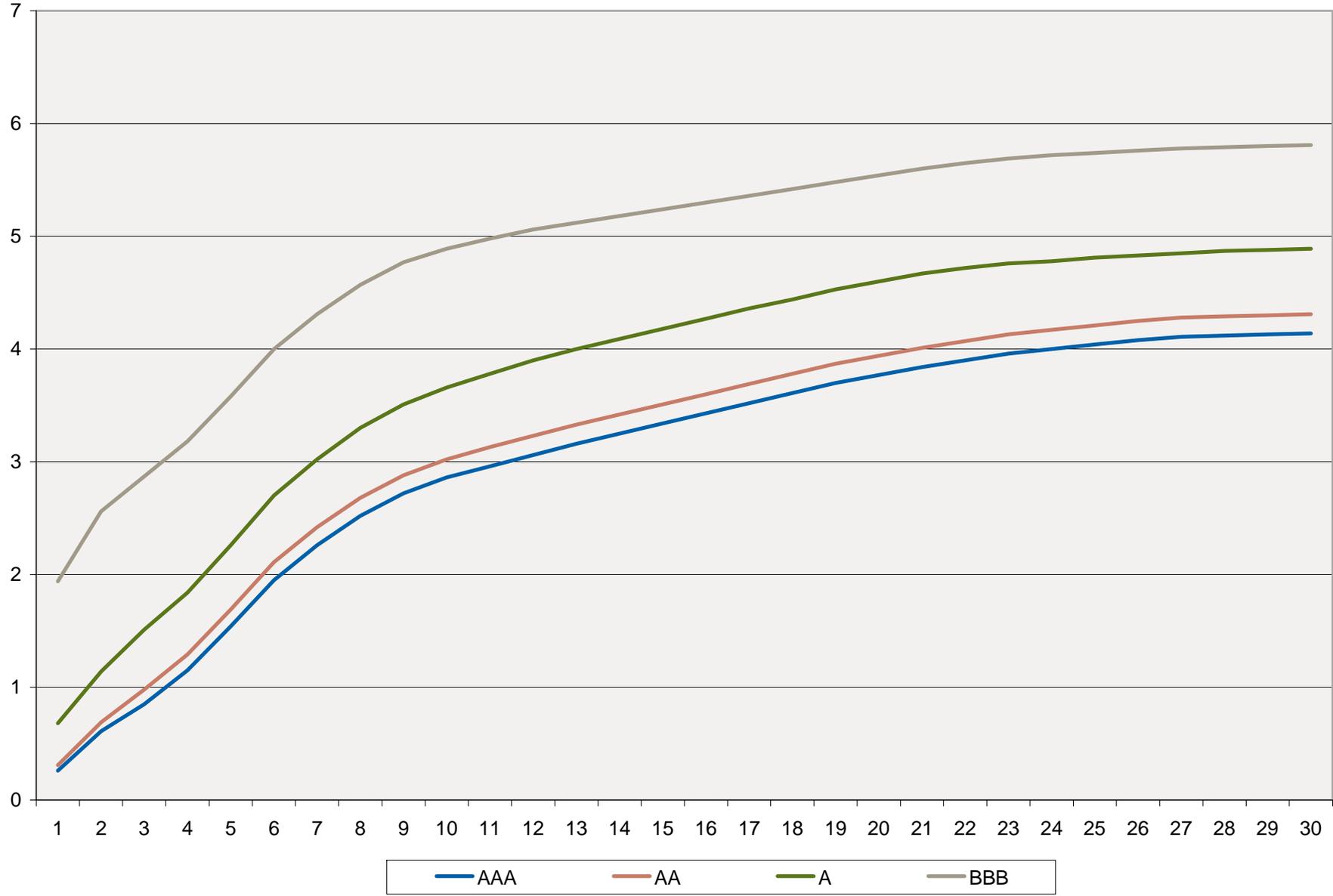


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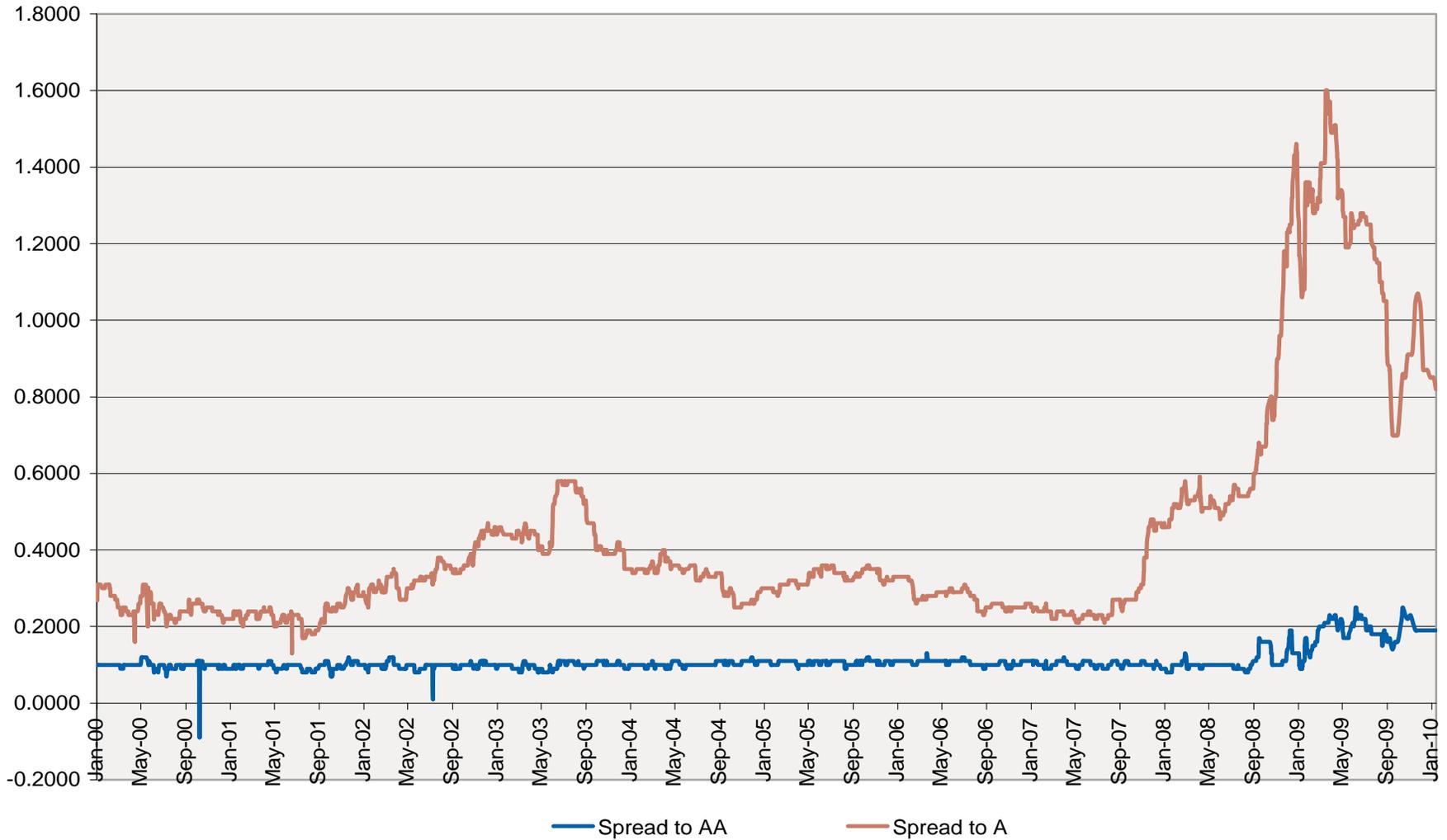
# Historical AAA MMD Scale



# Current Credit Spreads



## Historical 10 Year Spreads to AAA MMD



## Current Ratings of Bond Insurer

	<u>Moody's Rating</u>	<u>S&amp;P Rating</u>	<u>Fitch Rating</u>
ACA	NR	NR	NR
Ambac	Caa1 Outlook Developing	CC Developing	Rating Withdrawn
Assured Guaranty	Aa2 Negative Watch	AAA Negative	AA Watch Evolving
Berkshire Hathaway Assurance Corp	Aa1 Stable	AAA Negative	NR
CIFG	Ba3 Outlook Developing	CC Negative	Rating Withdrawn
FGIC	Rating Withdrawn	Rating Withdrawn	Rating Withdrawn
FSA	Aa3 Watch Negative	AAA Negative	AA+ Watch Negative
National (formerly MBIA)	Baa1 Outlook Developing	A Developing	Rating Withdrawn
Radian	Ba1 Stable	BBB- Negative Watch	Rating Withdrawn
Syncora (formerly XLCA)	Ca Developing Watch	CC Negative Outlook	Rating Withdrawn

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