

Capital Revenue Projections

Presented to the School Board
September 1, 2010



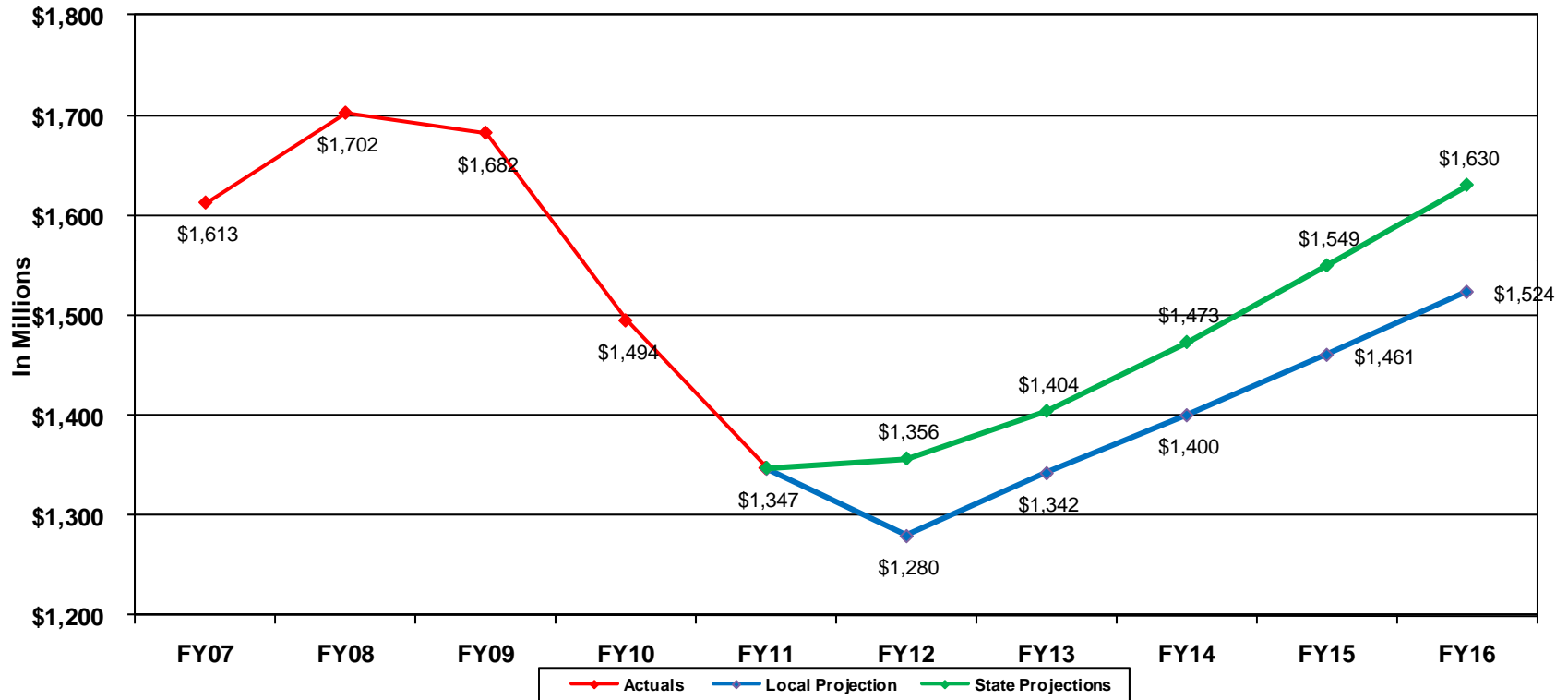


FY 2011 – FY 2015 Five Year Capital Plan

- ◆ The School District's Capital Budget as seen dramatic changes over the last few years.
 - * Property values declining from a high of \$170 billion for FY 2008 to \$134 billion this year and further decline is anticipated over the next year.
 - * The State of Florida reduced the capital millage levy from 2 mils that had been in place for over 20 years to 1.5 mils. That 25% reduction is critical as school districts throughout the State had borrowed against what had been considered a stable revenue source to build schools.



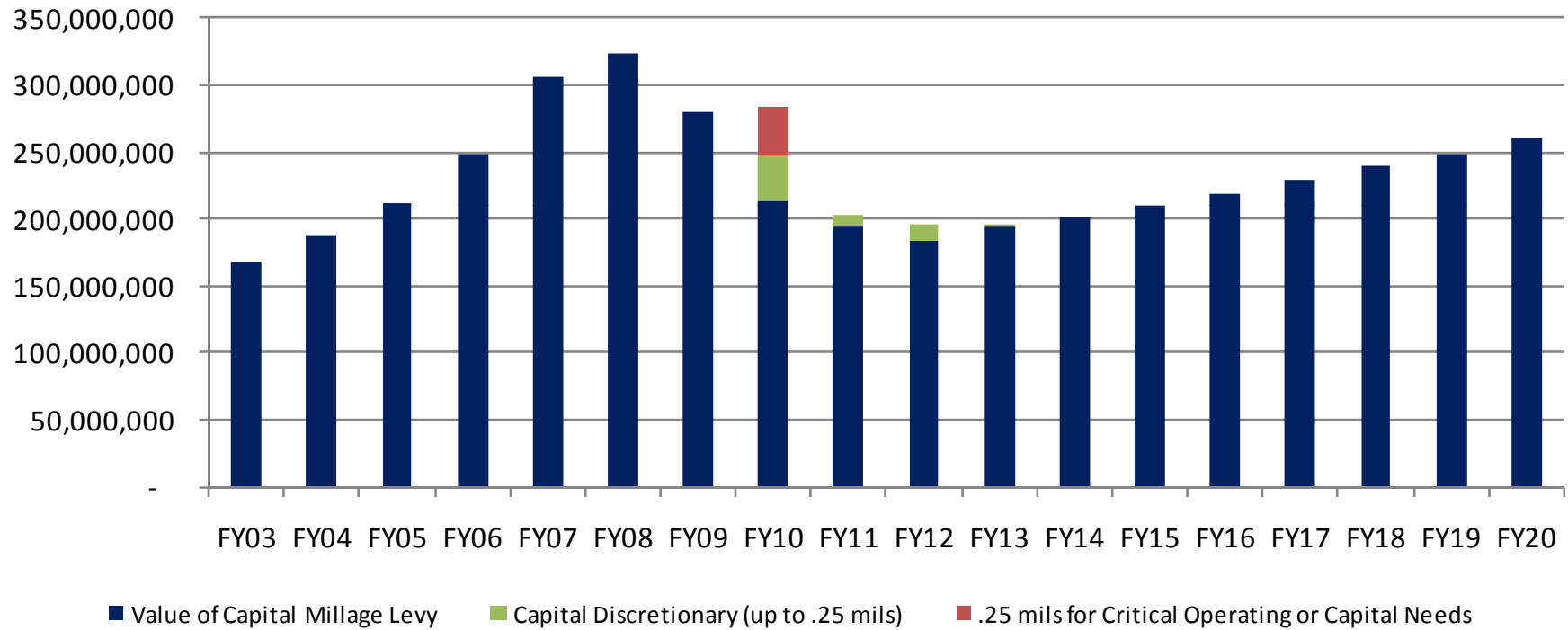
Palm Beach County Tax Roll Growth



	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Gross Taxable Assessed Value	\$161,252,193,452	\$170,229,136,344	\$168,237,902,004	\$149,448,533,249	\$134,698,183,829	\$127,963,274,638	\$134,247,551,055	\$140,033,620,505
Change from prior year	23.79%	5.57%	-1.17%	-11.17%	-9.87%	-5.00%	4.91%	4.31%



Value of Capital Millage Levy





Capital Revenue Sources for FY 2011

Estimated Revenue	FY 2011	%
State Sources		
Charter School Capital Outlay	3,458,547	0.81%
CO & DS	963,779	0.23%
COBI Bonds	9,700,000	2.27%
PECO Bonds - Const.	0	0.00%
PECO Bonds - Maintenance	5,443,341	1.27%
Subtotal State Sources	\$19,565,667	4.57%
Local Sources		
Special Millage (1.5 mil)	193,965,385	45.30%
Special Millage Discretionary I (FY 11: .07 mil, FY12: .09 mil, FY13: .02 mil)	9,051,718	2.11%
Special Millage Discretionary II (.25 mil)		0.00%
Carryover	73,302,843	17.12%
Impact Fees	2,739,310	0.64%
Interest Income	1,500,000	0.35%
Subtotal Local Sources	\$280,559,256	65.53%
Other Revenue Sources		
Qualified School Construction Bond Proceeds	67,666,000	15.80%
RAN Proceeds		0.00%
Referendum	60,347,000	14.10%
Subtotal Other Revenue Sources	128,013,000	29.90%
TOTAL REVENUES	\$428,137,923	100.00%

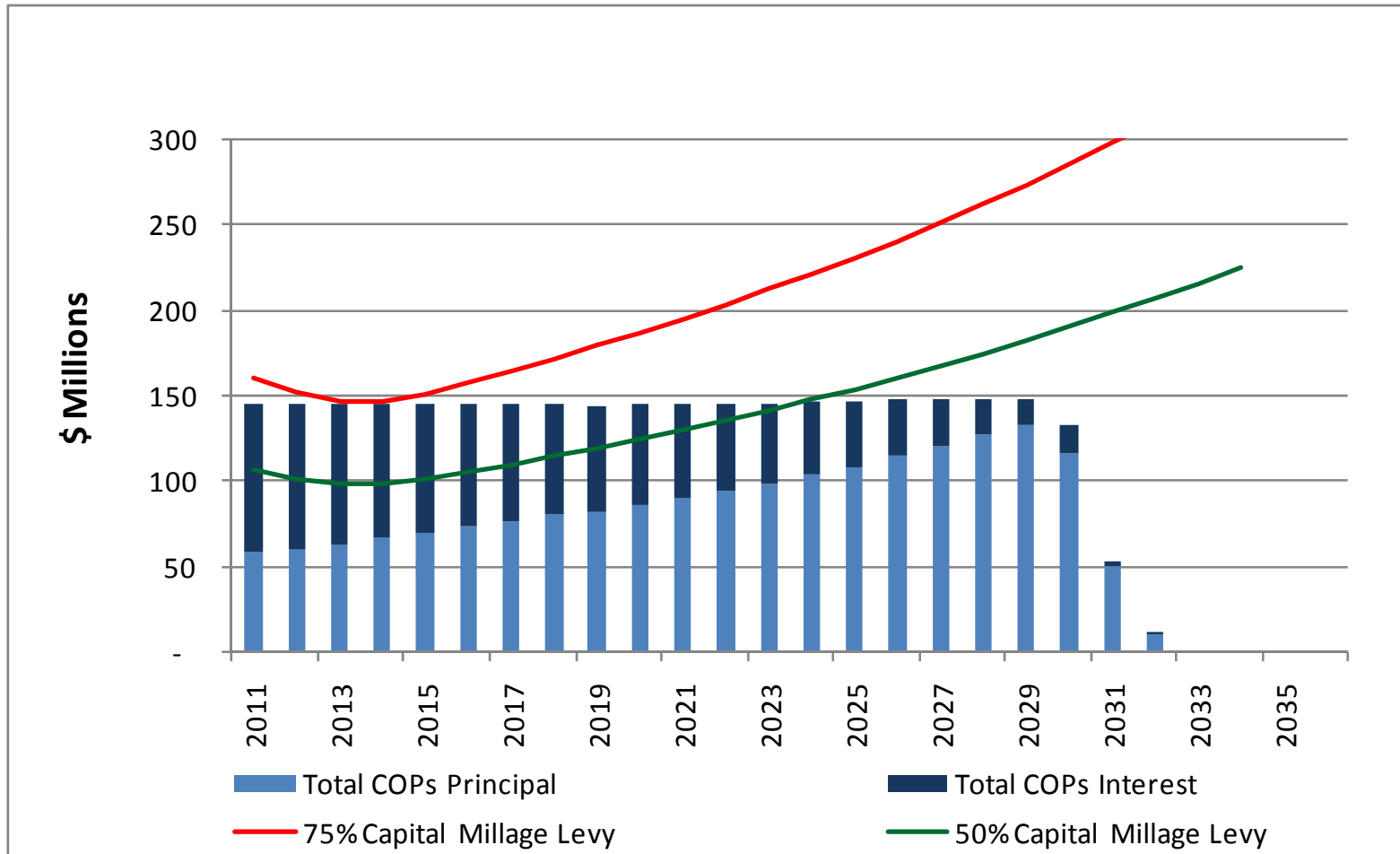


Use of Capital Millage for Debt Service

- ❖ The School District has used Certificates of Participation, commonly called COPs, to finance the construction of schools since 1994. The principal and interest is paid from the capital millage levy.
- ❖ State Statute requires that no more that 75% of the capital millage levy be used for COP debt service.
- ❖ The rule of thumb, established by the national rating agencies, has been to use no more than half of the capital millage levy for debt service. The logic behind the guidance is to ensure adequate debt coverage, in case there is a downturn of revenues, and to ensure funds are available for other capital items such as maintenance, technology and school busses.
- ❖ Based on that logic, the District's debt policy limited the issuance of COPS by stating that the debt service could not exceed half of the capital millage levy.
- ❖ In FY09, when the capital millage levy was reduced to 1.75 mils, the Debt Policy was amended to allow debt service to be up to 1 mil but should be within 50% of the capital millage levy within five years.
- ❖ Based on the reduction of the capital millage levy and declining property values, the District's capacity to issue new debt has been dramatically reduced.



COP Debt Service with FY11 Millage



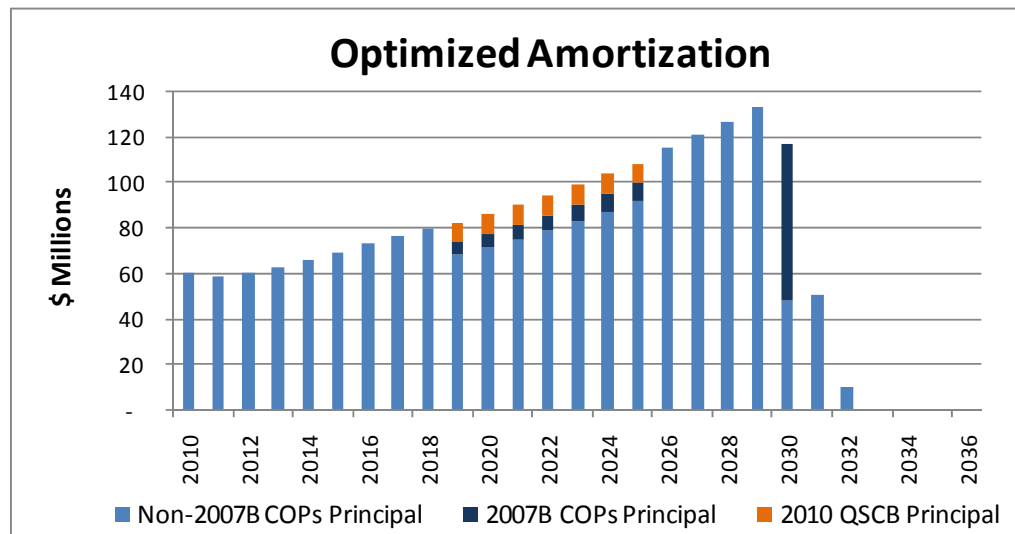
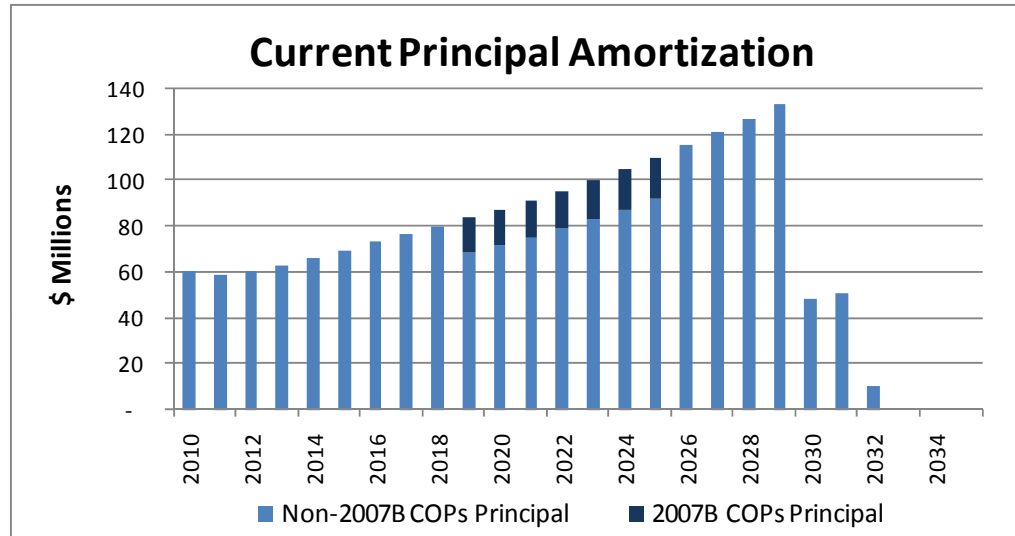


Qualified School Construction Bonds

- ◆ Based on current projections, the District will have capacity to issue new COPs in 2024.
- ◆ The Five Year Capital Plan includes \$67 million of new COPs to be issued as Qualified School Construction Bonds (QSCBs).
- ◆ These were created through the American Recovery and Reinvestment Act and are subsidized by the Federal Government to eliminate or dramatically reduce interest costs.
- ◆ A recommendation on these bonds will be brought forward on September 7th.
- ◆ This transaction works only because the District is required to restructure another debt issue, the 2007B COP issue, by August 2011. A portion of that debt will be shifted to 2030 and beyond creating capacity for the QSCB.
- ◆ More details will be presented on this transaction next week.



Current and Proposed Principal Payments





Discussion
