



**FORD &
ASSOCIATES, INC.**
FINANCIAL ADVISORS

City of Pembroke Pines

Financing Options & Considerations | May 26, 2026

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Ford & Associates, Inc. is an Independent Municipal Advisor registered with the MSRB and SEC.

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Primer on Legal Framework

Article VII, Section 12, Florida Constitution (paraphrased):

- **Long-term debt secured by ad valorem taxes must be approved by voters**
- Local governments may issue debt payable from ad valorem taxation and maturing more than twelve months after issuance only:
 - a) to finance or refinance legal and voter approved projects; or
 - b) to refinance outstanding bonds at a lower net interest cost (*Series 2025 G.O. Bonds*)

Common Financing Structures

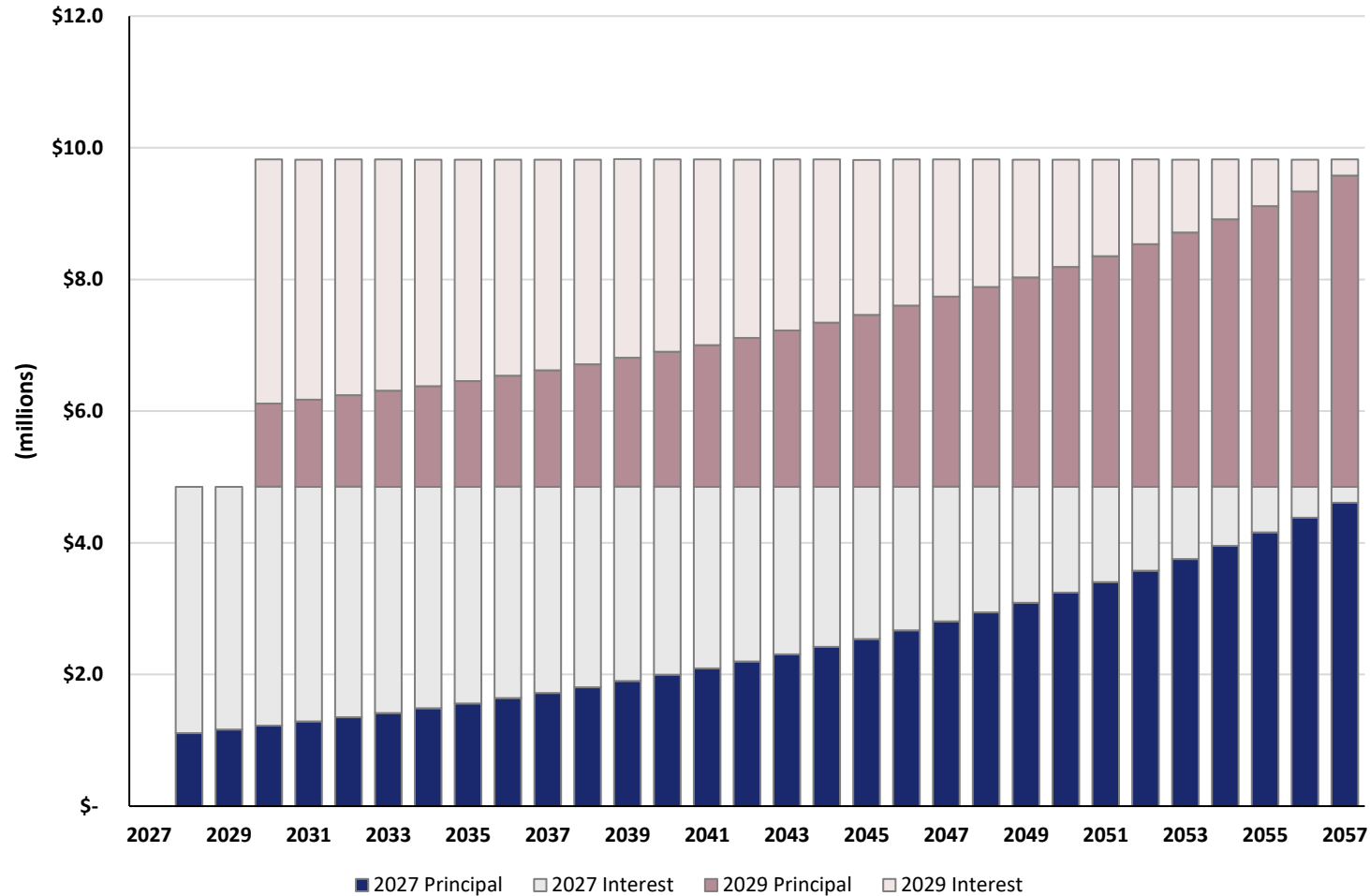
Comparison and Considerations for Common Financing Vehicles

	General Obligation	Non-Ad Valorem (CB&A)	Pledged Revenue	Lease-Purchase
Source of Security	Pledge of taxing power; millage must be established annually to satisfy debt service requirement	<u>Covenant</u> to budget and appropriate legally available <u>non-ad valorem</u> revenues	Pledge of specific non-ad valorem revenue(s)	May be paid from ad valorem revenues (no pledge) Lien on the underlying property, similar to a mortgage
Referendum Requirement	Yes	No	No	No
New or Existing Revenues	New	Existing	Existing	Existing
Non-Appropriation Risk	No	No	No	Yes
Property Tax Reform Exposure	No	Yes	No	Yes
Est. Financing Cost	1st (lowest)	2nd	3rd	4th (highest)
Existing Debt	GO Bonds, Series 2025	CIR Bonds, Series 2019 - NAV + Charter School revenues	CST Bonds, Series 2013 & 2014 - Communications Services Tax - Water Public Service Tax PIR Bonds, Series 2014 - Electric Public Service Tax CIR Bonds, Series 2016 & 2017 - Electric Franchise Fees	---

Financing options not depicted here include Special Assessments, Public-Private Partnerships, and potentially other structures.

Current General Obligation Bond Estimates

Hypothetical Annual Debt Service Requirement



Summary Statistics

(millions)	Series 2027	Series 2029	Aggregate
Closing Date	3/1/2027	3/1/2029	–
Maturity Dates	3/1/2028-57	3/1/2030-57	–
Par Call Date	3/1/2037	3/1/2039	–
Project Fund	\$77.500	\$77.500	\$155.000
True Interest Cost	4.60%	4.52%	4.57%
All-In TIC*	4.67%	4.59%	4.63%
Avg. Annual D/S	\$4.851	\$4.971	\$9.491
Net Interest	\$67.447	\$61.086	\$128.534
Total Debt Service	\$145.538	\$139.178	\$284.716

General Obligation Debt

Revenue/Security Description

- The City's 2025 Bonds are general obligation debt (\$44.9MM outstanding)
- Debt service is paid from a dedicated ad valorem tax
 - Project specific
 - Voter approved
 - Full faith and credit security (taxing power of the municipality)
- Final maturity limited to 30 years

Fiscal Impact

- Provides new revenues to fund projects
- No impact on existing budget
- Millage rate must be raised if necessary to make debt service payments
- Considered the highest quality credit among investors -> expected lowest interest cost

Covenant to Budget and Appropriate (CB&A) Debt

Revenue/Security Description

- Covenant to budget and appropriate funds from **legally available non-ad valorem (“NAV”) revenues**
- Legal availability:
 1. Legality of applying each NAV revenue source to payment of debt service (statutory, City charter)
 2. Existing debt with an existing pledge of and lien on specific NAV revenues
 3. Essential Government Services take funding priority
- What are Essential Government Services?
 - “...essential public purposes affecting health, welfare, and safety...”
 - No concrete definition → uncertainty for debtholders
 - Paid first from ad valorem revenues, then from NAV revenues

Exposure to Property Tax Reform through the “Anti-Dilution Test”

- If property taxes are curtailed or eliminated, Essential Governmental Service expenses would consume more NAV revenues
 - Legally available NAV revenues decline
 - Reduced capacity for new NAV debt declines
 - Reduced NAV funds remaining after payment of debt service

Pledged Revenue Debt

Revenue/Security Description

- Debt is backed by a pledge of and lien on specific non-ad valorem revenue(s)
- Florida Statutes 159.04, 159.08: Does not require voter approval if the bonds are not a pledge of the faith and credit of the municipality nor their ad valorem taxing power
- Specific NAV revenue streams may include:
 - Franchise Fees
 - Utility Public Service Taxes
 - Discretionary Surtaxes
- Final maturity limited to 40 years with approximately level debt service required

Considerations

- Debt is usually limited to the term of the pledged revenue
- Revenue forecasts and perceived volatility influence pricing
- Coverage factors, reserve funds, flow of funds
- Pledge is limited to specific revenue source(s); general fund not at legal risk if revenue falls short
- A lien on the revenue source, but not the project being financed