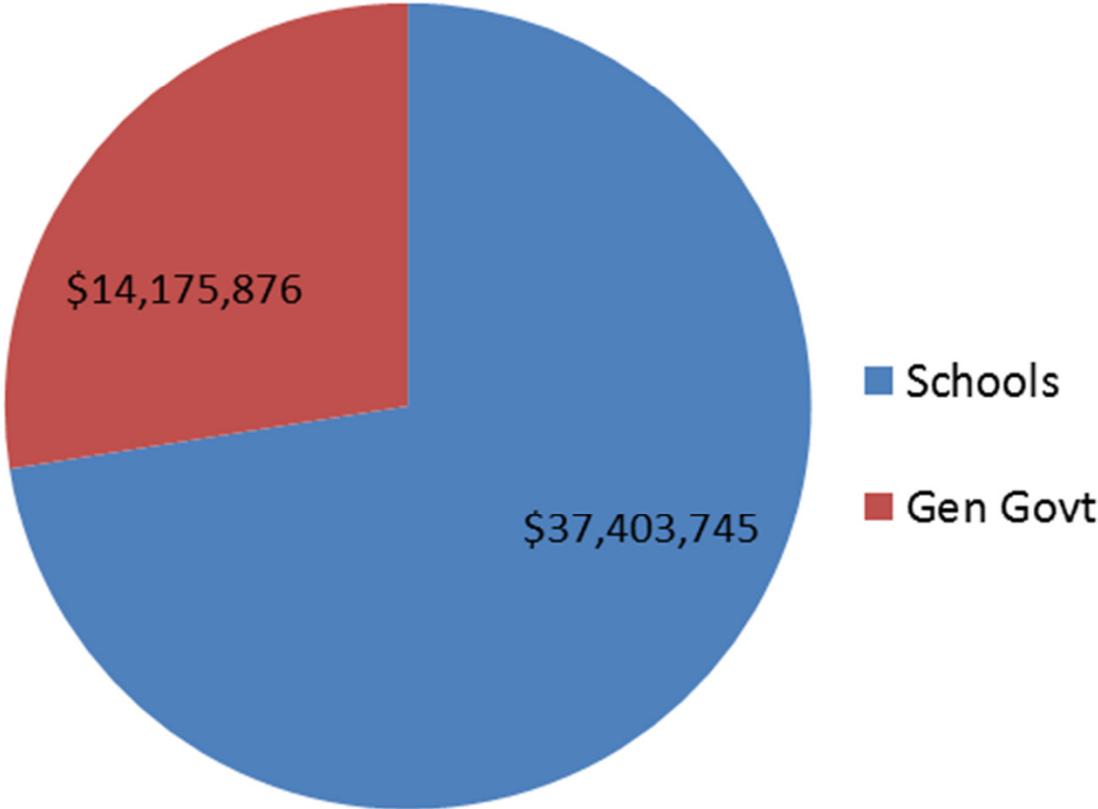


CIP Debt Service Projections

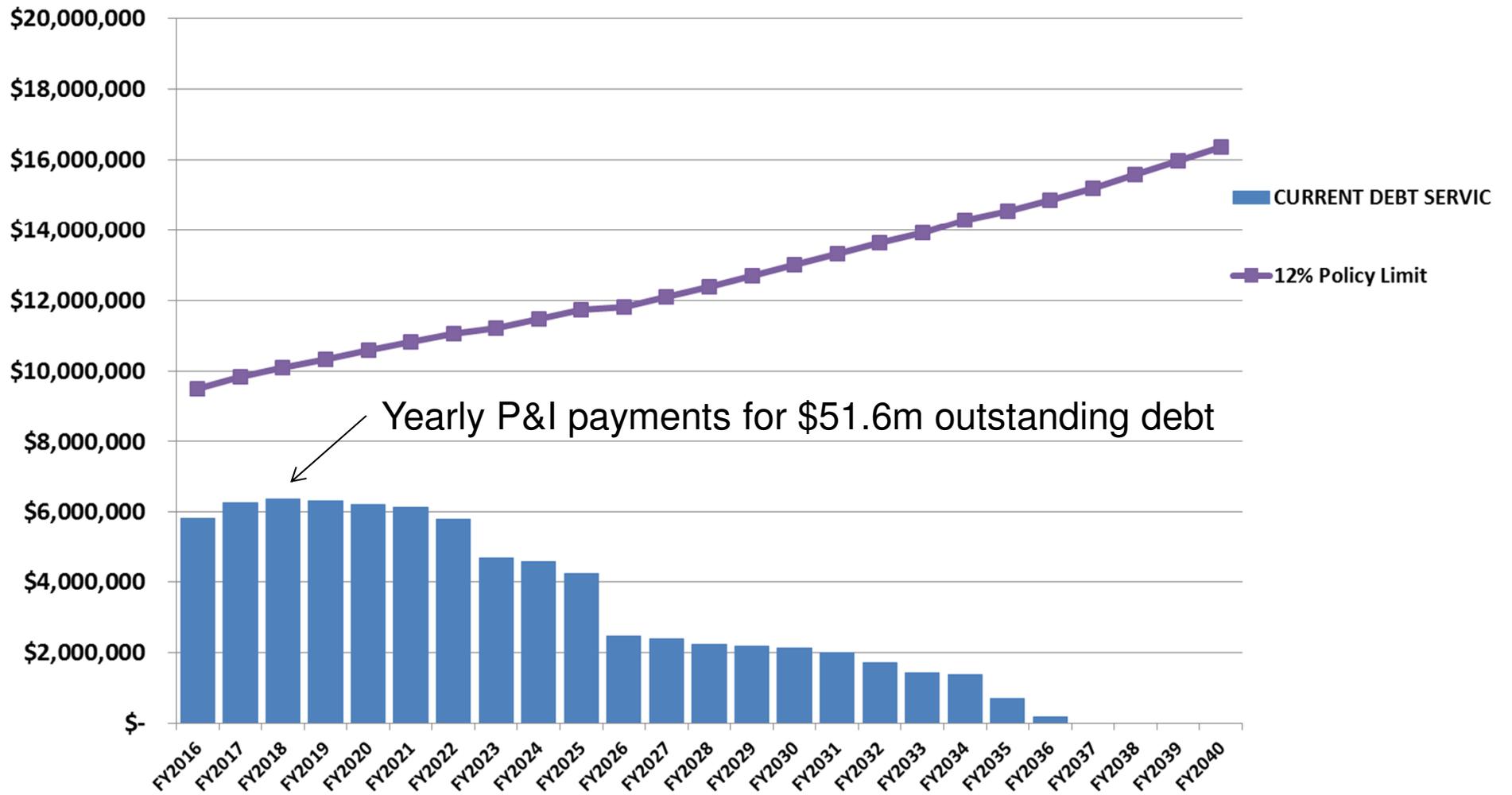
- **Factual: What are Industry Metrics?**
 - Debt to Assessed Value (AV)
 - 10% state law cap; 5% City policy cap
 - Debt service to total expenses
 - 12% City policy cap. No state law cap
 - Pay-out ratio
 - Policy: 25% of debt retired in 5 years; 50% in 10 years.
 - Debt per capita
 - Regional comparisons; no law or policy cap.
- **Opinion: What is reasonable for taxpayers?**

Note: this presentation is part of the Campus Roadmap Process

Outstanding Tax-Supported Debt December 2016 \$51.6 Million Total



Annual Debt Service Projection - Current Debt Service



Two Modeled Scenarios

- Policy Constrained Scenario
 - Debt Service 12% of Expenses
 - \$70 million in additional debt capacity
 - \$40 million for GMHS/MEHMS project
 - \$30 million for remainder of CIP
- Adopted CIP Scenario
 - \$114 Million GMHS/MEHMS project
 - \$31 million for remainder of CIP

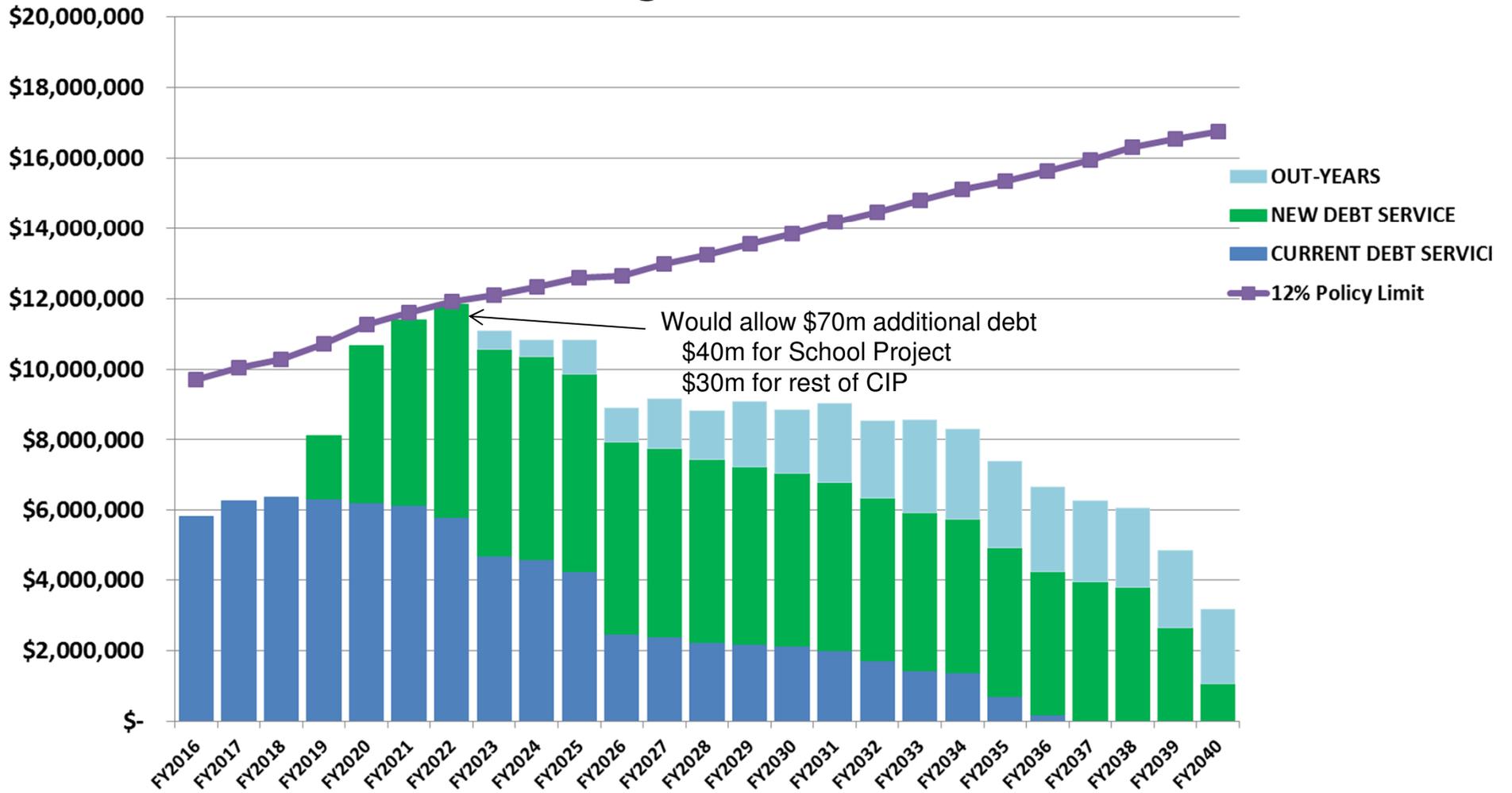
Scenario Assumptions

	12% Policy Limit	Adopted CIP to FY2022
Principal Amount	\$70,000,000 (entire CIP)	\$145,000,000 (entire CIP)
Interest Rate	4%	4%
Assessed Value Growth	2.5% per year	2.5% per year
Operating Expense Growth	2.5% per year	2.5% per year
Debt Structure	20 years maturity, level principal payments	<ul style="list-style-type: none"> • 30 years, level debt service for \$114M; • 20 years, level principal for \$31M
Other Funding Sources to Help Cover Debt Sources	None	<ul style="list-style-type: none"> • Capital Reserve \$9M • Land Proceeds \$30M (received in three installments starting FY2022) • <i>(Note: Future taxes from development not included)</i>
Future Borrowing	\$5,000,000 issued every 2 years beginning FY2022	\$5,000,000 issued every 2 years beginning FY2022

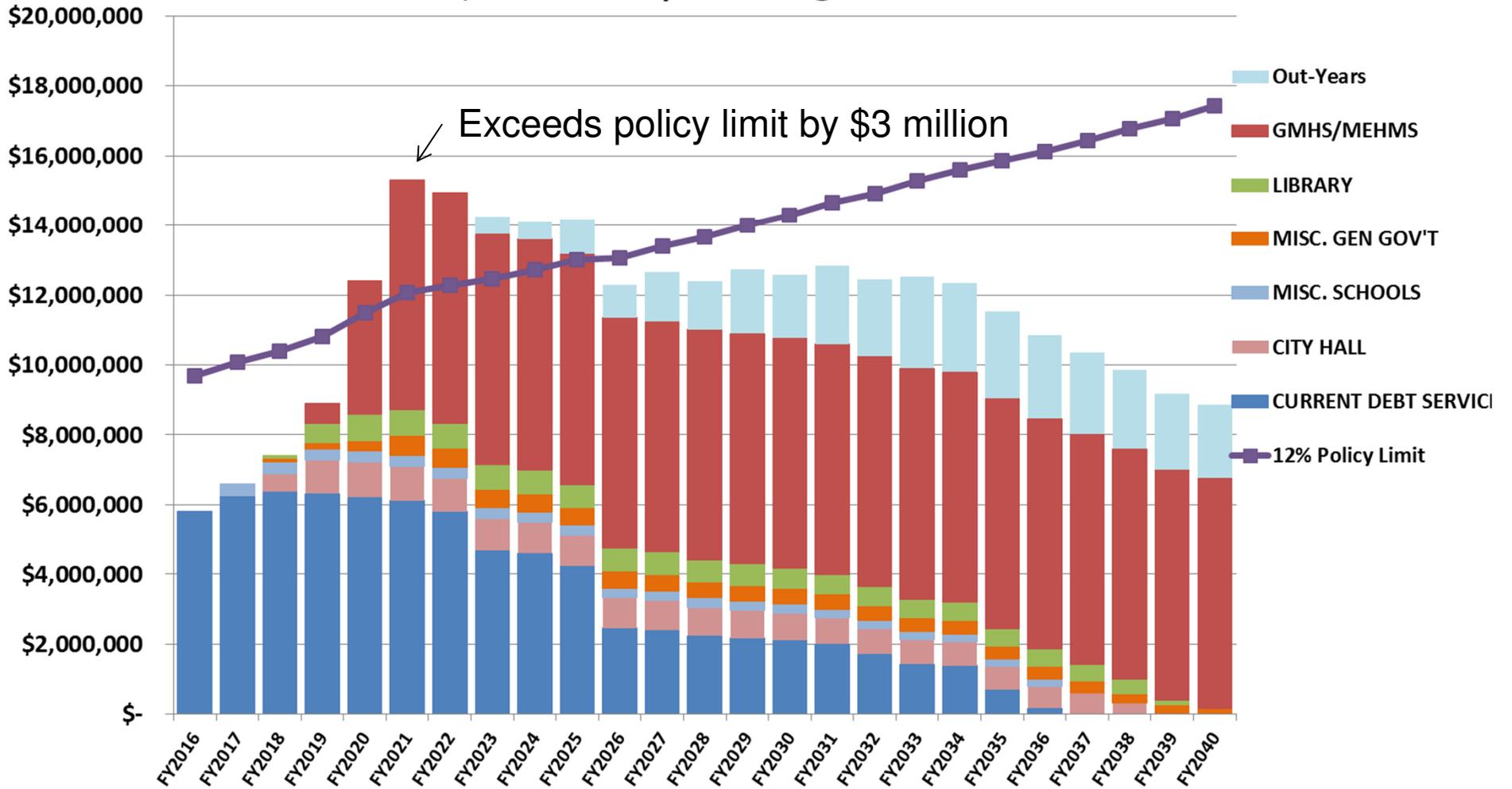
Items Not Included

- New taxes from development on the campus
- Operational cost increases as a result of new building
- New major (in excess of \$5M) capital improvements financing not in the adopted CIP

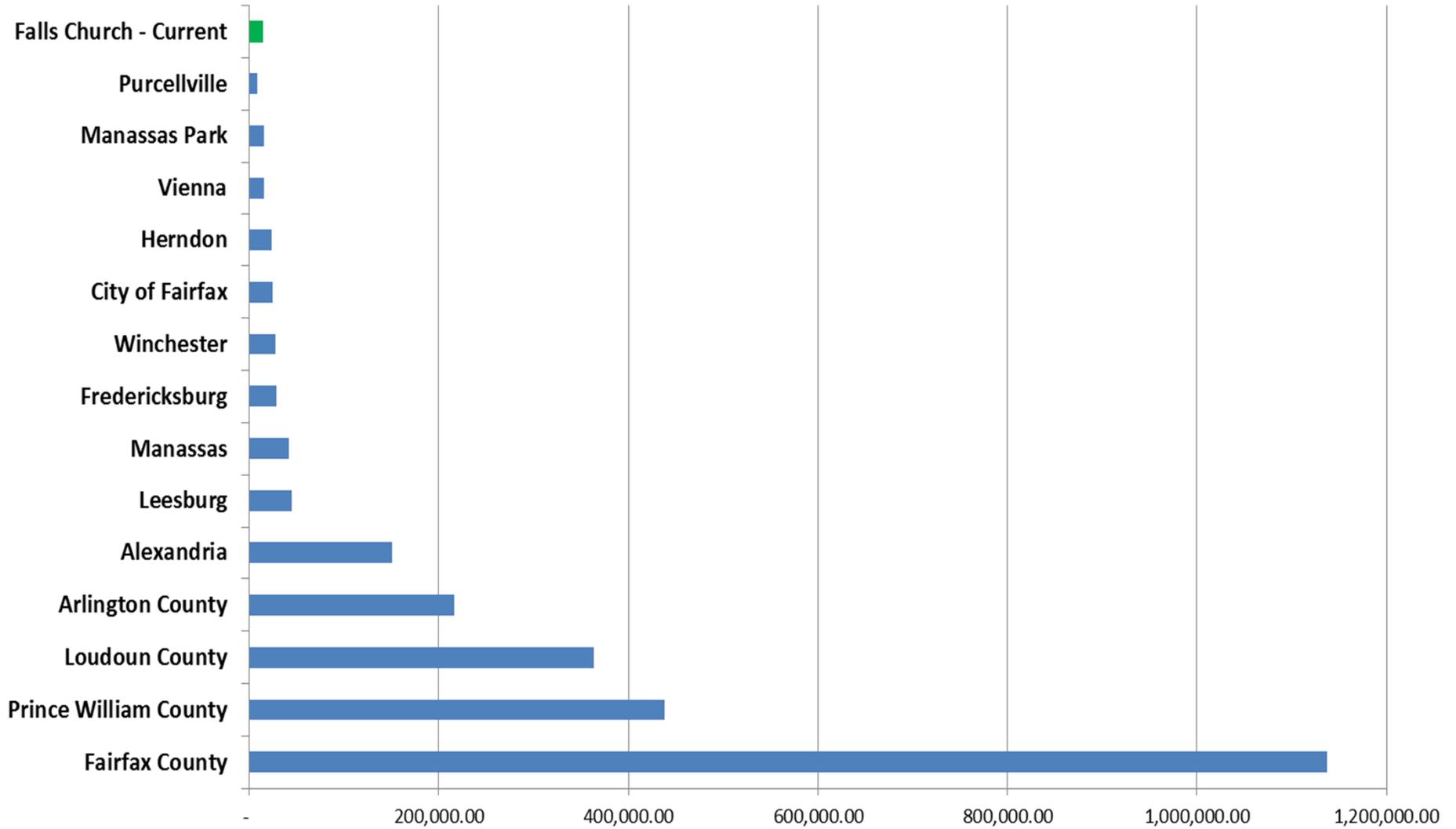
Annual Debt Service Projection - Debt Policy Limits @ 20 Year Term



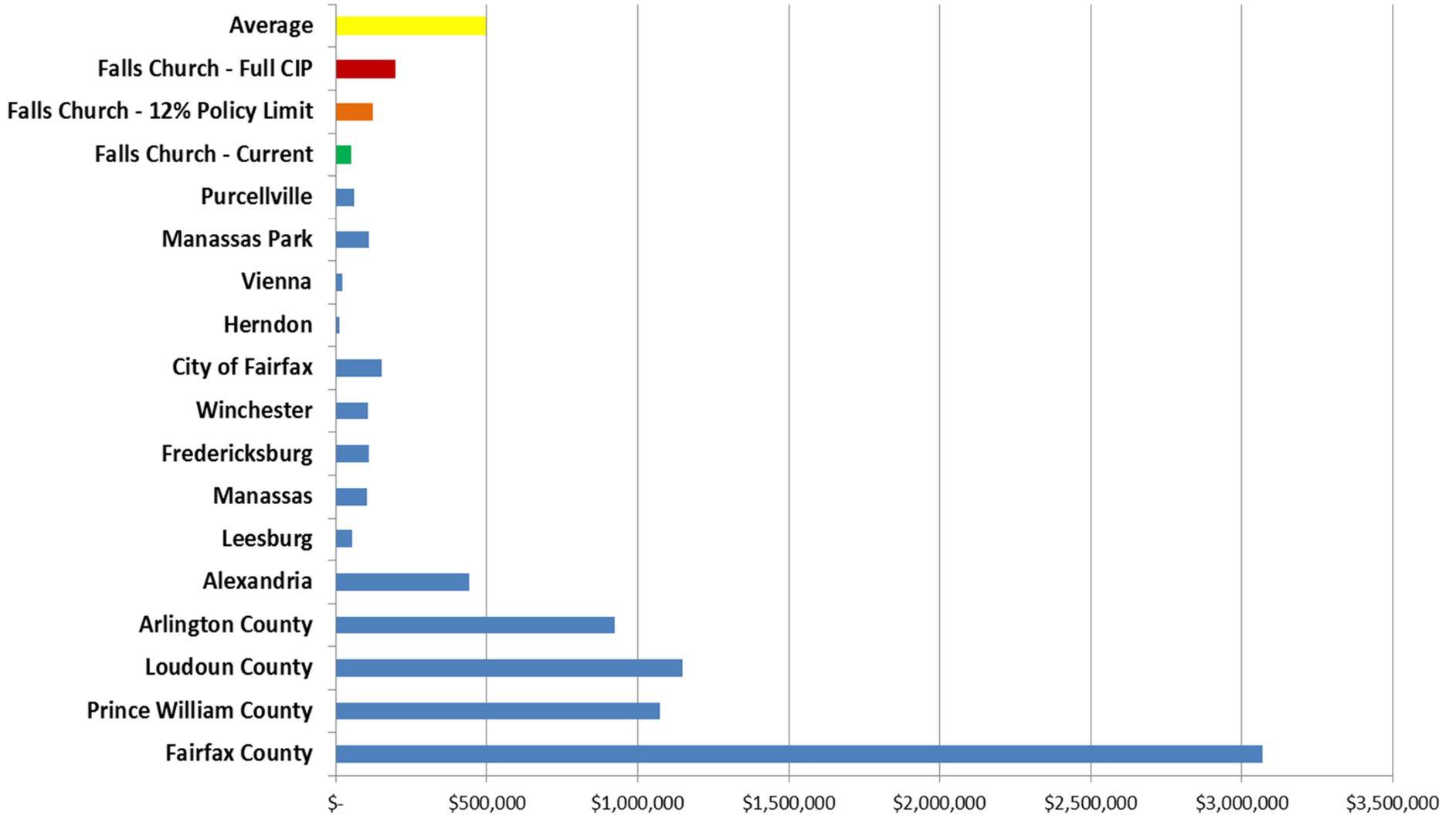
Annual Debt Service Projection with GMHS & MEHMS \$114 M GMHS/MEHMS @ 30 Year Term



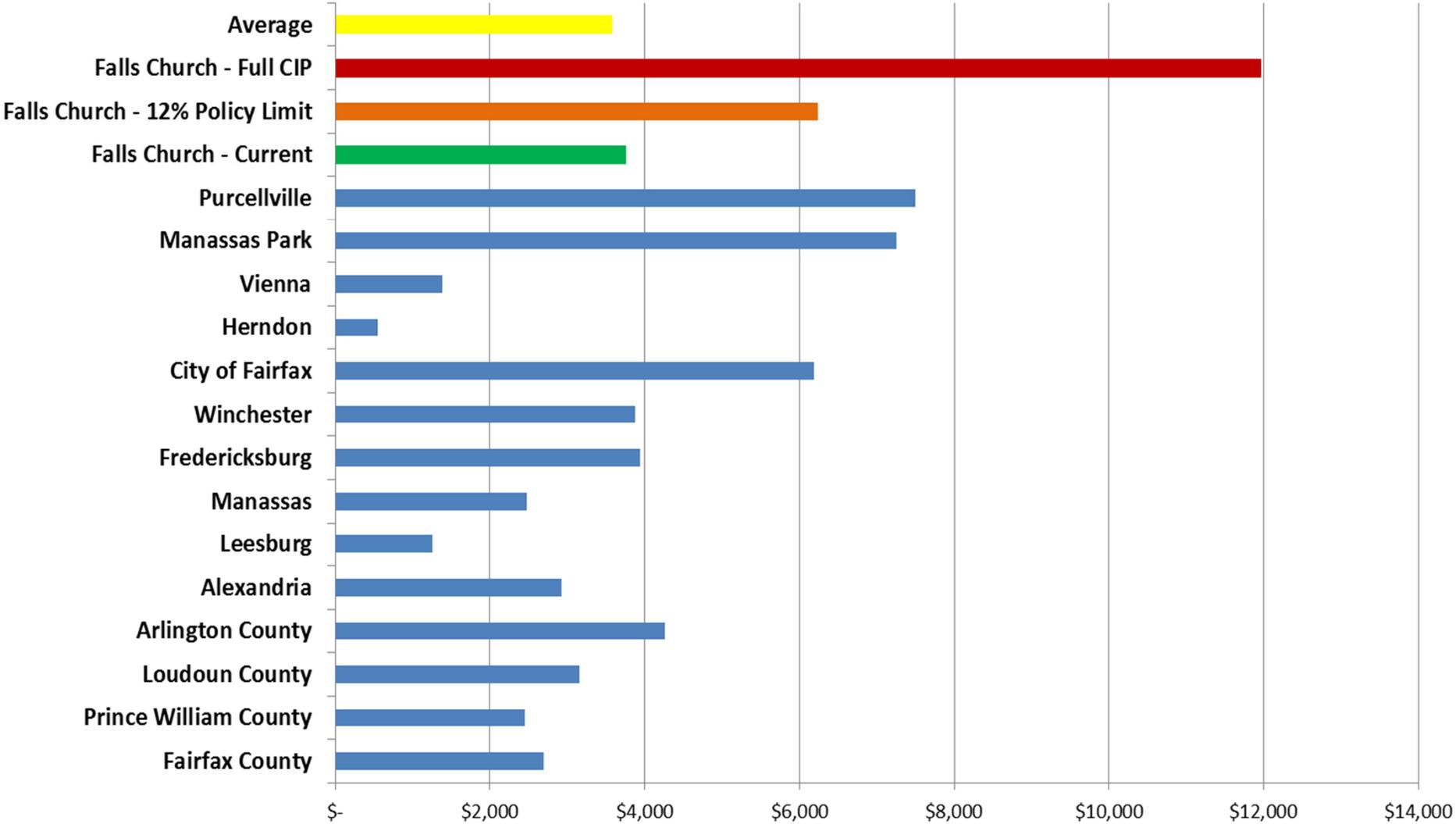
Population



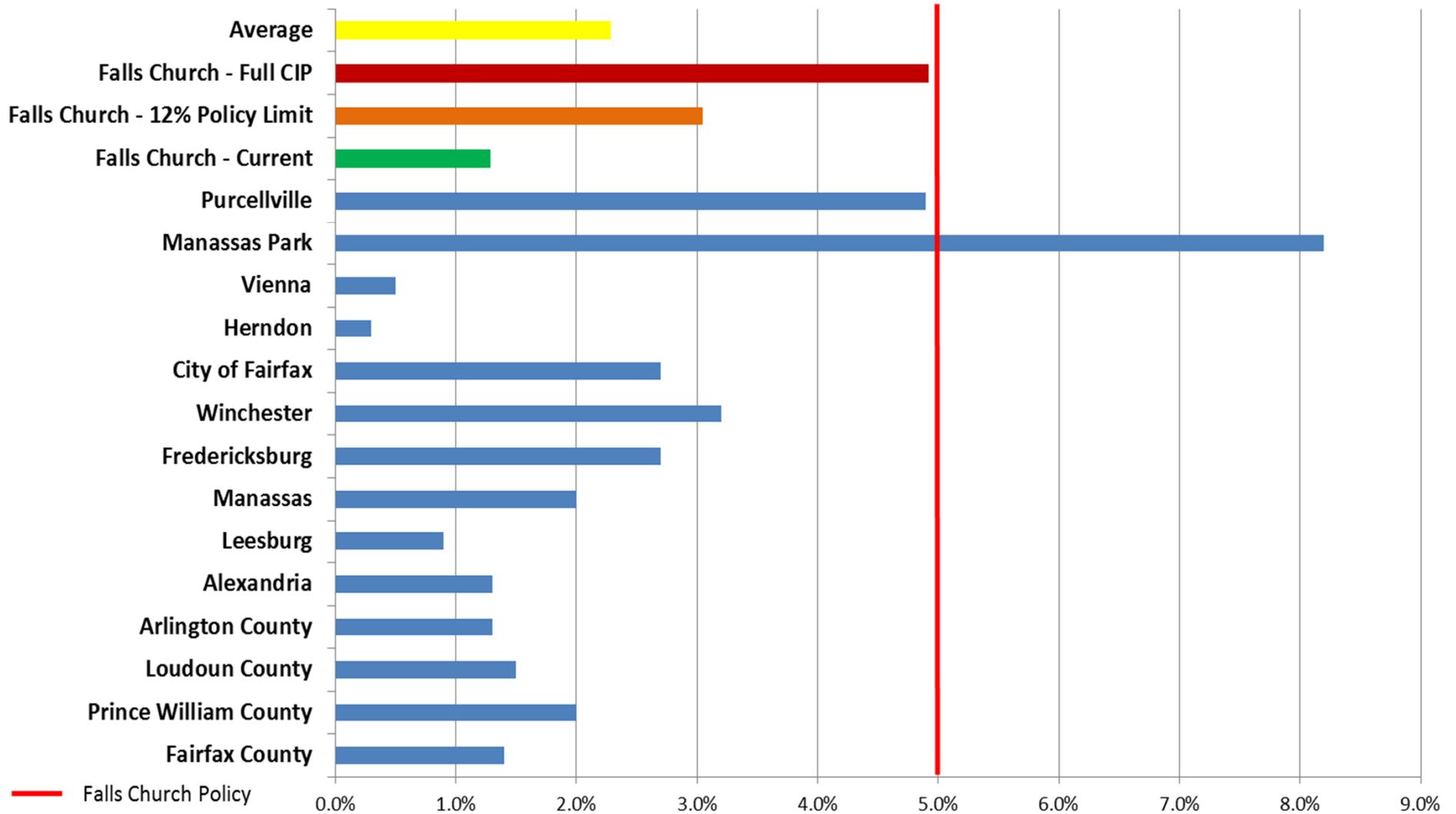
Outstanding Debt (In Millions)



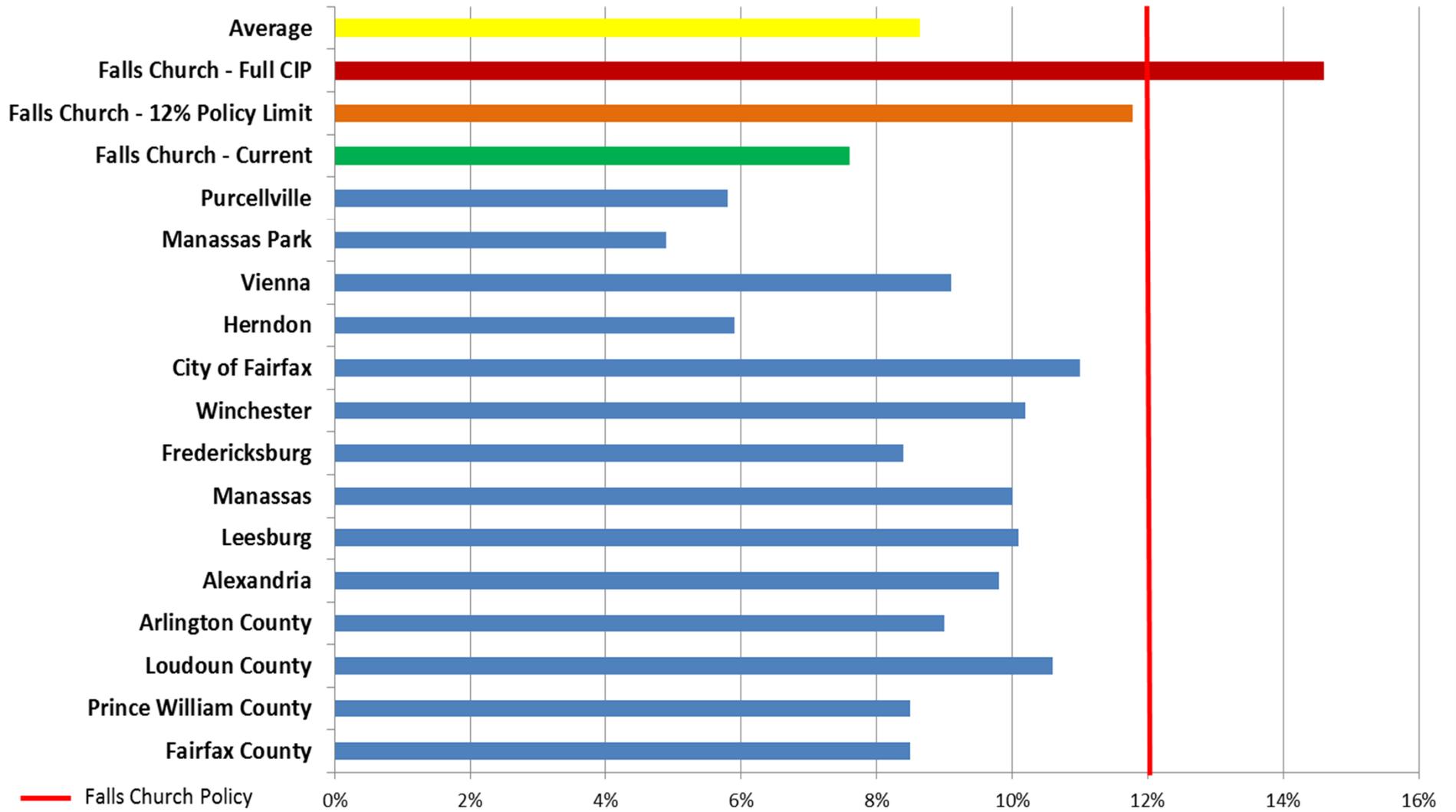
Debt per Capita



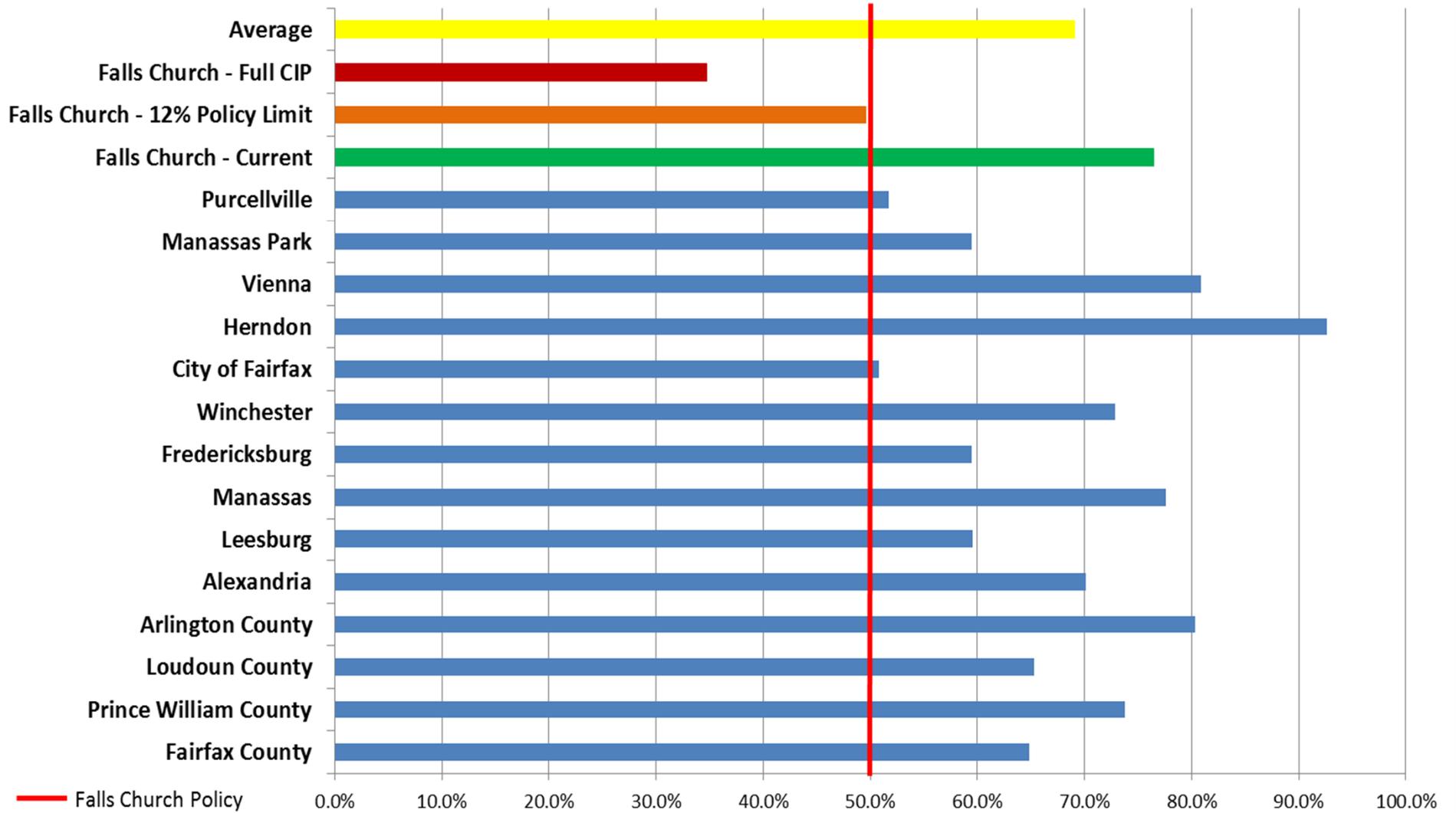
Debt to Assessed Value



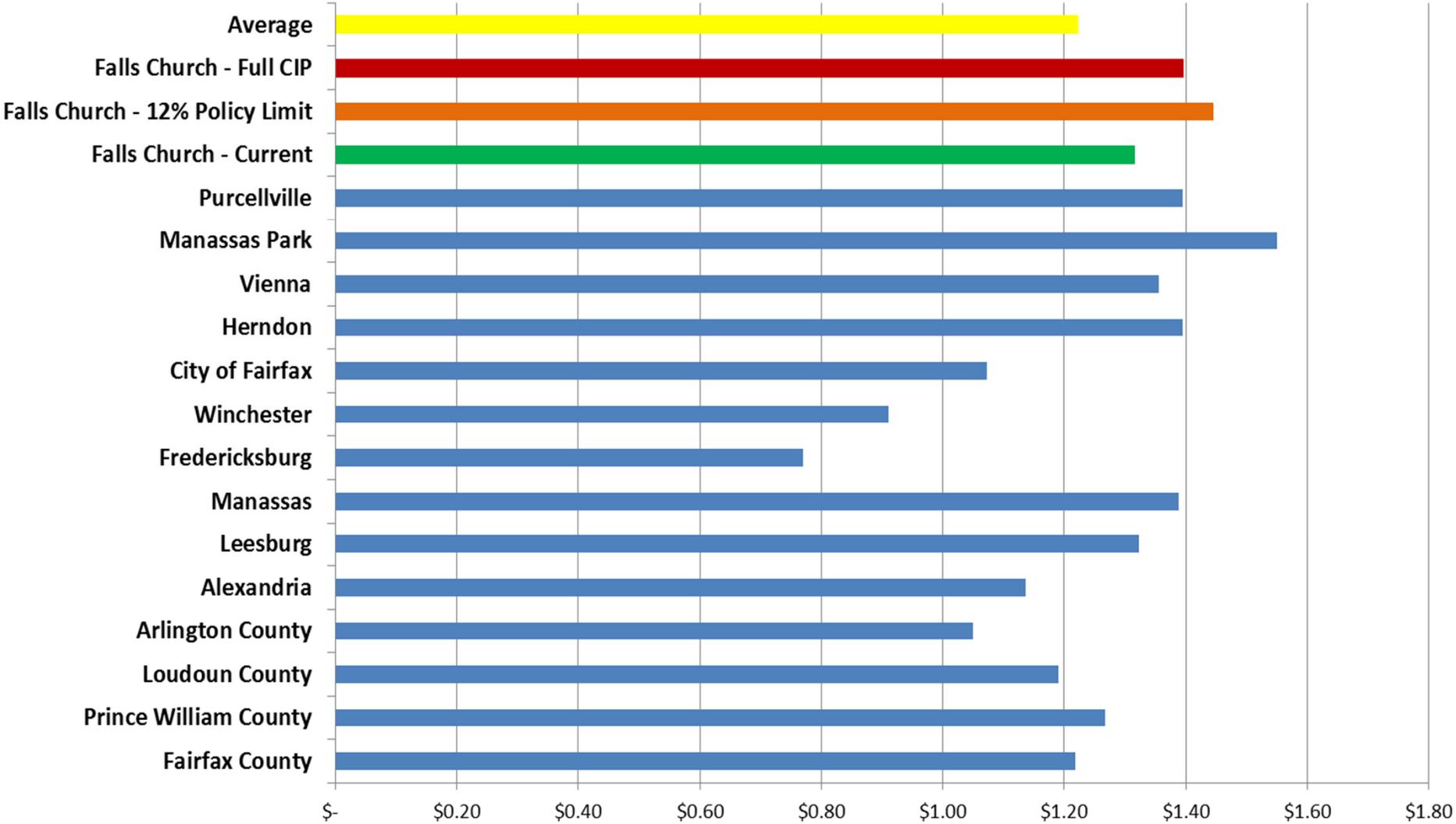
Debt Svc vs. Expenditures



10-Yr Payout Ratio

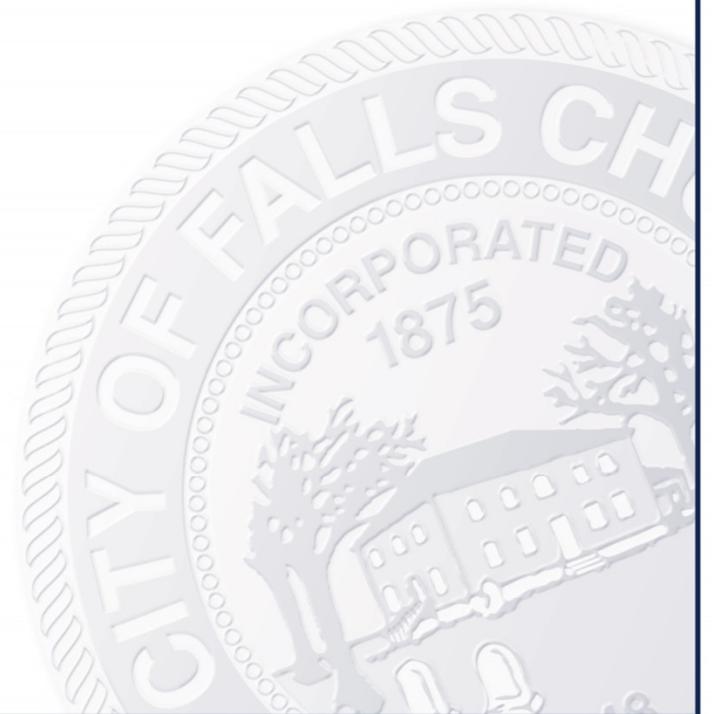


RE Tax Rate



Two Debt Model Scenarios

- *See Hand-out*



Summary

	12% Policy Limit	Full CIP to FY2022
12% Debt Service Policy	12%	15%
10-Year Payout Ratio	50%	35%
Debt to AV	3.1%	4.9%
Debt per Capita	~\$6,500	~\$12,000
RE Tax Rate Increase	13 cents	8 cents (lower due to use of capital reserves & land sale/lease proceeds to reduce debt service)
Increase for median homeowner	\$ 953	\$ 558
Risk profile	Traditional City financing approach	Higher Risk (see next slide)

Risks*

- AV Growth Rate Risk (modeled 2.5% growth)
- Interest Rate Risk (modeled 4%)
- Property Proceeds (modeled \$30M)
- Credit Downgrade
- Cost Control Risk
- Political Risk
- Other Financing Needs

*Per Davenport Draft Memo dated 11/30/2016

Mitigating Strategies*

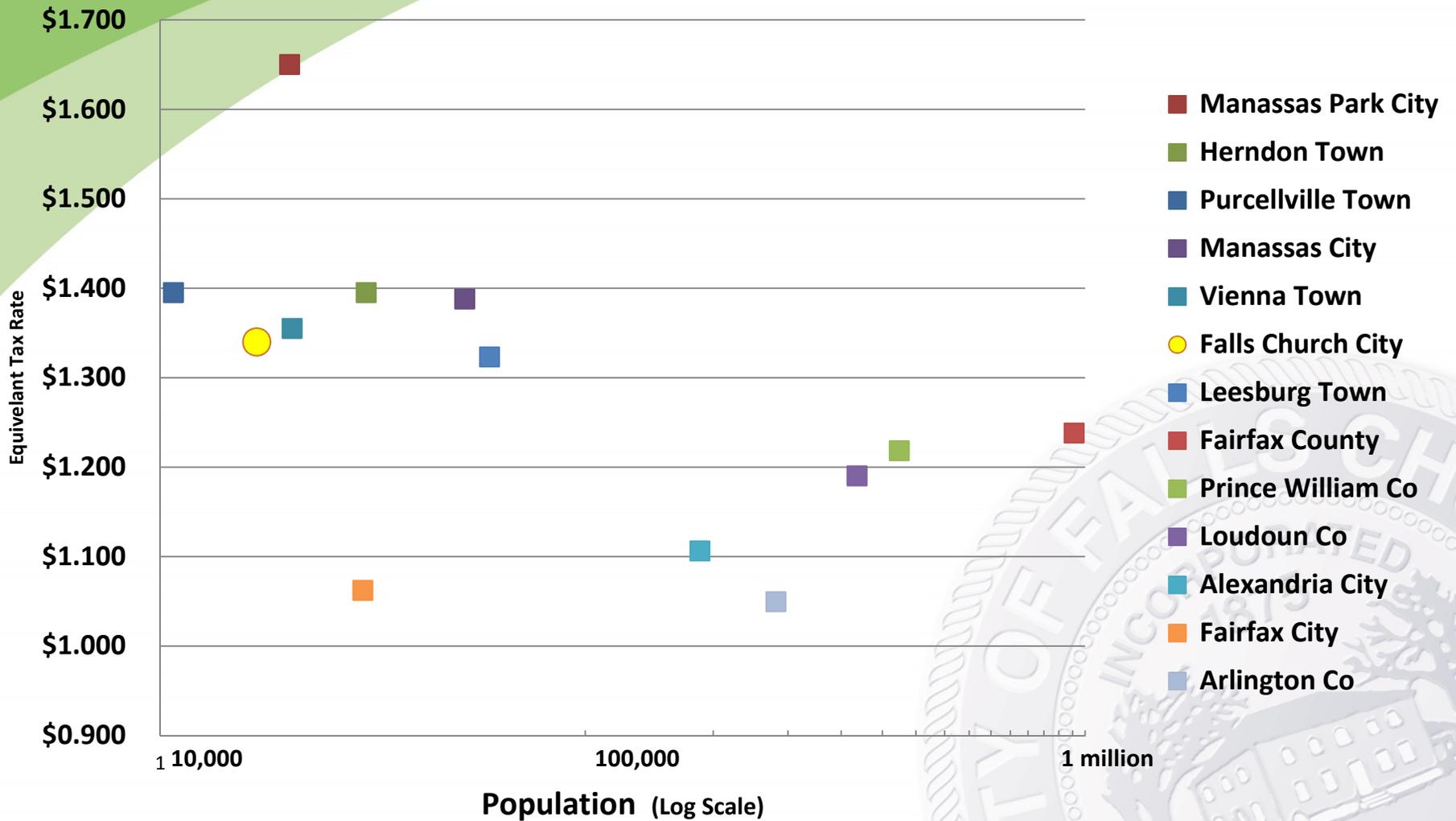
- Enhanced General Fund Reserves
 - 20% recommended
- Comprehensive Plan of Finance
 - Public support (referendum)
 - Clear & public discussion of the tax implications
 - Plan not overly reliant on external risk such as property proceeds
- Strategic Debt Structuring

*Per Davenport Draft Memo dated 11/30/2016

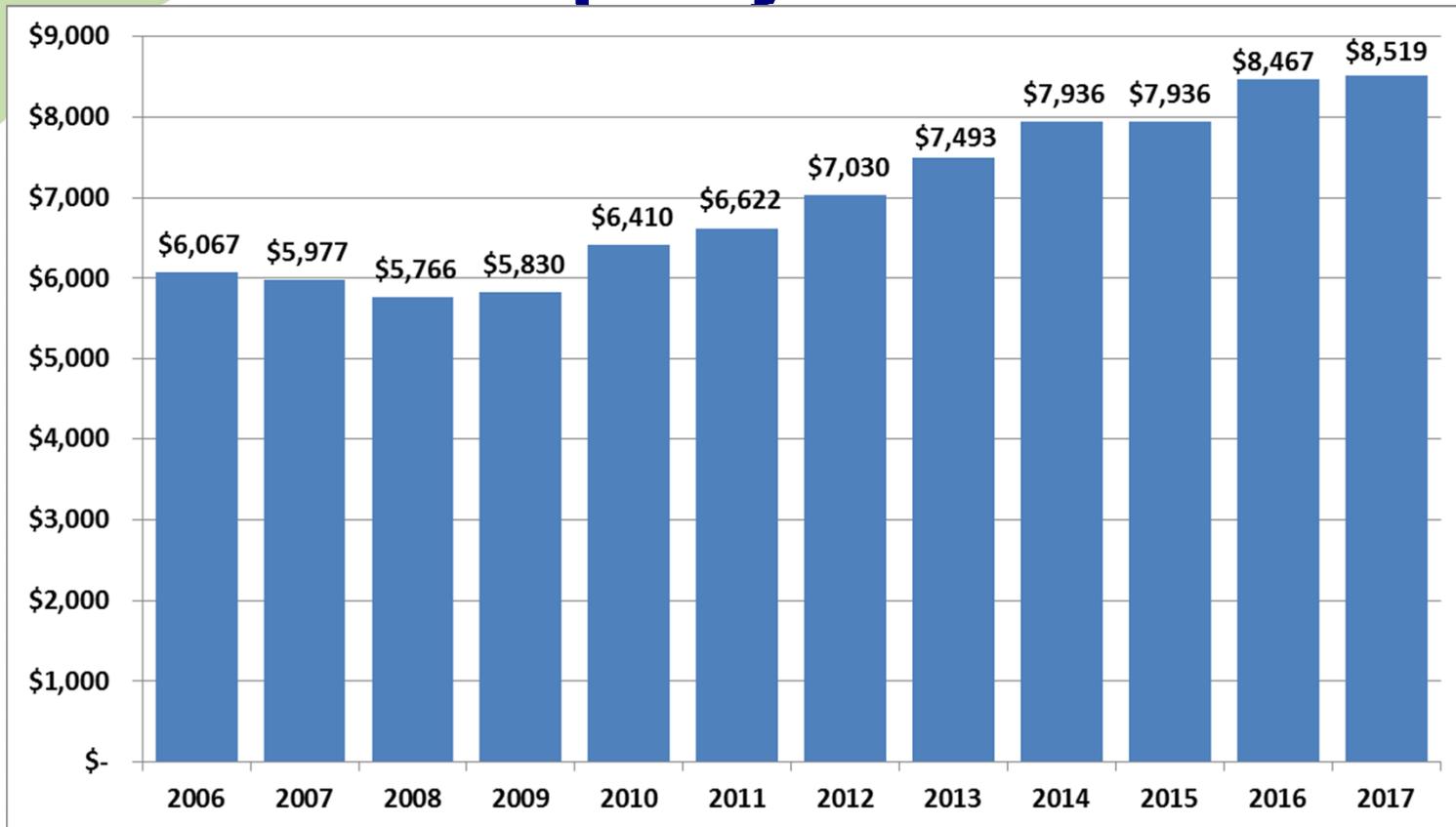
December 5, 2016

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Tax Rate and Population



Median Home Owner Property Tax Bill



2017 median home value: \$647,800