



Better Jacksonville Program Early Closure Blueprint

February 7, 2023

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I. Overview



Better Jacksonville Program History

- \$2.25 billion comprehensive Capital Improvement Program passed by voters in 2000, of which \$1.5 billion was linked to the new ½ penny infrastructure surtax (“IST”) and \$750 million funded by the existing ½ penny transportation half penny.
- Provided for road and infrastructure improvements, environmental preservation, targeted economic development and new and improved public facilities
- Without action, IST won’t cease until original program sunset date in 2030
- As a part of the 2017 pension reform, the administration recognized the opportunity to close the program early, which will redirect surtax revenues towards fully funding the City’s closed pension plans
- The time has arrived for the City to act to secure its financial future for the decades ahead



Principles Driving this Legislation

- We believe it is important to keep project spending in a special ½ penny surtax program to the amount promised to taxpayers (\$1.5 billion).
- We also believe it is important to provide for the completion of the projects on the promised list, which due to inflation, now cost more than was originally estimated 23 years ago.
- This legislation provides for both



What this Legislation Does

- This legislation will satisfy both principles by:
 - (1) **Fully funding the originally contemplated \$1.5 billion project spending** commitment using existing cash on hand in the trust fund, and
 - (2) **Moves updated project cost estimates beyond the \$1.5 billion amount to the City's general CIP**
- These actions allow:
 - (1) **Certainty** in program cash flows needed to **pay down BJP debts early** and,
 - (2) **Certainty** in the City's ability to **advance work on remaining projects.**



Closing BJP Early

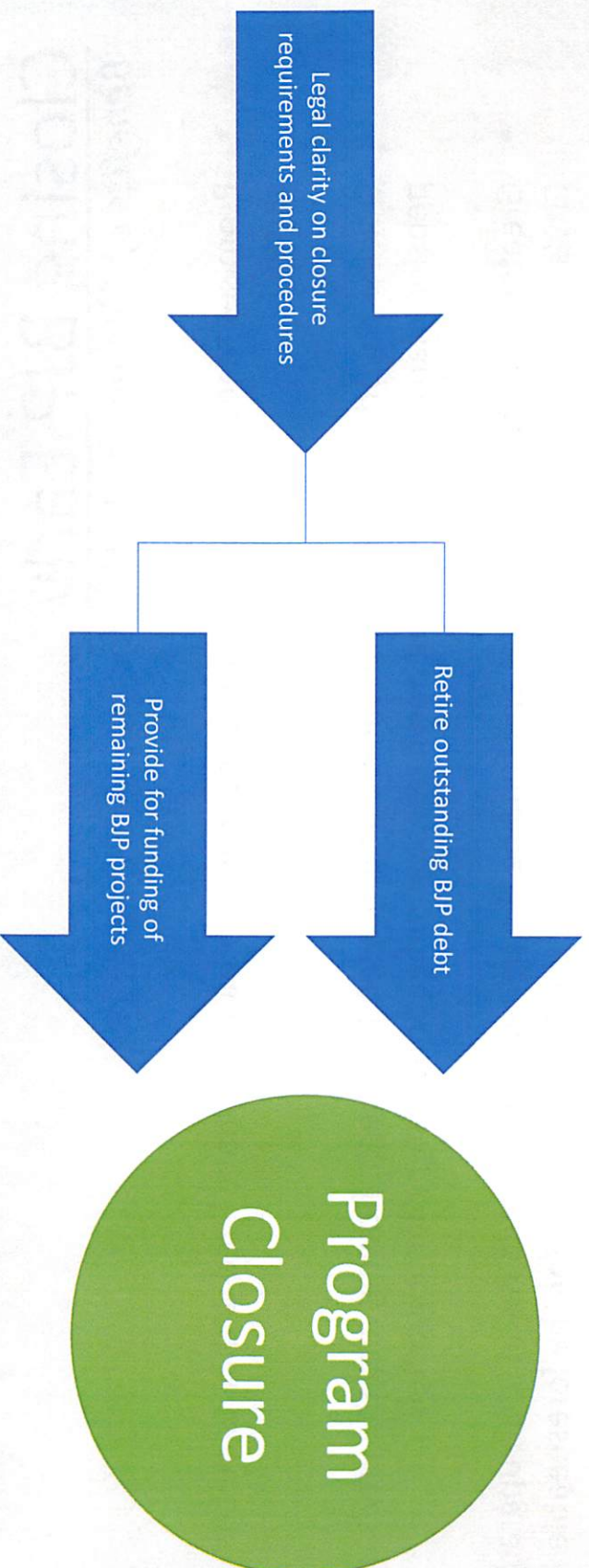
Benefits of Closing the Better Jacksonville Plan Early

- Promises made to taxpayers are kept and government will have lived within its means on a special surtax
- Quicker payoff of BJP debts will allow surtax proceeds to begin flowing into the City's underfunded pension plans, thereby paying down pension obligations faster than expected
- Greater certainty in BJP sunset and funding the pension plans could result in an upgrade of the City's finances by ratings agencies and enhance the City's finances for the foreseeable future
- An upgrade would reduce the cost of borrowing and the amount of taxpayer funds that are going to pay interest on debt instead of to critical needs and services
- As the pensions become funded, contributions to the plans will decrease, freeing up funds to invest in City infrastructure and services

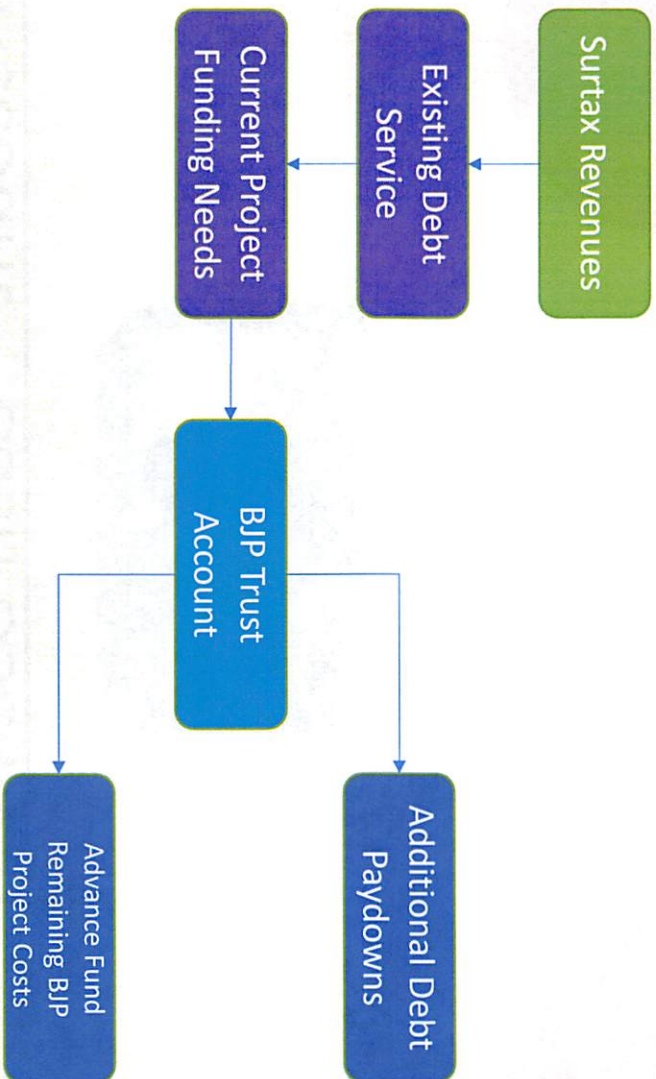


Steps to Create Closure Roadmap

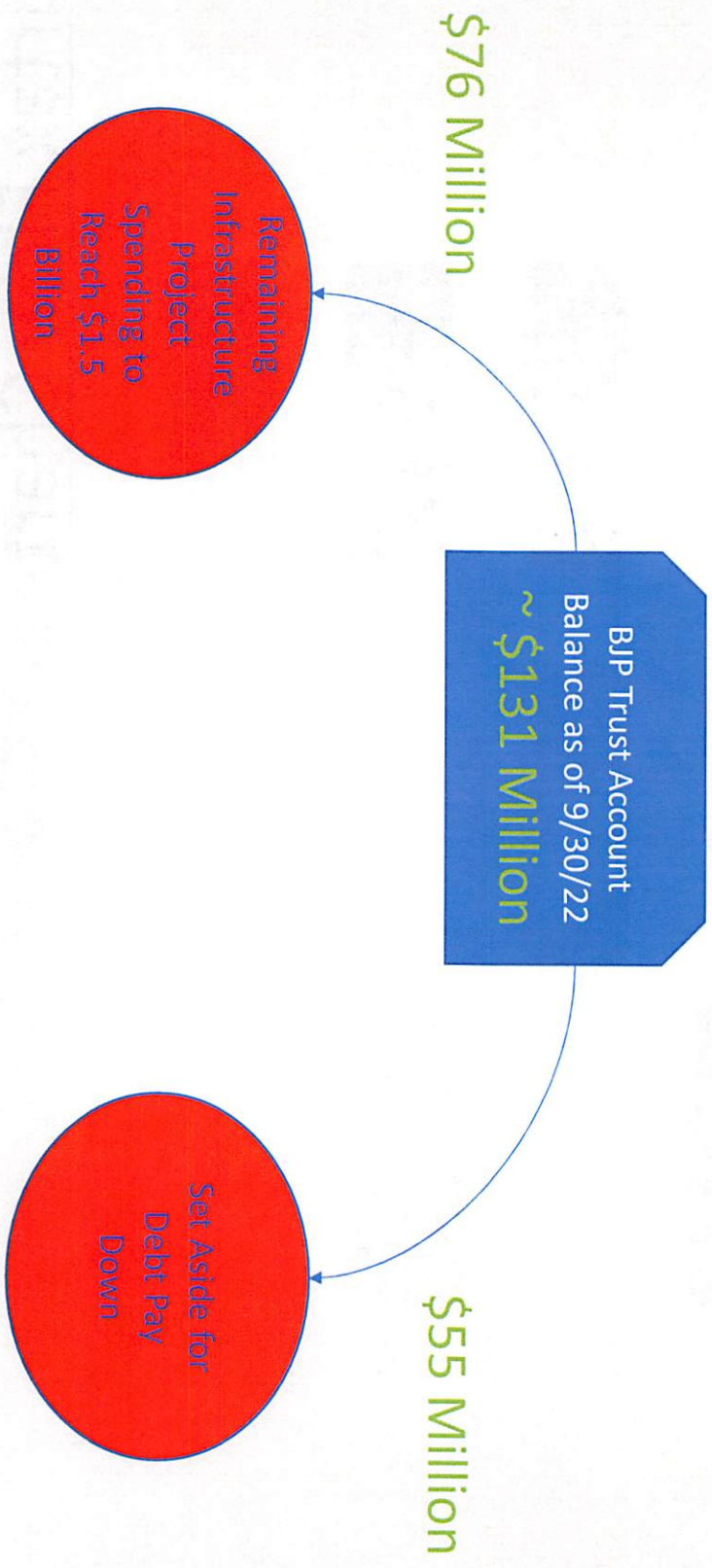
Closure Requirements



Surtax Flow Chart



BJP Trust Account – Cash Use Plan



II. Legal Requirements



Legal Requirements to Close the BJP Program

- Infrastructure projects must be fully funded
- Outstanding BJP debt paid off
 - No new debt can be issued against the infrastructure sales tax
- Additional legislation will be filed upon fulfillment of the first two bullets
 - Surtax will flow into pensions on January 1st of the year following completion of funding of projects and last payment on debt
 - Tax proceeds will be deposited into each of the City's pensions (GEPP/COPP/PFPF) based on funding status as contemplated in 2017 reform



III. Debt Retirement



Sunset Plan Overview

- The City has structured recent BJP debt refinances to allow flexibility to pay off bonds early
- Over the next 4 years, the City will use excess revenue collections to dramatically reduce the term of the BJP program
- As the term of the program shortens, the volatility in revenue collections has less of an impact on the Sunset Date
- The current estimated Sunset date is December 31, 2026
 - This is the current projection for when the City will have collected sufficient revenues, which along with the dedicated bond funded reserves, can pay off outstanding bonds. This assumes this legislation passes and amounts above \$1.5 billion are moved to the City's CIP.
- Combination of scheduled amortizations, prepayments and defeasances
 - With +/- \$60 million in excess cash each year, the City can pay debt off earlier than scheduled
 - Various strategies are analyzed to take advantage of current market dynamics, such as utilizing fixed/variable rate, bonds/notes, etc.



IV. Project Funding



Current Status of BJP Project Funding

- \$1.424 Billion has been spent on Infrastructure projects, leaving ~\$76 Million remaining to reach the \$1.5 Billion project spending limit promised to taxpayers
- \$76 Million can be moved from the current \$131 Million BJP Trust Account Balance to complete full funding of projects
 - Remaining \$55 Million to be put aside, along with future revenue collections, to ensure full debt defeasance by 10/1/26
- Approximately \$155 Million will be needed, in addition to the \$1.5 Billion cap, to complete remaining projects
- Two options are available to fund the remaining \$155 Million, although option (1) is expected to have a faster and greater impact than option (2)
 - (1) Move projects to the CIP
 - Closing the program by the end of 2026
 - (2) Delay closure of plan by one year and allow surtax to continue to fund remaining projects
 - Closing the program by the end of 2027



Reasons to Move Remaining Projects to the CIP

- Original legislation promised taxpayers that project spending would be limited to \$1.5 billion in infrastructure projects
- Allows more flexibility in how and when remaining projects are funded
- Begins funding of pensions a year earlier, potentially decreasing the City's overall borrowing costs



V. Summary

Summary

- This legislation:
 - 1.) Fully funds the \$1.5 billion of project spending commitments in the program
 - 2.) Allows City to pay down and sunset BJP debts early
 - 3.) Provides budget for remaining project needs in the City's general CIP
 - 4.) Allows the City to fund up its pensions more quickly
 - 5.) Further strengthens the City's record of prudent financial management
 - 6.) Keeps public trust by fulfilling promises to citizens for project spending in a fiscally prudent way within promised surtax collections.



VI. Appendix



BJP Debt Outstanding

BJP Infrastructure Sales Tax

Series Name	Tax Status	Issue Size	Final Maturity	Outstanding Par	Next Call Date	Refunding Status		
						Forward	Current	Non-Callable
As of 10/1/2022								
Series 2012A	Tax-Exempt	114,890,000	10/1/2025	8,645,000	-	-	-	8,645,000
Series 2016	Tax-Exempt	67,070,000	10/1/2030	49,140,000	10/1/2025	32,495,000	-	16,645,000
Series 2021	Tax-Exempt	16,530,000	10/1/2023	8,285,000	-	-	-	8,285,000
Series 2022	Tax-Exempt	262,750,000	10/1/2026	262,750,000	MWC	-	262,750,000	-
Total		461,240,000		328,820,000		32,495,000	262,750,000	33,575,000

BJP Special Revenue

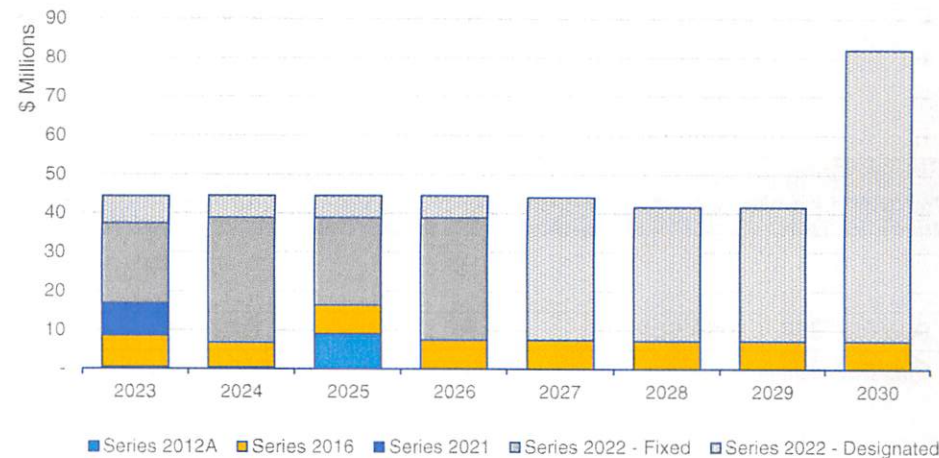
Series Name	Tax Status	Issue Size	Final Maturity	Outstanding Par	Next Call Date	Refunding Status		
						Forward	Current	Non-Callable
As of 10/1/2022								
Series 2013C	Tax-Exempt	31,565,000	10/1/2030	31,565,000	10/1/2023	31,565,000	-	-
Series 2016B	Tax-Exempt	58,645,000	10/1/2030	50,020,000	10/1/2026	18,660,000	-	31,360,000
Series 2017B	Tax-Exempt	31,455,000	10/1/2028	31,455,000	10/1/2027	1,850,000	-	29,605,000
Series 2019B	Tax-Exempt	45,535,000	10/1/2030	45,535,000	10/1/2026	37,295,000	-	8,240,000
Series 2020B	Tax-Exempt	15,670,000	10/1/2027	11,230,000	-	-	-	11,230,000
Total		182,870,000		169,805,000		89,370,000	-	80,435,000



BJP Infrastructure Sales Tax Revenue Bonds

Debt Summary			
Total Outstanding Debt			
Principal Outstanding	328,820,000		
Final Maturity	10/1/2030		
Maximum Annual Debt Service	82,046,245		
MADS Net of DSRF Release	44,587,307		
Refunding Breakdown			
Callable Debt	32,495,000		
Non-Callable Debt	296,325,000		
Ratings			
Moody's	S&P	Fitch	Kroll
Aa3	A+	A+	-
Debt Service Reserve Fund			
FY 2023 Requirement	42,712,259		

BJP Infrastructure Sales Tax Bonds – Annual Debt Service by Series
(Scheduled Amortization)

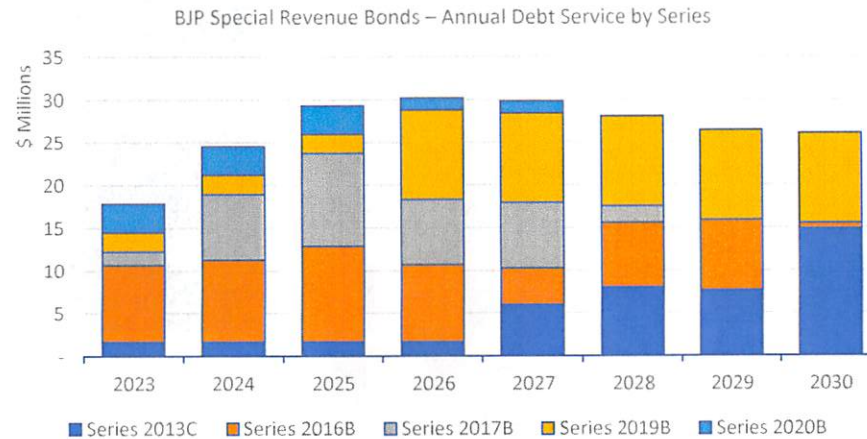


Series Name	Purpose	Tax Status	Issue Size	Final Maturity	Outstanding Par	Next Call Date	Refunding Status		
							Forward	Current	Non-Callable
As of 10/1/2022									
Series 2012A	Refunding	Tax-Exempt	114,890,000	10/1/2025	8,645,000	-	-	-	8,645,000
Series 2016	Refunding	Tax-Exempt	67,070,000	10/1/2030	49,140,000	10/1/2025	32,495,000	-	16,645,000
Series 2021	Refunding	Tax-Exempt	16,530,000	10/1/2023	8,285,000	-	-	-	8,285,000
Series 2022	Refunding	Tax-Exempt	262,750,000	10/1/2026	262,750,000	-	-	-	262,750,000
Total			461,240,000		328,820,000		32,495,000	-	296,325,000



BJP Special Revenue Bonds

Debt Summary			
Total Outstanding Debt			
Principal Outstanding	169,805,000		
Final Maturity	10/1/2030		
Maximum Annual Debt Service	30,203,163		
Refunding Breakdown			
Callable Debt	89,370,000		
Non-Callable Debt	80,435,000		
Ratings			
Moody's	S&P	Fitch	Kroll
Aa3	AA	AA-	-
Debt Service Reserve Fund			
FY 2023 Requirement	18,287,000		

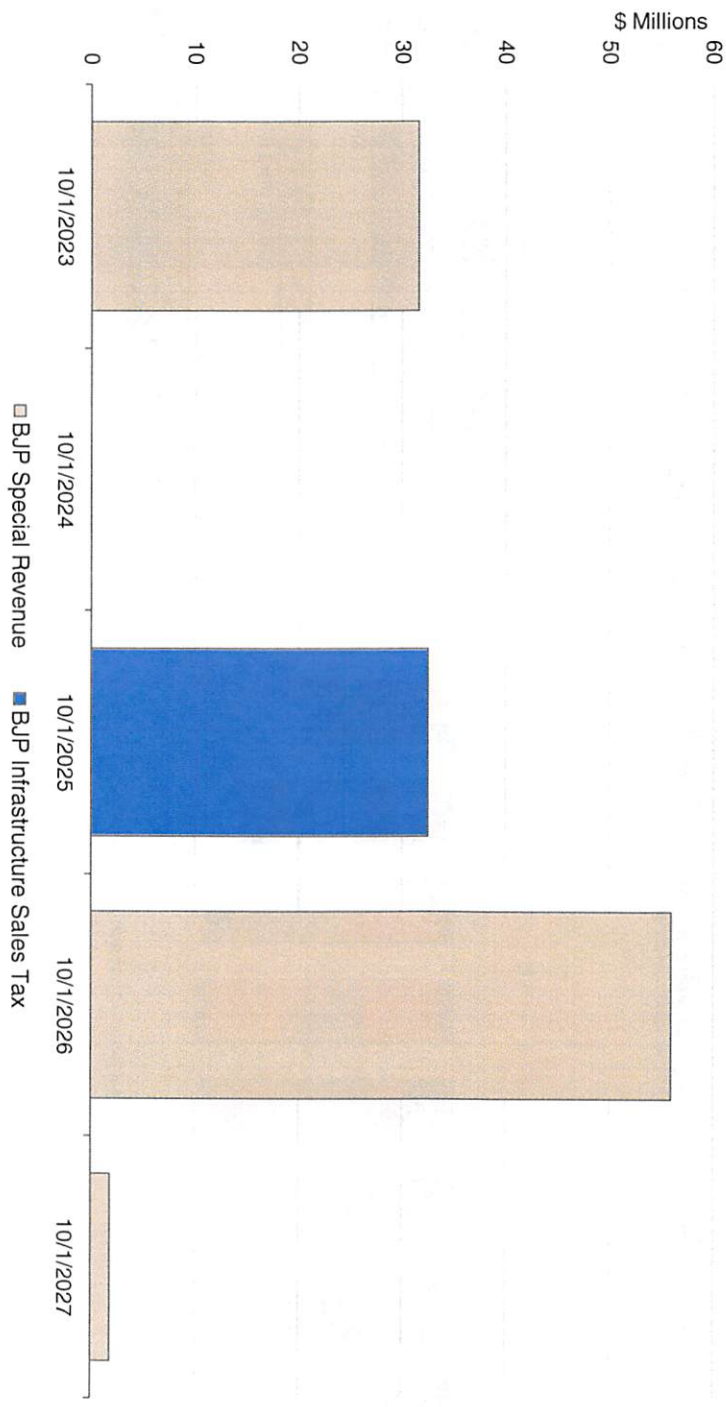


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Series 2016B	Refunding	Tax-Exempt	58,645,000	10/1/2030	50,020,000	10/1/2026	18,660,000	-	31,360,000	
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Total			182,870,000		169,805,000		89,370,000	-	80,435,000	



Callable BJP Bonds

Callable BJP Debt by Year



BJP Program Estimated Sources & Uses

- A sample summary of where funds come from and how they will be spent to sunset the BJP program by the end of 2026:

Total Sources	
Cash Available ¹	55,000,000
BJP Infrastructure Sales Tax Revenues ²	504,811,003
Interest Earnings ³	2,432,800
Release of Reserves ⁴	64,346,335
Total Revenues	626,590,137
Total Uses	
BJP Infrastructure Sales Surtax Bonds Outstanding ⁵	328,820,000
BJP Special Revenue Bonds Outstanding ⁵	169,805,000
Interest Expense on Debt ⁶	48,547,705
Total Expenses	547,172,705
Excess (Deficit) Projected Revenues	79,417,432

Notes:

- ¹ Cash available net of an estimated \$76 million of remaining project funds
- ² Projected Revenues based on 2022 actual collections with 3% annual growth through December 2026
- ³ Interest Earnings on projected fund balance at 0.25% for DSF and 0.50% on DSRF balances
- ⁴ Current combined BJP IST & BJP SRB Reserve Fund balance
- ⁵ Bond Par Amount outstanding as of October 1, 2022
- ⁶ Projected net interest expense based on general assumptions assuming annual use of cash available to pre-pay bonds

