

GO Pompano! Moving Forward with **EXCELLENT CREDIT RATING**

In the May edition of Tradewinds, you read a step-by-step blueprint of how local officials plan to secure the funding for the major city improvements GO Pompano! has in store. Recently, the City of Pompano Beach accomplished a major milestone in its planning process.

In August, the City submitted a credit package to the national rating agency and received an excellent credit rating of AA/Positive! Like a mortgage, the City's credit rating determined the interest rate on the General Obligation bonds that the City will use to fund the GO Pompano! city improvements.

The city's high "AA" rating means a lower interest rate on the bonds.

As a matter of fact the City had initially conservatively estimated an interest rate of 4.6% on the 2018 sale of GO Bonds authorized by voters on March 13, 2018 and was excited to actually obtain an interest rate of about 3.7% on the bonds in September. This almost 1% less in interest rate equates to a savings of \$20 million in interest expense on the G.O. Bonds over the repayment period.

Here's what went into the rating agency's decision to give Pompano Beach its excellent rating:

STRONG ECONOMY. According to their report, our economy is strong "due in part to our participation in the broad-and-diverse Miami-Fort Lauderdale-West Palm Beach MSA." Furthermore, they observed our per capita market value grew by 9.8% from 2016 to 2017 and our county unemployment rate in 2017 was 3.9%. Not to mention, the City has multiple economic development initiatives in motion, which are expected to generate over ten thousand jobs.

STRONG MANAGEMENT CONDITIONS. The agency noted the City's strong management conditions—taking into account the City's "good financial policies and practices," as well as its comprehensive emergency operations plan. Pompano is also making infrastructure improvements which will extend the life of the City's infrastructure systems.

STRONG BUDGETARY PERFORMANCE. The City's budgetary performance was seen as strong due in part to operating surpluses in fiscal 2017. The report also noted: "Year-to-date results for fiscal 2018 indicate an operating surplus of \$3 million." They also considered the fact that our 2019 recommended budget is balanced.

VERY STRONG LIQUIDITY. According to their report, "Pompano Beach's liquidity is very strong with total government available cash at 36.6% of total governmental fund expenditures and 13.5x governmental debt service in 2017."

ADEQUATE DEBT AND CONTINGENT LIABILITY PROFILE. According to their report, "Pompano Beach's debt and contingent liability profile is adequate. Total

governmental fund debt service is 2.7% of total governmental fund expenditures, and net direct debt is 80.8% of total governmental fund revenue. Overall net debt is low at 1.4% of market value, which is, in our view, a positive credit factor."

As you can see, a number of mandatory federal, state and local rules are in place to ensure the bond process is done right. Due to these important rules, you won't see construction activity occur just yet—but with the City's excellent credit rating, the tax impact to our residents over the bond term will be reduced and we're one step closer to making **GO Pompano!** a reality.

