

Indian River County
Inter-Office Memorandum

Office of Management and Budget

TO: Members of the Board
of County Commissioners

DATE: January 14, 2019

SUBJECT: **Spring Training Facility Revenue Bonds, Series 2001
Approval of Resolution for Partial Early Payoff
Budget Amendment 005**

FROM: Kristin Daniels
Director, Management & Budget

Background

The Series 2001 Bonds were issued to provide funds to finance a portion of the cost of acquisition and expansion of the Dodgertown spring training facility. Indian River County entered into an agreement with the City of Vero Beach and the Los Angeles Dodgers to acquire, renovate and expand this facility. The Series 2001 Bonds were originally secured by a first lien upon and pledge of (i) State Payments awarded to the County for the purpose of paying for the acquisition, construction, reconstruction, or renovation of a facility for a retained spring training franchise pursuant to Chapter 212.20, F.S. (\$500,000 per year), (ii) Fourth Cent Tourist Development Tax adopted in 2000 for this purpose, and (iii) Eighty-six percent (86%) of the Local Government Half-Cent Sales Tax distributed to the County pursuant to Chapter 218, Florida Statutes.

On June 18, 2013 the Board of County Commissioners approved a partial payoff of \$2,275,000 utilizing General Fund Reserves to pay down the debt. This partial payoff eliminated the need to utilize Half-Cent Sales Tax revenues as a funding source. Going forward, the bonds were solely funded by a combination of Fourth Cent Tourist Development Tax and State Payments.

On December 18, 2018 the Board of County Commissioners approved the Historic Dodgertown Facility Lease Agreement agenda item which included staff's financing plan. The financing plan proposed partial payoff of the Series 2001 Spring Training Bonds with Fourth Cent Tourist Development Tax Reserves totaling approximately \$1,125,000. This partial payoff will eliminate the need to utilize Fourth Cent Tourist Development Tax, leaving only the State Payments of \$500,000 per year to cover the debt service.

Analysis

Debt service payments for this bond issue are approximately \$873,000 per year. After 2021, the annual debt service is reduced to about \$500,000 per year, as the pledge on the Fourth Cent Tourist Development Tax is released. The bonds reach final maturity in 2031. Please see the chart below for a breakdown of the annual debt service by funding source.

Funding Source	FY 2018/19 Budget
Fourth Cent Tourist Development Tax	\$700,000
State Payments	\$500,000
Total – All Sources	\$1,200,000

The bonds are currently callable at par value. In addition to the \$1,125,000 approved partial payment, \$32,533 will be used to pay accrued interest and bond issuance fees. The prepayment of \$1,125,000 of the remaining \$5,665,000 currently outstanding would eliminate the need to utilize Fourth Cent Tourist Development Tax revenues to make the annual debt service payments. The remaining \$4,540,000 would be solely serviced by the \$500,000 annual State Payments.

This early payoff would provide three main benefits as detailed below:

1. **Reduction of Interest Expenses** - The bonds to be paid off carry an interest (coupon) rate of 5.25% per year. The net present value savings of the early partial payoff is \$91,579.
2. **Additional Revenue Available for Fourth Cent Tourist Development Tax** – As shown above, the early payoff of these bonds would make approximately \$700,000 additional Fourth Cent Tourist Development Tax revenue available each year. For years 1-3 of the Historic Dodgertown Facility Lease Agreement, this revenue will be utilized to fund a portion of the annual Capital Reserve Fund. For year 4-11 of the agreement, approximately \$325,000 per year is proposed to be funded utilizing the Fourth Cent Tourist Development Tax, thus making the additional funds available for other approved uses. After year 11 of the agreement, the entire portion of the Fourth Cent Tourist Development Tax will no longer be committed.

Funding

Funding for the payment of a portion of the County’s outstanding Spring Training Facility Revenue Bonds, Series 2001, in the amount of \$1,125,000, will be appropriated from Spring Training Facility/Debt Service/Cash Forward Oct 1st. Bond issuance fees and accrued interest totaling \$32,533 will be funded from Spring Training Facility/Debt Service/Reserve for Debt Service account 20411717-099920.

Staff Recommendation

Staff recommends that the Board of Commissioners approve the attached Resolution authorizing the redemption and payment of a portion of the County’s outstanding Spring Training Facility Revenue Bonds, Series 2001; authorizing the use of Fourth Cent Tourist Development Tax Reserves in the amount of \$1,125,000 to pay down this debt; and authorizing the proper officers of the County to do all acts necessary and proper for carrying out the transactions contemplated by this resolution. Staff further recommends that the Board authorize a budget amendment to allocate funding for this transaction.

Attachments

Resolution authorizing redemption and payment
 Budget Amendment 005 and Resolution