
Community Venues –Financing Plan Discussion

July 10, 2007

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1. Financing Parameters

Financing Parameters

The proposed preliminary financing plan was crafted based on the parameters set forth in the Letter of Understanding dated September 29, 2006 and conservative debt practices

- **Scope of Projects**

- County and City resources will be used to fund/finance a portion of the following projects:
 - Events Center \$480,000,000
 - Performing Arts Center \$425,000,000
 - Citrus Bowl Renovation \$175,000,000

- **Bond/Debt Issuer:**

- CRA or other issuing entity designated by the City of Orlando

- **Portion of Projects Financed**

- County and City anticipate financing will be limited to the following project fund amounts:
 - Events Center \$270,000,000 (6th Cent TDT)
 - Performing Arts Center \$258,000,000*
 - Citrus Bowl Renovation \$162,000,000*

* Of these amounts, approximately \$270 million will be repaid by 1-4th Cent TDT and approximately \$150 million will be repaid by CRA revenues

Financing Parameters

The County and City desire a financing plan to ensure that the Community Venues are financed as efficiently as practical.

- **Plan of Finance Assumptions:**
 - **½ 6th Cent TDT**
 - Finance up to \$270 million of Events Center project costs
 - Revenues commence October 2008 (transfers commence December 2008) and will be paid monthly for 30 years (November 1, 2038) or until debt is retired, whichever occurs first
 - **1-4th Cent TDT**
 - Finance up to \$270 million of OPAC and Citrus Bowl project costs utilizing the Contract TDT
 - County will transfer annually all Contract TDT in excess of 2% growth for 30 years or until debt is retired, whichever occurs first
 - Revenue transfer to City commences after County TDT reserves reach \$130 million
 - Base amount for calculations is \$123 million assumed for 2005
 - City will establish & CRA will maintain \$25 million reserve
 - **CRA**
 - Footprint is expanded to include Citrus Bowl
 - CRA revenue will finance \$150 million of project and infrastructure costs
 - **Other City Funding Sources:**
 - \$90 million land & infrastructure for Community Venues from redevelopment of Centroplex
 - \$51 million to construct parking & infrastructure from debt financing

2. Preliminary Financing Structure – TDT Revenues

Contract 6th Cent Revenue Debt

The proposed financing structure provides \$270 million in funding, maintains the credit integrity of the County and City, and requires the Orlando Magic to pay for the guaranty of \$100 million of bonds.

Senior / Subordinate Debt Structure (6th Cent TDT only)

- \$270 million “AAA/Aaa” insured Senior & Subordinate Lien Bonds¹
 - Bonds will be issued in 3 Series on or about 11/1/2007
 - \$170 million Senior Lien Series A
 - Approximately \$50 million Subordinate Lien Series B
 - Approximately \$50 million Subordinate Lien Series C
 - All Series of Bonds will be secured by Contract 6th Cent Revenues & backed by “AAA/Aaa” bond insurance
 - Term of Contract 6th Cent Revenues will not exceed 30 years as outlined in LOU (no “tail”)
 - Interest earnings on the Series A and B bond proceeds will be used to partially offset interest cost of bonds from issuance date until October 2008.
 - Interest earnings on the Series C bond proceeds will be used to partially offset interest cost of bonds from issuance date until October 2009.

Senior Lien Bonds – Series A

- \$170 million Senior Lien Bonds, Series A
- “AAA/Aaa” insured bond issue
 - approximately 1.35x Debt Service Coverage
 - Traditional debt structure with fixed amortization

¹ Actual bond issues will be sized to produce total of \$270 million of project proceeds

Contract 6th Cent Revenue Debt

The proposed financing structure provides \$270 million in funding, maintains the credit integrity of the County and City, and requires the Orlando Magic to pay for the guaranty of \$100 million of bonds.

Subordinate Lien Bonds – Series B & Series C

- \$100 million Subordinate Lien Bonds
- “Aaa/AAA” insured bonds issued in two separate series
 - Magic organization will pay 100% of bond insurance premium for \$100 million subordinate lien bonds
 - Approximately \$50 million Subordinate Lien Series B
 - “AAA/Aaa” insured issue
 - Payment of Series B bonds will be subordinate to Series A
 - Issue sized at maximum amount that can be supported by revenues at time of issuance
 - Traditional debt structure with approximately level debt service amortization
 - Approximately \$50 million Subordinate Lien Series C
 - Payment of Series C bonds will be subordinate to Series A; possibly on parity with Series B
 - The Series C bonds will have a flexible amortization and approximately level debt service with the ability to adjust in the event of insufficient coverage. Specific structure of Series C Bonds determined at time of issuance.

Contract 6th Cent Revenue Debt

The proposed financing structure provides \$270 million in funding, maintains the credit integrity of the County and City, and requires the Orlando Magic to pay for the guaranty of \$100 million of bonds.

Benefits of Structure

- ✓ Provides \$270 million of project proceeds
- ✓ Efficient financing structure at “AAA/Aaa” insured interest rates
- ✓ Magic organization provides bond guarantee on \$100 million of subordinate bonds by:
 - paying 100% of “AAA/Aaa” bond insurance premium for Series B & Series C
- ✓ Bond Insurance on subordinate debt provides stronger guarantee / lower risk for County, City, and investors than stand alone Magic organization guarantee since exposure is shifted to “AAA/Aaa” rated insurance company

Contract 6th Cent Revenue Debt

The proposed financing structure provides \$270 million in funding, maintains the credit integrity of the County and City, and requires the Orlando Magic to pay for the guaranty of \$100 million of bonds.

Considerations

- Bonds sized to produce \$270 million of project funds plus reasonable costs of issuance & reserves
- Cost of issuance including AICR limited to 3% of project amount plus reserves. Advance Issue Carry Reimbursement is reduced and is only necessary to cover the non-asset bonds and the debt service in October and November of 2008 (negative carry), thereby allowing the entire cost of issuance to be limited to 3%.
- The Magic contribute and escrow their \$50 million cash up-front to trustee bank for immediate use and provide the interest earnings thereon for the benefit of the project
- Magic will pay 100% of bond insurance premium on Series B and C Bonds
- Interest earnings on project and reserve funds used to partially reduce debt service on bonds until October 2008 for Series A&B Bonds and October 2009 for Series C Bonds
- “Closed” indenture to prohibit future debt issuance (other than refunding prior debt for savings)
- Bond funded reserve fund at MADS for each Series of bonds
 - ½ for Liquidity Reserve
 - ½ for DSRF
 - Used to make final year’s debt service payment in 2038
- Excess Contract 6th Cent Revenues used to:
 - Pre-pay bonds (highest available coupon first)
 - Ability of subordinate lien bonds to ascend to senior lien status (bond insurer consideration)
- Because the early issuance of the last \$100 million exposes the slight possibility of excess interest costs (not to exceed \$5 million) to repay any insurance draws at rates higher than the rate on the debt, the Magic will indemnify the City and County and agree to pay any excess interest expense due to insurance draws until 2012

Contract 1-4th Cent Revenue Debt

The proposed financing structure provides \$270 million in funding and maintains the credit integrity of the County and City.

Revenue Bond and/or Lease Revenue Debt Structure

OPAC

- \$129 million “AAA/Aaa” insured bond issued based on draw schedule, expected to be issued in two series in 2007 and 2009
 - Primarily supported by CRA revenues
- \$130 million completion bonds issued based on draw schedule; expected to be issued in two series in 2009 and 2010
 - City may enter into interest rate hedge for completion bonds
 - Bonds issued based on draw schedule and primary repayment from 1-4th Cent TDT transferred to City (“Contract 1-4th Cent Revenues”)

Citrus Bowl

- \$21 million “AAA/Aaa” insured bond issued based on draw schedule in 2007-2008
 - Primarily supported by CRA revenues
 - Finance estimated needs thru January 2009
- \$140 million insured bond issued based on draw schedules; expected to be issued in two series in 2009 and 2010
 - Bonds issued based on draw schedule and primary repayment from 1-4th Cent TDT transferred to City (“Contract 1-4th Cent Revenues”)

Contract 1-4th Cent Revenue Debt

The proposed financing structure provides \$270 million in funding and maintains the credit integrity of the County and City.

Revenue Bond and/or Lease Revenue Debt Structure

- Contract 1-4th Cent Revenues will flow to Bondholders via Trustee for 30 years or until such time as debt service on bonds supporting \$270 million of projects are repaid, whichever occurs first
- Bonds will be issued to meet funding needs as outlined in draw schedules provided by venue partners

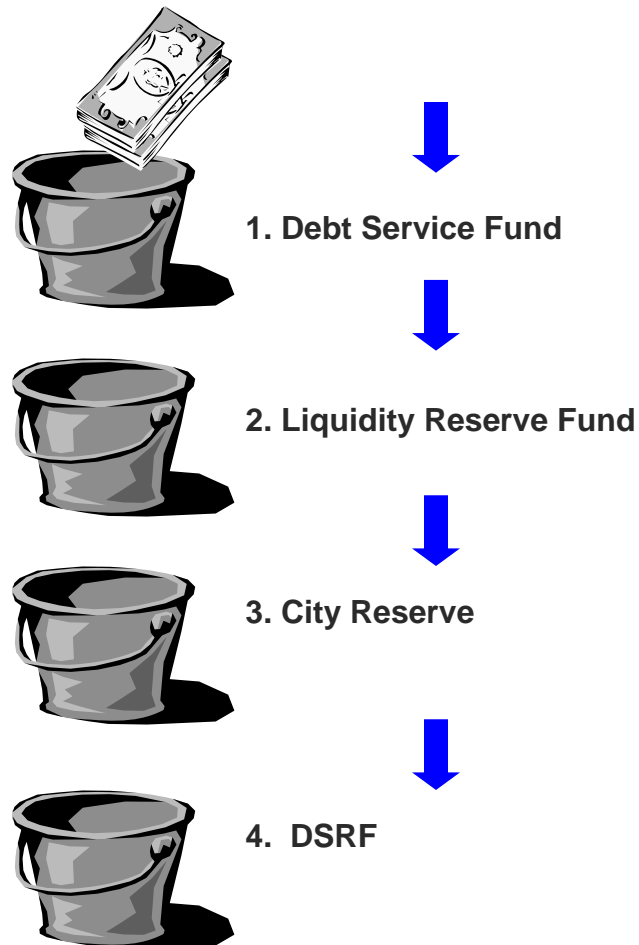
City \$25 million Reserve Fund

- City will establish \$25 million reserve to support Contract 1-4th Cent revenue debt
- If necessary, reserve fund will be replenished by covenant to budget & appropriate from legally available CRA revenues.

Contract 1-4th Cent Revenue Debt

In accordance with the LOU, all 1-4th Cent Contract Revenues will flow to the City via interlocal agreement for 30 years or until approximately \$270 million in debt is repaid, whichever occurs first.

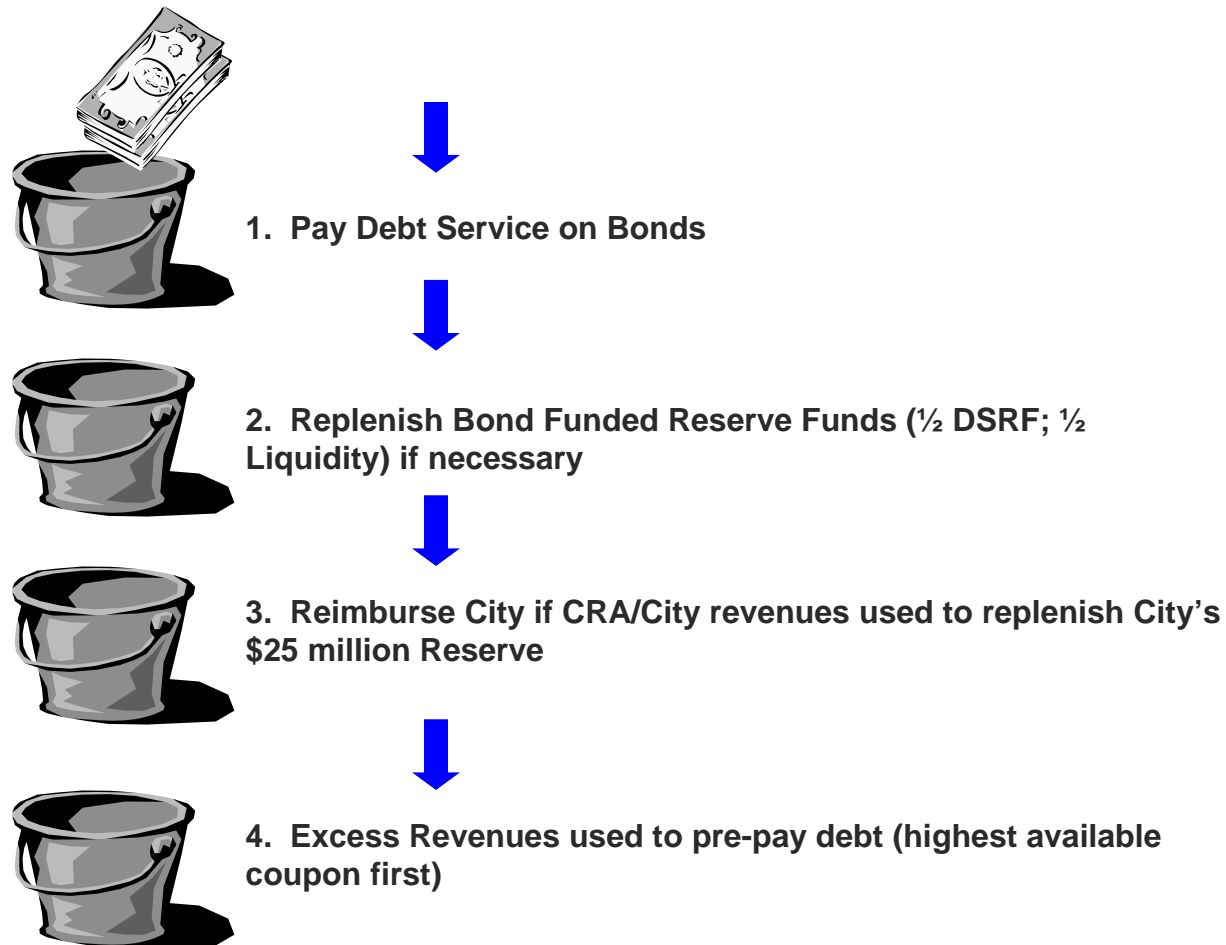
The proposed plan of finance is based on the following flow of funds:



Contract 1-4th Cent Revenue Debt

In accordance with the LOU, all 1-4th Cent Contract Revenues will flow to the City via interlocal agreement for 30 years or until approximately \$270 million in debt is repaid, whichever occurs first.

The proposed plan of finance is based on the following use of Contract 1-4th Cent Revenues:



Any amounts not spent in these buckets will be returned to the County

Contract 1-4th Cent Revenue Debt

The proposed financing structure provides \$270 million in funding and maintains the credit integrity of the County and City.

Contract 1-4th Cent Revenue Debt Considerations

- Bonds sized to produce \$270 million of project funds plus reasonable costs of issuance & reserves
- Cost of issuance limited to 3%
- Interest earnings on reserve funds and excess project fund earnings used to reduce debt service
- “Closed” indenture on Contract 1-4th Cent Revenues to prohibit future debt issuance (other than refunding prior debt for savings)
- Bond funded Debt Service Reserve Fund at MADS for each Series of bonds
 - ½ for Liquidity Reserve
 - ½ for DSRF
 - Used to make final year’s debt service payment
- Excess Contract 1-4th Cent Revenues used to:
 - Pre-pay bonds (highest available coupon first)
- Other requirements of bond insurer

DRAFT - SUBJECT TO CHANGE

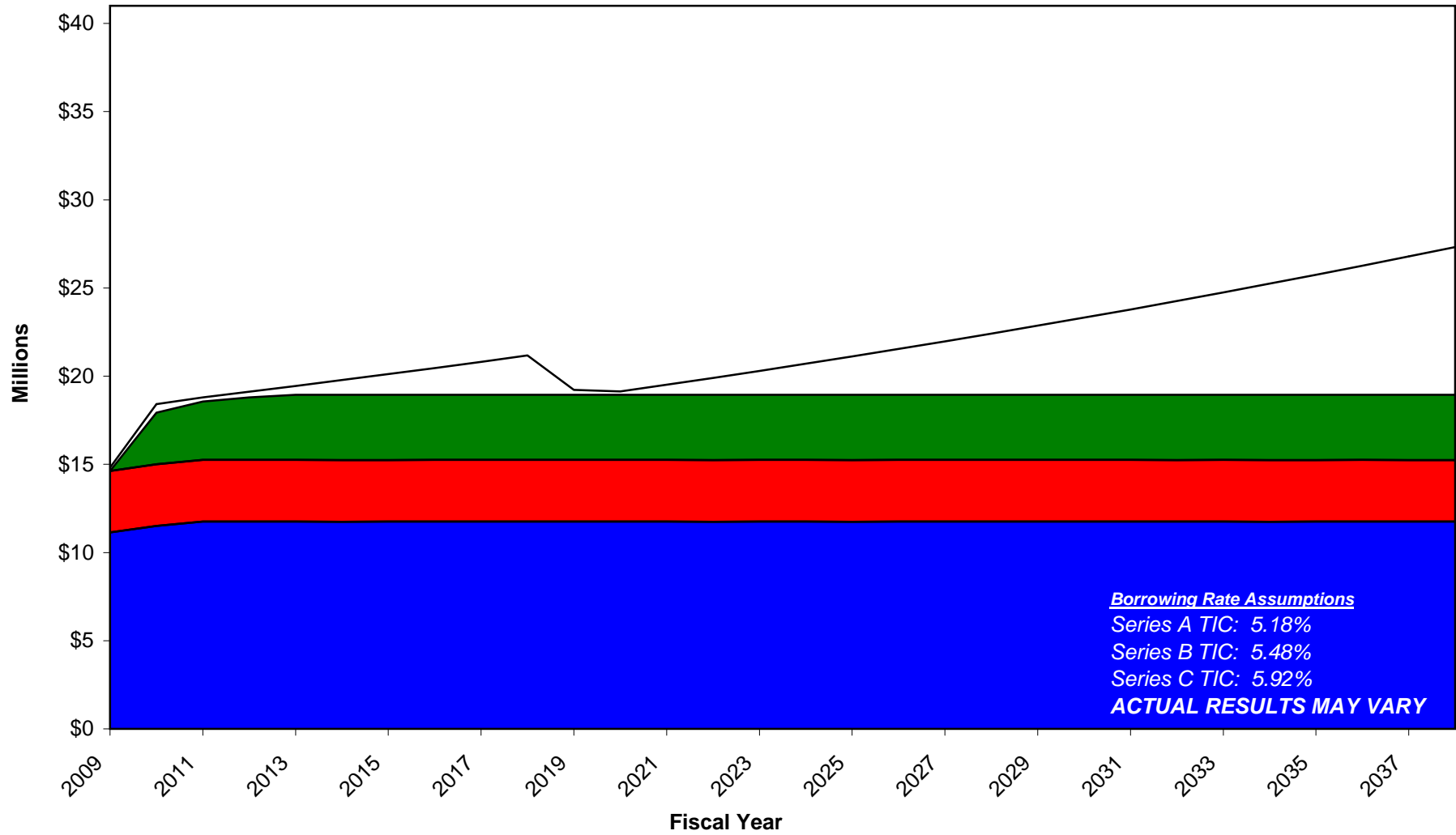
**City of Orlando
Community Venues
Overall Project Sources and Uses of Funds**

<u>Sources of Funds</u>	<u>PAC</u>	<u>Events Center</u>	<u>Renovated Citrus Bowl</u>	<u>Total</u>
Corporate, Private, Philanthropic Contributions	\$81,000,000	\$50,000,000	\$0	\$131,000,000
Present Value of Magic Annual Lease Payments		12,000,000		12,000,000
Contributed Land	27,000,000			27,000,000
Proceeds from Redevelopment-Sale of Land	18,000,000	62,000,000	10,000,000	90,000,000
City Covenant Bond Proceeds	14,000,000	37,000,000		51,000,000
State Sources	15,000,000	30,000,000		45,000,000
TDT Senior (6th Cent)		170,000,000		170,000,000
TDT Subordinate (6th Cent)		50,000,000		50,000,000
Event Center Completion Bonds (6th Cent)		50,000,000		50,000,000
CRA 1 Bonds	30,000,000		21,000,000	51,000,000
CRA 2 Bonds	99,000,000			99,000,000
TDT 1 (5 Cents)			82,000,000	82,000,000
TDT 2 (5 Cents)	130,000,000		58,000,000	188,000,000
Interest Earnings	11,000,000	19,000,000	4,000,000	34,000,000
Total Sources of Funds	<u>\$425,000,000</u>	<u>\$480,000,000</u>	<u>\$175,000,000</u>	<u>\$1,080,000,000</u>

<u>Uses of Funds</u>	<u>PAC</u>	<u>Events Center</u>	<u>Renovated Citrus Bowl</u>	<u>Total</u>
Gross Construction Costs	\$354,000,000	\$380,000,000	\$175,000,000	\$909,000,000
Property Contribution, Acquisition, Site Prep	30,000,000	40,000,000		70,000,000
Parking, Roads, and Site Improvements	41,000,000	60,000,000		101,000,000
Total Uses of Funds	<u>\$425,000,000</u>	<u>\$480,000,000</u>	<u>\$175,000,000</u>	<u>\$1,080,000,000</u>

PRELIMINARY DRAFT, SUBJECT TO CHANGE BASED UPON CREDIT ENHANCEMENT DISCUSSIONS
FOR ILLUSTRATION PURPOSES ONLY

Contract 6th Cent Revenues & Contract 6th Cent Obligations

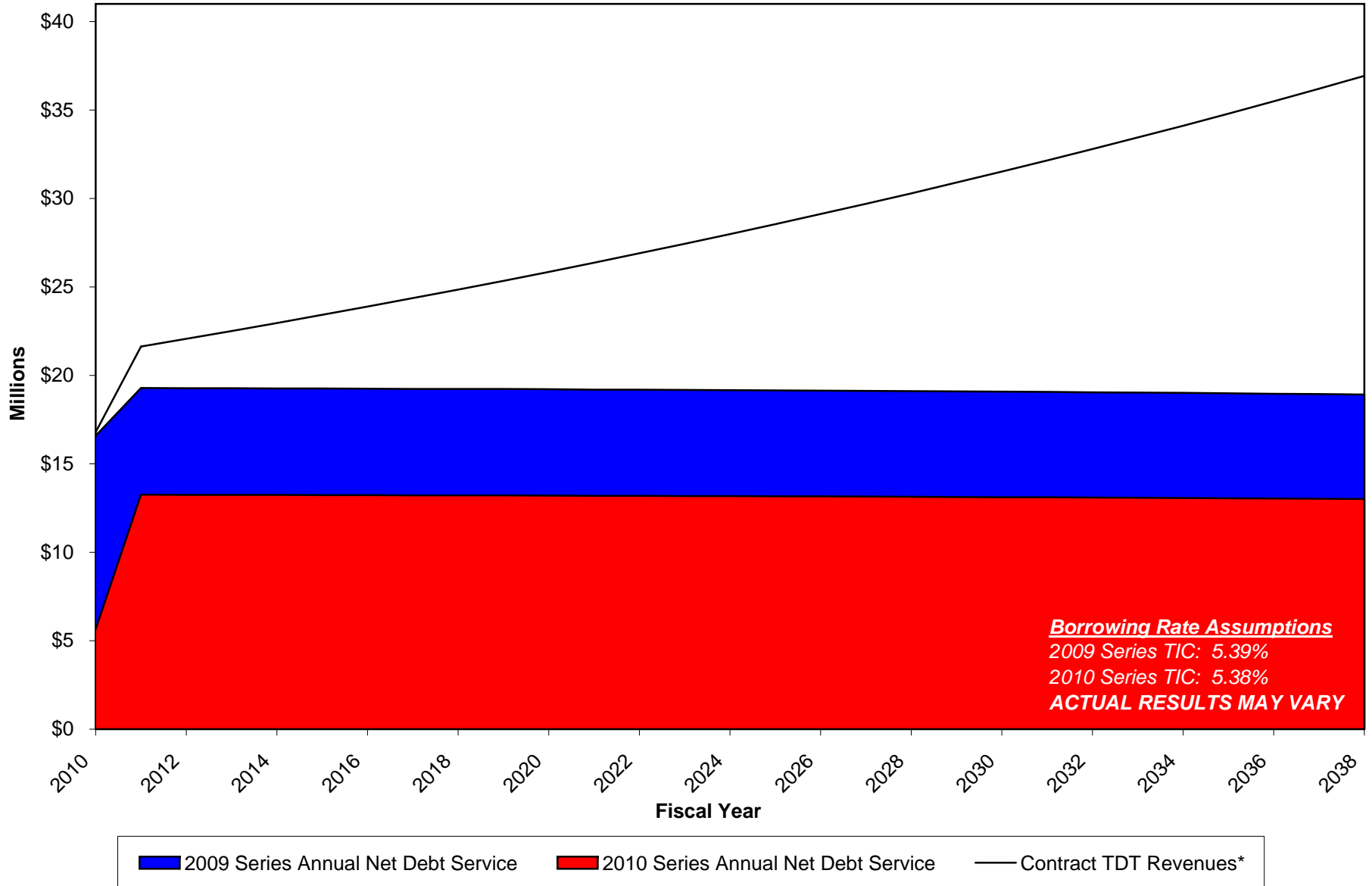


***Revenue Assumptions based on Orange County's estimates:** 6th Cent TDT for FY 2007 is projected at \$27.2 million. 6th Cent TDT revenue is assumed to grow at an annual rate of 5% from FY 2008-10; annual growth from FY 2011-38 is projected at 2%.

During FY 2009-18 only, Contract 6th Cent Revenues include five percent (5%) of the Sixth Cent TDT collected in FY 2006-08 in addition to fifty percent (50%) of the Sixth Cent TDT collected in each Fiscal Year.

PRELIMINARY DRAFT, SUBJECT TO CHANGE BASED UPON CREDIT ENHANCEMENT DISCUSSIONS
FOR ILLUSTRATION PURPOSES ONLY

Contract TDT Revenues & Contract TDT Obligations



*Revenue Assumptions based on Orange County's estimates: Tourist Development Taxes and Contract TDT Revenues for FY 2007 are assumed at \$136 million. Tourist Development Taxes are projected to grow at an annual rate of 5% from FY 2008-10; annual growth from FY 2011-38 is projected at 2%.