Town of Melbourne Beach, Florida

Town Commission Meeting

General Obligation Bond Financing Update

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Financing Future Capital Needs – Overview

- The Town has significant capital needs moving forward including stormwater needs
- Local governments often issue debt to fund these long-term capital needs for the following reasons:
  - Large capital projects often can't be broken into smaller phases and funded out of annual budget
  - Mitigate rising construction costs
  - Taxpayer / Ratepayer equity – if multiple generations of tax or rate payers benefit from a capital project, then they should all pay for it
  - Historically speaking, interest rates for municipalities are low (tax-exempt)
- Local governments have a variety of financing options at their disposal including revenue bonds and general obligation bonds
  - Revenue Bonds are backed by revenues from a specific source
    - This can be revenues from an enterprise fund, such as water and sewer revenues or from the general fund which includes non ad valorem revenues
  - General Obligation Bonds are backed by the full faith and credit of the issuer, which has the power to tax residents to pay bondholders (ad valorem taxes)
    - They require voter referendum approval in Florida

General Obligation Bonds – Estimated Millage Impact

- The table below provides context on the estimated required millage levy to fund up to $5 million of capital needs over 20 years based on the current property tax Homestead exemption
  - Assumes initial $2 million Borrowing in 2027, followed by $3 million Borrowing in 2029

20-Year General Obligation Bond Financing			
Issuance Date	**Project Amount**	**Est. Millage Levy***	**Est. Annual Tax Payer Impact ($250,000 Taxable Assessed Value)***
2027	$2,000,000	0.22 mills	$54.00
2029	$3,000,000	0.31 mills	$77.00
Total	$5,000,000	0.53 mills	$131.00

*Based on 2026 estimated $722.0 million Taxable Value and assuming 2% annual growth

General Obligation Bonds – Estimated Millage Impact

- The table below provides context on the estimated required millage levy to fund up to $5 million of capital needs over 20 years based on the estimated Taxable Value if the proposed property tax amendment passes in November
  - Assumes initial $2 million Borrowing in 2027, followed by $3 million Borrowing in 2029

20-Year General Obligation Bond Financing			
Issuance Date	**Project Amount**	**Est. Millage Levy***	**Est. Annual Tax Payer Impact ($250,000 Taxable Assessed Value)***
2027	$2,000,000	0.29 mills	$72.00
2029	$3,000,000	0.41 mills	$103.00
Total	$5,000,000	0.70 mills	$175.00

*Based on 2026 estimated $722.0 million Taxable Value (less estimated 25.3% reduction from property tax amendment) and assuming 2% annual growth

Financing Future Capital Needs – General Obligation Bonds

- If the Town Commission wanted to pursue a general obligation bond issuance, the November 2026 election would be an option for holding the referendum. The following steps would need to take place leading up the referendum
  - **June 2026:** Staff/Commission to Finalize Project List to Be Financed, Run Taxpayer Impact Assumptions based on Varying Dollar Amounts to present options to Town Commission for sizing of G.O. Bond Issue
  - **July 2026:** Town Attorney / Bond Counsel prepare resolution, including project scope, ballot question and referendum date
  - **August 2026:** Town Commission consider resolution authorizing referendum
  - **August 17, 2026:** Deadline to submit ballot language to Supervisor of Elections
  - **September/October 2026:** Series of public notices are published as legally required
  - **November 2026:** Referendum is held
- If the referendum is passed, the Town in consultation with the Town Attorney and Bond Counsel can consider whether a bond validation process is undertaken
- The Town would then begin the process of issuing bonds, the timing of which would be determined based on when projects would commence

2026 GO Bond financing – Website education

City of Marco Island – Bridge and Paving:
https://www.cityofmarcoisland.com/o/comi/page/2026-general-obligation-bond

City of Temple Terrace – Public Safety Complex:
https://www.templeterrace.gov/884/General-Obligation-Bond-2026

City of Bonita Springs – Land Acquisition (parks):

https://www.cityofbonitasprings.org/news/what_s_new/city_council_advances_rail-to-_trail_funding_to_vo