

Town of Hillsboro Beach

Analysis of Lot Purchase



Version Date: December 16, 2019

Estimated Cost to Finance

Principal Amount	Cost of Issuance	Total Amt\$ Financed	Total Interest	Total Cost of Loan	Annual Payments
30 Year Loan					
\$15M	\$675K	\$15.7M	\$11.4M	\$27.1M	\$902K
\$20M	\$900K	\$20.9M	\$15.2M	\$36.1M	\$1.2M

Assumptions/Notes

- 1.) Cost of Issuance includes underwriting fees, bank fees, legal fees, financial advisor and contingency.
- 2.) Annual payments calculated using a 4% interest rate.
- 3.) Annual loss of property tax revenue (Assuming millage rate of 3.50): *Approximately \$27K/year.*

Comparison of Financing Methods

	Property Tax (Millage)	Special Assessment
Debt Instrument	General Obligation Bond (GOB)	Revenue Bond
Term	30	30
Rate	lowest rate	appx + 50 basis points premium
Credit Risk	Very low credit risk	Lender assumes risk of unpaid assessments
Methodology	straight forward	requires testing and validation

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Comparison of Assessments vs. Property Tax (\$20M for 30 years)

Top 20 Parcels (Taxable Value)

	Assessments	Property Taxes	Difference
Total Annual Payments	\$111,831	\$304,331	(\$192,499)
% of Annual Amount Collected	8.74%	24.4%	-15.7%

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Comparison of Assessments vs. Property Tax (\$20M for 30 years)

Address	Use Code	Assessment	Property Tax	Difference
1200	Condo	\$507	\$736	(\$229)
1021	Condo	\$499	\$269	\$229
1149	Condo	\$510	\$263	\$247
1166	Condo	\$527	\$45	\$483
1236	Condo	\$503	\$228	\$275
1179	Vacant	\$742	\$3,251	(\$2,509)
1159	Hotel/Motel	\$23,222	\$9,114	\$14,107
901	Hotel/Motel	\$58,534	\$46,191	\$12,343
N/A	Average Single Family	\$815	\$3,357	(\$2,542)

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Proposed Bond Amount

	Amount \$
Parcel Selling Price	\$ 13,900,000
Building Demolition	250,000
Parking (\$5k/space)	250,000
Landscaping	100,000
Total \$	14,500,000

Other Possible Projects:

Pickel Ball
 Fire station
 Town hall redesign
 Dock/Seawall Repairs

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Questions

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Potential Annual Impact on Property Taxes -(Homesteaded)

Assessed Value	Loan Amount	
	\$15M	\$20M
\$200,000	\$101	\$134
\$400,000	\$235	\$314
\$1,000,000	\$639	\$852
\$10,000,000	\$6,691	\$8,921
\$20,000,000	\$13,415	\$17,887

Assumptions

- 1.) Based on total taxable values of \$1,397,056,941.
- 2.) Does not include adjustment for future changes in property values.
- 3.) Annual Amount grossed up to include potential early payment discounts.

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Potential Annual Impact on Property Taxes -(Non-Homesteaded)

Assessed Value	Loan Amount	
	\$15M	\$20M
\$200,000	\$134	\$179
\$400,000	\$269	\$359
\$1,000,000	\$672	\$897
\$10,000,000	\$6,725	\$8,966
\$20,000,000	\$13,449	\$17,932

Assumptions

- 1.) Based on total taxable values of \$1,397,056,941.
- 2.) Does not include adjustment for future changes in property values.
- 3.) Annual Amount grossed up to include potential early payment discounts.

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Potential Annual Impact on Special Assessments

Assessment Type	Loan Amount	
	\$15M	\$20M
Amount Per ERU	\$364.58	\$486.10
Amount Per Front Footage	\$4.64	\$6.18
Total	\$369.22	\$492.28

Assumptions

- 1.) Based on current beach assessment methodology
- 2.) Annual Amount grossed up to include potential early payment discounts and collection costs.
- 3.) Current beach assessment -

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