

Credit Considerations

- **Tax Increment Bonds:**
 - Incremental receipts and coverage of MADS
 - Taxpayer concentration
 - Historical & projected assessed valuation growth and volatility
 - Legal provisions
- **Special Assessment Bonds:**
 - District makeup and economic base
 - Taxpayer concentration & value to lien ratios
 - Collection methodology and history
 - Debt service reserve fund

Case Study

- **Issuer:** Northern Palm Beach County Improvement District – Unit 43
- **Issue:** Water Control and Improvement Refunding Bonds, Series 2007B
- **Security:** Drainage taxes on taxable property within Unit 43 - “Mirasol”
- **Goal:** Refunding savings in excess of 3% of refunded par amount
- **Strengths:** Built-out high-end development by Taylor Woodrow
- **Concerns:** Tax concentration w/in exclusive country club & golf course
- **Enhancement:** ACA providing insured rating of “A” by S&P
- **Pricing:** More than 3x oversubscribed at 50 – 60 bps over MMD & 10 – 20 bps over comparable “AAA” insured
- **Buyers:** Institutional, money managers, high net worth retail, & bond funds
- **Results:** Higher than expected savings in excess of 5.5%
- **Benefits:** Cost effective credit enhancement provided investment grade rating w/out the rigid provisions and significant cost of “AAA” insurance

Pricing Comparison

- **Cost Effective Credit Enhancement**
 - Premium Charged
 - Benefit Achieved

Special Assessment Bonds Average Pricing Spreads to MMD

Maturity	Non-Rated	ACA "A" Insured	"AAA" Insured
10-year	n/a	60 bps	25 bps
20-year	n/a	70 bps	50 bps
30-year	125 - 150 bps	75 bps	50 bps

*The information presented above is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved.