

DEBT ADMINISTRATION OVERVIEW

The Debt Management Policy is part of the comprehensive St. Lucie County's Financial Policy included under the Introduction tab in this issue of the Budget Book. The details of the outstanding debt obligations such as original amounts, outstanding balances, fiscal year principal and interest are shown in the Debt Summary Schedule in this section of the book.

DEBT ISSUANCE PROCEDURES

Requests for debt issuance are considered in accordance with the County's overall adopted priorities and 5-year Capital Plan. St. Lucie County retains the services of professional financial consultants to facilitate the process.

The County may issue general obligation (GO) bonds and other debt instruments by means of referendums, County Ordinances, Bond Resolutions and/or other applicable provisions of law as required, and in full compliance with, the Constitution and Statutes of the State of Florida.

DEBT RATIOS *	BENCHMARK **	09/30/09	09/30/10	09/30/11	09/30/12
Net Direct Debt per Capita***	\$400	\$390	\$380	\$349	\$335
Net Direct Debt per Capita as % of Income per Capita	2%	1.39%	1.31%	1.18%	1.13%
Net Direct Debt as % of Taxable Property Value	1%	0.66%	0.70%	0.69%	0.66%
Net Direct Debt Service as % of General Govt. Expenditures	10%	5.56%	4.96%	4.42%	4.62%

Debt ratio calculations are based on the following data and sources:

280,355	Population of St. Lucie County – Estimate for 2012 Source: University of FL Bureau of Economic and Business Research (BEBR)
\$29,670	Per Capita Income in St. Lucie County Source: U.S. Dept. of Commerce; http://www.bea.doc.gov/bea/regional/
\$212,706,430	General Government Expenditures**** Source: FY12 Budget, FGIBDST Banner Query, Funds 001% and 107% as of 9/30/12
\$93,874,078	Net Direct Debt (General Obligation and Governmental Funds Bonds) Source: Bond Offering Statements as of September 30, 2012.
\$9,826,706	Net Direct Debt Service (Annual principal, interest and other debt service costs FY13) Source: Bond Offering Statements as of September 30, 2012.
\$14,195,971,816	Taxable Property Value (Property Appraiser's total property value before exemptions) Source: Tax Roll Certification

* Expressions used in these calculations are defined in the St. Lucie County Financial Policy section of this book

** Benchmarks are desirable ratio levels outlined in the St. Lucie County Financial Policy section of this book

*** Direct Debt includes general obligations and governmental fund bond debt

**** General Governmental expenditures are considered General Fund and Fine and Forfeiture Fund expenditures

Throughout the process, the County Administration and the Finance Department coordinate the issuance of debt, such as sizing the new issue, structuring the debt, identifying the repayment sources and determining the mix and method of sale. The County, as a practice, structures all long-term debt with prepayment options except when alternative structures are more advantageous. The County's debt service requirements reflect its fiscal policies regarding the prudent use of tax-exempt financing.

CREDIT RATINGS

The County strives to maintain a minimum underlying bond rating equivalent to 'Upper Medium Grade' (Moody Rating Service A or Standard & Poor's A). Moody's and S&P evaluated St. Lucie County's underlying creditworthiness in June of 2005. Moody's rated the county at A2. S&P gave the county a rating of A. Both ratings indicate the County is in the 'Upper Medium Grade' of investment quality.

On March 18, 2011, Standard and Poor's (S & P) confirmed the assigned "A+" rating and stable outlook for Issuer Credit Rating for St. Lucie County (SLC) and the SLC Gas Tax Revenue Bonds and confirmed the "A" Rating for SLC Sales Tax Revenue Bonds. S & P also upgraded the rating to "A+" from "A" while affirming the stable outlook for the SLC State Revenue Sharing Improvement Revenue Bonds.

Moody's Investors Service confirmed St. Lucie County's A2 Sales Tax Revenue bond rating on June 22, 2012. Also, it confirmed the County's Aa2 issuer rating, and the A1 Transportation Revenue (Gas Tax) Rating.

St. Lucie County has established a fund balance policy at 5% of operating expenses as recommended by Bond rating agencies.

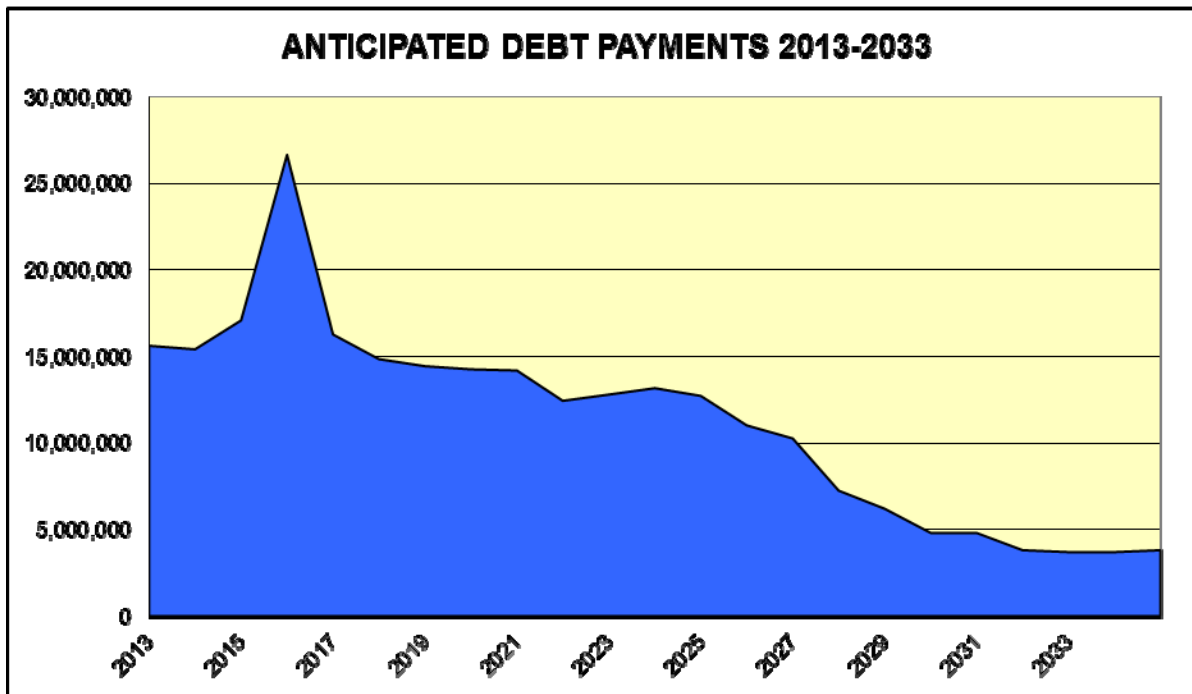
The County Debt Policy also outlines several key indicators designed to keep direct debt at the lowest possible level.

LEGAL DEBT MARGIN

Neither the Florida Constitution, Florida Statutes, nor the St. Lucie Board of County Commissioners place limits on the amount of debt the voters may approve by referendum. As of September 30, 2012 the County anticipates \$93,874,078 million of general obligation and governmental funds bonds. Based on the assessed valuation of \$14 billion for the fiscal year ending September 30, 2012, the County's general obligation and voted debt ratio currently equals 0.66 percent (0.66%).

OUTSTANDING INDEBTEDNESS

The County's total outstanding debt as of September 30, 2012 is estimated to be \$167,070,622 million. Approximately 0.60 percent of the total County debt is repaid with property tax revenues (\$1,010,000 million General Obligation ad valorem bonds). The remainder is repaid with pledged revenues, including sales tax, tourist tax and special taxing units.



General Obligation and Limited General Obligation Bonds

As of September 30, 2012, St. Lucie County has one outstanding general obligation bond (GO), payable from and secured by a lien upon and pledge of the proceeds of a direct, annual ad valorem tax upon all taxable property within the County. Additionally, the County has one limited ad valorem tax bond. Listed below are the outstanding principal GO balances anticipated as of September 30, 2012:

- \$1.010 million, GO Bonds, Series 1997 issued to pay the cost of land acquisition in the Port of Fort Pierce for marine, commercial, recreation, and tourism purposes.

Non-Ad Valorem Revenue Bonds

The St. Lucie County currently has several outstanding non-ad valorem revenue bonds. As of September 30, 2010 the outstanding principal balances anticipated are as follows:

- \$3.175 million Refunding Public Improvement Revenue Bond issued in 2004 for the purpose of advance refunding all of the County’s outstanding Public Improvement Revenue Bonds, Series 2000A which was issued to cover the cost of acquisition, construction, and installation of an 800 MHz Radio System for the County. The security for this bond consists of pledged revenues including Radio System Fines and amounts paid to the County by public agencies bound by the Radio System agreements.
- \$19.350 million Transportation Revenue Note issued in 2007 for the purpose of acquisition, construction, and reconstruction of roads and bridges and other transportation improvements (The 2007 Project).
- \$51.170 million Sales Tax Refunding Revenue Bonds, Series 2005 issued to 1) advance refund of all of the County’s outstanding Sales Tax Revenue bonds, Series 1994, 2) pay the cost of certain capital improvements (Sheriff’s building, additional court, jail, library and other administrative facilities), 3) purchase a Debt Service

Reserve Account surety bond. The bonds are secured by the County's Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury.

- \$9.815 million Half Cents Sales Tax Refunding Revenue Bonds, Series 2005 issued to provide funds for the purpose of (1) paying at maturity or refunding the County's outstanding Improvement Revenue Note, Series 2004 (Land Acquisition), dated May 5, 2004, and maturing July 1, 2005 (the "Refunded Note") issued to provide moneys with which the county purchased land for the County Research Park, (2) financing the costs of acquisition of certain lands within the county (the "Project" - the property is expected to be used for expansion of the St. Lucie County Fairgrounds); (3) purchasing a Reserve Account Credit Facility to fund the increase of the Reserve account requirements upon the issuance of the Series 2005 Bonds. The series 2005 bonds and interest are limited, special obligations of the county payable from and secured solely by a pledge of and lien on (1) the proceeds of the Local Government Sales Tax Revenue when, as and if distributed to the county pursuant to chapter 218, Part VI, Florida Statutes.
- \$9.290 million State Revenue Sharing Bonds, Series 2005 issued to provide funds for the purpose of financing the cost of the acquisition of real property, Environmentally Sensitive Land, and the construction of certain capital improvements including a courthouse expansion within the county and purchasing a Reserve account Credit facility to fund the Reserve account. Bonds secured solely by a pledge of and lien on the Pledged Revenues, which consist of (1) the Pledged Revenue Sharing Trust Fund Moneys, (2) the moneys on deposit in certain funds and accounts established per Bond Resolution, and (3) certain Investment Earnings.
- \$64,078 Special Assessment Improvement Bonds, Series 2003 B issued to pay the cost of the River Branch Estates Project including, but not limited to: engineering, legal, accounting, and financial expenses; expenses for estimates of costs and of revenues; expenses for plans, specifications, and surveys, fees of fiscal agents, financial advisors or consultants; administrative expenses, reimbursements to the County; repayment of the advance made under bond anticipation notes. The bonds are secured by a pledge of and lien upon the River Branch Estates Pledged Revenues and do not constitute a general obligation or an indebtedness of the County. In case of insufficiency of such assessments, the County has a covenant to budget and appropriate bond payments from legally available non-ad valorem revenue.
- \$3.275 million North Hutchinson Island Water and Sewer System Revenue Refunding Bonds, Series 1997. These bonds were issued to refund portions of prior financing for the re-use line on North Hutchinson Island. The bonds are payable from the net revenues of the acquired system and certain capital facilities charges collected with respect to the system.
- \$1.330 million North Hutchinson Island Water and Sewer System Revenue Bonds, Series 2002. These bonds were issued to finance a portion of the cost of acquiring and constructing additions, extensions and improvements to the North Hutchinson Island Water and Wastewater System, and reimbursing the County for payment of the remaining deferred portion of the original cost of acquiring the System. The bonds are payable from the net revenues of the acquired system and certain capital facilities charges collected with respect to the system.
- \$4.290 million Holiday Pines Water and Wastewater System Revenue Bonds, Series 1999 issued for the purpose of financing the cost of acquiring a privately-owned water and sewer utility and establishing the utility as a separate County water and sewer system. The bonds are secured by 1) a pledge of the net revenues of the Holiday Pines utility system, 2) certain capital facilities charges collected with respect to the system and 3) covenant of the County to budget and appropriate non-ad valorem revenues amounts needed to cure any deficiency in the sinking fund to pay debt service.
- \$10.035 million North County Utilities Improvement Revenue Note, Series 2009A issued for the purpose of refinancing the 2004 \$7.3 million and \$2.38 million notes issued to provide interim financing for the expansion of the water and sewer system. The note is secured by a covenant to budget and appropriate from all legally available Non-Ad Valorem Revenues.
- \$7.325 million South Hutchinson Island Wastewater System, 1998 Series issued to refinance the County's Special Assessment Bonds Series 1995 for the construction of regional wastewater system on South Hutchinson

Island. These bonds are secured by a first lien on special assessments levied by the County against the lands and real estate benefiting from the project.

- \$310,000 South Hutchinson Bonds, 1998A Series issued to finance the cost of extending sewer lines from SHI Wastewater Treatment Plant directly to the north of the FPL nuclear power plant (North District). These bonds are secured by a first lien on special assessments levied by the County against the lands and real estate benefiting by the project.

Loans

As of September 30, 2012, the St. Lucie County will have a total of \$27.670 million outstanding balances in notes payable from government type funds. The interest rates on these loans range from 2.17 to 4.79 percent. These obligations are secured by St. Lucie County's covenants to budget and appropriate from legally available revenues in an amount sufficient to pay the required annual principal and interest on the notes. Total FY2012-2013 debt service for the loans is projected to be \$3,729,245.

The County also has a total of \$408,411 outstanding in notes payable from Enterprise type funds. The interest rate is 3.57% and debt service is projected at \$31,804.

Capital Leases

St. Lucie County has entered into several capital lease agreements for equipment at interest rates to 5.12 percent. The total outstanding balance as of September 30, 2012 is estimated to be \$136,078. All capital lease transactions undergo a thorough process of comparison to actual cost of acquisition of assets. Lease options are chosen if the annual cost of owning and maintaining the assets is higher. Capital leases are a cost-saving mechanism designed to keep up with the fast-changing technologies and high service and repair costs related to assets owned by the County.

Other Long-Term Obligations

In 1998, St. Lucie County BOCC entered into a contract with the US Army Corp. of Engineers to repay portion of the cost of port deepening activities. The principal amount of the loan, \$797,960, is to be repaid over 30 years at 6.125 percent rate. St. Lucie County BOCC covers 48% to the debt service, and 52% comes from the Port Development MSBU Fund.

FPL \$134,966 Lighting Loan is a 20-year contractual obligation, dated May 1, 2001, to repay Florida Power and Light for the installation and modification of recreational lighting facilities at the South County Regional Stadium.

Municipal Services Benefit Units (MSBU)

MSBUs are special assessments districts established to finance various neighborhood improvement projects. Special assessments are imposed against the properties benefiting from the projects. They are legally set up as trust accounts and are not obligations of the County. The St. Lucie County is currently acting as the agent for the property owners in several municipal service taxing/benefit units located within the County. The County is in no way liable for repayment of the debt and is only collecting the assessments and forwarding the collections to the paying agent.

Conduit Debt

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The County has also participated with other counties in the issuance of Housing Authority/Community Development District Bonds to provide down payment and other financial assistance to low and moderate income

individuals and families. The bonds also finance various local projects: water and sewer, irrigation, storm water and paving improvements, as well as stimulating the construction and rehabilitation of housing through the use of public financing. These bonds are secured by the property financed and are payable solely from payments received on the underlying debt. Upon repayment of the bonds, ownership of the required facilities transfers to the private-sector entity, or individuals, served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

Anticipated Future Debt Needs

There are no anticipated future debt needs identified at this time. Although the County may face some future debt needs to cover necessary improvements and repairs, currently its future debt position remains manageable.

ST. LUCIE COUNTY - BASIC DEBT SCHEDULE									
FUND	Obligation	Year Issued	Maturity*	Original Amount	Interest Rate	Principal Outstanding On 09/30/12	Payments Due in FY 13		
							Principal	Interest	Total
BONDS - GENERAL OBLIGATIONS & LIMITED AD VALOREM:									
242	PORT I&S (Cotton Property), GO AD VALOREM Bond for purchasing land in the Port of Fort Pierce.	1997	2017	\$3,500,000	4%-5.37%	\$1,010,000	\$225,000	\$48,156	\$273,156
TOTAL:				3,500,000		1,010,000	225,000	48,156	273,156
BONDS - GOVERNMENT FUNDS:									
204	800 MHZ RADIO SYSTEM Refunding of Public Improvement Revenue Bonds Series 2000A	2004	2023	8,030,000	4.2% - 5.5%	3,175,000	\$230,000	\$133,944	363,944
218	TRANSPORTATION REVENUE NOTE Acquisition, construction, and reconstruction of Roads and bridges and other transportation improvements (The 2007 Project)	2007	2027	29,685,000	4.44%	19,350,000	\$2,320,000	\$911,513	3,231,513
215	5 BLDG BOND Refunding 1994 Sales Tax Rev Bonds and \$26,834,735 new funds	2003	2033	64,230,000	2.00%-4.625%	51,170,000	\$1,760,000	\$2,416,706	4,176,706
215	HALF-CENTS SALES TAX REFUNDING BONDS Research Park/Harbor Branch Acquisition	2005	2025	11,930,000	3.00%-3.500%	9,815,000	\$345,000	\$479,950	824,950
217	STATE REVENUE SHARING BONDS Courthouse Imp./ESL Acquisition	2005	2025	12,715,000	4.1%	9,290,000	\$550,000	\$393,531	943,531
295	RIVER BRANCH ESTATES MSBU Special Assessment Improvement Bonds	2003	2017	127,000	5.720%	64,078	\$9,241	\$3,665	12,906
TOTAL:				126,717,000		92,864,078	5,214,241	4,339,309	9,553,550
BONDS - ENTERPRISE FUNDS:									
471	N HUTCHINSON W&S 1997 Revenue refunding bonds for acquisition of N Hutch system	1997	2022	5,560,000	3.65%-5.5%	3,275,000	\$255,000	\$180,125	435,125
471	N HUTCHINSON W&S 2002 Revenue bonds for additional N. Hutch projects	2002	2031	1,710,000	3%-5%	1,330,000	\$45,000	\$65,765	110,765
471	HOLIDAY PINES WATER AND WASTEWATER SYSTEM Revenue bonds, Series 1999	1999	2029	5,840,000	3.4%-5%	4,290,000	\$165,000	\$226,706	391,706
479	NORTH COUNTY UTILITIES Improvement Refunding Revenue Note, Series 2009A Refinancing of the two 2004 LOC	2009	2014	10,035,000	3.57%	10,035,000	\$0	\$358,250	358,250
TOTAL:				23,145,000		18,930,000	465,000	830,846	1,295,846
BONDS - SPECIAL ASSESSMENT FUNDS:									
273 (former 673)	S HUTCH W&S SPECIAL ASSESSMENT BONDS Refinancing of Bond for SHI Water & Sewer improvements.	1998	2025	14,920,000	4.2%-5%	7,325,000	\$0	\$366,250	366,250
273 (former 673)	SOUTH HUTCH - NORTH DISTRICT SERIES 1998A Construct a wastewater/reuse water collection & transmission system.	1998	2025	910,000	7%	310,000	\$0	\$21,700	21,700
TOTAL:				15,830,000		7,635,000	0	387,950	387,950
NOTES PAYABLE - GOVERNMENT FUNDS:									
Various PR#. 15012	ENERGY PERFORMANCE PROJECT Improvement Revenue Note Series 2001 First Union	2001	2012	3,010,595	4.13%	372,682	\$372,682	\$7,696	380,378
107-1940 PR#. 1542	WATER CONSERVATION PROJECT Rock Road Jail (Citimortgage Lease/purchase) Obligation begins 2008	2007	2017	1,400,000	4.03%	749,903	\$158,758	\$28,638	187,396

FUND	Obligation	Year Issued	Maturity*	Original Amount	Interest Rate	Principal Outstanding On 09/30/12	Payments Due in FY 13		
							Principal	Interest	Total
129	PARKS MSTU CAPITAL IMP REFUNDING REV NOTE 2011 Refunding of Improvement Revenue Note 2008	2011	2022	10,330,000	2.17%	10,330,000	\$875,000	\$214,370	1,089,370
216	CAPITAL IMPROVEMENT REVENUE NOTE Seacoast (LOC) \$10 Million; Sam's Acquisition, Façade , & imp, Admin Complex cooling, EOC, Clerk's Bldg	2007	2019	5,245,030	4.79%	6,539,282	\$876,166	\$141,221	1,017,387
262	TOURIST DEV TAX REVENUE NOTE 2011A Improvements of \$3,000,000 to Sports Complex and Refunding of the 2003A Tourist Dev. Tax Revenue Bonds	2011	2023	6,225,000	2.37%	6,225,000	\$445,000	\$142,259	587,259
262	TOURIST DEV TAX REFUNDING REVENUE NOTE 2011B For Refunding of the 2003C Tourist Development Tax Revenue Note	2003	2023	1,460,000	3.31%	1,460,000	\$95,000	\$46,754	141,754
210	SOUTH COUNTY REGIONAL STADIUM Improvement Revenue Note Series 2008A	2009	2023	1,700,000	3.46%	1,360,000	\$95,000	\$66,368	161,368
216 PR#7655	FAIRGROUNDS CAPITAL IMPROVEMENT Improvement Revenue Bond, Series 2002B Const & Imp	2002	2017	1,510,000	3.80%	596,742	\$110,616	\$22,676	133,292
216 PR#76550	EQUESTRIAN CENTER AT FAIRGROUNDS Series 2004A - to be repaid from donations from Adams Ranch, Ltd.	2004	2019	350,000	3.9%	37,132	\$29,882	\$1,159	31,040
250	<u>10 million dollar Line of Credit for MSBUs from SunTrust 2006:</u> No Interim Loans currently outstanding on the Line of Credit (LOC)	2006	2014	N/A	N/A				
TOTAL:				31,230,625		27,670,742	3,058,104	671,141	3,729,245
<u>NOTES PAYABLE - ENTERPRISE FUNDS:</u>									
479	UTILITIES - FL ST DEP CLEAN WATER State Revolving Loan \$470,167, Cap Int \$16,000	2007	2031	470,167	3.57%	408,411	\$30,878	\$926	31,804
TOTAL:				470,167		408,411	30,878	926	31,804
<u>OTHER LONG-TERM OBLIGATIONS:</u>									
140001/ 142	PORT DEEPENING LOAN/US ARMY CORP OF ENG County pays 48% and Port MSBU pays 52%	1998	2027	797,960	6.125%	535,290	\$22,694	\$32,664	55,358
216 PR#79502	FP&L SOUTH COUNTY REGIONAL STADIUM Lights Contract	2001	2021	134,966	8.82%	86,798	\$7,050	\$7,374	14,424
TOTAL:				932,926		622,088	29,744	40,038	69,782
<u>SPECIAL ASSESSMENTS:</u> An MSBU is a Municipal Services Benefit Unit. The debt service is paid by assessments on benefiting property, and unless guaranteed by the Board, is not an obligation of county government.									
250	NAVAJO AVENUE MSBU (38021)	2007	2017	64,000	tbd	35,843	\$6,495	\$1,770	8,265
250	GREY TWIG LANE MSBU (38005)	2005	2015	143,067	5.41%	51,300	\$16,207	\$2,775	18,983
250	SMALLWOOD (38011) Payable to the County Revolving 370001 Fund	2003	2013	34,105	3.440%	3,920	\$3,920	\$135	4,055

FUND	Obligation	Year Issued	Maturity*	Original Amount	Interest Rate	Principal Outstanding On 09/30/12	Payments Due in FY 13		
							Principal	Interest	Total
669	LAKE DRIVE MSBU	2008	2022	150,000	4.561%	126,850	\$9,150	\$5,577	14,727
681	KING ORANGE MSBU	2005	2018	98,000	5.24%	53,951	\$7,211	\$2,621	9,832
682	SKYLARK MSBU	2005	2018	74,000	5.24%	40,739	\$5,445	\$1,119	6,564
683	REVELS LANE I	2005	2018	124,000	5.24%	68,266	\$9,124	\$3,316	12,441
685	SUNLAND GARDENS	2006	2019	370,000	5.107%	258,000	\$27,000	\$12,487	39,487
686	GREENACRES	2006	2019	168,000	5.107%	122,000	\$11,000	\$5,950	16,950
687	INDIAN RIVER ESTATES (Pending transfer of debt to Perm. Fund with budget adj.)	2009	2028	16,000,000	3.068%	8,040,487	\$367,362	\$241,047	608,409
689	ROUSE ROAD MSBU	2002	2017	140,000	5.63%	35,678	\$11,247	\$3,231	14,478
690	TREASURE COVE	2004	2017	258,000	4.81%	132,191	\$19,413	\$6,321	25,734
684	SUNLAND GARDENS Phase II (#3815)	2009B	2024	3,130,000	3.40%	2,815,000	\$175,000	\$92,735	267,735
668	HARMONY HEIGHTS (FPUA UTIL) (#38015)	2009A	2022	1,250,000	3.40%	1,100,000	\$85,000	\$35,955	120,955
296	N. LENNARD RD. 1 MSBU (#4502) #296	2010	2025	4,355,000	3.70%	3,910,000	\$240,000	\$144,670	384,670
297	N. LENNARD RD.2 MSBU (#38003) #297	2010	2025	860,000	3.70%	770,000	\$45,000	\$28,490	73,490
298	N. LENNARD RD. 3 MSBU (#38004) #298	2010	2025	260,000	3.70%	230,000	\$15,000	\$8,510	23,510
			TOTAL:	27,478,172		17,794,225	1,053,574	596,709	1,650,284
	ST. LUCIE COUNTY - OTHER DEBT								
	CAPITAL LEASES:								
001	SERVERS, LEASE/PURCHASE AGREEMENT	2009	2014	430,000	5.12%	136,078	\$90,230	\$3,732	93,962
			TOTAL:	430,000		136,078	90,230	3,732	93,962
	TOTAL COUNTY DEBT OBLIGATIONS:			\$229,733,890		\$167,070,622	\$10,166,771	\$6,918,808	\$17,085,579
	Note: *Maturity Date is per amortization schedule and is not based on County Fiscal Year.								