CITY OF MIAMI, FLORIDA
DEBT MANAGEMENT PROCEDURES MANUAL

OVERVIEW

This Procedures Manual has been drafted to assist in the development of goals, procedures for implementation and standards for reporting and evaluating the City's Debt Management practices. As the City's investment in infrastructure continues to grow, the issuance of debt has become an increasingly important component of its capital programs. In the absence of policies and procedures to monitor capital financing practices, this dependence on borrowed funds can have a significant negative impact on the City's credit. While the issuance of debt is frequently an appropriate method of financing capital projects at the State and local level, it also requires careful monitoring to ensure that an erosion of the government's credit quality does not result.

The national credit rating agencies, Moody's Investors Service, Standard & Poor's, and Fitch Rating Service (the "Rating Agencies"), have taken an active role in monitoring the City's overall credit position. These Rating Agencies have an interest in seeing a long-term planned approach to managing the debt of the City. Goals should be established and procedures adopted to manage the debt and to compare actual fiscal results on an annual basis. The Rating Agencies evaluate the fiscal responsibility of the City in the light of its adherence to a disciplined approach to borrowing in providing its essential services. The fact that a government has gone to the effort to develop formal debt policies, and to incorporate them into its comprehensive capital improvement program, demonstrates a strong commitment to prudent borrowing practices. This recognition of the importance of sound debt management is a very positive factor in the municipal market's assessment of credit quality.

GOAL OF DEBT POLICIES

The goal of the City of Miami's Debt Policies adopted by the City Commissioners and this Debt Management Procedures Manual is to provide guidance for managing the issuance of the City's debt obligations and maintaining the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, equipment and refunding options deemed by the City Commission to be beneficial to the City and necessary for essential services. The Debt Policy identifies debt management goals and standards which the City Commission must consider when committing to fund requests for infrastructure improvements or refunding options. Those policies will guide the City Commission in its evaluation of the impact of each funding decision on the City's debt capacity and credit quality.

PROCEDURES

Review of Proposed Capital Budget

The Finance Committee shall participate in the development of the Capital Program and make recommendations to the City Commission as to the projects to be debt financed and the nature of the structure of such debt. In formulating its recommendations, the Finance Committee shall consider:

The impact of such debt on the City's Debt capacity;

The ongoing impact of the financed project on the City operating budget;

The legality and availability of revenue for the repayment schedule of such debt;

The appropriateness of issuing such debt considering the City's current and long-term goals and the cost of administering the debt;

The impact of the debt on the general economy of the City and on City residents;

Other relevant factors.

The recommendation of the Finance Committee shall not be binding on the City Commission; however, in the event the City Commission does not follow the recommendation of the Finance Committee; the rationale for such action will be recorded in the official minutes of the Finance Committee and the City Commission.

Establishment of Schedule for the Issuance of Debt Obligations

Upon adoption of the Capital Budget, the Finance Committee shall review the approved budget and shall establish a proposed schedule for the sale of debt obligations during the ensuing fiscal year and for the remaining 5 years of the City's Capital Improvement Program. In so doing, they shall consider any existing bond proceeds that may be reprogrammed to finance new projects, the timing of cash flow needs of the projects, expectations of market interest rate movements, and such other factors, as they may deem relevant. It is understood that due to market considerations, changes in size and/or timing of capital projects, and other factors outside the control of the City, the schedule for the sale of debt obligations is a planning tool only, and not a commitment by the City or the Finance Committee to sell such debt obligations at such time.

Method of Sale

All new money and refunding debt obligations of the City shall be sold by competitive bid unless the Finance Committee shall make a recommendation that the City will be better served by selling such debt obligations through a negotiated sale. Prior to the sale of a negotiated bond issue, the City Manager will recommend an Underwriting Team based on the City's competitive selection process as adopted for the selection of underwriters as established herein, and submit a recommendation to the City Commission.

Financing Team

In conjunction with the issuance of debt obligations by the City, there shall be formed a Financing Team. This team shall be composed of the Finance Committee, the City Attorney, the appropriate operating department head(s) depending on the project financed by the debt obligations being issued, Bond Counsel, Disclosure Counsel, the Financial Advisor, and in the case of a negotiated bond sale, the Senior Managing Underwriter and Underwriter's Counsel. The charge of the Financing Team shall be to prepare the Official Statement, prepare any necessary or desired Bond Resolution, structure the debt obligations, including determination of the desirability of using bond insurance, negotiate and secure contracts for financial and other required services (registrar, paying agent, trustee, printer) and establish the date of the sale of the debt obligations.

Selection of Bond Counsel and Disclosure Counsel

The City recognizes the importance of continuity and of familiarity with existing bond resolutions and financing programs brought about by long-term relationships in the area of legal counsel. The City also recognizes the potential risks of such long-term relationships. Accordingly, it is the policy of the City that Bond Counsel and Disclosure Counsel be selected only through a competitive Request for Proposals process at least once every three (3) years. Criteria for selection shall be, in order of importance: qualifications of the firm; qualifications and availability of the individual(s) proposed to service the City; a demonstrated understanding of the City's needs, programs, and bond resolutions; fees; and, such other criteria as may be deemed appropriate by the Law Department. This is not intended to preclude a firm serving as Bond Counsel or Disclosure Counsel at the time of such process from being selected for a new contractual period, nor is it intended to preclude the City from instituting such process more frequently than three (3) years, should it be the recommendation of the Law Department to do so. The Law Department shall rank the top three (3) firms and forward said recommendations to the City Commission for selection of one (1) Bond Counsel and one (1) Disclosure Counsel firm.

Selection of Financial Advisor

The City recognizes the importance of continuity and of familiarity with existing bond resolutions and financing programs brought about by long-term relationships in the area of financial advisory services. The City also recognizes the potential risks of such long-term relationships. Accordingly, it is the policy of the City that Financial advisor be selected only through a competitive Request for Proposals process at least once every three (3) years. Criteria for selection shall be, in order of importance: qualifications of the firm; qualifications and availability of the individual(s) proposed to service the City; a demonstrated understanding of the City's needs, programs, and bond resolutions; fees; and, such other criteria as may be deemed appropriate by a committee established by the Finance Director. This is not intended to preclude a firm serving as Financial Advisor at the time of such process from being selected for a new contractual period, nor is it intended to preclude the City from instituting such process more frequently than three (3) years, should it be the recommendation of the Committee to do so. The Committee shall rank the firms and forward said recommendations to the City Commission for selection of a Financial Advisor. The Financial Advisor under no circumstances can be selected as a Bond Underwriter.

Selection of Bond Underwriters

In marketing its debt obligations to institutions and the public, the City recognizes that it is in its best interest to select the most qualified firm(s) to be Senior Managing Underwriter and Underwriters. Accordingly, it is the policy of the City that the Senior Managing Underwriter and Underwriters be selected only through a competitive Request for Proposals. Criteria for selection shall be, in order of importance: qualifications of the firm; qualifications and availability of the individual(s) proposed to service the City; a demonstrated understanding of the City's needs, programs, and bond resolutions; fees; and, such other criteria as may be deemed appropriate by a committee established by the Finance Director. This is not intended to preclude a firm(s) serving as Senior Managing Underwriter and Underwriters at the time of such process from being selected for a new contractual period, nor is it intended to preclude the City from instituting such process more frequently than three (3) years, should it be the recommendation of the Committee to do so. The Committee shall rank the firms and forward said recommendations to the City Commission for selection of the Bond Underwriter(s). The Bond Underwriter under no circumstances can be the Financial Advisor.

The City shall reserve the right to receive unsolicited proposals from underwriters which have shown their commitment to the City to research new and creative opportunities to restructure existing debt or escrows related to the City's debt portfolio. In the event that an underwriter submits an unsolicited proposal to the City, the City Manager shall refer such proposal to the Finance Department for review and recommendation. Unsolicited proposals, which are recommended by the Finance Department shall be presented to the Finance Committee for consideration.

To encourage new and creative ideas, the City shall appoint the firm which submitted the recommended transaction as senior managing underwriter and/or lead agent for the City should the City determine that it is in its best interest to proceed with the transaction recommended by the unsolicited proposal.

Review of Financing Team

From time to time, appropriate City staff may request the Finance Committee to review and make a determination as to whether professional service providers (firms serving as Bond Counsel, Disclosure Counsel, Financial Advisor or Underwriters) retained by the City continue to meet the regulatory, professional and ethical standards, as applicable, which were the basis for their selection by the City. If the Finance Committee determines that any part of such standards are not currently being met by such firm(s), the Finance Committee after consulting with the City Attorney shall so advise the City Commission and recommend to the City Commission whether such firm(s) should no longer be retained by the City. The final decision with respect to the continued retention of such firm(s) shall rest with the City Commission.

Consideration of Fixed Versus Variable Rate Debt

In the municipal marketplace, debt obligations have typically been structured as fixed rate debt. Amortized over 20, 25 and 30 years, these amortization periods reflect the "long end" of the yield curve. Short-term variable rate markets (typically involving repricing increments of less than one year), focus on the "short end" of the yield curve. The difference in short versus long-term rates varies with the shape of the yield curve and has typically ranged from 150 to 350 basis points (1.5% to 3.5%). A potential detriment to the variable rate strategy is the uncertainty of the direction and magnitude of future market changes. With fixed rate debt obligations there is a fixed payment schedule over the life of the debt issue.

In the variable rate program, the issuer is subject to the risk of interest volatility (i.e., the risk of the natural cyclical increases and decreases in interest rates in the marketplace over time). When the City elects a variable rate program, it may experience considerable periods of very attractive rates on average, but is equally subject to the risk of those rates being higher than the alternative of fixed rates. The use of variable rate alternatives, over the long run, may or may not prove profitable or efficient from a cost savings perspective (the history in this market only dates back to 1983-84).

Variable rate debt should only be used for two purposes: (1) as an interim financing device and (2) as an integral portion of a long-term strategy. Given the possibility that the need for project financing may not coincide with attractive market interest rates, having a variable rate program to provide for the timely initiation of projects appears to be not only practical but prudent. At project initiation, the current long-term fixed rate market, individual project size and/or the intermediate term forecast for the direction of interest rates may individually or collectively indicate that a long-term borrowing is not efficient.

Under either circumstance, where the cycle of long-term rates moves down to or near historic lows, consideration will be given to fixing (i.e., converting to a fixed rate) all or a portion of the then outstanding variable rate debt, to take advantage of the attractive long-term fixed rates. If certain target interest rate levels are reached, the Finance Committee will recommend to the City Manager that all or a portion of the variable rate debt be converted to fixed. In doing so, the City expands its future ability to use the same or similar variable rate tools.

RISK MANAGEMENT TECHNIQUES

In addition to the option to fix a variable rate program for either intermediate or longer-term periods, the City will need to consider the potential use of various tools available in the derivatives marketplace. Similar to how the variable rate markets emerged from 1983-85, the municipal market has now seen the emergence of derivative products (swaps, CAPS, collars, etc.), which could have potential market advantages over time. If the City were looking to take advantage of current intermediate term rates (in the one to five year range) by fixing a portion of its current variable rate over that period, it would be faced with a number of options. The first would be to fix the rate to maturity; second, to fix the rate in the traditional markets for the intermediate term period; third, use one of several derivative options to either fix the rate or limit the downside (rising interest rate) risk on the program over the same period of time. The election to (a) use variable rate debt, (b) convert all or a portion of the City's variable rate debt to either intermediate or fixed rate debt, or (c) hedge the market risk through one of several derivative products is a function of a changing marketplace and must be addressed at any decision point in a manner to achieve the best economic advantage available to the City.

The use of derivative products can provide the City with cost effective alternatives to traditional market choices. The marketplace, although new to the traditional municipal markets, is well defined, tested and has become a major alternative in the private sector.

When addressing derivative products, there are several structuring concerns which must be taken into consideration. A major risk involves the credit quality of the counterparty (the entity with which the City is exchanging commitments) and, thus, the likelihood of their continued ability to honor their obligations. Additionally, the City should consider diversifying its remarketing risk by varying the types of products used and the amount which may mature in any fiscal quarter. Some of these products exchange payment obligations, others limit the downside (or rising interest rate) risk while still others trade off a limit on the upside (or falling interest rate) opportunity in exchange for a lower cost of providing the downside risk protection. Each of these products must be evaluated as alternatives to traditional, intermediate, or long-term options, considering their comparable cost, ease of entry and exit provisions, degree of potential risk exposure (quantified to the greatest extent possible), and the option's aggregate fit into the City's then present strategy. The Finance Committee shall consider all such factors prior to recommending the use of derivative product to the City Commission.

REPORTING, MONITORING, AND ASSESSMENT OF POLICY IMPLEMENTATION

Annual Debt Report

The Finance Committee shall develop an Annual Debt Report to be released to the City Commission no later than May 31, of each year. The information presented shall comply with the disclosure obligations set forth in the Disclosure Certificates issued in connection with its debt obligations, and may include information on the following: service areas, rates and charges, financial statement excerpts, outstanding and proposed debt, a summary of certain bond resolution provisions, a management discussion of operations, and such other information as the City shall deem to be important to the investment community. The report shall also include selected Notes to Financial Statements, and, to the extent available, information on Conduit Debt Obligations issued by the City on behalf of another entity. Such report shall pertain to the prior Fiscal Year, and shall include the following elements: (1) calculations of the appropriate ratios and measurements necessary to evaluate the City's credit, and that of any Enterprise Systems, as compared with acceptable municipal standards (those identified in the Debt Policy and any other such ratios and measurements as the Finance Committee shall deem appropriate: (2) information related to any significant events affecting outstanding debt, including Conduit Debt Obligations: (3) an evaluation of savings related to any refinancing activity: (4) a summary of any changes in Federal or State laws affecting the City's debt program: (5) a summary statement by the Finance Committee as to the overall status of the City's debt obligations and Debt Management activities. The City shall prepare and release to all interested parties the Annual Debt Report which will act as the ongoing disclosure document required under the Continuing Disclosure Rules promulgated by the S.E.C. {S.E.C. Rule 15c2-12(b)(5)}.

General Classification of Programs

Self-supporting, as well as non self-supporting (all other), programs can be categorized as either Enterprise or Governmental in nature. The following list indicates the appropriate classification of existing debt obligations as of Fiscal Year ____. See Exhibit I for a complete listing of all of the City's outstanding debt.

Enterprise

[The City of Miami has no Enterprise Debt as of the date of this report].

Governmental

Self Supporting Debt Program

Non Self-Supporting Debt Program

For the purpose of measuring the Governmental debt structure, the City has categorized all non self-supporting debt programs to be part of governmental debt obligations. These are the programs whose expenditures for debt service are in direct competition with other General Fund expenditures (salaries, utilities, supplies, etc.).

Additionally, the City has categorized all tax supported debt as self-supporting governmental debt programs because the tax collected is reserved and sufficient to pay the debt service on the bonds. This provides two categories of debt, which place direct, or indirect burden on the taxpayers of the City.

This distinction recognizes that the performance of self-supporting Enterprise Systems should be measured by comparison with the user rates of comparable governmental providers, and that such programs do not directly or indirectly place a burden on taxpayers in the form of increased taxes. As long as each Enterprise System's user rates meet the requirements of bond covenants, the debt program is not considered part of either the governmental or tax supported debt of the City. The self-supporting governmental debt is also treated separately from projects which require partial or entire support from General Revenues.

Given the basic debt structure of the City as depicted above, the City should consider each new capital project taking into consideration the impact of funding such projects on the credit worthiness of the City. An Enterprise (e.g. Stormwater System, supported by user fees) or a Governmental project (e.g. Local Optional Sales Tax linked to a specific project) which is self-supporting has minimal impact on the credit of the General Government. A project is not considered self-supporting if General Government revenue is pledged as backup security for the bonds, and it is reasonably expected that governmental revenues may be used to support the project (e.g. the Knight Convention Center debt). The funding on non self-supporting Governmental projects requires careful consideration as to the impact on the overall credit and debt capacity of the City.

The Exhibits (described below) follow this page:

Exhibit I – Summary of Outstanding Debt
Exhibit II – Summary of Debt Ratios, Measurements and Debt Target Constraint Criteria as of Fiscal Year _____.
Exhibit III – Definitions of Term

If the City earmarks a project to be financed with short-term or long-term borrowing, the City shall assess the impact on the credit worthiness of the City based on the target debt policies, ratios and measurements as described below. To assist in the evaluation, Exhibit I to this debt Management Procedures Manual provides a summary of the outstanding debt as of fiscal year ______, and Exhibit II calculates the debt ratios, measurements and target constraints as of fiscal year ______.

These Exhibits should be adjusted to reflect the impact of capital projects currently being contemplated on the overall debt position of the City and then evaluated in order to assess the impact of the funded capital project. The debt policies, Measurements of Future Flexibility, and the Ratios, Measurements and Debt Target Constraint Criteria contained herein are the guidelines the City shall follow in determining the appropriateness of funding each project.

EXHIBIT I
SUMMARY OF OUTSTANDING DEBT

CITY OF MIAMI, FLORIDA
SUMMARY OF LONG-TERM DEBT
FOR FISCAL YEAR ENDED SEPTEMBER 30, XXXX

DESCRIPTION

	Interest Rate Range	Final Maturity Date	Amount Issued	Outstanding Balance
General Obligations:				
XXXX	XXX%	XXXX	$XXXXX	$XXXXX
XXXX	XXX%	XXXX	$XXXXX	$XXXXX
			$XXXXX	$XXXXX
Special Obligation and Revenue Bonds:				
XXXX	XXX%	XXXX	$XXXXX	$XXXXX
XXXX	XXX%	XXXX	$XXXXX	$XXXXX
			$XXXXX	$XXXXX
Loans:				
XXXX	XXX%	XXXX	$XXXXX	$XXXXX
XXXX	XXX%	XXXX	$XXXXX	$XXXXX
			$XXXXX	$XXXXX
Grand Total			$XXXXX	$XXXXX

EXHIBIT II
SUMMARY OF DEBT RATIOS, MEASUREMENTS AND DEBT CONSTRAINTS
FOR FISCAL YEAR XXXX

CITY OF MIAMI, FLORIDA
SUMMARY OF DEBT RATIOS, MEASUREMENTS AND DEBT CONSTRAINTS CRITERIA
FOR FISCAL YEAR ENDED SEPTEMBER 30, XXXX

Debt Ratios

General Obligation & Limited Ad Valorem Debt Per Capita	**x**
General Obligation & Limited Ad Valorem Debt as a Percentage of Taxable value	**x**
Non-Self Supporting Revenue Debt Per Capita	**x**
Non-Self Supporting Revenue Debt as a Percentage of Taxable Assessed value	**x**
General Governmental Debt Services (non-self supporting) as a Percentage of Non-Ad Valorem General Fund Expenditures	**x**
General Government Direct Debt Per Capita	**x**
Net Direct Debt as a Percentage of Taxable Assessed Value	
General Government Debt Service as a Percentage of Non-Ad Valorem General Fund Revenues	**x**

EXHIBIT III
DEFINITIONS OF CERTAIN TERMS, RATIOS AND MEASUREMENTS

Balance Sheet Components and Ratios

Long-term debt:	Gross long-term debt plus the current portion of long-term debt
Debt Ratio (%):	Net funded debt divided by the sum of net fixed assets plus net working capital

Income Statement Components and Ratios

Gross Revenue and Income:	Operating revenue plus non-operating revenue
Operating and Maintenance expenses:	Operating and maintenance expenses net of depreciation, amortization, and interest requirements
Net Revenues:	Gross revenue and income less operating and maintenance expenses
Direct Debt:	A government unit's gross debt less bonds fully supported from enterprises system self-supporting and short-term operating debt
Net Direct Debt:	A government unit's gross debt less bonds fully supported from enterprise system self-supporting and short-term operating debt, less reserve balances
Operating Ratio (%):	Operating and maintenance expenses divided by total operating revenues
Interest Coverage (%):	Net revenues divided by interest requirement for year
Debt Service Coverage (%):	Net revenues divided by principal and interest requirements for year
Peak Debt service coverage by historical net revenue (%):	Net revenues divided by estimated maximum annual principal and interest requirements on all outstanding debt and the bonds to be issued
Peak Debt service coverage by projected net revenues (%):	Projected net revenues for the first full fiscal year following completion of the capital project financed from the new bonds divided by estimated maximum annual principal and interest requirements on all outstanding debt and the bonds to be issued

DEFINITIONS:

Ad Valorem Tax - A direct tax base “according to value” of property, i.e. levied in proportion to the value of the property against which it is levied. Local governmental bodies with taxing powers may issue bonds or short-term certificates payable from ad valorem taxation.

Amortization - The process of paying the principal amount of an issue of bonds by periodic payments either directly to bondholders or to a sinking fund for the benefit of bondholders. Payments are usually calculated to include interest in addition to a partial payment of the original amount.

Direct Debt or Gross Bonded Debt - The sum of the total bonded debt and any unfunded debt (typically short-term notes) of the issuer.

Net Direct Debt or Net Bonded Debt - Direct debt less sinking fund accumulations and all self-supporting debt.

Assessed Value - A valuation set upon real estate or other personal property by a government as a basis for levying taxes. The assessed value in Miami is set by the Property Appraiser.

Capital Budget - The financial plan of capital project expenditures for the fiscal year beginning October 1. It incorporates anticipated revenues and appropriations included in the first year of the six-year Capital Improvement Program (CIP), and any anticipated unspent budget appropriation balances from the previous fiscal year.

Capital Project - Any improvement or acquisition of major capital; facilities, roads, bridges, buildings or land with a useful life of at least five years.

Capitalized Interest or Funded Interest - A portion of the proceeds of a bond issue set aside, upon issuance of the bonds, to pay interest on the bonds for a specified period of time. Interest is commonly capitalized during the construction period of a revenue-producing project.

Competitive Bid - A method of submitting proposals to purchase a new issue of bonds by which the bonds are awarded to the underwriting syndicate presenting the best bid according to stipulated criteria set forth in the notice of sale. Underwriting bonds in this manner is also referred to as a competitive or public sale.

Conduit Financing - Bonds issued by a governmental unit to finance a project to be used primarily by a third party, usually a corporation engaged in private enterprise. The security for such bonds is the credit of the private user rather than the governmental issuer. Generally such bonds do not constitute obligations of the issuer because the corporate obligor is liable for generating pledged revenues. Industrial revenue bonds are common examples of conduit financing. The City serves as a conduit for the Miami Parking System, the Miami Sports and Exhibition Authority and the City of Miami Health Facility Authority.

Debt Obligations - Bonds, notes, letters and lines of credit issued against a pledge of a specific revenue source or sources with proceeds used to fund a project providing for a public benefit.

Disclosure Rule - Rule 15c2-12 promulgated by the Securities and Exchange Commission, addressing specific ongoing disclosure requirements for the City.

Enterprise System - A revenue-generating project or business which supplies funds necessary to pay debt service on bonds issued to finance the facility. The debts of such projects are self-liquidating when the projects earn sufficient monies to cover all debt service and other requirements imposed under the bond contract. Common examples include water and wastewater facilities. At this time the City does not have any true enterprise funds.

Enterprise Fund - A fund used to account for facilities that are financed and operated in a manner similar to private business enterprises, wherein the stated intent is that the costs (including depreciation) of providing goods and services be financed from the revenues recovered primarily through user fees.

General Fund Revenue (General Fund) - This fund accounts for all financial transactions except those required to be accounted for in other funds. The fund's resources, ad valorem taxes, and other revenues, provide services or benefits to all residents of the City of Miami.

General Obligation Bonds (G.O. Bonds) - Bonds which are secured by the full faith and credit of the issuer. General obligation bonds issued by local units of government are secured by a pledge of the issuer's ad valorem taxing power. Ad valorem taxes necessary to pay debt service on general obligation bonds are typically not subject to the constitutional property tax millage limits. Such bonds constitute debts of the issuer and normally require approval by election prior to issuance. In the event of default, the holders of general obligation bonds have the right to compel a tax levy or legislative appropriation, by mandamus or injunction, in order to satisfy the issuer's obligation.

Governmental Bonds - One of two categories of bonds established under the Tax Reform Act of 1986. Bonds issued by localities for the financing of traditional activities and which meet certain tests (related to private use and security) will be tax-exempt and generally are not subject to any volume limits.

Maximum Annual Enterprise System Revenue Debt Service - The maximum annual debt service on a consolidated basis of all Enterprise System Revenue Obligations then outstanding for the current or any subsequent fiscal year.

Maximum Annual Non-Ad Valorem Debt Service - Maximum annual debt service on a consolidated basis of all Non-Ad Valorem Revenue Obligations outstanding for the current or any subsequent fiscal year.

Negotiated Sale - The sale of a new issue of municipal securities by an issuer through an exclusive agreement with a previously selected underwriter or underwriting syndicate. A negotiated sale should be distinguished from a competitive sale, which requires public bidding by underwriters. Primary points of negotiation for the issuer are the interest rate and purchase price, which reflect the issuer's costs of offering its securities in the market. The sale of a new issue of bonds in this manner is also known as a negotiated underwriting.

Non-Ad Valorem

General Fund Revenues - All legally available general fund revenues derived from some source other than ad valorem taxation on real and personal property.

Non-Ad Valorem Revenue Obligations - Obligations evidencing indebtedness for borrowed money (i) payable solely from a covenant to budget appropriate legally available non-ad valorem revenues, (ii) payable directly or indirectly from a covenant to budget and appropriate legally available non-ad valorem revenues, but only if the City reasonably expects to apply such budgeted and appropriated non-ad valorem revenues to the payment of debt service on such obligations.

Operating Budget - The operating budget includes appropriations for recurring and certain one-time expenditures that will be consumed in a fixed period of time to provide for day-to-day operations (e.g., salaries and related benefits; operating supplies; contractual maintenance services; professional services and operating equipment).

Pay-As-You-Go-Basis - A term used to describe the financial policy of a governmental unit which finances all of its capital outlays from current revenues rather than by borrowing. A governmental unit which pays for some improvements from current revenues and for others by borrowing it on a partial or modified pay-as-you-go-basis.

Per Capita Debt - The amount of an issuer’s debt divided by population, which is used as an indication of the issuer’s credit position by reference to the proportionate debt borne per resident.