



2002 N. LOIS AVENUE, SUITE 120
TAMPA, FLORIDA 33607
TEL: (727) 822-3339

PUBLIC RESOURCES ADVISORY GROUP

August 22, 2025

Mr. Stephen Farmer
Deputy Chief Financial Officer
Broward County
115 S. Andrews Avenue, Room 513
Fort Lauderdale, FL 33301

RE: Water & Sewer Utility Revenue Bond Refunding Opportunity

Dear Mr. Farmer:

Public Resources Advisory Group ("PRAG") is serving as financial advisor to Broward County (the "County") in connection with the proposed issuance of approximately \$161.5 million in Water and Sewer Utility Refunding Revenue Bonds, Series 2025 (the "Series 2025 Bonds") to refund certain outstanding bonds for net present value debt service savings of approximately \$11.5 million based on current interest rates.

On July 31, 2015 the County issued its \$42,225,000 Water and Sewer Utility Revenue Refunding Bonds, Series 2015A and its \$157,555,000 Water and Sewer Utility Revenue Refunding Bonds, Series 2015B (together "the Series 2015 Bonds") to refund all of the County's outstanding Water and Sewer Utility Revenue Bonds, Series 2005A and a portion of its Water and Sewer Utility Revenue Refunding Bonds, Series 2009A. After the scheduled October 1, 2025 principal payment, the remaining \$178,055,000 of the Series 2015 Bonds will be callable at par.

The callable Series 2015 Bonds have a mix of 4.0% and 5.0% coupons with an average coupon of 4.3%, a final maturity of October 1, 2034 and an average life of 5.9 years. The true interest cost ("TIC") in today's market for a similar debt profile is approximately 3.03%, providing the County with the opportunity to realize savings by refunding the callable Series 2015 Bonds.

In order to provide level annual savings, we expect the Series 2025 bonds to sold at a premium with principal maturities of just under \$4 million for 2026 and 2027 and \$17.5 million to \$26.5 million from 2028 through 2034, a maturity structure we believe the municipal bond market will find very attractive.

The County's most recent water and sewer bond issuance was completed in February 2022 and was rated by Moody's (Aa1) and Standard and Poor's (AA+). We would expect the same ratings for the Series 2025 Bonds. These ratings are considered very strong and are only one notch below the highest possible rating.

Given the attractive size, structure and ratings of the Series 2025 Bonds, we are recommending that the County sell the Series 2025 Bonds through a competitive sale process. With a competitive sale, the County does not engage an underwriter to market its bonds but rather electronically provides the structure and terms of the bonds to all underwriters in the municipal bond market and accepts bids for all of the bonds by a specific date and time. The underwriter or underwriting syndicate that submits the bid with the lowest TIC is awarded the bonds. The entire process is handled through the industry standard Parity Electronic Competitive Bidding System. According to *The Bond Buyer*, last year of the 8,641 public sales of long-term municipal bonds approximately 40% used the competitive sale process.

INDEPENDENT FINANCIAL ADVISORS



The County has traditionally used a different “competitive” process to sell its bonds by using a competitive selection process to appoint members to its underwriting pool with a subsequent competitive selection process to assign underwriters in the pool to specific transactions. This process, termed a negotiated sale, is typically used for financings that would benefit from having an underwriter onboard to pre-market the bonds and address investor questions prior to pricing, such as financings for the County’s airport, seaport, convention center, and convention center hotel credits. This process is also typically used for very large or lower rated transactions and volatile times in the market. With this process, the County negotiates the bond structure and interest rates with the underwriter(s) after receiving formal investor feedback and orders.

Because the Series 2025 Bonds are secured by essential purpose water and sewer revenues with a simple structure and high credit ratings, we believe upfront investor education is not necessary and the competition inherent to the competitive sale process will be beneficial to the County. In addition, the recent municipal bond market has not been as volatile as we have seen at times in the past, lending itself to the competitive sales process.

The documentation and approval process for a competitive sale is very similar to that of the County’s prior bond issues. The only major difference is that instead of approving a Bond Purchase Agreement with the underwriters, the County will approve a Notice of Sale for posting to the market. The Resolution, Preliminary Official Statement and other documents are the same.

We are proposing the following schedule for the bond issue:

September 16, 2025	Board of County Commissioners’ approval of bond documents
September 22, 2025	Preliminary Official Statement and Notice of Sale posted
October 8, 2025	Sale of Bonds (competitive)
October 22, 2025	Closing

Based on current market conditions, we believe a refunding of the callable Series 2015 Bonds is in the best interest of the County and given the security, structure and credit ratings, we recommend the use of a competitive sale process to sell the Series 2025 Bonds.

The expected structure of the Series 2025 Bonds and the estimated savings based on current market conditions are attached as Exhibit A.

Please do not hesitate to contact me if you have any questions.

Sincerely,

PUBLIC RESOURCES ADVISORY GROUP

A handwritten signature in blue ink that reads "Wendell G. Gaertner".

Wendell G. Gaertner
Senior Managing Director

cc: Alex Bugallo, Chief Negotiations Officer
Ludmilla Courteau, Finance Manager
Ron Thomas, Utility Finance Director
Annika Ashton, Deputy County Attorney
Claudia Capdesuner, Assistant County Attorney



Exhibit A

Broward County Water and Sewer Utility Refunding Revenue Bonds, Series 2025

Preliminary Debt Structure*

<u>Maturity Date</u>	<u>Amount*</u>
10/1/2026	\$3,720,000
10/1/2027	3,900,000
10/1/2028	17,500,000
10/1/2029	18,370,000
10/1/2030	19,290,000
10/1/2031	22,850,000
10/1/2032	24,050,000
10/1/2033	25,260,000
10/1/2034	26,535,000
Total	\$161,475,000

Preliminary Savings Analysis*

<u>Date</u>	<u>Prior Debt Service</u>	<u>Refunding Debt Service*</u>	<u>Savings*</u>	<u>Present Value to 10/22/2025 @ 2.9466821%*</u>
9/30/2026	\$3,971,000	\$3,565,906	\$405,094	\$399,894
9/30/2027	13,187,500	11,700,750	1,486,750	1,447,872
9/30/2028	13,176,875	11,690,250	1,486,625	1,406,613
9/30/2029	26,242,375	24,755,250	1,487,125	1,367,133
9/30/2030	26,216,500	24,728,500	1,488,000	1,329,125
9/30/2031	26,196,000	24,707,000	1,489,000	1,292,312
9/30/2032	28,699,900	27,213,500	1,486,400	1,252,589
9/30/2033	28,731,700	27,241,000	1,490,700	1,219,027
9/30/2034	28,705,800	27,218,250	1,487,550	1,180,344
9/30/2035	28,687,500	27,198,375	1,489,125	1,146,402
	\$223,815,150	\$210,018,781	\$13,796,369	\$12,041,312

Savings Summary*

PV of savings from cash flow*	\$12,041,312
Less: Accrued Interest	-463,283
Net PV Savings*	\$11,578,029

* Preliminary as of August 20, 2025, subject to change