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 **	09/30/13	09/30/14	09/30/15	09/30/16
Net Direct Debt per Capita* **	**$400**	**$307**	**$282.4**	**$273**	**$270**
Net Direct Debt per Capita as % of Income per Capita	**2%**	**1.00%**	**0.89%**	**0.88%**	**0.79%**
Net Direct Debt as % of Taxable Property Value	**1%**	**0.58%**	**0.53%**	**0.50%**	**0.46%**
Net Direct Debt Service as % of General Govt. Expenditures	**10%**	**3.50%**	**4.47%**	**3.78%**	**3.64%**

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

298,427	**Population of St. Lucie County – Estimate for 2016** Source: University of FL Bureau of Economic and Business Research (BEBR)
$34,129	**Per Capita Income in St. Lucie County** Source: U.S. Dept. of Commerce; http://www.bea.doc.gov/bea/regional/
$220,366,441	**General Government Expenditures**** Source: FY17 Budget, FGIBDST Banner Query, Funds 001% and 107% as of 9/30/16
$80,625,000	**Net Direct Debt (General Obligation and Governmental Funds Bonds)** Source: Bond Offering Statements as of September 30, 2016.
$8,023,810	**Net Direct Debt Service (Annual principal, interest and other debt service costs FY17)** Source: Bond Offering Statements as of September 30, 2016.
$17,454,497,567	**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, 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).

Current Moody's and Standard & Poor's ratings for St. Lucie County:

Moody's

- Sales Tax rating was downgraded from A1 to A2 in October of 2011, affirmed in May 2013 (stayed at A2 since this date).
- Transportation Revenue (Gas Tax) Bonds rating was upgraded from A2 to A1 in April 2010, affirmed in May 2013 (stayed at A1 since this date).
- State Revenue Sharing has maintained A2 rating, affirmed in May 2013.
- County Aa2 Issuer rating, affirmed in May 2013 - underlying rating.

Standard and Poor's (S&P)

- Sales Tax Bonds have maintained an A rating, affirmed in May 2013.
- Transportation Bonds have maintained A+ rating.
- State Revenue Sharing was upgraded from A to A+ in March 2011 (stayed at A+ since this date).
- County A Issuer rating, affirmed in June of 2005 - underlying rating.
- S&P assigned an A+ rating to St. Lucie County Water and Sewer District Utility System Improvement and Refunding Revenue Bonds. The outlook is stable.
- S&P raised its General Obligation (GO) rating on St. Lucie County by two notches to AA from A+ based on A&P local GO criteria, March 2014. The outlook is stable.

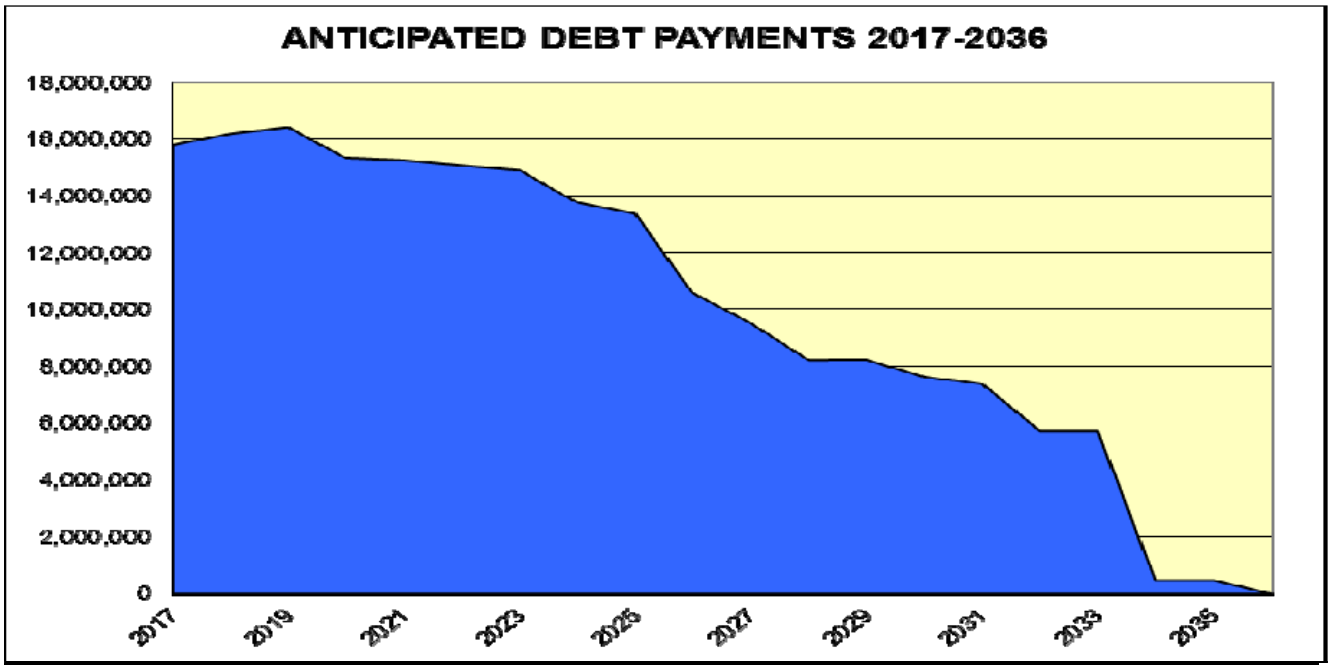
St. Lucie County has set aside in reserves an amount equal to $36.5 million as stated in the Financial Policies. Also, the County Debt Policy outlines several key indicators designed to keep direct debt at the lowest possible level.

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, 2016 the County anticipates $80,625,000 of general obligation and governmental funds bonds. Based on the assessed valuation of $17.5 billion for the fiscal year ending September 30, 2016, the County's general obligation and voted debt ratio currently equals 0.46 percent (0.46%).

OUTSTANDING INDEBTEDNESS

The County's total outstanding debt as of September 30, 2016 is estimated to be $153,322,233. Approximately 0.01 percent of the total County debt is repaid with property tax revenues ($20,000 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, 2016, 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 Bonds anticipated as of September 30, 2016:

- 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, 2016, a total of $104.850 million in outstanding principal balance is anticipated:

- Transportation Refunding Revenue Note issued in 2015 for the purpose of refunding the 2007 Bonds. The 2007 bonds purpose was acquisition, construction, and reconstruction of roads and bridges and other transportation improvements (The 2007 Project).
- (Half Cents) Sales Tax Refunding Revenue Bonds, Series 2013A issued to 1) refund all of the County's outstanding Sales Tax Refunding Revenue Bonds, Series 2003, (the "Series 2003 Bonds"), 2) pay the premium for a Reserve Account Policy and 3) pay costs associated with the issuance of the Series 2013A Bonds. The Series 2003 Bonds were issued to advance refund all of the County's outstanding Sales Tax Revenue Bonds Series 1994, pay the cost of certain capital improvements (Sheriff's building, additional court, jail, library and other administrative facilities, 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.
- (Half Cents) Sales Tax Refunding Revenue Bonds, Series 2013B issued to 1) provide funds to advance refund all of the County's outstanding Sales Tax Refunding Revenue Bonds, Series 2005 (the "Series 2005 Bonds," and together with the Series 2003 Bonds, the "Refunded Bonds"), 2) pay the premium for a Reserve Account Policy and 3) pay costs associated with the issuance of the Series 2013B Bonds. Refunding of bonds issued to provide money's 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. These bonds and interest are limited, special obligations of the count payable form 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.

- Capital Improvement Revenue Refunding Bonds, Series 2014 issued to provide funds for the principal purpose of refunding the County's Public Improvement Refunding Revenue Bonds, Series 2004A and State Revenue Sharing Improvement Revenue Bonds, Series 2005 (collectively, the "Refunded Bonds"). The 2004 Bonds were issued to cover the cost of acquisition, construction, and installation of an 800 MHz Radio System for the County. The 2005 Bonds were issued for the purpose of financing the cost of the acquisition of real property, Environmental Sensitive Land, and the construction of certain capital improvements including a courthouse expansion with the county and purchasing a Reserve account Credit facility to fund the Reserve account.
- Capital Improvement Revenue Bonds, Series 2015 issued to provide funds for the purpose of financing the cost of the acquisition of Tax Collector Building. Bonds secured solely by a pledge of General Fund revenues (Tax Collector Excess Fees).
- Capital Improvement Revenue Bonds, Series 2016 issued to provide funds to finance certain capital improvements related to the County Jail (Jail Security System Upgrade). The bonds are secured by covenanting to budget and appropriate legally available non-ad valorem funds to pay the bonds.
- St. Lucie County Water and Sewer District, Utility System Improvement and Refunding Revenue Bonds, Series 2013. These bonds were issued to provide funds for the purposes of (i) financing and/or reimbursing the costs of the 2013 Project, (ii) currently refunding all of the North Hutchinson Island Water and Sewer System Revenue Refunding Bonds, Series 1997, the Holiday Pines Water and Wastewater System Revenue Bonds, Series 1999 and the North Hutchinson Island Water and Sewer System Revenue Bonds, Series 2002 (collectively the "refunded Bonds"), (iii) prepaying the Improvement Refunding revenue Note, Series 2009A and (iv) paying the costs of issuance of the Series 2013 Bonds.
- 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.
- Erosion District (SHI Beach and Dune) Series 2012 issued to finance a portion of the costs of the acquisition and construction of beach and dune restoration improvements within the South Hutchinson Island Beach and Dune Restoration Special Assessment 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, 2016, St. Lucie County will have a total of $16,224,459 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 FY2016-2017 debt service for the loans is projected to be $3,108,870.

Capital Leases

St. Lucie County has entered into several capital lease agreements at interest rates to 4.03 percent. The total outstanding balance as of September 30, 2016 is estimated to be $19,065,363. 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% 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. 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

Although the County may face some future debt needs to cover necessary improvements and repairs, its future debt position remains manageable. The County is currently in negotiations with the New York Mets to try and extend the agreement with them. If the negotiations are successful, the County will be issuing debt for facility improvements.

ST. LUCIE COUNTY - BASIC DEBT SCHEDULE

FUND	Obligation	Year Issued	Maturity*	Original Amount	Interest Rate	Estimated Principal Outstanding On 09/30/16	Payments Due in FY 17 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%	$20,000	$20,000	$538	$20,538
			TOTAL:	3,500,000		20,000	20,000	538	20,538
	BONDS - GOVERNMENT FUNDS:								
218	TRANSPORTATION REFUNDING REVENUE NOTE Refunded Series 2007 Bonds. The 2007 bonds purpose was acquisition, construction, and reconstruction of Roads and bridges and other transportation improvements (The 2007 Project).	2015	2027	15,560,000	2.290%	12,075,000	$970,000	$290,625	1,260,625
215 **	(HALF-CENTS) SALES TAX REFUNDING REV BONDS Refunding of 2005 Sales Tax Ref Rev Bonds which ref 2003 5-bldg Bonds	2013 A	2033	47,285,000	2.00%-5.00%	41,185,000	$2,025,000	$1,919,050	3,944,050
215 **	(HALF-CENTS) SALES TAX REFUNDING REV BONDS Refunding of 2005 Research Park/Harbor Branch Acquisition Bonds	2013 B	2025	9,405,000	2.00%-5.00%	8,190,000	$395,000	$392,350	787,350
219	CAPITAL IMPROVEMENT REFUNDING BONDS Refunding of Series 2004 Bonds-800 MHz Radio Sys, & Series 2005 Bonds-Courthouse Imp./ESL Acquisition	2014	2025	10,495,000	2.41%	9,200,000	$1,060,000	$221,720	1,281,720
221	SLC CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 201! Tax Collector Building	2015	2034	7,000,000	2.74%	6,760,000	$275,000	$181,457	456,457
220	CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2016 Jail Security Upgrade	2016	2030	3,320,000	2.60%	$3,195,000	$190,000	$83,070	273,070
			TOTAL:	93,065,000		80,605,000	4,915,000	3,088,272	8,003,272
	BONDS - ENTERPRISE FUNDS:								
471 **	SLC WATER AND SEWER DISTRICT Utility System Improvement and Refunding Revenue Bonds Utility Project funds $3,800,000 and Refunding	2013	2033	21,105,000	2.00%-5.25%	19,925,000	$515,000	$945,250	1,460,250
			TOTAL:	21,105,000		19,925,000	515,000	945,250	1,460,250
	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%	2,740,000	$0	$137,000	137,000
39012 PR#36203	EROSION DISTRICT (SHI BEACH AND DUNE RESTORATION) South Hutchinson Island Beach and Dune Restoration Project	2012	2022	2,183,000	1.91%	1,580,000	$213,000	$28,144	241,144
			TOTAL:	17,103,000		4,320,000	213,000	165,144	378,144
	NOTES PAYABLE - GOVERNMENT FUNDS:								
129	PARKS MSTU CAPITAL IMP REFUNDING REV NOTE 2011 Refunding of Improvement Revenue Note 2008	2011	2022	10,330,000	2.17%	6,830,000	$915,000	$138,092	1,053,092
216	CAPITAL IMPROVEMENT REVENUE NOTE Seacoast (LOC) $10 Million; Sam's Acquisition, Façade , & imp, Admin Complex cooling, EOC, Clerk's Bldg	2007	2019	9,859,656	4.79%	2,921,046	$953,234	$63,082	1,016,316
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%	4,355,000	$500,000	$97,289	597,289
262	TOURIST DEV TAX REFUNDING REVENUE NOTE 2011B For Refunding of the 2003C Tourist Development Tax Revenue Note	2011	2023	1,460,000	3.31%	1,040,000	$115,000	$32,521	147,521
210	SOUTH COUNTY REGIONAL STADIUM Improvement Revenue Note Series 2008A	2009	2023	1,700,000	3.46%	950,000	$115,000	$46,360	161,360
216 PR#7655	FAIRGROUNDS CAPITAL IMPROVEMENT Improvement Revenue Bond, Series 2002B Const & Imp	2002	2017	1,510,000	3.80%	128,413	$128,413	$4,880	133,292
			TOTAL:	31,084,656		16,224,459	2,726,647	382,223	3,108,870

FUND	Obligation	Year Issued	Maturity*	Original Amount	Interest Rate	Estimated Principal Outstanding On 09/30/16	Payments Due in FY 17 Principal	Interest	Total
	OTHER LONG-TERM OBLIGATIONS:								
140001/ 142	PORT DEEPENING LOAN/US ARMY CORP OF ENG County pays 48% and Port MSBU pays 52%	1998	2027	797,960	6.125%	433,826	$28,786	$26,572	55,358
216 PR#79502	FP&L SOUTH COUNTY REGIONAL STADIUM Lights Contract	2001	2021	134,966	8.82%	54,468	$10,030	$4,394	14,424
			TOTAL:	932,926		488,294	38,816	30,965	69,782
	SPECIAL ASSESSMENTS: 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	7,876	$7,876	$0	7,876
39013	PARKLAND MSBU (39013)	2016	2031	339,000	3.730%	339,000	$17,000	$12,496	29,496
669	LAKE DRIVE MSBU	2008	2022	150,000	4.561%	74,871	$9,319	$3,202	12,522
685	SUNLAND GARDENS	2006	2019	370,000	5.107%	111,368	$25,798	$5,029	30,827
686	GREENACRES	2006	2019	168,000	5.107%	59,558	$10,755	$2,767	13,522
687	INDIAN RIVER ESTATES	2009	2028	16,000,000	3.068%	6,502,021	$414,562	$193,123	607,685
684	SUNLAND GARDENS Phase II (#3815)	2009B	2024	3,130,000	3.40%	1,500,280	$145,288	$48,540	193,828
668	HARMONY HEIGHTS (FPUA UTIL) (#38015)	2009A	2022	1,250,000	3.40%	444,143	$57,266	$14,127	71,393
296	N. LENNARD RD. 1 MSBU (#4502) #296	2010	2025	4,355,000	3.70%	2,890,000	$275,000	$106,930	381,930
297	N. LENNARD RD.2 MSBU (#38003) #297	2010	2025	860,000	3.70%	575,000	$55,000	$21,275	76,275
298	N. LENNARD RD. 3 MSBU (#38004) #298	2010	2025	260,000	3.70%	170,000	$15,000	$6,290	21,290
			TOTAL:	26,946,000		12,674,117	1,032,865	413,778	1,446,643
	ST. LUCIE COUNTY - OTHER DEBT **CAPITAL LEASES:**								
107-1940 PR#. 1542	WATER CONSERVATION PROJECT Rock Road Jail (Citimortgage Lease/purchase) Obligation began 2008	2007	2017	1,400,000	4.03%	42,985	$42,985	$1,304	44,288
222	ENERGY EFFICIENCY (LEASE/PURCHASE) - FP&L County Buildlings	2015	2031	9,305,379	2.37%	9,305,379	$756,573	$290,087	1,046,660
223	MOTOROLA (LEASE/PURCHASE) 800MHZ RADIO SYSTEM SLC debt Obligation begins in 2018	2015	2030	8,967,201	3.547%	8,967,201	$0	$0	0
101002 (50%) 101003 (50%)	ST. LUCIE COUNTY EQUIPMENT LEASE/PURCHASE To finance Public Works-Road & Bridge Equipment (Excavator, Street Sweeper, Motorgrader, Vas-Con Sewer Cleaner Body, Cab Tractor)	2014	2019	1,062,889	1.3073%	749,798	$210,750	$9,116	219,866
			TOTAL:	20,735,469		19,065,363	1,010,308	300,506	1,310,814
	TOTAL COUNTY DEBT OBLIGATIONS:			**$214,472,051**		**$153,322,233**	**$10,471,636**	**$5,326,676**	**$15,798,311**

Notes: *Maturity Date is per amortization schedule and is not based on County Fiscal Year. **Adjustments made to schedule based on Financial posting of some 10/1 debt payments in prior fiscal year on 9/30