

2026 TDT Revenue and Refunding Revenue Bonds Overview

Background

The County has the opportunity to achieve debt service savings by refunding the existing Tourist Development Tax (TDT) Refunding Revenue Bonds, Series 2016, TDT Revenue Bonds, Series 2016A, and TDT Refunding Revenue Bonds, Series 2016B (the "2016 TDT Bonds"). This refunding transaction aims to reduce future annual debt service costs by replacing the current bonds with new ones at lower interest rates, akin to refinancing a mortgage to lower monthly payments. The 2016 TDT Bonds refinanced previously outstanding bonds which provided financing for the completion of Phase V at the Orange County Convention Center (OCCC). The 2016A and 2016B Bonds financed Phase II of the Dr. Phillip Performing Arts Center, and defeased the City of Orlando Venues Bonds, fulfilling the county's commitment for the Venues 1st-5th cent TDT funds.

Additionally, for efficiency, the debt working group is issuing a portion of the financing for the OCCC 5A project with the refunding of the 2016 TDT Bonds. The 2026 financing will be structured in two series: Series 2026A (5A financing) and Series 2026B (refunding of the 2016 TDT Bonds) (collectively, the "2026 TDT Bonds").

Current Refunding of the 2016 TDT Bonds

The County currently has \$344,895,000 in outstanding 2016 TDT Bonds (the "2016 TDT Bond Par Amount") which mature between 2026 and 2036. These bonds are callable and can be redeemed at any time on or after October 1, 2026, following proper notice to bondholders.

The debt working group, made up of financial consultants and staff from the County and Comptroller, has been tracking this savings opportunity. The County is preparing this refunding transaction targeting a minimum savings of 4% of the refunded 2016 TDT Bond Par Amount, after accounting for the interest expenses and costs of issuance related to the Series 2026B Bonds. This 4% savings target aligns with benchmarks established in recent similar County refunding transactions. Refunding the outstanding 2016 TDT Bonds is estimated to yield approximately \$18 million in net present value savings through 2036 based on current market conditions.

Reimbursement and Funding for OCCC 5A Project

The Board previously approved \$560M funding for the OCCC 5A project on October 3, 2023. Funding for the 5A project began with OCCC incorporating the project into its five-year capital budget, along with anticipated proceeds from future bond issuances. In addition, on August 13, 2024, the Board approved a reimbursement resolution to allow funding of OCCC projects with proceeds from future tax-exempt financing (the "Reimbursement Resolution"), a portion of which will now be authorized by the resolution currently being presented to the Board (the "2026 Bond Resolution").

OCCC has used TDT reserve revenues to initiate pay for the costs of the 5A project pursuant to the Reimbursement Resolution and the 2026 TDT Bonds will provide long-term financing of those costs. Approximately \$100-125 million of work is expected to be completed by the time the 2026

TDT Bonds are issued; bond proceeds will reimburse OCCC, thereby restoring reserve balances for other TDT initiatives. This reimbursement approach avoids premature borrowing and improves cost certainty.

To enhance efficiency while preserving capacity and flexibility for future use of TDT revenues, the debt working group recommended funding the OCCC 5A project through two issuances—up to \$300 million in 2026 and \$260 million in 2027—thereby aligning funding with the 5A project's projected cash-flow needs. Additionally, the 2026 TDT Bonds will feature a 30-year modified wrapped structure, with the majority of principal allocated within the first 20 years and only \$2 million per fiscal year in the final 10 years—an amount sufficient to support marketability.

Issuance of the 2026 TDT Bonds

This transaction delivers significant savings while providing the necessary financing for the OCCC 5A project. However, success will depend on the interest rate market at the time of sale and the credit view of investors. Our current TDT ratings are at AA, Aa2, and AA-, respectively by FitchRatings, Moodys, and S&P Global Ratings. The debt working group concluded that it would be financially prudent to seek credit ratings only with FitchRatings and Moodys in connection with the 2026 TDT Bond transaction as two rating agencies is sufficient for market access. The request is for the Board to approve and execute the 2026 Bond Resolution authorizing the issuance of the 2026 TDT Bonds enabling the working group to act when the market is most favorable. This approval will empower the working group to finalize issuance documents and prepare for a sale that meets the established savings target and secures the lowest interest cost for the bonds. Both PFM, the County's Financial Advisor, and County staff recommend adopting the 2026 Bond Resolution to facilitate the issuance.

2026 Bond Resolution

The 2026 Bond Resolution sets parameters for the transaction, including a true interest cost not exceeding 5% for the Series 2026A Bonds, and a net present value savings of at least 4% for the Series 2026B Bonds after accounting for issuance costs. It allows the issuance of up to \$300 million in Series 2026A Bonds and \$340 million in Series 2026B Bonds, providing flexibility to accurately size the issuance to meet the refunding requirements at pricing. The 2026 Bond Resolution further authorizes the Mayor and staff to issue the 2026 TDT Bonds once all sale parameters are met.

2026 Bond Documents

Pursuant to Administrative Regulation 6.02.04, the 2026 Bond Resolution will authorize the 2026 TDT Bonds to be sold via the competitive bid process. The County's Financial Advisor, PFM, and the Comptroller are aware of the choice of this method of sale.

The following documents are provided for Board consideration:

2026 Bond Resolution - Authorizes the issuance of the 2026 TDT Bonds and delegates to the Mayor, or the Mayor's designee, the execution of all documents related to the 2026 TDT Bonds, distribution of the Preliminary Official Statement, and delivery of the Official Statement. The resolution also provides the limited delegation and certain parameters required to award the sale by the Mayor or the Mayor's designee.

Form of Escrow Deposit Agreement - The agreement between the County and the Escrow Agent to establish and administer the Escrow Fund, which is a portfolio of securities and cash that will be used to pay interest on the refunded bonds for the short period until the call date in October and to retire the refunded bonds on the call date.

Form of Seventeenth Supplemental Indenture of Trust to Second Amended and Restated Indenture of Trust - A master agreement providing the terms and conditions pursuant to which the 2026 TDT Bonds can be issued and secured by the Pledged Funds (consisting principally of the 1st through 4th cent Tourist Development Tax Revenues and the 5th Cent Tax Revenues) and to which all monies, funds, and accounts related thereto are administered. It also sets forth a continuing disclosure undertaking requiring informational notices to the markets throughout the time the 2026 TDT Bonds are outstanding.

Form of Official Notice of Bond Sale - A public announcement issued by the County to inform potential underwriters about the upcoming bond offering. This notice provides essential details such as the sale date, time, place, bond descriptions, maturity schedules, and bidding procedures, enabling underwriters to prepare competitive bids for the bond purchase.

Form of Preliminary Official Statement (POS) - A disclosure document provided to potential investors before a municipal bond sale, detailing the bond's terms, purpose, and financial information to aid investment decisions. The Securities and Exchange Commission cautions all public officials to carefully review the POS to be sure that no misstatements or omissions are made that would be material to investors. To ensure a thorough and professional review, the working group includes a Disclosure Counsel firm that reviews the information and prepares the POS, and the POS is also reviewed by Bond Counsel, the County Attorney's Office, Comptroller staff, OCCC staff, and County fiscal staff.