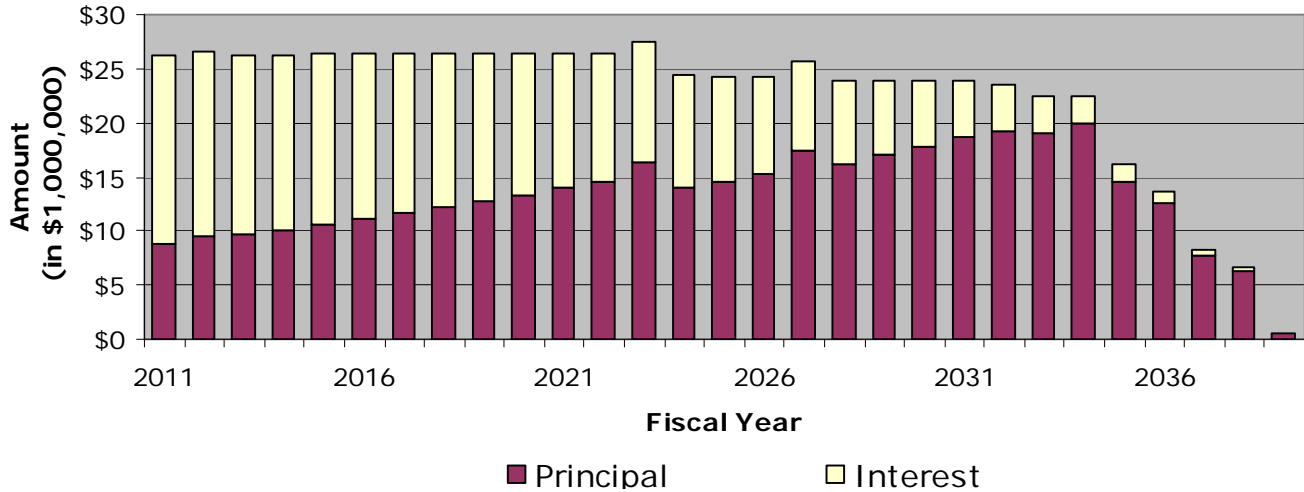


DISCUSSION ON THE EFFECTS OF EXISTING DEBT LEVELS ON CURRENT AND FUTURE OPERATIONS

Per the assumptions as stated in the "Schedule of Debt Service on Outstanding Bonds as of September 30, 2010" regarding the two variable rate bond issues, the total annual debt service will be fairly constant for the next 24 years, 2011 – 2034, at approximately \$22,500,000 to \$27,500,000. From the year of 2035 forward and as more bonds mature, the total annual debt service will decline significantly, if no additional bonds are issued.

Annual Principal and Interest Payment FY2011 to FY2039



The debt services and related fees of the Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2008 of \$8,040,000 continue to be paid by the Susan B. Anthony Center (Center) which was built by the City and funded by the City's refunded Variable Rate Capital Improvement Revenue Bonds, Series 2005 (Susan B. Anthony Center). Except servicing the debt and coordinating with the Center, the repayment costs of this bond issue are passed on to the Center. The City receives an annual income of \$50,000 as credit enhancement fee and an annual Site Administrative Charge of \$27,437 from the center.

The total outstanding bond principal balance as of September 30, 2010 is \$385,360,700, representing a decrease of \$8,094,300 from prior year.

Property Taxable Value for fiscal Year Ending Sept. 30th, 2010 (2009 Tax Year)

Just Value	14,727,213,419
Less: Tax Exempt Properties	(1,301,379,660)
Personal Exemptions	(2,165,825,895)
Homestead Assessment Differential ⁽¹⁾	(1,635,740,300)
Nonhomestead Residential Property Differential ⁽²⁾	(339,070)
Certain Residential and Nonresidential Real Property Differential ⁽²⁾	(29,537,760)
Value Adjustment Board & Broward County Property Appraiser Adjustments	(41,890,096)
Final Taxable Value	\$9,552,500,638

(1) Per F.S. 193.155, the reassessed value shall not exceed the lower of a) 3% of the assessed value of the property for the prior year; or b) the percentage change in the CPI.

(2) Per F.S. 193.1554 & 193.1555, the reassessed value may not exceed 10% of the assessed value of the property for the prior year.

Legal Debt Limit

There are no direct limitations imposed by the Florida Constitution or the Florida Statutes on the amount of debt that the City can issue.

The City of Pembroke Pines' limit is governed by the City's Ordinances No. 1560 (Debt Management Policy) and No. 1561 (Derivative Debt Management Policy) adopted on November 1, 2006.

City's debt management policy regarding direct unlimited tax general obligation debt limitation (1.5% of the City's taxable assessed valuation)		\$143,287,510
<u>General Obligation Bonds:</u>		
General Obligation Bonds, Series 2005	42,160,000	
General Obligation Bonds, Series 2007	40,900,000	
Total General Obligation Bonds subject to debt limitation	<hr/>	83,060,000
Legal debt margin		<hr/> \$60,227,510 <hr/>

Bond Covenants

The City is also governed by the covenants of individual revenue bonds if the City plans to issue additional parity bonds. The covenants are as follows:

Public Improvement Revenue Bonds, Series 2001

Additional parity bonds payable from the pledged revenues may be issued for the acquisition or construction of capital improvements in the City, or for refunding of bonds, and only if the pledged revenues for the most recent full fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Taxable Communications Services Tax Revenue Bonds, Series 2003A and Taxable Communications Services Tax Revenue Bonds, Series 2004

Additional parity bonds payable from the pledged revenues may be issued only if the pledged Revenues for the most recent full fiscal year equal at least 120% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Public Improvement Revenue Bonds, Series 2004A Public Improvement Revenue Bonds, Series 2004B

Additional parity bonds payable from the pledged revenues may be issued for acquisition or construction of capital improvements in the City, or for refunding of bonds, and only if the pledged revenues for the most recent full fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Public Improvement Revenue Refunding Bonds, Series 2006

Additional parity bonds payable from the pledged revenues may be issued for acquisition or construction of capital improvements in the City, or for refunding of bonds, and only if the pledged revenues for the most recent full fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Capital Improvement Revenue Refunding Bonds, Series 2006

Additional parity franchise revenue bonds payable from the pledged revenues may be issued only if the pledged revenues for such preceding fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Capital Improvement Revenue Bonds (Phase II of Forman Senior Housing Project), Series 2007

Additional parity franchise revenue bonds payable from the pledged revenues may be issued only if the pledged revenues for such preceding fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Charter School Revenue Bonds, Series 2008

Additional Parity Bonds payable on a parity with the 2008 Bonds may be issued for acquisition or construction of additional educational facilities and related facilities for Charter Schools or Charter Lab School or for refunding of Bonds, and only if the pledged revenues for the most recent full fiscal year equal at least 120% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2008

Additional parity franchise revenue bonds payable from the pledged revenue may be issued only if the pledged revenues for the most recent full fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity franchise revenue bonds.

Capital Improvement Revenue Refunding Bonds, Series 2010

Additional bonds and additional parity franchise revenue bonds payable from the pledged revenues may be issued only for acquisitions or construction of additions, extensions or improvements to the Project, or for refunding of bonds, and only if the pledged revenues for the preceding fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.