

# G.O. BOND PROGRAM FREQUENTLY ASKED QUESTIONS

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## WHAT IS A GENERAL OBLIGATION BOND?

A General Obligation (G.O.) Bond is a form of debt obligation that provides local government with funds for major capital improvements. Miami Beach G.O. Bonds are backed by the full faith and credit of the city, which means the city is obligated to pay back the bonds plus interest by pledging its ad valorem taxing power. As such, the city uses a portion of its property tax revenues to repay the bonds in the form of annual principal and interest payments.

## WHAT ARE G.O. BONDS USED FOR?

G.O. Bonds are sold to investors and the proceeds are used to pay for capital projects that fulfill a public interest and need. Bond funds cannot and will not be spent on regular municipal operations. Such expenses are paid for by annual revenues (i.e. property taxes, resort taxes, etc.) that support the city's General Fund.

The Miami Beach G.O. Bond Program totals \$439 million, which is allocated to three separate project categories as follows:

- Parks, Recreational & Cultural Facilities: \$169,000,000
- Neighborhoods & Infrastructure: \$198,000,000
- Police, Fire & Public Safety: \$72,000,000

## HOW DID THE G.O. BOND PROGRAM GET APPROVED?

In November 2018, Miami Beach residents voted to approve the \$439 million General Obligation Bond Program, passing all three related ballot measures with an outstanding support rate of approximately 70 percent. The results came after an extensive voter education effort with a series of public meetings and community workshops.

## HOW IS THE CITY FINANCING THE APPROVED G.O. BOND PROGRAM?

The city dedicates a portion of its property tax revenues to repay debt incurred for bond-funded capital improvements. \$439 million is borrowed from residents in four separate phases rather than all at once to allow property tax rates to increase over time. The full amount gets financed over the course of the 10-year bond program as each of the four tranches are issued in increments of about three years. As the debt service tax rate is gradually phased in, the associated tax rate is adjusted each year.

## WHO IS MANAGING THE IMPLEMENTATION OF THE G.O. BOND PROGRAM?

The overall G.O. Bond Program implementation plan is being coordinated by a small team of designated city staff to deliver the approved projects on-time, in-budget and as-promised to the Miami Beach community. Each project is managed by a city department that plans, designs and constructs the improvement project from start to finish. A citizen led G.O. Bond Oversight Committee reviews each step of the implementation process and the elected Mayor and City Commission officiates milestones. An Inspector General's Office ensures that money is being spent properly and information is kept transparent.