

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

Meeting Date: July 22, 2008 ☒ Consent ☐ Regular
 ☐ Ordinance ☐ Public Hearing
 Department: Office of Financial Management & Budget

I. Executive Brief

Motion and Title: Staff recommends motion to adopt a Resolution amending a Resolution entitled: "A Resolution authorizing the issuance of Public Improvement Revenue Bonds in the principal amount of not to exceed \$170 Million for the purpose of financing the costs of the acquisition, renovation, construction and equipping of additional criminal justice and public improvement facilities and all other costs necessary or incidental thereto; providing for the terms and payment of such bonds; authorizing the issuance of bond anticipation notes; providing for the rights, security and remedies of the holders thereof, making certain covenants and agreements in connection therewith; authorizing the proper officials of the County to do all other things deemed necessary or advisable in connection with the issuance of such bonds; and providing for an effective date," as amended by Resolution R-2006-0046 to increase the not to exceed principal amount to \$180 Million, to clarify provisions relative to reserve account credit facilities and providing for an effective date.

Summary: The County is planning to fund the debt service reserve for this bond issue with cash from bond proceeds. The Bond Resolution gives the County the option in the future to satisfy the debt service reserve requirement with a Reserve Account Credit Facility with the necessary coverage. This amendment makes the language with respect to the use of a Reserve Account Credit Facility less restrictive. **Countywide (PFK)**

Background and Justification: The debt service on the bonds will be paid from legally available non-ad valorem revenues.

Attachments:

1. Bond Resolution

Recommended by: Elizabeth Blaise 7/15/08
 Department Director Date

Approved By: W. Baker 7/16/08
 for County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Capital Project	<u>\$165MM</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating Costs	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Debt Service Costs	<u> </u>	<u>\$8.647M</u>	<u>\$11.2M</u>	<u>\$11.2M</u>	<u>\$11.2M</u>
External Revenues	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Program Income (County)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
In-Kind Match (County)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 NET FISCAL IMPACT	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 No. ADDITIONAL FTE POSITIONS (Cumulative)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Is Item Included In Current Budget? Yes No
Budget Account No.: Fund Department Unit
Object Reporting Category

B. Recommended Sources of Funds/Summary of Fiscal Impact:

The annual debt service payments are secured by legally available non-ad valorem revenues.

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

The Bonds are expected to be issued in late August. The above debt service payments are estimates.

John A. Long / 7/14/08 N/A
OFMB Contract Dev. and Control

B. Legal Sufficiency:

Paul F. J. / 7/15/08
Assistant County Attorney

C. Other Department Review:

Department Director

RESOLUTION NO. R- _____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA AMENDING A RESOLUTION ENTITLED: "A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE OF PUBLIC IMPROVEMENT REVENUE BONDS IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE HUNDRED SEVENTY MILLION DOLLARS (\$170,000,000) FOR THE PURPOSE OF FINANCING THE COSTS OF THE ACQUISITION, RENOVATION, CONSTRUCTION AND EQUIPPING OF ADDITIONAL CRIMINAL JUSTICE AND PUBLIC IMPROVEMENT FACILITIES AND ALL OTHER COSTS NECESSARY OR INCIDENTAL THERETO; PROVIDING FOR THE TERMS AND PAYMENT OF SUCH BONDS; AUTHORIZING THE ISSUANCE OF BOND ANTICIPATION NOTES; PROVIDING FOR THE RIGHTS, SECURITY AND REMEDIES OF THE HOLDERS THEREOF, MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AUTHORIZING THE PROPER OFFICIALS OF PALM BEACH COUNTY TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; AND PROVIDING FOR AN EFFECTIVE DATE," AS AMENDED BY RESOLUTION R-2008-0046, TO CLARIFY PROVISIONS RELATIVE TO RESERVE ACCOUNT CREDIT FACILITIES AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, on July 24, 2007 the Board of County Commissioners (the "Board") of Palm Beach County, Florida (the "County"), adopted Resolution No. R-2007-1228 (the "Authorizing Resolution") and authorized the issuance of not exceeding \$170,000,000 aggregate principal amount of Palm Beach County, Florida Public Improvement Revenue Bonds (the "Bonds") for the purpose of financing the costs of acquisition, renovation, construction and equipping of additional criminal justice and public improvement facilities and all other costs necessary or incidental thereto (as more fully described in the Authorizing Resolution, the "Project"); and

WHEREAS, because of turmoil in the financial markets, including financial problems of the providers of municipal bond insurance, the Board adopted Resolution R-2008-0046 on January 15, 2008 (the "First Amending Resolution") providing for an increase in the authorization of issuance of Bonds by ten million dollars (\$10,000,000) to an aggregate principal amount of not to exceed ONE HUNDRED EIGHTY MILLION DOLLARS (\$180,000,000) to provide sufficient monies to fund a cash debt service reserve, if necessary; and

WHEREAS, because conditions in the financial markets have continued to worsen the Board believes it to be in the best interest of the County to amend certain provisions of the Authorizing Resolution relative to Reserve Account Credit Facilities.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AS FOLLOWS:

SECTION 1. AMENDMENT TO SECTION 7 OF ARTICLE III OF THE AUTHORIZING RESOLUTION. Section 7 of Article III of the Authorizing Resolution is amended in its entirety to read as follows:

“SECTION 7. SINKING FUND -- DEBT SERVICE RESERVE ACCOUNT. (a) Amounts in the Debt Service Reserve Account shall be used to make up any deficiency in the Principal and Interest Account or the Redemption Account on any Interest Payment Date. If, on the last Business Day preceding any Interest Payment Date, the amounts on deposit in the Debt Service Reserve Account shall be less than the Debt Service Reserve Requirement, the County shall apply amounts from Pledged Revenues, available for such purposes hereunder, to the extent necessary to cure the deficiency; provided, however, that no further payments shall be required to be made into the Debt Service Reserve Account whenever and as long as the amount deposited therein shall be equal to the Debt Service Reserve Requirement (including taking into account any Reserve Account Credit Facilities).

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Debt Service Reserve Account or in substitution for moneys already on deposit in the Debt Service Reserve Account, the County may cause to be

deposited into the Debt Service Reserve Account a Reserve Account Credit Facility for the benefit of the Bondholders in an amount equal to the difference between the Debt Service Reserve Requirement, and the sums then on deposit in the Debt Service Reserve Account, if any, which Reserve Account Credit Facility shall be payable or available to be drawn upon, as the case may be (upon the giving of three days notice as required thereunder), on any Interest Payment Date on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to this Resolution and available for such purpose and otherwise meet the requirements of this Section. If a disbursement is made under the Reserve Account Credit Facility, the County shall be obligated to either reinstate the maximum limits of such Reserve Account Credit Facility immediately following such disbursement equal to the Debt Service Reserve Requirement, or to deposit into the Debt Service Reserve Account from the Pledged Revenues, available for such purposes hereunder, as herein provided, funds in the amount of the disbursement made under such Reserve Account Credit Facility, or a combination of such alternatives as shall equal the Debt Service Reserve Requirement.

In the event that any moneys shall be withdrawn from the Debt Service Reserve Account for payments into the Principal and Interest Account or Redemption Account such withdrawals shall be subsequently restored from the first Pledged Revenues, available for such purposes hereunder, after all required payments have been made into the Principal and Interest Account and Redemption Account, including any deficiencies for prior payments, and after reimbursement in full of any sums owed to the Reserve Account Credit Facility Issuer. The foregoing restoration may be satisfied by the reinstatement of the maximum limits of a Reserve Account Credit Facility.

Moneys in the Debt Service Reserve Account shall be used only for the purpose of making payments into the Principal and Interest Account or Redemption Account, when and to the extent the moneys transferred to the Sinking Fund are insufficient for such purpose, provided, however, that moneys in the Debt Service Reserve Account may be invested and reinvested as provided for herein; and provided further, however, that moneys on deposit in the Debt Service Reserve Account may, upon final maturity of the Bonds, be used to pay the principal of and interest on the Bonds.

There shall be initially deposited in the Debt Service Reserve Account from the proceeds derived from the sale of the Bonds an amount equal to the Debt Service Reserve Requirement or in lieu of all or a portion thereof, the Debt Service Reserve Requirement shall be satisfied by the deposit with the Paying Agent of a Reserve Account Credit Facility with the requisite coverage.

Such Reserve Account Credit Facility may take any of the following forms:

- (i) A surety bond, insurance policy or evidence of insurance issued to the entity serving as Paying Agent, as agent of the bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Bonds (a "municipal bond insurer") with claims-paying ability, rated at the time of delivery thereof, "AAA" or "Aaa" by S&P or Moody's, respectively.
- (ii) A Letter of Credit issued to the Paying Agent, as agent of the Bondholders, by a bank rated, at the time of delivery thereof, at least "AA" by S&P or "Aa" by Moody's.

(b) The delivery of any Reserve Account Credit Facility pursuant to this Section shall be subject to receipt of an opinion of counsel acceptable to the County and the Credit Facility Issuer and in form and substance satisfactory to the

County and the Credit Facility Issuer as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such Reserve Account Credit Facility is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the County and the Credit Facility Issuer, if any.

(c) Cash on deposit in the Debt Service Reserve Account shall be used (or Investment Obligations purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Account Credit Facility. If and to the extent that more than one Reserve Account Credit Facility is deposited in the Debt Service Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

(d) Whenever the moneys, cash and Investment Obligations on deposit in the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement, such excess shall be deposited in the Principal and Interest Account; provided, however, that any excess resulting from the valuation of Investment Obligations shall not be transferred to the Principal and Interest Account until such time as the Investment Obligations are sold or mature. The Investment Obligations in the Debt Service Reserve Account shall be valued at fair market value, exclusive of accrued interest. The County shall determine the value of the Investment Obligations held in the Debt Service Reserve Account five days prior to each Interest Payment Date. Deficiencies resulting from a decline in market value of Investment Obligations on deposit in the Debt Service Reserve Account shall be

restored no later than the succeeding valuation date unless required earlier under this Resolution.”

SECTION 2. RESOLUTION NO. R-2007-1228 REMAINS IN FULL FORCE AND EFFECT. Except as otherwise set forth in this Resolution and the First Amending Resolution, Resolution No. R-2007-1228 is confirmed in all respects and remains in full force and effect.

SECTION 3. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

The following resolution was offered by Commissioner _____ who moved its adoption. The motion was seconded by Commissioner _____, and upon being put to a vote, the motion passed as follows:

Commissioner ADDIE GREENE	_____
Commissioner JEFF KOONS	_____
Commissioner KAREN T. MARCUS	_____
Commissioner ROBERT J. KANJIAN	_____
Commissioner MARY MCCARTY	_____
Commissioner BURT AARONSON	_____
Commissioner JESS R. SANTAMARIA	_____

The Chairperson thereupon declared the resolution duly passed and adopted this ____ day of _____, 2008.

PALM BEACH COUNTY, FLORIDA,
BY ITS BOARD OF COUNTY COMMISSIONERS

Sharon R. Bock, Clerk & Comptroller

By: _____
Deputy Clerk

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY

By: Paul F. [Signature]
County Attorney