Agenda Item #:

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS <u>AGENDA ITEM SUMMARY</u>

Meeting Date: Dec. 2, 2008 [X] Consent [] Regular [] Ordinance [] Public Hearing Department: Office of Financial Management & Budget

I. Executive Brief

Motion and Title: Staff recommends motion to appoint Wachovia Securities as Senior Manager and Citigroup, Jackson Securities, Janney Montgomery and Merrill Lynch, as Co-Managers for the not to exceed \$90 Million Water & Sewer Revenue Bonds, Series 2009 (FP&L Reclaimed Water Project).

Summary: On November 18, 2008, the Board conducted a TEFRA public hearing and approved the issuance by the County of its not to exceed \$90 Million Water and Sewer Revenue Bonds (FP&L Reclaimed Water Project). The Series 2009 Bonds are considered private activity bonds under the Internal Revenue Code and the County must obtain an allocation from the State to issue the bonds. As part of the application process, the Board must have bond counsel and underwriters in place prior to the due day of the application which is January 1, 2009. Bond counsel was selected on October 21, 2008. The above firms are next on the senior manager underwriter rotation list. **Countywide (PFK)**

Background and Justification: On May 20, 2008, the Board approved A) Reclaimed Water Agreement with FP&L to supply reclaimed water for the West County Energy Center; B) Interlocal Agreement with East Central Regional Wastewater Treatment Facilities Operation Board and the City of West Palm Beach (WPB) related to the construction, operation and maintenance of reclaimed water facilities; C) Interlocal Agreement with WPB related reclaimed water service and various consultant services agreements (R-2008-0906 through R-2008-0911) related projects.

Attachments:

1. Senior Manager Underwriter Rotation List

Recommended by:	Elizalitta Closs Department Director	11/21/08 Date	
Approved By:	County Administrator	いかりの Date	,

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II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Capital Expenditures	<u></u>				
Operating Costs					<u> </u>
Bond Proceeds Issue Costs	(See Summa	ary of Fisca	I Impact Be	low)	
External Revenues					
Program Income (County)			· · · · · · · · · · · · · · · · · · ·		
In-Kind Match (County)		·		<u> </u>	
NET FISCAL IMPACT			<u>. </u>		
No. ADDITIONAL FTE					
POSITIONS (Cumulative)					
Is Item Included In Curren Budget Account No.:	t Budget? Fund rting Catego	_ Departmo	No <u>X</u> ent	Unit	

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

Underwriter expenses represent costs of marketing the bonds and are negotiated at the time of sale based on then market conditions. They are paid from bond proceeds. Based on terms of the agreement, FP&L will be responsible for the payment of debt service on the bonds.

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

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

/ 11/21/08 N/A Contract Dev. and Control

B. Legal Sufficiency:

124/08 Attorney

C. Other Department Review:

Department Director

REVISED 9/03 ADM FORM 01 (THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT.)

PALM BEACH COUNTY SENIOR MANAGER UNDERWRITER ROTATION LIST October 21, 2008

District 4	Wachovia Securities
District 2	Raymond James
District 7	Jackson Securities
District 5	Janney Montgomery
District 3	Merrill Lynch
District 1	Citigroup (Note 2)
District 6	Loop Capital Markets

Senior Manager on next issue Not eligible to serve as co-manager Not eligible to serve as co-manager

<u>Note 1</u> - One selection per Commissioner with the senior manager selected for an issue always going to the bottom of the rotation list for future issues. If a Commissioner changes underwriters after the initial appointment in October, 2003, the new appointee will be placed at the bottom of the list.

<u>Note 2</u> - Depending on the size of the bond issue, additional co-managers will be selected from the above list as follows: The firm at the top of the list to be appointed as senior manager, the next firm in line to be senior manager and the last firm selected as senior are not eligible to serve as co-manager on the next bond issue. Eligible firm(s) will be selected to be co-managers in order from the senior rotation list. On October 21, 2008, Janney Montgomery and Merrill Lynch were appointed as additional Co-Managers on the not to exceed \$110 Million Public Improvement Revenue and Refunding Bonds, Series 2008-2. Citigroup is the next firm to be selected as co-manager with others to be selected following in order. Selection as comanager does not effect a firm's standing on the senior manager rotation list.

<u>Note 3</u> - Staff and the County's Financial Advisor recommend the following guidelines for structuring teams for each bond issue: (1) Up to \$10 Million - 1 Senior, (2) \$10 to \$25 Million - 1 Senior, 1 Co-Manager; (3) \$25 to \$50 Million - 1 Senior, 2 Co-Managers; (4) \$50 to \$75 Million - 1 Senior, 3 Co-Managers; (5) Excess of \$75 Million 1 Senior, 4 or more Co-Managers, depending on the size of the issue.

<u>Note 4 - Proprietary Proposals</u> - The County will continue to consider new and innovative proposals from any underwriter. If the Board decides to move forward with a proposal, the underwriter will be given consideration as the book running manager on the bond issue without regard to the senior manager rotation list. If the underwriter selected to be bookrunning manager is on the County's senior rotation list, the underwriter will be moved to the bottom of the list for future issues. Refunding of outstanding bond issues and other proposals that are currently being done by other issuers are not considered proprietary proposals. Submission of these proposals will not necessarily be a factor in the selection of underwriting teams.