Agenda Item #: 5D - l

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

Meeting Date:	May 19, 2009	[]	Consent	[X]	Regular	
_					Public Hearing	
Department:	Office of Financial Management & Budget					

I. Executive Brief

Motion and Title: Staff recommends motion to:

A) Adopt a Resolution authorizing the County to obtain a line of credit in the principal amount of \$38,776,332 to support the issuance of letters of credit to satisfy the debt service reserve fund requirements of seven of the County's outstanding bond issues; approving the form of and authorizing the execution of a Loan Agreement with Wachovia Bank, N.A. and providing for an effective date.

B) Authorize OFM^B to prepare a budget transfer of \$68,790 from sales tax revenues and amend the seven debt service funds and general fund.

Summary: On May 20, 2008 (R-2008-0817) the Board approved a line of credit with Bank of America to satisfy the debt service reserve requirement for seven bond issues. That line of credit was for a period of one year and is due to expire. In accordance with the terms of the Agreement with Bank of America, County staff discussed renewing the letters of credit. Bank of America stated that the renewal would require additional business in the form of deposits from the County. Following discussions with Clerk and Comptroller's staff the County received a proposal from Wachovia Bank at an annual rate lower than quotes from other banks. The term of the above line of credit is one year subject to renewal by the County and acceptance by the Wachovia Bank. The County anticipates renewing the letters of credit in accordance with the bond resolution. The annual fees will be included in the FY 2010 Budget. <u>Countywide (PFK)</u>

Background and Justification: On May 20, 2008, the Board adopted a Resolution (R-2008-0817) authorizing the County to execute a Loan Agreement with Bank of America, N.A. (the Bank) for a line of credit in the principal amount of \$38,776,332 to support the issuance of letters of credit to satisfy the debt service reserve funding requirements for seven of the County's outstanding bond issues (the Bonds). The Bonds had debt service reserve funds that are funded by a debt service reserve surety policy issued by a municipal bond insurance company that has had its AAA credit rating downgraded below a level specified in the bond resolutions. The Loan Agreement with Bank of America expires on May 21, 2009 subject to renewal by the County and acceptance by the Bank. The County does not anticipate that any draws on the letters of credit will occur. The fees are paid from legally available non-ad valorem revenues.

Attachments:

1. Bond Resolution (On File in OFMB)

Recommended by:	Gizaluth Glown Department Director	5/14/09	
	Department Director	Date	
Approved By:	Agner	5/14/09	
	County Administrator	Date	

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	·····				
Operating Costs Debt Service Costs External Revenues	68,790	387,763			
Program Income (County In-Kind Match (County)	n)				
NET FISCAL IMPACT	68,790	387,763			<u></u>
No. ADDITIONAL FTE POSITIONS (Cumulative)				
Is Item Included In Curre Budget Account No.: Object Repo		Departme	No <u>X</u> ent	Unit	

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

The fees are paid from legally available non-ad valorem revenues.

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

Contract Dev. and

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5/14/09

A. OFMB Fiscal and/or Contract Dev. and Control Comments: ANNUML FEES ME FUCINOES IN THE PROPOSED 2010 BUDGET

114/09

Β. **Legal Sufficiency:**

<u>5/14/09</u> Assistant County Morney

C. Other Department Review:

Department Director

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