Agenda Item #: 66-1

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS AGENDA ITEM SUMMARY

Meeting Date:	June 2, 2009	[]	Consent Ordinance	[X] []	Regular Public Hearing
Department:	Office of F	inancial	Managemen	t & Bu	dget

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 \$22,568,948 to support the issuance of letters of credit to satisfy the debt service reserve fund requirements of four 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; and

B) Authorize OFMB prepare a budget transfer of \$48,000 from sales tax revenues and amend the four debt service funds and general fund to provide budget for additional fees associated with line of credit.

Summary: On September 9, 2008 (R-2008-1565) the Board approved a line of credit with SunTrust Bank to satisfy the debt service reserve requirement for four bond issues. The line of credit is due to expire on September 10, 2009. On April 23, 2009, SunTrust's bank ratings dropped below the AA rating required by the four bond resolutions. On May 19, 2009, the Board adopted a Resolution (R-2009-0887) authorizing a line of credit with Wachovia Bank in the principal amount of \$38,776,332 for seven County bond issues at the lowest annual rate available in the market today. During our discussions with Wachovia, they agreed to replace SunTrust Bank on the above \$22,568,948 line of credit at the same annual fee. Staff is recommending that the Board move forward with the replacement at this time because changing market conditions could result in an increase in the fees if we wait until the expiration date. The term of the line of credit is one year subject to renewal by the County and acceptance by Wachovia Bank. The annual fees will be included in the FY 2010 Budget. Countywide (PFK)

Background and Justification: On September 9, 2008, the Board adopted a Resolution (R-2008-1565) authorizing the County to execute a Loan Agreement with SunTrust Bank (the Bank) for a line of credit in the principal amount of \$22,568,948 to support the issuance of letters of credit to satisfy the debt service reserve funding requirements for four of the County's outstanding bond issues (the Bonds). The Bonds had debt service reserve funds that were funded by a debt service reserve surety policy issued by a municipal bond insurance company that had its AAA credit rating downgraded below a level specified in the bond resolutions. 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: Olizabeth Olash 5/58/19
Department Director Date

Approved By: County Administrator

Date

II. FISCAL IMPACT ANALYSIS

A. F	ive Year Summary o	f Fiscal Imp	act:						
	Fiscal Years	2009	<u>2010</u>	2011	<u>2012</u>	<u>2013</u>			
Oper Debt Exter Prog	tal enditures rating Costs Service Costs rnal Revenues ram Income (County) nd Match (County)	48,000	172,589						
NET	FISCAL IMPACT	48,000	172,589	····					
	ADDITIONAL FTE SITIONS (Cumulative)			<u> </u>				
Bud	m Included In Curre get Account No.: ct Repo	Fund	Departm	No <u>X</u> ent	Unit				
В.	Recommended So	urces of Fu	nds/Summar	y of Fiscal	Impact:				
The f	ees are paid from leg	ally available	non-ad valor	em revenue	es.				
C.	Departmental Fiscal Review:								
		III. <u>REV</u>	IEW COMME	<u>NTS</u>					
A.	OFMB Fiscal and/o	or Contract I	Dev. and Con	trol Comm	ents:				
Annu RA	or included in the state of the	n the propose	128/19	udget. N/A ract Dev. a	nd Contro	ol			
B.	Legal Sufficiency:								
	Assistant County	Attorney	28/09						
C.	Other Department								
	Department	Director							

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