

3G-1

Agenda Item #:

PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY

Meeting Date: March 6, 2012 [X] Consent [ ] Regular  
[ ] Ordinance [ ] Public Hearing  
Department: Office of Financial Management & Budget

I. Executive Brief

**Motion and Title:** Staff recommends motion to adopt a Resolution authorizing the execution of a Third Amendment to Loan Agreement in connection with the extension of the County's line of credit in the principal amount of \$33,709,176, dated May 21, 2009 with Wells Fargo Bank, N.A., that satisfies the debt service reserve fund requirements for six of the County's outstanding bond issues; authorizing the execution of a separate Third Amendment to Loan Agreement in the principal amount of \$22,568,948 in connection with the extension of the County's separate line of credit with Wells Fargo Bank N.A. (the Bank), dated June 4, 2009 that satisfies the debt service fund requirements for four other County bond issues and providing an effective date.

**Summary:** Under the terms of the loan agreements, the County requested that the Bank extend the maturity date for each loan agreement for one year. The Bank has agreed to extend the loan agreements for one year with all other terms and conditions remaining unchanged. The County will continue to pay an annual fee of .65% (\$365,808) for the letters of credit issued to satisfy the debt service reserve requirements under the loan agreements. The County expects to continue to renew the loan agreements each year. On January 26, 2012, the County Financing Committee (CFC) reviewed and approved moving forward with the extension of the loan agreements. Countywide (PFK)

**Background and Justification:** On May 17, 2011, the Board adopted Resolution (R-2011-0735) authorizing the execution of Second Amendments to the Loan Agreements in connection with the extension of the County's lines of credit in the amount of \$38,776,332 and \$22,568,948, respectively, to support the issuance of letters of credit to satisfy debt service requirements for various outstanding bond issues of the County. The Bonds originally had debt service reserves that were funded by surety policies issued by municipal bond insurance companies. When those companies had their AAA rating downgraded below a level specified in the bond resolutions, the County had to replace the surety policies with letters of credit. The County does not expect that any draws on the letters of credit will occur. The fees are paid from legally available non-ad valorem revenues.

**Attachments:**

- 1. Bond Resolutions

Recommended by: John A. Wilson for Liz Blouse 2/22/12  
Department Director Date

Approved By: [Signature] 2/22/12  
County Administrator Date

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
Debt Service Costs	<u>182,904</u>	<u>182,904</u>	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
<b>NET FISCAL IMPACT</b>	<u>182,904</u>	<u>182,904</u>	_____	_____	_____
No. ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? Yes X No \_\_\_\_\_ (Various Budgets)  
 Budget Account No.: Fund VARIOUS Department 810 Unit VARIOUS  
 Object 7301 Reporting Category \_\_\_\_\_

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

These fees are paid from available non-ad valorem revenues.

C. Departmental Fiscal Review: Shirley Brown 2/21/12  
Rafael 2/21/12

**III. REVIEW COMMENTS**

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

[Signature] 2/23/12  
 WS 2/22/12 OFMB 2/22/12  
[Signature] 2/22/12  
[Signature] 2/24/12  
 Contract Dev. and Control 2-24-12  
 (S)

**B. Legal Sufficiency:**

Paul F. [Signature] 2/27/12  
 Assistant County Attorney

**C. Other Department Review:**

\_\_\_\_\_  
 Department Director

RESOLUTION No. 2012-\_\_\_\_\_

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AUTHORIZING THE EXECUTION OF A THIRD AMENDMENT TO LOAN AGREEMENT IN CONNECTION WITH THE EXTENSION OF THE COUNTY'S LINE OF CREDIT DATED MAY 21, 2009 WITH WELLS FARGO BANK, N.A., THAT SATISFIES THE DEBT SERVICE RESERVE FUND REQUIREMENTS FOR SEVEN OF THE COUNTY'S OUTSTANDING BOND ISSUES; AUTHORIZING THE EXECUTION OF A SEPARATE THIRD AMENDMENT TO LOAN AGREEMENT IN CONNECTION WITH THE EXTENSION OF THE COUNTY'S SEPARATE LINE OF CREDIT WITH WELLS FARGO BANK, N.A., DATED JUNE 4, 2009 THAT SATISFIES THE DEBT SERVICE RESERVE FUND REQUIREMENTS FOR FOUR OTHER COUNTY BOND ISSUES; AND PROVIDING AN EFFECTIVE DATE.

**WHEREAS**, the Board of County Commissioners of Palm Beach County, Florida (the "County") has previously entered into those certain Loan Agreements, dated as of May 19, 2009 and June 4, 2009 (collectively, the "Loan Agreements") with Wachovia Bank, National Association (now Wells Fargo Bank, N.A.) (the "Bank") providing for the establishment by the Bank of a line of credit (the "Line of Credit") pursuant to which the Bank will issue certain letters of credit (the "Letters of Credit") in satisfaction of the debt service reserve fund requirements with respect to several series of revenue bonds previously issued by the County; and

**WHEREAS**, the Agreements specify that the respective Lines of Credit authorized thereunder have maturity dates of May 20, 2010 and June 3, 2010, respectively, which dates may be extended upon compliance with the terms thereof; and

**WHEREAS**, the County by adoption of separate First Amendments to Loan Agreement, each dated as of May 20, 2010, extended the maturity date of the Lines of Credit to May 20, 2011 and June 3, 2011, respectively; and

**WHEREAS**, the County by adoption of separate Second Amendments to Loan Agreement, dated as of May 20, 2011 and June 3, 2011, respectively, extended the maturity dates of the Lines of Credit to May 20, 2012 and June 3, 2012, respectively;

**WHEREAS**, the County has received indication that the Bank is willing to further extend such maturity dates;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, as follows:**

**SECTION 1.** The Third Amendment to Loan Agreement, dated as of May 20, 2012, between the County and the Bank, substantially in the form attached hereto as

Exhibit A, is hereby authorized to be executed by the Chair and Clerk or their appropriate designees, with such modifications, insertions as deletions as approved by such parties, approval to be presumed by their execution thereof.

**SECTION 2.** The Third Amendment to Loan Agreement, dated as of June 3, 2012, between the County and the Bank, substantially in the form attached hereto as Exhibit B, is hereby authorized to be executed by the Chair and Clerk or their appropriate designees, with such modifications, insertions and deletions as approved by such parties, approval to be presumed by their execution thereof.

**SECTION 3.** If any provisions of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provisions herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

**SECTION 4.** This Resolution shall be governed by and construed in accordance with the laws of the State of Florida.

**SECTION 5.** All officials and employees of the County are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents, and contracts on behalf of the County that are necessary or desirable in connection with the completion of the Loan.

**SECTION 6.** All resolutions or parts thereof in conflict herewith are hereby repealed.

**SECTION 7.** This Resolution shall take effect immediately upon its adoption.

The foregoing 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 Shelley Vana, Chair  
Commissioner Steven L. Abrams, Vice Chair  
Commissioner Jess R. Santamaria  
Commissioner Priscilla A. Taylor  
Commissioner Paulette Burdick  
Commissioner Burt Aaronson  
Commissioner Karen T. Marcus

The Chair thereupon declared the Resolution duly passed and adopted this \_\_\_\_ day of \_\_\_\_\_, 2012.

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

SHARON R. BOCK, CLERK AND  
COMPTROLLER

By: \_\_\_\_\_  
Deputy Clerk

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

By: Paul F. J.  
County Attorney

**EXHIBIT A**

**THIRD AMENDMENT TO LOAN AGREEMENT**

This Third Amendment to Loan Agreement, dated as of May 20, 2012, by and between Palm Beach County, Florida, a political subdivision of the State of Florida, and its successors and assigns (the "County") and Wells Fargo Bank, N.A., a national banking association, as successor to Wachovia Bank, National Association, its successors and assigns (the "Bank");

**WITNESSETH:**

**WHEREAS**, the parties hereto have previously entered into that certain Loan Agreement, dated as of May 21, 2009, as amended by the First Amendment to Loan Agreement, dated as of May 20, 2010 and the Second Amendment to Loan Agreement, dated as of May 20, 2011 (collectively, the "Original Loan Agreement"), providing for the provision by the Bank of a Line of Credit to the County and the issuance pursuant thereto of certain Letters of Credit fulfilling the Debt Service Reserve Requirement for certain County bond issues; and

**WHEREAS**, the Line of Credit under the Original Loan Agreement expires May 20, 2012, subject to extension by the Bank; and

**WHEREAS**, the Bank has indicated its willingness to extend the Line of Credit and the Letters of Credit issued thereunder through May 20, 2013; and

**WHEREAS**, the County and the Bank desire to modify the Original Loan Agreement to reflect such extension;

The parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, **DO HEREBY AGREE** as follows:

**SECTION 1.** The Maturity Date set forth in the Original Loan Agreement is hereby amended to be May 20, 2013.

**SECTION 2.** The Letter of Credit issued under the Line of Credit relating to the County's Administrative Complex Revenue Refunding Bonds, Series 1993, shall not be renewed.

**SECTION 3.** The stated amount of the Letter of Credit issued under the Line of Credit relating to the County's Public Improvement Revenue Refunding Bonds (Convention Center Project), Series 2004, shall be reduced to \$2,905,609.

**SECTION 4.** Except as modified hereby, all other provisions of the Original Loan Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective between them as of the date first set forth above.

**WELLS FARGO BANK, N.A.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

**PALM BEACH COUNTY, FLORIDA**

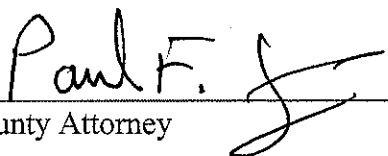
Sharon R. Bock, Clerk & Comptroller

By: \_\_\_\_\_  
Shelley Vana, Chair  
Board of County Commissioners

By: \_\_\_\_\_  
Deputy Clerk

(SEAL)

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY

  
\_\_\_\_\_  
County Attorney

## EXHIBIT B

### THIRD AMENDMENT TO LOAN AGREEMENT

This Third Amendment to Loan Agreement, dated as of June 3, 2012, by and between Palm Beach County, Florida, a political subdivision of the State of Florida, and its successors and assigns (the "County") and Wells Fargo Bank, N.A., a national banking association, as successor to Wachovia Bank, National Association, its successors and assigns (the "Bank");

#### WITNESSETH:

**WHEREAS**, the parties hereto have previously entered into that certain Loan Agreement, dated as of June 3, 2009, as amended by the First Amendment to Loan Agreement, dated as of June 3, 2010 and the Second Amendment to Loan Agreement, dated as of June 3, 2011 (the "Original Loan Agreement"), providing for the provision by the Bank of a Line of Credit to the County and the issuance pursuant thereto of certain Letters of Credit fulfilling the Debt Service Reserve Requirement for certain County bond issues; and

**WHEREAS**, the Line of Credit under the Original Loan Agreement expires June 3, 2012, subject to extension by the Bank; and

**WHEREAS**, the Bank has indicated its willingness to extend the Line of Credit and the Letters of Credit issued thereunder through June 3, 2013; and

**WHEREAS**, the County and the Bank desire to modify the Original Loan Agreement to reflect such extension;

The parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, **DO HEREBY AGREE** as follows:

**SECTION 1.** The Maturity Date set forth in the Original Loan Agreement is hereby amended to be June 3, 2013.

**SECTION 2.** Except as modified hereby, all other provisions of the Original Loan Agreement shall remain in full force and effect.



IN WITNESS WHEREOF, the parties have executed this Agreement to be effective between them as of the date first set forth above.

**WELLS FARGO BANK, N.A.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

**PALM BEACH COUNTY, FLORIDA**

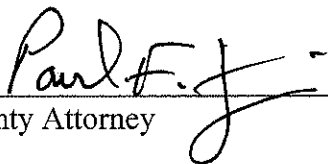
Sharon R. Bock, Clerk & Comptroller

By: \_\_\_\_\_  
Shelley Vana, Chair  
Board of County Commissioners

By: \_\_\_\_\_  
Deputy Clerk

(SEAL)

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY

  
\_\_\_\_\_  
County Attorney