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The Honorable Jeff Koons, Chairman
Palm Beach County Board of County Commissioners
301 North Olive Avenue, 12th Floor
West Palm Beach, FL 33401

Dear Commissioner Koons:

I read with interest your call for the Board of County Commissioners (BCC) to review the bond issuance practices in Palm Beach County. The recent indictment filed by the U.S. Attorney exposes the existing weaknesses in the county system for issuing debt; however it does not provide actionable recommendations to eliminate the opportunity for further assaults on the public's trust. In order to restore the public's confidence, an independent review of these practices is required. For that reason, my office will immediately initiate a review of the County's debt issuance practices and conduct a debt impact study.

As Clerk & Comptroller of Palm Beach County, I have long advocated the need for a comprehensive debt policy that includes strict controls to prevent opportunities for abuse. I have repeatedly expressed concerns to Commissioners and County staff regarding the County's procedures for issuing debt. For example:

- In June 2005, when the BCC approved an ordinance authorizing an Interest Rate Exchange Agreement to reduce the interest cost on outstanding bond issues, we brought to their attention that the information supporting the approval of the ordinance was incorrect, as was some of the language in the ordinance itself.
- On February 21, 2007, I, along with my staff, met with the County Administrator and his staff to share the results of our research in the area of best practices in debt management and to urge a review of County debt practices. I offered the assistance of my staff in developing a comprehensive debt policy.
- In March 2007, I asked the BCC to defer action on the recommendation for bond disclosure counsel pending adoption of a debt policy for the county.

- On May 8, 2007, during our FY 2006 Year-End Financial Review presentation to the BCC, we advised that 70% of the County's debt would come due in the next ten fiscal years because of the way the debt was structured. We also emphasized the need for a comprehensive debt policy.
- On May 24, 2007, the County issued and approved a debt policy that codified the existing bond issuance practices, ignoring the recommendation for a comprehensive review that would have strengthened internal controls.
- On May 8, 2008, during our FY 2007 Year-End Financial Review, we again recommended the development of a more comprehensive debt policy.

The Clerk & Comptroller is a critical check and balance for county government finances, and an entity that can ensure an impartial and unbiased review for the taxpayers of Palm Beach County. We have done extensive research on debt issuance over the past four years and have identified industry best practices for debt management. We have also identified successful practices within Florida and for AAA counties throughout the country. We have studied Palm Beach County's debt issuance and have already identified and reported weaknesses in the current system. Our comprehensive research in this area, along with an in-depth review, will provide the BCC with information it needs to make clear and informed debt policy decisions.

Our Audit Services Director will immediately contact your internal auditor to make the necessary arrangements. The full cooperation of the BCC and County staff during this difficult and trying time is an essential first step in restoring the public's trust. A full report will be issued at the conclusion of our review.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Sharon R. Bock
Clerk & Comptroller

cc: Board of County Commissioners
Robert Weisman, County Administrator