

ORDINANCE NO. 2009-XXXX

PALM BEACH COUNTY DEBT ORDINANCE

AN ORDINANCE ENTITLED “PALM BEACH COUNTY DEBT ORDINANCE,” SUPPLEMENTING FLORIDA STATUTE §218.385; PROVIDING FOR THE CREATION OF THE PALM BEACH COUNTY FINANCING COMMITTEE AND ESTABLISHMENT OF ITS ROLE; ESTABLISHING THE COMPOSITION OF THE COMMITTEE; PROVIDING FOR COMMITTEE ADVISORS; PROVIDING FOR ANNUAL COMMITTEE REVIEW OF DEBT RELATED POLICIES AND PROCEDURES; PROVIDING FOR ANNUAL REVIEW OF DEBT LIMITS; REQUIRING COST EFFECTIVE SALE OF ALL DEBT; REQUIRING POLICY FOR USE OF DERIVATIVES; PROVIDING COMMITTEE RECOMMENDATIONS TO THE BOARD; ; ; REQUIRING AN ANNUAL DEBT REPORT; PROVIDING FOR FINANCIAL DISCLOSURE; PROVIDING FOR A REPEAL OF LAWS IN CONFLICT; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE OF LAWS AND ORDINANCES; PROVIDING FOR INTERPRETATION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners (Board) of Palm Beach County, Florida, is the legislative and governing body of the County, pursuant to the Constitution of the State of Florida; and

WHEREAS, the Board intends to prudently manage the County’s incurrence and issuance of debt and to administer the County’s outstanding debt in a manner that best serves the public’s interests, meets the goals of the Board, ensures that appropriate financial, procedural and ethical controls are exercised, and enhances the long-term fiscal health of the County; and

WHEREAS, the Board wishes to gain the advice and counsel of local experts involved in the financial services industry as to the best practices and highest industry standards; and

WHEREAS, the principles of best practices and good governance under the guidelines of the Government Finance Officers Association (GFOA) call for a comprehensive debt policy to improve the quality of decisions related to debt management, provide justification for debt issuance and demonstrate a commitment to long-term financial planning; and

WHEREAS, the Board wishes to implement certain practices set forth by the GFOA's National Advisory Council on State and Local Budgeting (NACSLB) related to the management of County debt; and

WHEREAS, the Board wishes to signal to all citizens of Palm Beach County, rating agencies and the capital markets that the County is well managed and positioned to meet its financial obligations in a timely manner,

NOW THEREFORE, BE IT ORDAINED, by the Board of County Commissioners of Palm Beach County, Florida, that:

Section 1: NAME: This Ordinance shall be known and may be cited as the "Palm Beach County Debt Ordinance" or "Debt Ordinance."

Section 2: PURPOSE: This Ordinance shall establish a framework for the administration and oversight of debt incurred and issued by Palm Beach County

Section 3: COMMITTEE: The Board shall create a Palm Beach County Financing Committee (Committee) to:

- a) Review, recommend or modify all debt and debt-related financing proposals for submission to the Board. The term debt-related financing shall include all bonds, notes, lease-purchase contracts, certificates of participation, lease revenue bonds,

letters and lines of credit issued against a pledge of a specific revenue source or a covenant to budget and appropriate specific revenue, of which the proceeds will be used to fund a project providing for a public benefit;

- b) Select, subject to ratification by the Board, all financing professionals required to assist in the structuring of public financings (bond counsel, disclosure counsel, underwriters, financial advisors and other financial professionals);
- c) Review all debt financing related documents;
- d) Review the plan of finance for each financing, and ensure that the plan provides reasonable assurance that the debt structure, the Official Statement and other disclosure documents utilized in connection with public financings are in compliance with this Ordinance, all County policies and procedures, and all applicable Federal and State laws;
- e) Ensure full and fair disclosure of actual or potential conflicts of interest resulting from financial and other relationships among financing professionals and County staff and officials or other County related issues;
- f) Perform other additional finance and debt related duties as requested by the Board.

Section 4: COMMITTEE COMPOSITION: The Palm Beach County Financing Committee is created as follows:

The Committee shall be comprised of five (5) voting members, to include County Office of Financial Management and Budget Director, a current municipal Finance Officer with extensive debt issuance experience, Solid Waste Authority Finance Director, Clerk & Comptroller's office representative and a Palm Beach County citizen with extensive debt issuance experience.

The County governmental members will serve as long as they or their appointing official remains an employee or elected official of County government.

The municipal Finance Officer shall be appointed to the Committee by the President of the Palm Beach County Chapter of the Florida Government Finance Officers Association for a term of two years.

The County Citizen member shall also serve a two year term and be selected through a request for qualification (RFQ) process, in which the selection committee shall consist of the other four members of the Committee.

The Citizen member shall be deemed qualified based on the following:

- i. A member of the public with experience in the municipal investment banking community or securities community with a minimum of five (5) years direct experience with fixed income securities and/or a minimum of three (3) years of current fixed income management responsibility; or
- ii. A member of the public with a minimum of five (5) years of direct fixed income securities experience.

The Committee members shall elect their own Chairperson every two years.

Section 5: COMMITTEE ADVISORS

The following shall serve as advisors to the Committee as needed:

1. County Administrator
2. County Attorney
3. County Debt Manager
4. Department head of involved Department
5. Financial Advisor
6. Investment Manager, Clerk & Comptroller

The Committee shall meet as often as necessary, but no less than quarterly.

The Board Services Department of the Clerk & Comptroller's Office shall keep the official minutes and records of the Committee.

Section 6: ANNUAL REVIEW OF DEBT POLICY & PROCEDURES: The County has established PPM CW-F-074, The Palm Beach County Debt Management Policy (Policy) to give guidance to the financing team and County Financing Committee. The Committee shall review within 90 days of its creation all debt-related PPMs and provide to the Board a report outlining any suggested changes, updates or modifications to the policy and/or the procedures to be used. Thereafter, the Committee shall conduct this review and make recommendations to the Board on an annual basis, but no later than May 31 of each year. The Board shall act on proposed changes at any regularly scheduled meeting.

At a minimum the Policy shall include: appropriate limitations on cash flow borrowings; limitations on maturities; guidelines on use of special assessment district (MSTU) or self supporting debt; appropriate debt ratios, measurement and limitations; guidance on refunding of existing debt; and limitations on use of variable rate debt.

Section 7: SALE OF BONDS: All general obligation, special obligation and revenue bonds, certificates of participation, notes and other similar obligations of the County (collectively, the "Bonds") shall be sold in the most cost effective manner appropriate for each particular issuance. The Committee shall evaluate each prospective issuance to determine the most cost effective and lowest true interest cost method of sale. The factors to consider in determining the most effective method of sale shall include, but not be limited to, the following:

- a) Credit rating of the County and/or other obligated party
- b) Relative complexity of the issue
- c) Size of issue and timing
- d) Prevailing bond market conditions

Section 8: USE OF DERIVATIVES: Prior to the use of any type of derivative product as part of a debt issue or as part of the County's debt management program, the County staff shall develop and submit for Committee review and recommendations a policy on the use of debt-related derivative products ("Derivative Policy") which shall be presented to the Board at a regularly scheduled meeting.

Section 9: RECOMMENDATIONS: All Committee recommendations shall be presented by the Committee Chair, or a Committee member designee, at a regularly scheduled meeting of the Board.

Section 10: REPORTING: On an annual basis the Committee, in coordination with County Debt Manager and the Clerk & Comptroller's office, shall issue an Annual Debt Report. The report shall be presented to the Board no later than May 31 of each year. Such report will pertain to the prior fiscal year, and will include, at a minimum, the following elements:

- a) Calculations of the appropriate ratios and measurements necessary to evaluate the County's credit and the credit of its various Enterprise Systems;
- b) Information related to any significant events affecting outstanding debt, including Conduit Debt Obligations;
- c) An evaluation of savings related to any refinancing activity;
- d) A summary of any changes in Federal or State laws affecting the County's debt program;
- e) Detailed descriptions, individual and aggregate schedules and summaries of the County's outstanding debt;
- f) Recommendations for limitations/restrictions on debt issuance (if applicable).

Section 11: FINANCIAL DISCLOSURE: Each member of the Committee shall file a disclosure of financial interest form for a "local officer" in a manner set forth in Florida Statute § 112.3145 and shall abide by and be accountable for compliance with Chapter 112, Florida Statutes entitled "Code of Ethics for Public Officers and Employees."

Individual committee members may not participate in any aspect of the issuance of the County's debt for a period of one year after the completion of their term.

Section 12: REPEAL OF LAWS IN CONFLICT: All local laws and ordinances applying to the unincorporated areas of Palm Beach County in conflict with any provision of this Ordinance are hereby repealed to the extent of any such conflict.

Section 13: SEVERABILITY: If any section, paragraph, sentence, clause, phrase, or word of this Ordinance is for any reason held by a Court to be unconstitutional, inoperative, or void, such holding shall not affect the remainder of this Ordinance.

Section 14: INCLUSION IN THE CODE OF LAWS AND ORDINANCES: The provisions of this Ordinance shall become and be made a part of the Code of Laws and Ordinances of Palm Beach County, Florida. The sections of this Ordinance may be renumbered or relettered to accomplish such, and the word "ordinance" may be changed to "section," "article," or other appropriate word.

Section 15: INTERPRETATION: This Ordinance shall not be interpreted in such a manner as to restrict the capability of the County or the Board to issue debt and debt instruments in accordance with Florida Statutes.

Section 16: EFFECTIVE DATE: The provisions of this Ordinance shall become effective upon filing with the Department of State.

APPROVED AND ADOPTED by the Board of County Commissioners of Palm Beach County, Florida, on this the ____ day of _____, 2009.

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

By _____

John F. Koons, Chairman

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY

By _____

County Attorney

EFFECTIVE DATE: Filed with the Department of State on the ____ day of _____, 2009.