

# **EDITORIAL: End AAA-rated patronage**

Palm Beach Post Editorial

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For nearly two decades, Palm Beach County relied on a rotation system to supposedly avoid controversy in the selection of bond underwriters. But controversy arrived nonetheless, with a federal probe resulting in criminal charges against former Commissioner Mary McCarty and a plea deal that will send her to prison.

No one disputes that the rotation must end. But there's a dispute over how the county must ensure that bond issues are beyond reproach. A promising approach, suggested by Palm Beach County Clerk and Comptroller Sharon Bock, is to establish an independent advisory committee.

The problem with the rotation that McCarty helped put in place in 1993 is that no one challenged it. Each commissioner appointed an underwriter. McCarty's chosen underwriter returned the favor by giving other business to her husband's bond firm. She also persuaded at least one other commissioner to make appointments she favored. Staff preferred the system because it avoided what would have been a lobbying free-for-all on bond issues.

Ms. Bock, in a 34-page report, criticized the county for failing to enact a comprehensive bond policy. Existing policies failed to challenge the status quo. The county's financial adviser, an outside consultant hired to guide bond issues, has been unchanged since 1991. No documentation backed county decisions to insure bonds that already had a high rating and high debt service reserve levels. To accommodate the rotation, which guaranteed underwriters regular work, the county didn't seek competitive bids, adding as much as \$5.3 million over five years in costs.

The obvious solution is to end the rotation and put more bond issues out to competitive bid. But to answer corruption with transparency, Ms. Bock correctly suggests that an extraordinary effort is needed.

She proposes an independent advisory board that would review policy and bond issues and ensure that county bond decisions are aired publicly. There's no guarantee, though, that an independent board wouldn't face its own political pressure or wouldn't have incompetent members. Its bylaws would have to allow for flexibility to respond quickly to changing market conditions.

But this board's mistakes, like its successes, would be debated publicly. Commissioners, not the advisory board, would retain final say.

Commissioners received Ms. Bock's report two weeks ago but won't discuss it until they hear from a state grand jury, expected to report on county bond practices this month. It will take more than a few internal moves to reassure the public that political manipulation no longer will dictate debt policy. The county prides itself as being one of the few AAA-rated counties nationwide. There's no reason why the county's debt policy shouldn't be AAA as well.