RESOLUTION NO. 2014-91

A RESOLUTION UPDATING RESOLUTION NO. 2006-151, AS AMENDED, FINANCIAL POLICIES FOR THE BOARD OF COUNTY COMMISSIONERS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners adopted certain financial policies pursuant to Resolution No. 2006-151, as amended, providing the necessary framework for sound financial management practices, careful fiscal planning and healthy long-term financial management of all County resources and activities. Financial policies provide a comprehensive approach to financial management to the betterment of Nassau County citizens; and

WHEREAS, the Board of County Commissioners of Nassau County, Florida, authorized an amendment of Section VI, Debt Management Policies, specifically Policy 6.18, and has determined a need to update the Financial Policies.

NOW, THEREFORE, BE IT RESOLVED, by the Board of County Commissioners, Nassau County, Florida in Regular Session duly assembled on the 9th day of June, 2014, that the financial policies attached hereto as Exhibit "A" be effective upon adoption.

BOARD OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA

BARRY V. HOLLOWAY
Its: Chairman

ATTEST AS TO CHAIRMAN'S
SIGNATURE:

JOHN A. CRAWFORD
Its: Ex-Officio Clerk

MES
06.10.14

Approved as to form by the
Nassau County Attorney:

DAVID A. HALLMAN

Debt management policies are intended to provide a comprehensive and viable debt policy which recognizes the capital improvement needs of the County as well as the taxpayers' ability to pay while taking into account existing legal, economic, financial and debt market considerations.

Debt management policies:

- Set forth requirements and limitations for debt issuance;
- Strengthen the quality of decisions, and provide parameters for the decision-making process;
- Demonstrate the County's commitment to long-term financial planning;
- Transmit a message to rating agencies that the County is committed to sound financial management.

Purposes of Debt Issuance

6.1 The County will issue long-term debt only for the purposes of financing capital improvement projects that cannot be financed from current revenues or fund balance/retained earnings and for refunding outstanding debt when sufficient cost savings can be realized or it is advantageous to do so.

6.2 The County will not use long-term debt to finance current operations.

6.3 The County may enter into long-term leases for the acquisition of major equipment when it is economically beneficial.

6.4 Conduit debt issued/sponsored shall have a general public purpose. All conduit financings must insulate the County completely from any credit risk or exposure and must be approved by the County's bond counsel and financial advisor before being submitted to the Board of County Commissioners for authorization.

Financial Requirements

6.5 Capital improvements requiring financing shall be financed by debt to be repaid from legally available revenue sources.

6.6 Revenue sources will be pledged for debt only when legally available. In those situations where proposed revenues to be pledged have been used for operation and maintenance expenses, an alternative revenue source to replace the same must be identified.

6.7 On all debt-finance projects, the County will attempt to make a down payment of at least 10 percent of total project costs from current available revenues.

6.8 When possible, the County will issue special assessment, revenue or other self-supporting bonds instead of general obligation bonds. Creation of Municipal Service Taxing Units (MSTU) and Municipal Service Benefit Units (MSBU) will be considered whenever practical.

6.9 The County will use voted general obligation debt to fund capital improvements, which cannot be financed from available funds. Every effort will be made to limit the amount of general obligation debt.

6.10 The County will use a "pay as you go" policy unless internal funding is not sufficient to meet capital needs and future citizens will realize a significant benefit from the project.

Maturity Limitations

6.11 Debt financing shall not exceed 90% of the useful life of the capital project, but in no event to exceed 30 years.

General Debt Limitations

6.12 The County will seek to attain and maintain the highest credit rating possible.

6.13 The County will consider coordinating with other local government entities, to the extent possible, so as to minimize the overlapping debt burden to citizens.

6.14 The County will ensure that an adequate system of internal control exists so as to provide reasonable assurance as to compliance with applicable laws, rules, regulations, and covenants associated with outstanding debt.

6.15 Compliance with existing debt coverage ratios will be satisfied at all times and analyzed before additional debt is issued.

Debt Issuance Restrictions

6.16 The County shall use the services of outside finance professionals such as a Financial Advisor and Bond Counsel.

6.17 Credit enhancements such as insurance, letters of credit, etc. will be used in those instances where deemed beneficial to do so.

6.18 No debt shall be issued without the approval of the ~~Chief Financial Officer, Office of Management and Budget Director, County Manager, County Attorney, County's Financial Advisor and the~~ Board of County Commissioners.

Refunding/Prepayment

6.19 Based on periodic review and the recommendation of the financial Advisor and Bond counsel, the County will refund or prepay any outstanding debt when sufficient cost savings can be realized or is considered advantageous to County.

Disclosure Requirements

6.20 The County along with the Chief Financial Officer will jointly maintain solid relationships with bond rating agencies, providing financial condition updates and other relevant information.

6.21 The County shall comply with all covenants and requirements of the bond resolutions, bond trust agreements and State and Federal laws authorizing and governing the issuance and administration of debt obligations. The Chief Financial Officer is responsible for compliance with annual disclosure requirements.

Arbitrage Reporting

6.22 The Chief Financial Officer shall establish a system of record keeping and reporting, or procure the services of a company specializing in arbitrage, to meet the arbitrage rebate compliance requirements of the federal tax code to preserve the tax-exempt status of the County's outstanding and future debt issues.

Investment of Bond Proceeds

6.23 The investment of bond proceeds shall be governed by the adopted Investment Policy and applicable bond covenants under the guidance of the Chief Financial Officer.

Short-Term and Interim Financing

6.24 The County may choose to issue short-term financing tools such as bond anticipation notes, tax anticipation notes, line of credit, or pooled commercial paper where their use is judged by the County's financial advisor and bond counsel to be prudent and advantageous. The Chief Financial Officer's recommendations will be considered.

6.25 The County will not use short-term borrowing to finance operating needs except in the case of an extreme financial emergency, which is unforeseen and beyond its control.