

COLUMBIA COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS
2013 ROAD IMPROVEMENT LOAN FINANCING PROPOSAL INFORMATION

INTRODUCTION

The Columbia County Board of County Commissioners is soliciting competitive proposals for financing of its on-going road improvement projects. These funds will be utilized to pay for new road construction projects. The Board has allocated sufficient amounts of its Two Cents Local Option Fuel Tax to repay this debt. Repayment will be made over seven years with scheduled equal quarterly principal and interest payments.

FINANCING BACKGROUND

ROAD IMPROVEMENT COMPONENT

The County wishes to secure approximately \$4,470,000 in new funds to be used in its countywide road resurfacing program. The majority of these funds will be utilized for the completion of the Bascom Norris Connector Road project. During the last several years the County has begun a program to improve and resurface roads in its connector road system. To the greatest extent possible, the County has utilized State grant funds under the Small County Road Assistance Program (SCRAP) and the Small County Outreach Program (SCOP).

Required matching funds and project costs not funded under these grant awards have created a need for these local funds. Based upon current projections the following funds are needed to complete the current County road resurfacing program:

Bascom Norris - balance \$4,470,000

DESCRIPTION OF PROPOSED DEBT INSTRUMENT

The Board of County Commissioners requires the following characteristics in financing proposals for this requested financing:

1. The proposed debt instrument must provide \$4,470,000 in funds to be utilized by the County to be utilized for new road improvement projects.
2. The loan must be closed and funds must be available in total to the Board by June 30, 2013 and no sooner than June 14, 2013.
3. The Board prefers a fixed interest rate for the duration of the loan. All proposals containing any possible adjustable rate provisions, including future tax law changes, must be fully explained, including example calculations of future or hypothetical rate changes.

4. The term of the financing must be for seven years.
5. The Board prefers equal quarterly principal and interest payments to begin October 1, 2013.
6. Alternate debt service schedules may be offered for equal semi-annually or annual payments so long as the annual debt service is not materially changed from the requested schedule.
7. In all cases, the Board must have the right to earn interest on ear-marked repayment funds between payment periods.
8. No funds other than proceeds of the Board's monthly distribution of the Two Cents Local Option Fuel Tax will be pledged for repayment of this debt. Any portion of this revenue not needed for the periodic loan payments must be available for current use in the operating budget of the Board.

In no case will this financing constitute a general obligation debt of the County: and the County's power to levy ad valorem taxes will not be pledged in any manner for the payment of this proposed debt.

9. All requirements for reserve accounts, compensating balances or other required depository accounts must be fully disclosed in the proposal. Any proposed transaction accounts must be offered within at least the standards of the Board's current accounts, which include access to money-market accounts, no service charges, and provision without cost of checks compatible with the Board's computer system.
10. The Board will not consider any type of "interest rate swap" arrangement for this financing.
11. The loan proposal must contain a provision for early principal reductions or payoff after three years without penalty and issuance of parity debt under generally utilized terms and provisions for similar debt arrangements.

SECURITY FOR AND SOURCE OF REPAYMENT FOR DEBT

The Board of County Commissioners has authorized that this long-term debt will be secured by and payable from the following revenues source.

PLEGGED REVENUE

The pledged revenue for this debt is the Two Cents Local Option Fuel Tax currently levied by the County under its Ordinance 2008-27. This specific tax represents two cents of the One to Six Cents Local Option Fuel Tax authorized by Chapter 206 and Section 336.025(1)(a), Florida Statutes. Ordinance 2008-27 is effective until December 31, 2023. A copy of this Ordinance is included as Attachment A. The County levies the additional four cents under another ordinance.

AUTHORIZED USES

Pursuant to Section 336.026, Florida Statutes, proceeds of this local option gas tax may be used by the County for the following purposes:

1. Public transportation operations and maintenance
2. Roadway and right-of-way maintenance and equipment and structures used primarily for the storage and maintenance of such equipment
3. Roadway and right-of-way drainage
4. Street lighting installation, operation, maintenance, and repair
5. Traffic signs, traffic engineering, signalization, and pavement markings, installation, operation, maintenance, and repair
6. Bridge maintenance and operation
7. Debt service and current expenditures for transportation capital projects in the foregoing program areas, including construction or reconstruction of roads and sidewalks.

ADMINISTRATIVE PROCEDURES

The One to Six Cent Local Option Fuel Tax is levied by the Board of County Commissioners by Ordinance. The State collects these taxes and the proceeds are distributed by the Department of Revenue according to the distribution factors determined at the local level by interlocal agreement between the County and municipalities within the County's boundaries. If no interlocal agreement has been established, then the distribution is based on the transportation expenditures of each local government for the immediately preceding five (5) fiscal years, as a proportion of the total of such expenditures for the County and all municipalities within the County. These proportions shall be recalculated every ten (10) years based on the transportation expenditures of the immediately preceding five (5) years.

This recalculation shall under no circumstances materially or adversely affect the rights of holders of bonds outstanding on July 1, 1986, which are backed by the proceeds. The amounts distributed to the County government and each municipality shall not be reduced below the amount necessary for the payment of principal and interest and reserves for principal and interest as required under the covenants of any bond resolution outstanding on the date of the recalculation.

HISTORICAL COLLECTION OF REVENUES TO BE PLEDGED

The Board of County Commissioners' annual collections of the Two Cents Local Option Fuel Tax revenue has been as follows:

Fiscal Year Ended	Total		Source
	Six Cents	Two Cents	
09-30-07	\$2,510,116	\$826,633	Florida DOR
09-30-08	\$2,479,900	\$768,231	Florida DOR
09-30-09	\$2,304,693	\$818,615	Florida DOR
09-30-10	\$2,455,844	\$784,316	Florida DOR
09-30-11	\$2,352,948	\$784,316	Florida DOR
09-30-12	\$2,290,803	\$763,601	Florida DOR
09-30-13	\$2,250,000	\$750,000	County Budget

Actual revenue distributions can be confirmed on the Florida Department of Revenues website at:

https://taxapp2.state.fl.us/gta/rco_online/index.cfm?fuseaction=lookup.Inquiry

Annual financial reports for fiscal year 2005-2011 and budgets for fiscal years 2008-2013 are available at:

http://www.columbiacountyfla.com/Audits_and_Budgets.asp

In the current year's budget, the County has allocated these tax proceeds to the following funds:

County Transportation Trust Fund	
Road Department operations	\$ 1,450,000
Road Improvement Debt Service Fund	
Debt Service	800,000
	<hr/>
	\$ 2,250,000

Although the full two cents of fuel tax is being offered to collateralize this proposed loan, the County anticipates that the \$800,000 budgeted in the Road Improvement Debt Service Fund will fully pay for the annual debt service and will thus not have a negative budgetary effect.

LEGAL MATTERS

Prior to the loan closing, the Board of County Commissioners will provide an opinion from the County Attorney stating the County can enter into such a loan arrangement for the proposed debt. The Board also will retain and directly pay the law firm of Nabors, Giblin, & Nickerson, P.A. to serve as bond counsel.

This firm will serve to issue a legal opinion stating the debt instruments are exempt from federal taxation: prepare necessary resolutions and other debt documents and other legal duties. Any additional legal services for the benefit of the lender should be added to the loan proceeds in the submitted proposal.

It is the Board's intention that this debt will qualify under the Internal Revenue Code for tax exemption for the following reasons:

1. The Board of County Commissioners is a "qualified governmental unit."
2. The bonds will qualify as "governmental bonds" because they meet the "security interest" and "trade or business" tests.
3. The bonds will be classified as "essential function" bonds because the proceeds will be fully utilized for road improvements available for use by and benefiting the general public.
4. Less than \$10 million of qualified tax exempt obligations will be issued by the County during the 2013 calendar year, and the Board will designate this issue as a tax-qualified issue.

The County also expects to be exempt from all arbitrage rebate requirements, because it is anticipated that all of the funds will be expended within 24 months.

Proposers should include appropriate sample resolution provisions applicable to their proposals with their responses.

DEBT INSTRUMENT RESOLUTION

The Board of County Commissioners will enact appropriate resolutions providing for the repayment of the debt from the pledged revenues: and designating the debt as a qualified tax exempt bond issue. All proposed resolutions, as well as accompanying notes and other closing documents, will be prepared by the selected bond counsel. The resolutions and documents will be subject to review by the County Attorney.

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FINANCIAL PROPOSAL

Proposal submitted by:

Date: _____

Organization/Institution

Address

City, State Zip Code

Contact person

Telephone

Fax

LONG-TERM FINANCING - LOAN TYPE

Conventional loan Other

I. Funds Provided

Net funds offered \$4,470,000

Add: Lender issuance costs:

_____	\$ _____
_____	\$ _____
_____	\$ _____
Total	\$ _____

Reserve account (if required)
_____ \$ _____

Principal of debt instruments \$ _____

II. Date Funds Will Be Available Date: _____

Interest Rate and Debt Service

