<table>
<tr><td colspan="2">ADMINISTRATIVE CODE
BOARD OF COUNTY COMMISSIONERS</td></tr>
<tr><td>CATEGORY:
Financial/Fiscal Budget</td><td>CODE NUMBER:
AC-3-18</td></tr>
<tr><td rowspan="3">TITLE:
Policy for Issuance and Administration of Debt Proceeds</td><td>ADOPTED:
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County Administration/Budget Services</td></tr>
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PURPOSE/SCOPE:

The purpose of the Lee County Debt Policy is to provide guidelines, parameters and procedural requirements for the issuance and management of debt.

POLICY/PROCEDURE:

I. ADMINISTRATIVE PROCESS FOR ISSUING DEBT

The Budget Services Division of the County Manager's Office shall be responsible for the process of securing professional services that are required to develop and implement Lee County's (County) debt program. Goals of the solicitation and selection process shall include encouraging participation from qualified service providers, both local and national, and securing services at competitive prices. A Bond Selection Committee shall be created for each bond issue. The Committee shall consist of County Department(s) with capital financing needs relative to the proposed bond issue, Public Works Director, Clerk of Courts, Budget Director, Fiscal Analyst in Budget Services, Finance Director and Debt Analyst in the Clerk of Courts Finance & Records Department. Voting members will be limited to the Clerk of Courts, Fiscal Analyst in Budget Services and Public Works Director or their designees.

A. Bond Counsel. As part of its responsibility to oversee and coordinate the marketing of all County indebtedness, the County Attorney shall make recommendations to the Board of County Commissioners regarding the selection of Bond Counsel to be employed and the duration of the employment for individual or a series of financing.

B. Disclosure Counsel. If it is determined that disclosure Counsel is needed for a specific bond financing, the County Attorney shall make recommendations to the Board of County Commissioners regarding the selection of Disclosure Counsel to be employed and the duration of the employment for individual or a series of financings.

C. Underwriter. Proposals for underwriting services will be solicited for all debt issued in a negotiated or private placement sale mode. The solicitation process used for these services shall include the formation of a Bond Selection Committee to evaluate written proposals and, if deemed necessary, conduct oral interviews. The selection of underwriters may be for an individual or series of financings, or for a specified time period. The Board of County Commissioners will approve selections taking into consideration the recommendations of the Bond Selection Committee.

D. Financial Advisor. The County Manager and the Bond Selection Committee shall make recommendations to the Board of County Commissioners regarding the selection of financial advisors to be employed and the duration of such employment. The solicitation and selection process for such services will comply with County requirements for Professional Services. The time period for employment may relate to an individual or a series of financings, or for a specified period of time.

Assistance to be provided by a financial advisor will include, but not be limited to:

1. Monitoring market opportunities
2. Evaluating proposals submitted to the County by underwriters
3. Analyzing the costs and risks of debt issuances
4. Structuring and pricing debt issuances
5. Advising on terms and conditions of credit facilities dealing with the issuance of variable rate debt
6. Preparing official statements
7. Preparing presentations for rating agencies and investors
8. Conducting special studies as needed

E. Escrow Agent and Paying Agent/Registrar. The Clerk of Courts Finance & Records Department shall solicit in connection with specific financings for paying agent/escrow agent (if applicable) registrar services from qualified commercial and trustee banks. The cost of providing such services shall be used along with other qualitative measurements, in developing the selection of an Escrow Agent and a Paying Agent/Registrar.

Selection criteria will include, but not be limited to:

1. Demonstrated ability to support bank operations as prescribed by appropriate federal or state bank regulators
2. Demonstrated ability to provide accurate and timely securities processing
3. Demonstrated ability to make timely payments to bondholders
4. Demonstrated ability to respond promptly and appropriately to bondholders and issuers
5. Demonstrated ability to provide services convenient to bondholders
6. Fees and expenses to provide services

F. Other Service Providers. The Clerk of Courts Finance & Records Department shall solicit in connection with specific financings for other service providers (i.e., trustees). Solicitation for Verification Agents shall be made by the Financial Advisor. The cost of providing such services shall be used along with other qualitative measurements, in developing a recommendation to the Board of County Commissioners, along with the term of such agreement.

II. GUIDELINES FOR THE ISSUANCE OF DEBT

Proper debt management provides a locality and its citizens fiscal advantages. The violation of the debt policy places an undue burden on the County and its taxpayers. The following administrative policies provide the framework to limit the use of debt in Lee County:

A. Financing for County Operations

Lee County will not use long-term debt to fund current or future operations.

B. Types of Debt

The types of debt that Lee County will issue include:

1. General Obligation Bonds of the County
2. Tax Exempt Commercial Paper
3. All Lease appropriation debt (includes Certificates of Participation)
4. Revenue Bonds

C. Revenue Bond Guidelines

Whenever Lee County finds it necessary to issue revenue bonds, the following guidelines will be adhered to:

1. Revenue bonds are defined as a bond on which the debt service is payable solely from the revenue generated from the operation of the project being financed or a category of facilities, or from other non-property tax sources of the County.

2. Revenue bonds of the County and any of its agencies will be analyzed carefully by the Budget Services Division and the Clerk of Courts Finance & Records Department for fiscal soundness. The issuance of County revenue bonds will be subject to the most careful review and must be secured by covenants sufficient to protect the bondholders and the name of the County.

3. Revenue bonds will be structured to allow an approximately equal annual debt service amount over the life of the issue unless this negatively impacts County finances. The County may then structure annual debt services to best meet financial conditions at that time.

4. The term of any revenue bond issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.

D. Arbitrage

1. Lee County shall comply with all Internal Revenue Service arbitrage rebate requirements for bonded indebtedness.

III. COMPREHENSIVE CAPITAL PLANNING AND FINANCING SYSTEM

A. Capital Planning and Financing System. The County has a capital planning and financing system for use in preparing a multi-year Capital Improvement Program for consideration and adoption by the Board of County Commissioners as part of the County's budget process. Individual departments and constitutional officers prepare multi-year capital plans. Coordination and preparation of the Countywide Capital Improvement Program resides with Budget Services. This Program is for the

coming five fiscal years and shall be updated annually. The Program shall contain a comprehensive description of the sources of funds and the timing of capital projects for future operating and capital budgets, Affordability impacts of the Program shall be evaluated by Budget Services in consultation with the various County Departments.

B. Debt Calendar and Financing Priorities. It shall be the responsibility of the Budget Services Division within the context of the Capital Improvement Program, to oversee and coordinate the timing, process of issuance and marketing of the County's borrowing and capital funding activities required in support of the Program. In this capacity, County Administration shall make recommendations to the Board of County Commissioners regarding necessary and desirable actions and shall keep them informed as to the progress and results of current-year activities under the Program.

C. Agenda Process for Board of County Commissioner Approval of Debt Financings
The Request for Board Approval is undertaken through the following series of "Blue Sheets" or agenda items:

Blue Sheet #1 – Authorization to Proceed
Request Board of County Commissioners to authorize County personnel to begin preparation of documents that may lead to a financing transaction (usually a bond issue or bank financing).

Blue Sheet #2 – Selection of Financing Team
Request Board of County Commissioners to approve underwriters (if negotiated transaction), bond counsel and disclosure counsel.

Blue Sheet #3 – Delegating Resolution

Request Board of County Commissioners to authorize Chairman or Vice Chairman to sign a delegating resolution for delivery of a Bond Purchase Agreement that meets certain specific criteria. These criteria include:

1. Maximum size of bond issue.
2. Net Present Savings required if a refunding bond
3. Underwriter Discount
4. True Interest Cost
5. First Call Date and Final Maturity Date
6. Call Premium
7. Latest date Bond Purchase Agreement can be executed.
8. Receipt of disclosure statement and truth-in-bonding statement of the Underwriter
9. Receipt of Good Faith Deposit

This action "deems final" the Preliminary Official Statement (POS) and authorizes its distribution in accordance with the meaning of Rule 15c2-12(b) under the Securities Exchange Act of 1934. The resolution also authorizes the execution and delivery of an Official Statement (OS) – if the bonds are sold - appoints the paying agent, registrar and verification agent for the bonds, approves the execution and delivery of a continuing disclosure certificate and authorizes purchase of municipal bond insurance as well as an effective date for the bonds. For refunded issues, this resolution will also authorize execution and delivery of an escrow deposit agreement and appoint an escrow agent.

Blue Sheet #4 – Establishing Budgets
The budgets for the debt service and construction fund(s) will be presented to the Board of County Commission for approval.

D. Maintenance, Replacement and Renewal. Consistent with its philosophy of keeping its capital facilities and infrastructure systems in good repair and to maximize the capital stock's useful life, the County sets aside sufficient current revenues to finance ongoing maintenance needs and to provide reserves for periodic replacement and renewal.

E. Debt Authorization. No County debt issued for the purpose of funding capital projects will be authorized by the Board of County Commissioners unless the impact of debt issuance has been analyzed and it has been included in the Capital Improvement Program.

IV. LIMITATIONS ON COUNTY INDEBTEDNESS

A. Target Limitations on General Obligation Indebtedness. The County shall, as a matter of policy, conduct its finances so that the amount of direct general obligation debt outstanding at any time is subject to approval by the voters (excluding long-term, non-self supporting leases).

B. Limitations on Lease-Purchase Financing of Equipment and Furnishings. The County may enter into lease-purchase obligations to finance the acquisitions of capital equipment and furnishings. Repayment of these lease-purchase obligations shall occur over a period not to exceed the useful life of the underlying asset.

C. Limitations on General Fund Loan Guarantees and Credit Support. As part of the County's financing activities, General Fund resources may be used to provide credit support or loan guarantees for public or private developments with a public purpose that meet high priority County needs subject to Board of County Commission approval.

D. Limitations on the Issuance of General Fund Secured Debt Obligations. Recognizing the limited capacity of the County's General Fund to support both ongoing operating programs and secure long-term debt obligations, use of the General Fund to secure such obligations must first be approved by County Administration. Key factors that will be considered in determining whether or not the General

Fund should be used to secure a particular debt obligation will include the following:

1. Demonstration of underlying self-support, thus limiting potential General Fund financial exposure.

2. Use of General Fund support as a transition to a fully stand alone credit structure, where interim use of General Fund credit support reduces borrowing costs and provides a credit history for new or hard to establish credits.

3. General Fund support as determined by the Board of County Commissioners is in the County's overall best interest.

V. STRUCTURE AND TERM OF COUNTY INDEBTEDNESS

A. Rapidity of Debt Repayment. Generally, borrowings by the County should be of a duration that does not exceed the economic life of the improvement that it finances and where feasible should be shorter than the projected economic life. Moreover, to the extent possible, the County will design the repayment of debt so as to recapture rapidly its credit capacity for future use.

B. Use of Variable-Rate Securities. When appropriate, the County may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of the securities. The decision to issue such securities must be reviewed and approved by a majority of the Bond Selection Committee with the advice of the Financial Advisor, before the County Manager and the Board of County Commissioners are requested to approve their issuance.

C. Pledge of Restricted Funds to Secure Debt. The County has the power to make an irrevocable pledge of a security interest in an account created exclusively for the security of holders of County obligations. Before restricted funds are used to secure a prospective financing, policies regarding the use of such restricted funds shall be reviewed by the affected County Department, Budget Services and the Clerk of Courts Finance & Records Department to ensure that the use of such funds to secure bonds does not violate restriction on such funds. Also, the review shall determine that underlying program commitments can be maintained in addition to meeting debt service obligations on debt secured by the restricted funds.

D. Use of Subordinate Lien Obligations. Creation of a subordinate lien financing structure, if appropriate, shall be based on the overall financing needs of a particular Department, expected credit ratings, relative cost of a subordinate lien structure, and impacts on the County as determined by Budget Services. The results of this review shall be presented in the form of recommendations to the Board of County Commissioners for consideration prior to or at the time such bonds are being authorized.

E. Debt Pricing and Costs of Issuance. The Clerk of Courts Finance & Records Department, Budget Services, and the Financial Advisor shall participate in the debt's pricing call(s) to insure that the County obtains the most advantageous pricing and minimizes the cost of issuance. Final authorization of rates, risks, and other costs shall be made by the County Manager or designee. Budget Services shall be responsible for recommending the approval of all administrative expenses for debt issues with the exception of the charge by Bond Counsel, which shall be the responsibility of the County Attorney.

VI. METHOD OF SALE

A. Competitive Sales. The County, as a matter of policy, shall seek to issue its debt obligations in a competitive sale unless it is determined by the Bond Selection Committee that such a sale method will not produce the best results for the County. The County and the Financial Advisor shall design an official bid form to be made part of each official notice of sale that is issued in connection with the sale of debt securities in a competitive sale by the County. In such instances where the County in a competitive bidding for its debt securities (whether general obligation or non-general obligation debt) deems the bids received as unsatisfactory or does not receive bids, it may, at the election of the Board of County Commissioners, enter into negotiation for sale of securities.

B. Negotiated Sales. When determined appropriate by the Bond Selection Committee, the County may elect to sell its debt obligations through a negotiated sale. Such determination may be made on an issue by issue bases, for a series of issues, or for part or all of a specific financing program. Selection of the underwriting team shall be made pursuant to selection procedures set forth in the Lee County Debt Management Policies, consistent with County requirements.

VII. SHORT-TERM DEBT AND INTERIM FINANCING

A. Lines and Letters of Credit. Where their use is judged by the Bond Selection Committee to be prudent and advantageous to the County, the County has the power to enter into agreements with commercial banks or other financial entities for purposes of acquiring lines or letters of credit that shall provide the County with access to credit under terms and conditions as specified in such agreements. Before entering into any such agreements, liquidation of financing for such lines or letters of credit must be planned for and determined to be feasible by the County Manager or his designee. Any agreements with financial institutions for the acquisition of lines or letters of credit shall be approved by the Board of County Commissioners. Lines and letters of credit entered into by the County shall be in support of projects contained in the approved Capital Improvement Plan.

B. Bond Anticipation Notes. Where their use is judged by the Bond Selection Committee to be prudent and advantageous to the County, the County may choose to issue Bond Anticipation Notes as a source of interim construction financing. Before issuing such notes, takeout financing for such notes must be planned for and determined to be feasible by the County Manager or his designee. Bond Anticipation Notes may be sold in either a competitive or negotiated sale, subject to authorization and approval by the Board of County Commissioners.

C. Tax Exempt Commercial Paper. The County may choose to issue Tax Exempt Commercial Paper as a source of interim construction financing for projects contained in the County's approved Capital Improvement Plan only after the County Manager or his designee determines that such a financing represents the least cost interim financing option for the County. All Commercial Paper issues shall be approved by the Board of County Commissioners.

VIII. IMPROVEMENT DISTRICT AND ASSESSMENT CONTRACT FINANCING

A. Financial Policies. The policies guiding the County's improvement district and assessment contract financing program shall be guided by the Bond Selection Committee.

B. Interest Rates on Improvement Assessment Loans. The contract interest rate on loans made from the proceeds of Improvement Assessment Bonds shall be equal to the effective interest rate paid on the bonds to finance such loans plus an additional percentage markup to cover administrative and loan servicing costs. The administrative and servicing charge markup shall be adjusted annually based upon the historical Improvement Assessment Bond collection history and cost of administering the program. The contract interest rate shall be determined on the day of the sale of Improvement Assessment Bonds for those assessment contracts financed with proceeds of the sale.

C. Interim Assessment Contract Interest Rates. The interim assessment contract interest rate is the interest rate set on contracts that precedes the sale of Improvement Assessment Bonds. This rate shall be set at a level deemed reasonable and prudent by the County to insure that funds collected through assessment contract payments are sufficient to meet that portion of future debt service requirements on Improvement Assessment Bonds attributable to such contracts.

IX. REFUNDING OF COUNTY INDEBTEDNESS

A. Debt Service Savings-Advance Refundings. The County shall issue advance refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible and prudent. An advance refunding should produce minimum net debt service savings (net of reserve fund earnings and other offsets) of at least 3% of the par value of the refunded bonds on a net present value basis, using the refunding issue's True Interest Cost ("TIC") as the discount rate. Exceptions to this requirement shall be made only upon the approval of the Board of County Commissioners and will be based on needs that may arise due to bond covenants and/or the structure of the debt.

B. Debt Service Savings-Current Refundings. The County shall issue current refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible and prudent. A current refunding should produce minimum net debt service savings (net of reserve fund earnings and other offsets) of at least 3% of the par value of the refunded bonds on a net present value basis, using the refunding issue's True Interest Cost ("TIC") as the discount rate.

C. Debt Service Savings-Forward Refundings. The County shall consider the issuance of forward refundings if the percentage of the Option Value on the transaction will be at least 70%. If this criterion is met, the County must receive detailed information from the underwriting firms to analyze the forward pricing premium in terms of economic value and liquidity value. The County will need to negotiate the payment of fees.

D. Restructuring of Debt. The County may choose to refund outstanding indebtedness to the benefit of the County's debt and financial management goals when existing bond covenants or other financial structures impinge on prudent and sound financial management. Savings requirements for undertaking to restructure debt may be waived by the Board of County Commissioners upon a finding that such a restructuring is in the County's overall best financial interest.

X. USE OF CREDIT ENHANCEMENT

The County shall seek to use credit enhancement (i.e., letters of credit, bond insurance, surety bonds, etc.) when such credit enhancement proves cost-effective. Selection of credit enhancement providers shall be subject to a competitive process. Credit enhancement may be used to improve or establish a credit rating on a County debt obligation even if such credit enhancement is not cost effective if, in the opinion of the County Manager, the use of such credit enhancement meets the County's debt financing goals and objectives.

XI. REBATE REPORTING AND COVENANT COMPLIANCE

The Clerk of Courts Finance & Records Department shall establish a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. This effort shall include tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the County's outstanding debt issues. Additionally, general financial reporting and certification requirements embodied in Bond covenants shall be monitored to ensure that all covenants are met.

XII. CONDUIT FINANCINGS

The County may sponsor conduit financings for those activities (i.e., economic development, housing, health facilities, etc.) that have a general public purpose and are consistent with the County's overall service and policy objectives as determined by the County Manager. All conduit financing must insulate the County completely from any credit risk or exposure and must first be approved by the County Manager before being submitted to the Board of County Commissioners for authorization and implementation.

XIII. FINANCING PROPOSALS

Any capital financing proposal involving a pledge or other extension of the County's credit through the sale of securities, execution of loans or leases, or making of guarantees or otherwise involving directly or indirectly the lending or pledging of the County's credit shall be referred to the Bond Selection Committee. The Bond Selection Committee shall be responsible for analyzing the proposal, responding to the proposal, and recommending to the Board of County Commissioners the required action be taken in a timely manner.

XIV. INVESTMENTS

The investment of any debt service proceeds shall be governed by Board ordinance, Board policy and Bond Covenants.

XV. OTHER POLICIES AND REQUIREMENTS

A. Annual Financial Reports of County. The Comprehensive Annual Financial Report of the County presents in detail all funds and fund balances established as part of any direct debt financing of the County

B. Debt Service Transfers and Payments. The County will transfer each month one-sixth of the next interest payment due and one-twelfth of the next principal payment due from the revenue funds to the debt service funds for each debt issue as required to do so by bond covenants. These transfers are to be made on a timely basis to protect the rights of the bond/certificate holders. All debt service schedules are in each Official Statement of all debt approved and issued by the Board of County Commissioners.

These debt service schedules are to act as authorization in lieu of budget for the Clerk of Courts Finance & Records Department to ensure the debt principal and interest payments are made timely. Payments are made according to these debt schedules except in those cases where principal has been called early using an extraordinary mandatory redemption feature. If principal is called early, the debt service schedule is revised to show the decrease in both principal and interest owed.

XVI. CREDIT RATINGS

A. Rating Agency Relationships. The County Manager, Budget Services and Financial Advisor shall be responsible for maintaining relationships with the rating agencies that currently assign ratings to the County's various debt obligations. This effort shall include providing periodic updates on the County's general financial condition along with coordinating meetings and presentations as necessary in conjunction with a new debt issuance.

B. Use of Rating Agencies. The County Manager, Budget Services and Financial Advisor shall be responsible for determining whether or not a rating shall be requested on a particular financing, and which of the major rating agencies shall be asked to provide such a rating.

C. Minimum Long-Term Rating Requirements. The County's minimum rating requirement for its direct long-term, debt obligations is a rating of "A" or higher. If such a debt obligation cannot meet this requirement based on its underlying credit strength, then credit enhancement such as bond insurance shall be sought to ensure that the minimum rating is achieved. If credit enhancement is unavailable or is determined by the Bond Selection Committee to be not economically advantageous, then it will be recommended to the Board of County Commissioners that the obligations be issued without a rating.

A lower rating may be accepted for indirect or conduit obligations subject to the approval of the Board of County Commissioners.

XVII. ONGOING DISCLOSURE

The Clerk of Courts Finance & Records Department shall be responsible for providing required ongoing financial information to established national information repositories and for maintaining compliance with disclosure standards promulgated by state and national regulatory bodies. Budget Services will provide ongoing material events disclosures as needed.