

1. INTRODUCTION AND PURPOSE

Proper debt management is fundamental to sound financial management practices and protecting the county's financial condition. The Nassau County Board of County Commissioners (BOCC) recognizes that the foundation of managing debt is a comprehensive debt management policy. This debt management policy sets forth the parameters and guides the following decisions:

- The amount of debt which may prudently be issued;
- The purposes for which debt may be issued;
- Structural features of debt being issued;
- The types of permissible debt;
- The preferred method of sale;
- The selection of professionals;
- Compliance with securities laws and disclosure requirements; and,
- Compliance with federal tax laws and arbitrage compliance.

The purpose of this debt management policy is to provide broad policy guidelines regarding County debt. However, exceptions to the general principles set forth may be appropriate under certain circumstances after carefully considering the facts of each case. Also, additional guidelines and policies may be necessary as new or innovative financial products and debt structures evolve.

2. DEBT RESPONSIBILITIES

A. POLICY

This Policy provides general guidance to Nassau County's County Manager (CM), Office of the County Attorney (CA), and the Clerk of the Circuit Court and Comptroller (Clerk) in the capacity as Comptroller, concerning the desires of the Nassau County Board of County Commissioners (BOCC), for the issuance and management of all debt issued by Nassau County, Florida (County). However, nothing in this Policy shall limit the lawful authority of the BOCC to pursue the issuance of debt through all legal means, even in circumstances that may deviate from the general guidance of this Policy. All references herein to the term Debt Management Team shall refer to the professional staff from the CM, the CA, the Clerk, and other staff or external members (as contracted by the BOCC) assigned to manage the County's debt issuance and compliance. The Debt Management Team applies their professional judgment within their areas of expertise but does not legally operate as a collective body. Under the guidance of federal and state laws, County Ordinances, and Resolutions, the County may periodically enter into debt obligations to finance the construction or acquisition of infrastructure, buildings, and other assets or to refinance existing debt and unfunded liabilities to meet its governmental obligations to its citizens. All debt will be issued and administered to obtain the best long-term financial advantage to the County while making every effort to maintain and improve the County's bond ratings and reputation within the investment

community. It is the policy of the County to comply with all applicable federal tax rules related to its tax-exempt or tax-advantaged debt issuances.

1. The County may issue long-term debt only for land acquisition and/or capital improvement projects that cannot be funded from available revenues or fund balance/retained earnings. It may also be issued for refunding outstanding debt if sufficient cost savings can be realized, or it is advantageous to do so.
2. The County may undertake debt only when it believes that the project revenues or specific resources will be available and sufficient to service the debt over its life. County debt shall not be issued for periods exceeding the useful life or average useful lives of the financed project(s).
3. The County seeks to maintain the highest possible credit ratings for all categories of direct debt that can be achieved without compromising the delivery of essential County services and achievement of adopted County policy objectives.
4. The County will generally seek to structure long-term debt with level principal and interest payments over the life of the debt, on a series or aggregate basis.
5. 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 comprehensive plan or service and policy objectives, as determined by the BOCC. It shall be the County's policy to approve conduit financing for only those projects that demonstrate a "significant public benefit." All conduit financings must insulate the County entirely from credit risk or exposure. Conduit financings must be approved by the County's bond counsel and financial advisor before being submitted to the BOCC for authorization. All cost of conduit financing shall be paid by the conduit borrower, as allowable by law.

B. AUTHORITY

The debt of Nassau County is subject to the Internal Revenue Code, Florida Statutes, County Ordinances, and County Resolutions, which outline legal borrowing authority, restrictions, limits, and compliance requirements. While the Florida Constitution and Statutes authorize the issuance of bonds by counties, these debt policies provide supplemental guidance consistent with the existing statutory authority.

C. PURPOSES AND USES

1. Asset Life

The County will consider long-term financing for acquiring, replacing, or expanding capital assets (including land, software, and equipment) if it has a useful life of at least five years. County debt will not be issued for periods exceeding the useful life or average useful life of the project or projects to be financed.

2. Refinance Existing Debt

The County may consider refinancing existing debt when the conditions are favorable or in the case of an emergency and approved by the BOCC. County debt will generally not be issued for periods exceeding the useful life or average useful life of the project or projects to be financed.

3. Capital Financing

The County typically relies on internally generated funds and grants or contributions from other governments to finance its land and capital needs. Debt shall not, in general, be used for projects solely because insufficient funds are budgeted at the time of acquisition or construction. The County may undertake debt only when it believes that the project revenues or specific resources will be available and sufficient to service the debt over its life. Debt financing will not be considered appropriate for any recurring purpose, such as operating or maintenance costs.

a. Capital improvements should typically be financed primarily through user fees, service charges, assessments, taxes, special taxes, or developer exactions so long as the benefits the County will derive from such improvements can be attributed to the users of the improvements. Moreover, the County will specifically consider the costs associated with any borrowing to determine if the above funding sources are adequate to service the proposed debt.

b. The County will evaluate the use of debt in-lieu-of “pay-as-you-go” financing based on the following criteria:

1. Factors favoring “Pay-as-You-Go” financing:

- a. Current fund balances or project revenues are sufficient to fund the project.
- b. Existing or proposed debt levels would have a harmful effect on the County’s credit position or rating.
- c. Credit market conditions are unstable or present extraordinary difficulty marketing the proposed debt.

2. Factors favoring the use of debt:

- a. Revenues are stable and reliable enough to support the proposed debt at investment grade rating levels.
- b. The nature of the financed project will support investment grade ratings
- c. Credit market conditions present favorable interest rates and demand for financings such as the County's.
- d. The project is mandated by the state or federal government, and resources are insufficient or unavailable.
- e. The project is immediately required to meet or relieve capacity needs, and current resources are insufficient or unavailable.
- f. The estimated useful life of the asset to be financed is greater than five years.
- g. In such cases where it is more equitable to the users of the project to finance the project over its useful life than to fund it out of current year revenues
- h. Voter approved debt.

3. CREDITWORTHINESS OBJECTIVES

A. CREDIT RATINGS

- 1. The County seeks to maintain the highest possible credit ratings for all categories of short-term and long-term debt that can be achieved without compromising the delivery of essential County services and achievement of adopted County policy objectives. The County recognizes a direct correlation between the credit rating it achieves and the cost of borrowing. Therefore, the County will seek to acquire and maintain an investment grade rating on its direct debt as a general rule when applicable.
- 2. The County recognizes that external economic, natural, or other events may affect the creditworthiness of its debt from time to time. Nevertheless, the County is committed to ensuring that actions within its control are prudent and consistent with these Policies.

B. FINANCIAL DISCLOSURE

- 1. The County is committed to full and complete financial disclosure and to cooperating fully with rating agencies, institutional and individual investors, County departments and agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The County is also committed to meeting secondary disclosure requirements as set forth in Securities and Exchange Commission Rule 15c2-12, and its amendments, on a timely and comprehensive basis. (See Section 8 – Continuing Disclosure for additional discussion.)

2. The Clerk of Court and Comptroller is responsible for ongoing disclosure to established national information repositories. The Clerk shall act as the primary point of contact for investor relations and will also maintain compliance with disclosure standards promulgated by state and national regulatory bodies and may carry out such responsibility through the engagement of an outside dissemination agent and by using the Clerk and Comptroller's or County's internet website.

C. CAPITAL PLANNING

To enhance creditworthiness and prudent financial management, the County is committed to systematic capital planning, coordinating intergovernmental cooperation, and long-term financial planning. Evidence of this commitment shall be demonstrated through the adoption and periodic adjustment of a Comprehensive Plan pursuant to Chapter 163, Florida Statutes, and the annual adoption of a five-year capital improvement plan (CIP).

D. DEBT LIMITS

1. The County will keep outstanding debt within the limits prescribed by State Statute and County Ordinance and at levels consistent with its creditworthiness, best practices, needs, and affordability objectives. Affordability objectives are further described in Section 7 – Debt Issuance.
2. In the case of debt serviced from the County's General Fund, the County shall not exceed 6% of the current countywide audited actual expenditure amounts of expenditures and transfers out as the "maximum" level for General Fund resources committed to the repayment of debt. Prior to any debt issuance, such calculation shall also take into account any recent debt which may not be included in the audited financials, for calculation of the 6%.
 - a. For example, in FY 21/22 actual expenditures were \$99,971,179 and transfers out of the General Fund (from unrestricted funds) for debt service were \$2,322,000 or 2.3%.
 - b. Such maximum amount shall exclude special revenue sources dedicated and/or restricted to the payment of Debt Service (e.g. Gas Tax, CLAM).

4. DEBT STANDARDS AND STRUCTURE

A. DEBT STRUCTURE

1. Debt shall be structured to achieve the lowest possible net cost to the County given prevailing market conditions, the urgency of capital funding needs, and the nature and type of security to be provided.
2. To the extent possible, the County will design the repayment of its overall debt to rapidly recapture its credit capacity for future use.

B. AMORTIZATION

1. The County will seek to structure long-term debt with level principal and interest costs over the life of the debt, on a series or aggregate basis.
2. The "back-loading" or "wrapping" of debt service will only be considered when:
 - a. Natural disasters or extraordinary or unforeseen external factors make the short-term cost of the debt prohibitive.
 - b. The benefits derived from the debt issuance can be demonstrated to be greater in the future than in the present.
 - c. When such structuring is beneficial to the County's overall amortization schedule.
 - d. Such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.
3. In the case of an issue structured with term bonds and a sinking fund, the County's policy will be to retire the term bonds in a substantially level fashion over each year of the life of the sinking fund unless the factors described above apply.

C. TYPES OF INSTRUMENTS AND PLEDGES/SECURITY

The following list is an example of the types of securities the County may utilize when incurring debt. The security shall be based on the revenue stream pledged to service the debt and the nature of the Capital Projects to be financed.

1. Bonds are long-term debt securities issued by a government at a fixed interest rate to finance capital projects.
 - a. General Obligation (GO) Bonds are long-term debt instruments secured by the County's ability to levy ad valorem taxes on real and personal property within the County. The full faith and credit of the County is the pledge of the general taxing powers to pay this obligation. Per Florida Statutes, GO Bonds must be approved by a majority of those voting on a bond proposal in a bond referendum unless they mature in less than a year or meet the statutory refunding exception.
 - b. Non-Self-Supporting Revenue Bonds are long-term debt instruments secured by dedicated non-ad valorem revenues derived from sources other than Enterprise Revenues such as half-cent sales tax and other special taxes.
 - c. Self-Supporting Revenue Bonds are long-term debt instruments secured by non-ad valorem revenues derived from fees and charges from the County's Enterprise Operations such as Solid Waste, Water and Wastewater System, and Stormwater System (Enterprise Revenues).

2. Commercial Paper (CP) is a short-term debt instrument used for periods not to exceed five years. The County can utilize a covenant to budget and appropriate legally available non-ad valorem revenues (CB&A pledge) or Enterprise Revenues for its short-term borrowings under programs such as the Florida Local Government Commercial Paper Loan Program (a variable rate debt). This program provides cash flow and cash management capabilities to implement the County's ongoing CIP for interim or temporary up-front financing to the County's pay-as-you-go CIP. A project financed with short-term notes, such as tax-exempt commercial paper, may be "taken out" by a bank loan or public issue once costs for the project are finalized.
3. Bank Loans provide an alternative to funding projects with publicly sold bonds where interest costs are estimated to be lower than a comparatively priced public issue or there are other desirable conditions for a particular financing (e.g. size, prepayment flexibility, accelerated schedule).
4. State and Federal Programs are long-term loans issued by a state or federal agency for a qualifying project loan. They are secured based on the revenue stream pledged to service the debt and nature of the capital projects to be financed. State Revolving Fund loans and the loans through the Water Infrastructure and Finance and Innovation Act (administered by the Federal Environmental Protection Agency) are examples of state and federal loan programs.
5. Other types of debt that may be used are anticipation notes used as short-term financing and other promissory notes issued to repay short-term or long-term debt.

As part of the overall financing plan, the Debt Management Team will determine the security pledge for the debt and whether the debt is issued on parity with existing debt or as a subordinate debt. To the extent it is in the county's best interest, there is a preference that there be a nexus between the revenue pledged and the specific purpose for which the debt is issued. Additionally, bonds should generally be equally and ratably secured by the revenues pledged to repay any outstanding debt. However, the creation of a subordinate lien is permissible if a first lien is not available or if it is economically beneficial or advantageous to the County.

D. TAXABLE VS. TAX-EXEMPT DEBT

The County seeks to issue debt at the lowest total cost. Generally, this objective is achieved by issuing tax-exempt debt, which can be offered at lower interest rates since investors get the added benefit of the tax break. The Internal Revenue Service has established guidelines that municipal bond issuances must meet to qualify for the tax-exempt status. (For a more detailed discussion of this issue, reference IRS Publication 4079 – Tax-Exempt Government Bonds).

Should the situation arise, the County will carefully consider whether issuing taxable debt is the best financing option for a proposed project or refinancing and develop a thorough understanding of the differences between the tax-exempt and taxable markets before proceeding with a planned sale.

The Debt Management Team will analyze how these differences would affect the overall financial plan and ability to manage its debt and consult appropriate counsel and advisors.

E. REFUNDINGS

1. The Debt Management Team will periodically monitor refunding opportunities of the County's outstanding debt portfolio. Refunding opportunities will be considered (within federal tax law constraints) when there is a net economic benefit of the refunding, or the refunding is essential to modernize covenants vital to the County's financial or operating position.
2. Generally, the net economic benefit to the County must provide a net present value savings of at least five percent (5%) of the debt being refunded. Refundings that produce net present value savings of less than five percent will be considered on a case-by-case basis, provided that the present value savings are at least three percent (3%) of the refunded debt. Refundings with savings of less than three percent (3%) or negative savings will not be considered unless there is a compelling public policy objective as authorized by the BOCC.

F. CREDIT ENHANCEMENTS

Credit enhancement (i.e., letters of credit, bond insurance, etc.) will be used to the extent that net debt service on the bonds is reduced by more than the enhancement costs, measured in present value terms. To calculate the economic effectiveness of a credit enhancement, the County will compare the present worth of the debt service required on the proposed transaction on both an enhanced and unenhanced basis to determine the economic benefits of the enhancement offered. Credit enhancement which does not produce economic benefits in present value terms will only be considered if acceptance of the enhancement directly furthers other County goals and objectives.

G. VARIABLE RATE DEBT

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, consistent with state law and prevailing covenants of existing debt, and depending on market conditions. The County will limit its outstanding variable rate debt to reasonable levels in relation to the total outstanding debt.

H. SHORT TERM NOTES

The use of short-term borrowing, such as bond anticipation notes and commercial paper, will only be undertaken if the transaction costs plus interest on the debt are less than the cost of internal financing or if the available cash for internal financing is insufficient to meet funding requirements.

The County will not employ short-term borrowings for the sole purpose of earning arbitrage profits.

I. INTERNAL BORROWINGS

1. For short-term liquidity purposes, the County will generally favor internal borrowings over external borrowings. If sufficient resources are available, liquidity will not be impaired, and a defined source of repayment is available, the County will consider internal borrowings. Inter-fund borrowings shall be evidenced by a written memorandum or agreement specifying the tenor and terms of the borrowing, including repayment terms, interest rates, and calculations and procedures for amendment. Internal borrowings must have the approval of the BOCC, except for fiscal year-end accounting entries that create temporary loans for financial statement presentation purposes. Inter-fund borrowings will be reflected in the County's accounting records as "due to" and "due from" items respecting the funds and accounts borrowed from and loaned to, respectively. Such short term borrowing shall comply with all applicable laws, fund restrictions, and recommended accounting procedures.
2. Inter-fund borrowing will typically bear interest at a rate consistent with the average rate of return of the County's Investment Plan unless specifically recommended by the Clerk and approved by the BOCC.

J. STATE AND FEDERAL LOAN PROGRAMS

These programs provide funds for projects such as water supply and distribution facilities, stormwater control and treatment projects, air and water pollution control, solid waste disposal facilities, infrastructure, etc. In programs like the State of Florida Revolving Loan Fund (SRF), local governments benefit from the strength of the state's credit, and costs are traditionally low.

Other programs, like the Water Infrastructure Finance and Innovation Act (WIFIA), provide partial funding for large water and wastewater-related projects, and the State Infrastructure Bank (SIB) Loan provides funding for infrastructure-type projects. Whenever possible, these programs shall be considered if the implementation costs are not excessive, interest costs are below prevailing open market conditions, and legal terms are acceptable.

K. USE OF DERIVATIVES

The County does not recommend the use of derivative instruments in general.

5. DEBT ADMINISTRATION

A. ANNUAL DEBT REPORT

The Clerk of Court and Comptroller is responsible for preparing and delivering an Annual Debt Report to the BOCC as part of its annual review of the Annual Comprehensive Financial Report. This report shall pertain to the prior Fiscal Year and may include the following elements:

1. A brief history and description of all outstanding bonds,
2. A review of the County's bonded debt over the last ten years and a comparison of the County's debt to that of other similarly populated counties in Florida,

3. Information on the Commercial Paper Loan Program, Bank Loans, the State Revolving Fund Program or other similar programs, and debt issued through the conduit financing programs,
4. Arbitrage information (with accompanying schedules) to provide a brief history of debt affected by arbitrage, the financial impact, and the current status.

B. REPORT TO DEBTHOLDERS

The Clerk of Court and Comptroller shall prepare and release the Annual Comprehensive Financial Report to all interested parties, which will act as the ongoing disclosure document required under the Continuing Disclosure Rules promulgated by the Securities Exchange Commission (SEC) Rule 15c2-12 (The Rule).

This report shall contain general and demographic information on the County and a discussion of:

1. General Government,
2. Solid Waste System,
3. Water and Wastewater Utility System,
4. Stormwater Utility System, and
5. Any other systems that the BOCC may subsequently establish.

The information presented on General Government and each enterprise system shall comply with the disclosure obligations outlined in the Continuing Disclosure Agreements executed in connection with its outstanding debt obligations and may include information, including but not limited to, the following: service areas, rates and charges, financial statement excerpts, outstanding and proposed debt, a summary of certain bond resolution provisions, a management discussion of operations, and other information the County shall deem to be important. The specific information required to be updated annually is included in each relevant Continuing Disclosure Agreement. The report shall also include Notes to the Financial Statements and, to the extent available, information on conduit debt obligations issued by the County on behalf of another entity.

C. ARBITRAGE COMPLIANCE

The Clerk of Court and Comptroller maintains a recordkeeping and reporting system to meet the arbitrage rebate compliance requirements of the federal tax code. An outside arbitrage consultant completes all arbitrage rebate calculations. Arbitrage rebate liabilities are calculated annually, and the applicable liability is reported in the County's annual financial statements.

D. TAX-EXEMPT DEBT POST-ISSUANCE COMPLIANCE

Specific post-issuance federal tax requirements must be met according to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended. To monitor such post-issuance requirements, the Clerk of Court and Comptroller has adopted policies and procedures concerning Form 8038, Information Return for Tax-Exempt Private Annuity Bond Issues, compliance.

E. FINANCING PROPOSALS

Any financing proposal to a County department, agency, utility, or employee involving a pledge or other extension of the County's credit through the sale of securities, execution of loans or leases, marketing guarantees, or otherwise involving directly or indirectly the lending or pledging of the County's credit, will be referred to and reviewed by the Clerk, County Attorney, and the County Manager's Office, or their respective designees. Any decision to act on such a proposal will require final approval by the BOCC.

F. CONDUIT BOND FINANCING

1. The County as Issuer of “No-Commitment Debt” or Conduit Debt

- a. 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 Comprehensive Plan and overall service and policy objectives as determined by the BOCC. The County requires complete indemnification from third parties seeking conduit bond financing and does not accept any liability associated with conduit bond financings. Therefore, the County will not recognize a conduit bond financing as a liability. The Clerk of Court and Comptroller, and the County Manager must review and approve a conduit financing before submitting it to the BOCC for authorization and implementation.
- b. Each applicant (for a conduit financing by the County) will be required to provide an indemnity to the County, or its constituent agencies, for all costs, expenses, attorney fees, settlement, or judgment costs arising out of the financing or any of the documentation relating to the financing. All County costs for the review of each application and cost related to any financing shall be paid by the conduit borrower, as allowable by law.

2. Significant Public Benefit Test for Conduit Debt

- a. It shall be the County's policy to approve conduit financing for only those projects that demonstrate a “significant public benefit.” In general, “significant public benefit” means that the proposed project will enhance the economic, social, or cultural quality of life for the residents of the County; or that the proposed project will stimulate employment within the County and that such enhancement or employment gain can be measured in a manner which permits the County to evaluate the risks and rewards of acting as the conduit issuer. The significant public benefit is based on the County's evaluation of the availability of public access to the county's widest possible number of residents, depending on the context.

- b. Acceleration or addition of public infrastructure in excess of that required by law or the County's land-use policies could also produce a significant public benefit. Such benefits arise either from the installation or completion of public infrastructure assets before they might otherwise be installed or from the additional assets that might be realized due to being able to finance the project more efficiently.
 - c. Finally, the finding of significant public benefit can arise from the installation or acquisition of a community asset that produces additional employment opportunities or which produces environmental benefits either as a direct or secondary result of its completion. In circumstances where the financed improvements generate regional benefits, finding significant public benefit will be easier than those where the financed facilities serve only a small number of residents.
 - d. The County will require a financial pro forma and business plan for any project to be financed with the proceeds of a conduit issue.
3. Credit Quality of Conduit Debt

The County will consider conduit financing for only those applicants who are credit-enhanced or guaranteed to attain a rating of at least "A" from any one of the three major credit rating agencies.

The County may consider a waiver of this requirement under special circumstances as recommended by the County Manager and Clerk and approved by the BOCC. In cases where the County elects to waive this requirement, it expressly reserves the right to require additional requirements of the sponsor of such a conduit financing.

6. FINANCING TEAM

A. FINANCING TEAM SELECTION PROCESS

The BOCC selects the external members of the Debt Management Team, known as the Financing Team. The County may select firm(s) to provide debt-related financial services without an RFP or RFQ, consistent with County and State legal requirements. Following an independent review, the internal members of the Debt Management Team will provide recommendations to the BOCC, as requested, on the selection of Financial Advisors and Underwriters. The BOCC makes all final determinations.

Compensation for members of the Financing Team will be consistent with industry standards.

B. FINANCIAL ADVISOR

The BOCC will hire a registered Financial Advisor before undertaking debt financing. The Financial Advisor has a fiduciary duty to the County and will provide advice on determining the best type of financing for the County, assistance with selecting other finance professionals, planning the bond sale, or other financing, and successfully selling and closing the bond sale or other financing. Financial Advisors must have comprehensive municipal debt experience,

including diverse financial structuring and pricing of municipal securities. The County requires that its Financial Advisor complies with the Municipal Securities Rulemaking Board (MSRB) Rule G-42 or similar standards of conduct for municipal advisors engaging in municipal advisory activities. The role of the Financial Advisor will also include assisting in the assemblance of the external Financing Team members, as requested.

C. BOND COUNSEL

The County retains external Bond Counsel for all debt issues deemed necessary. All debt issued by the County includes a written opinion by Bond Counsel affirming that the County is authorized to issue the debt and to determine the federal income tax status of such debt. The Office of the County Attorney engages Bond Counsel. The selection criteria include a requirement for comprehensive municipal debt experience.

D. DISCLOSURE COUNSEL

In certain instances, the County may choose to engage the services of a disclosure counsel to assist in the various aspects of the preparation of an official statement, private placement memorandum, or other forms of offering disclosures or continuing disclosure documents to be disseminated in connection with the sale of the County's debt or conduit debt.

In performing these services, the disclosure counsel represents the County as the issuer of the debt and not the underwriter, as is the case where the underwriter's counsel prepares such documents. Because the County engages disclosure counsel, the cost of disclosure counsel's services is typically paid from the proceeds of the debt issue. The Office of the County Attorney engages Disclosure Counsel.

Disclosure Counsel shall provide legal advice to the county to help meet its secondary market disclosure obligations. Disclosure Counsel is engaged in the same manner as Bond Counsel.

E. UNDERWRITERS

The County selects Underwriters for competitive and negotiated sales. The Underwriters will provide ideas and suggestions concerning the structure, timing, and marketing of the bonds being sold.

1. Underwriters shall be required to demonstrate sufficient capitalization and experience related to the debt. The County may engage an underwriter for a negotiated sale of debt through a competitive process. The utilization of the underwriter for a particular bond sale will be pursuant to a written underwriting agreement.
2. The selection process for underwriters will require that the selected underwriter have comprehensive municipal debt experience, experience with diverse financial structuring requirements, and strong distribution capabilities for municipal securities. Upon completion of the underwriter's engagement, the County has the option of making a new arrangement with any existing underwriter.

F. UNDERWRITERS COUNSEL

County payments for Underwriter's Counsel in negotiated sales will be authorized on a case by case basis depending on the nature and complexity of the transaction and the needs expressed by the Underwriters. If approved, the senior managing Underwriter may select their Underwriter's Counsel, who will be compensated as an expense item and negotiated as part of the gross underwriting spread. The County maintains no involvement in selecting Underwriter's Counsel as the Underwriter bears responsibility for its own counsel.

G. PAYING AGENT

The BOCC may utilize a Paying Agent on all County indebtedness. The fees and expenses for servicing outstanding bonds are paid from the appropriate debt service fund unless specified otherwise by the BOCC.

H. OTHER SERVICE PROVIDERS

The Clerk of Court and Comptroller shall have the authority to select other service providers periodically (e.g., escrow agents, verification agents, trustees, arbitrage consultants, etc.) as necessary to meet legal requirements and minimize net County debt costs. These services can include debt restructuring services and security or escrow purchases. The Clerk may select firm(s) to provide debt-related financial services without an RFP or RFQ, consistent with County and State legal requirements.

7. DEBT ISSUANCE PROCESS

A. DEBT AFFORDABILITY MEASURES & ANALYSIS

The County shall examine the following statistical measures to determine debt capacity before issuing any new debt. These measures shall be compared to other benchmark counties of comparable size. At a minimum, the County may analyze the following or comparable measures:

1. Debt per Capita;
2. Debt to personal income;
3. Debt to taxable property value; and
4. Debt service payments as a percentage of revenues
5. Debt service payments as a percentage of expenses
6. Truth-in-lending report (to compare net cost of each option)

B. BOND AND NOTE SALES

All proposed borrowings require the BOCC's final approval, including adopting appropriate Resolutions drafted by Bond Counsel and reviewed by the Debt Management Team. Before the sale of bonds or notes, the Debt Management Team will identify the source and use of bond proceeds, Funds, Organization (Org) Codes, Object Codes for deposit of all bond proceeds, and the Funds and Org Codes for payment of debt service. The preparation of an appropriate Budget Amendment may also be required. The BOCC shall incur no bonds, notes, or other forms of indebtedness without the Debt Management Team's review.

C. INVESTMENT OF BOND AND NOTE PROCEEDS

All proceeds of debt incurred by the County, other than conduit debt obligations, held for the credit of the funds and accounts established in the Resolution shall be invested and reinvested by the County in Investment Obligations defined in the Resolution as any obligations permitted by the investment policy adopted by the County pursuant to Section 218.415, Florida Statutes, as modified, and in which surplus public funds may be invested under the laws of the State of Florida. Such investments or reinvestments shall mature or become available before the respective dates, as estimated by the County, that the money for such funds or accounts will be needed.

D. USE OF BOND AND NOTE PROCEEDS

All proceeds shall be used as described in the resolution authorizing the issuance. If funds are determined not to be needed for the purpose they were issued, such funds shall be transferred to the debt service fund to be applied to payment or prepayment of the bond or note, unless otherwise authorized in the issuance resolution.

E. COSTS AND FEES

All costs and fees related to the issuance of bonds, except conduit bonds, are paid out of bond proceeds unless otherwise determined by the Debt Management Team.

F. METHOD OF SALE

The Debt Management Team will prepare a method of bond sale for BOCC consideration based on a thorough analysis of the relevant rating, security, structure, and other factors pertaining to the proposed bond issue. The County's policy is to sell public debt using the method of sale expected to achieve the best result, considering all short-term and long-term implications. This analysis and selection will be undertaken with the advice of the Financial Advisor. Due to the inherent conflict of interest, the BOCC shall not use a potential Underwriter to assist in the method of bond sale selection unless that firm has agreed not to underwrite that transaction. There are two methods to sell bonds.

1. Competitive Sale

In a Competitive Sale, the County conducts all tasks necessary to offer the bonds for sale and may use the assistance of attorneys, its Financial Advisor, or other consultants. The bonds are awarded to the Underwriter that has submitted the best price (i.e., the lowest true interest cost bid). Once the bid is awarded, the bond's pricing and major structural aspects are locked in, regardless of the success or failure of the Underwriter to sell the bonds to investors. In such instances where the County deems the bids received unsatisfactory, it may, at the election of the BOCC, enter into negotiation for the sale of the securities.

2. Negotiated Sale

In a Negotiated Sale, the County may select firm(s) to provide debt-related financial services without an RFP or RFQ, consistent with County and State legal requirements. Alternatively, the County may select its Underwriters through an RFP process that appoints a pool of Underwriters for a term of up to five years. From that pool, senior managing and co-managing Underwriters for individual financings are selected through a "mini-RFP" process, typically conducted by the Financial Advisor on behalf of the County, based on their qualifications to manage the particular transaction under consideration. The Debt Management Team and the Financial Advisor then evaluate the responses.

The County will employ external consultants to perform all tasks necessary to offer the bonds for sale within the County's pool of Underwriters. The County's Financial Advisor will advise on all aspects of the sale, including selecting the Underwriter. Bond Counsel and Disclosure Counsel, on the advice of the County Attorney, will also be retained.

8. TAX-EXEMPT DEBT POST-ISSUANCE COMPLIANCE GUIDELINES

A. PURPOSE

These post-issuance compliance policies and procedures are intended to guide the County to facilitate compliance with the federal tax law applicable to the County's outstanding debt issuances. In the event, these guidelines conflict, in whole or in part, with the Certificate Relating to Tax, Arbitrage, and Other Matters (the Tax Certificate) or other similar certificate prepared on behalf of the County in connection with a debt issuance, the terms of the Tax Certificate shall control. In addition, the County may deviate from these guidelines based on the advice of Bond Counsel. These guidelines do not apply to conduit issuances of debt by the County. However, the county encourages the adoption of such guidelines by conduit borrowers.

B. RESPONSIBILITY OF COUNTY OFFICIALS

Except as otherwise described herein, the Clerk of Court and Comptroller and the County Manager share primary responsibility for ensuring that the County's outstanding tax-exempt debt issuances are, and will remain, in compliance with federal tax law. The Clerk and County Manager will consult with other departments within the County, as well as third-party professionals (e.g., the County's Bond Counsel, County's Disclosure Counsel, County's dissemination agent, and arbitrage rebate provider), as needed, to ensure compliance with such rules, including these guidelines. The Clerk and County Manager will review these guidelines annually.

C. CLOSING OF DEBT ISSUANCES

1. Tax Certificates – Tax Exempt Debt

The County's Bond Counsel, with assistance from the Debt Management Team and other professionals associated with the financing, shall prepare a Tax Certificate in connection with each debt issuance issued by the County, to be delivered at closing. The Tax Certificate shall serve as the operative document for establishing the County's reasonable expectations as of the debt issuance date and provide a summary of the

federal tax rules applicable to such issuance. In consultation with the County's Bond Counsel, the Debt Management Team will review the Tax Certificate prepared for each of the County's debt issues before closing the issue.

2. Internal Revenue Service Form 8038-G - Tax-Exempt Bonds

The County's Bond Counsel, with assistance from the Debt Management Team and other professionals associated with the financing, shall prepare an IRS Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, or similar form, in connection with each tax-exempt debt issuance issued by the County, which the Debt Management Team will review prior to closing. Each IRS Form 8038-G prepared for a tax-exempt debt issuance will be filed with the IRS no later than the 15th day of the second calendar month after the close of the calendar quarter in which the tax-exempt obligation to which such Form 8038-G relates is issued. The County's Bond Counsel shall file all Form 8038-Gs with the IRS.

D. USE OF DEBT PROCEEDS

1. Private Use

The County will not knowingly take or permit any action which would cause any of its outstanding debt issuances to become "private activity bonds."

Generally, an issue of debt will be considered "private activity bonds" if more than ten percent of the proceeds of the debt are used directly or indirectly in any trade or business carried on by a private business user and more than ten percent of the debt service on the debt is directly or indirectly (1) secured by any interest in property used or to be used in any trade or business carried on by a private business user or payments in respect of property used or to be used in any trade or business carried on by a private business user, or (2) derived from payments made in respect of property used or to be used in any trade or business carried on by a private business user. The threshold drops to five percent if the private business use of the debt proceeds is unrelated to or disproportionate to the governmental use of the debt proceeds.

2. Overview

The County routinely reviews, and will continue to review, third-party uses of its debt-financed facilities for potential "private business use." The Debt Management Team shall be responsible for such routine reviews of third-party use. Additionally, the County will continue to consult regularly with its Bond Counsel regarding the applicable federal tax limitations imposed on the County's outstanding debt issuances and whether arrangements with third parties give rise to private business use of the financed projects.

If the County enters into any arrangement that gives rise to private business use, the County will consult its Bond Counsel regarding the arrangement and whether such arrangement impacts the tax-exempt status of the County's outstanding debt, as applicable. Upon request made by the Clerk or OMB, the County Attorney, in consultation with Bond Counsel, shall review Service Contracts, leases and subleases,

naming rights agreements, and joint venture and partnership agreements concerning potential private business use.

The private business use arrangements to be monitored by the County include, but are not limited to, the following:

a. Management or Other Service Contracts

In the event the County enters into a management contract, service agreement, operating agreement, or license (a Service Contract) with a third party, the County will evaluate whether such arrangement results in private business use. After initial review by the County Attorney, the Debt Management Team shall monitor all service contracts that involve the use of debt-financed property for compliance. If the County enters into a Service Contract that does not satisfy the safe harbors outlined in Revenue Procedure 2017-13, the County will consult with its Bond Counsel to assess the impact, if any, that the noncompliant Service Contract has on the tax status of the County's outstanding debt.

b. Leases and Subleases

After initial review by the County Attorney, the Debt Management Team shall monitor all leases and subleases that involve the use of debt-financed property, including such things as the name of the lessee or sub-lessee, the term of the lease or sublease, the amount of the rent paid by the lessee or sub-lessee, and the square footage of space used by the lessee or sub-lessee relative to the square footage of the debt-financed property.

c. Naming Rights Agreements

After initial review by the County Attorney and consultation with Bond Counsel, the Debt Management Team shall monitor all naming rights agreements that involve debt-financed property, including the term of the arrangement and the amount paid by the naming party.

d. Joint Ventures and Partnership Arrangements

After initial review by the County Attorney and consultation with Bond Counsel, the Debt Management Team shall monitor all joint ventures, partnerships, or other cooperative agreements that involve the use of debt-financed property.

3. Sale of Debt-Financed Property

The county's policy is to use debt proceeds to finance property that the County intends to own for the entire term of the debt issued to finance the projects. Before selling or otherwise disposing of any debt-financed project for which debt remains outstanding, the County shall consult with its Bond Counsel to determine the impact, if any, such sale or disposition would have on the tax status of the County's outstanding debt.

4. Remedial Actions

The County is aware of the remedial action rules contained in Treasury Regulations Section 1.141-12, providing the County with the ability, in certain circumstances, to voluntarily remediate violations of the private business tests or private loan financing test. Although the County intends that none of its debt issuances will require the application of the remedial action rules, before taking any action that would cause one of its outstanding debt issuances to violate the private business tests or private loan financing test (absent a remedial action), the County shall consult with its Bond Counsel regarding the applicability of remedial action rules and the ability to remediate the impacted debt issuance.

5. Private Loans

Except in connection with the issuance of conduit bonds, the County will not loan the proceeds of any County debt issuance to a third party, other than governmental units within the meaning of Section 141 (c) of the Code.

E. ARBITRAGE LIMITATION IMPOSED ON DEBT ISSUANCES

1. Arbitrage Rebate Monitor

The Clerk of Court and Comptroller will continue to retain an arbitrage rebate monitor to review outstanding debt issuances, unless, in the judgment of the Clerk, and in compliance with these policies and procedures and the Tax Certificate or other related documents entered into in connection with a debt issuance, there is no reasonable prospect of an arbitrage rebate or yield reduction payment liability. If an arbitrage rebate monitor is retained, the arbitrage rebate monitor will perform calculations to ascertain whether the County owes an arbitrage rebate payment or yield reduction payment to the IRS, including whether the debt issuance in question qualifies for an exception to the arbitrage rebate rules.

2. Yield Restrictions Limitations

Each Tax Certificate or other related documents prepared for the County's debt issuances shall contain the applicable yield restriction investment limitations, including the applicable investment limitations imposed on proceeds of the debt issuance and any temporary periods during which the County may invest proceeds of the debt issuance at an unrestricted yield.

3. Monitoring Yield Restriction Limitations

The Clerk of Court and Comptroller will ensure that the County complies with the yield restriction limitations outlined in the Tax Certificate or other related documents entered into by the County in connection with debt issuance, including any exceptions to yield restriction described therein.

4. Payment of Arbitrage Rebate and Yield Reduction Liability

In the event the County owes arbitrage rebate or has accrued a yield reduction payment liability to the IRS, the County will timely submit IRS Form 8038-T, Arbitrage Rebate Yield Reduction and Penalty in Lieu of Arbitrage Rebate, to be prepared by the arbitrage rebate monitor, together with payment in the amount equal to the arbitrage rebate or yield reduction payment liability calculated by the arbitrage rebate monitor per the Tax Certificate or other related documents related to such debt issue.

Within sixty (60) days after each installment computation date, the County will cause to be paid to the IRS at least ninety percent of the amount of arbitrage rebate and yield reduction payment liability owed. Within sixty days after the final installment computation date, the County will cause to be paid to the IRS one-hundred percent of the amount of arbitrage rebate and yield reduction payment liability owed.

5. Expenditure of Tax-Exempt Debt Proceeds

It is the policy of the County to expend debt proceeds as promptly and diligently as possible within the confines of these policies and procedures and the Tax Certificate or other related documents entered into by the County in connection with a particular debt issuance. For these purposes, it is the County's policy generally not to finance projects using the proceeds of debt for which the County expects that the debt proceeds will not be entirely spent within three years of the date of issue of the debt.

6. Arbitrage Rebate Exceptions

Each Tax Certificate or other related documents prepared for the County's debt issuances shall contain the arbitrage rebate exception(s) applicable to the debt issuance and which arbitrage rebate exceptions(s) will be applied (by the rebate monitor) in assessing whether the County owes arbitrage rebate.

7. Verification Agent

The County will retain a third-party verification agent for each of its advance refunding bond issues. The County may waive the requirement for a verification agent if no escrow securities are purchased and the escrow is gross funded. The verification agent will verify the arbitrage yield on the tax-exempt debt issuance, the arbitrage yield on the investments acquired as part of the refunding escrow established using gross proceeds of the debt issuance, and the sufficiency of the refunding escrow.

8. Establishment of Refunding Escrows and Trustee Responsibilities

The County will deposit debt proceeds and any other amounts to be used to advance refund County debt into one or more separate escrow trust accounts established with the trustee or escrow agent selected for the transaction.

Working with the Bond Counsel, and in accordance with the documentation prepared for the refunding transaction, the County will impose primary responsibility for initiating actions required to be taken concerning the refunding escrow (including the reinvestment of amounts within the escrow and disbursing funds from the escrow) on

the trustee or escrow agent. In the event of an omission on the part of the trustee or escrow agent, an error in the documentation or procedures establishing the escrow, or investment to be acquired as part of the refunding escrow is not available for purchase, the Debt Management Team will timely consult with the Bond Counsel, as applicable, to determine the impact, if any, on the status of the bond issue and actions to be undertaken by the County to ensure the continuing status of the obligations.

9. Acquiring Investments for Refunding Escrows

It is the policy of the County to maximize the investment return on all investments acquired with bond proceeds and to acquire such investments at fair market value.

In the event the County chooses to fund an advance refunding escrow using securities purchased on the open market, the County will, if possible, solicit bids from providers of qualifying securities in accordance with the limitations described in the "3-Bid" safe harbors outlined in Treasury Regulations Section 1.148-5(d)(6).

10. Interest Rate Hedges

Through the Debt Management Team, the county will engage a third-party Financial Advisor for all interest rate hedges entered into by the County, irrespective of whether any such hedge is acquired through a direct negotiation with the provider or procured through a bidding process. In all cases, the County will obtain appropriate certifications from its Financial Advisor and/or the provider to establish the product's fair market value. The County will consult with its Bond Counsel concerning all interest rate hedging transactions related to an outstanding or prospective debt issuance before the date on which the interest rate hedging transaction is entered.

F. ACCOUNTING FOR DEBT PROCEEDS

1. General

Except as otherwise described below and in the Tax Certificate entered into by the County in connection with a debt issuance, it is the county's policy to consistently apply a generally accepted method of accounting for allocating its debt proceeds.

2. Investment Proceeds

Proceeds of the County's capital borrowings shall be accounted for in a separate fund or account. All proceeds shall be invested at the direction of the Clerk of Court and Comptroller per the County's investment policy adopted by the BOCC.

3. Expenditure of Debt Proceeds on Capital Projects

The respective responsible department will initially review and approve invoices related to the debt-financed expenditures and forward them to OMB and the Clerk for subsequent review and approval of invoices to cause payment to be made. All invoices and records of payment shall be retained by the County per the proceeding section G, "Recordkeeping," found below.

The County shall maintain an active ledger, updated with each payment of an expenditure from debt proceeds that shows:

- a. The name and date of the debt issue to which the proceeds relate,
- b. The projects financed with the proceeds of the issue,
- c. The authorized amount of proceeds used to finance each project,
- d. The amount of proceeds of the debt issuance used to date to finance each project,
- e. The amount of unspent proceeds of the debt issuance to be used to finance each project, and
- f. The date on which the debt proceeds related to each project were fully expended.

G. RECORDKEEPING

1. General

The County is aware of its ongoing recordkeeping responsibilities associated with its debt issuances. Each Tax Certificate prepared on behalf of the County (for a debt issuance) shall describe records to be maintained by or on behalf of the County and the time such records must be maintained.

2. Means of Maintaining Records

The County shall maintain all records required as described in this section in a manner consistent with State Record Law. These records will be stored in paper or electronic form (e.g., CD, drives, disks) either internally or through the dissemination agent. It is the policy of the County to maintain as much of its records electronically as feasible.

3. Transcript and Use of Debt Proceeds

The County shall maintain, or cause to be maintained, all records relating to the tax-exempt status of its tax-exempt debt issuances and the qualification of County debt and the representations, certifications, and covenants outlined in its respective Tax Certificates. Records shall be held until three (3) years after the last outstanding obligation of the issue to which such records and related Tax Certificates have been retired. These records include, but are not limited to, the following:

- a. Basic records and documents relating to the obligations (including the transcript, which shall include, among other records, the Tax Certificate, IRS Form 8038-G or 8038-8, verification report, authorizing resolution(s), trust indenture, loan agreement, record of public approval, and the opinion of Bond Counsel);

- b. Documentation evidencing the expenditure of debt proceeds;
 - c. Documentation evidencing interest paid by the County (for which refundable credits are claimed) and all IRS Form 8038-CPs submitted on behalf of the County;
 - d. Documentation evidencing the use of debt-financed projects by public and private sources, including copies of all arrangements described in Part 8 Section D of these policies and procedures;
 - e. Documentation evidencing all sources of payment or security for the debt issuance; and
 - f. Documentation pertaining to any investment of debt proceeds (i.e., the purchase and sale of securities, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations).
4. Arbitrage Rebate and Yield Reduction Payment Records

The County shall maintain all records of arbitrage rebate payment and yield reduction payment calculations performed by the arbitrage rebate monitor (irrespective of whether the County owed any amount to the IRS), and records related to any arbitrage rebate payments or yield reduction payments made to the IRS, including the calculations performed by the arbitrage rebate monitor substantiating such payments, together with the IRS Form 8038-T, Arbitrage Rebate, Yield Reduction, and Penalty in Lieu of Arbitrage Rebate, that accompanied all such payments, until the date three years after the last outstanding obligation of the issue to which such records and related rebate payments have been retired.

5. Overpayment of Arbitrage Rebate Records

The County shall maintain all records of arbitrage rebate payments or yield reduction payments, including calculations performed by the arbitrage rebate monitor, together with the IRS Form 8038-R Request for Recovery of Overpayments Under Arbitrage Rebate Provisions that accompanied the request for recovery of such overpayment. These records shall be maintained until the date three (3) years after the last outstanding obligation of the issue to which such records and related rebate overpayments have been retired.

6. Other Records

The County will also maintain the following records, to the extent applicable to a particular debt offering, until the date three (3) years after the last outstanding obligation of the issue to which such relates have been retired:

- a. Minutes and resolutions authorizing the issuance of, or the reimbursement of expenditures using proceeds of, the financing,

- b. Appraisals, demand surveys, and feasibility studies related to debt-financed or refinanced property,
- c. Documentation relating to any third-party funding for a project to which debt proceeds will be applied (including government grants),
- d. Records of any IRS audit, compliance check, or other IRS inquiry related to debt.

7. Applicability of Recordkeeping Requirement in the Event of a Refunding

In the event the County issues debt to retire County debt, the County shall maintain all records described in this section with respect to the refunded debt until the date that is three (3) years after the last outstanding obligation of the issue, the proceeds of which were used to retire the refunded debt have been retired.

9. CONTINUING DISCLOSURE OBLIGATIONS GUIDELINES

The County will provide continuing disclosure, such as annual financial information and material event notices, pursuant to a continuing disclosure agreement or similar document (the Continuing Disclosure Document) prepared by Disclosure Counsel and made a part of the transcript with respect to each issue of bonds of the County that is subject to such continuing disclosure requirements. The continuing disclosure obligations of the County are governed by the Continuing Disclosure Agreements (CDAs). The Clerk is primarily responsible for such continuing disclosure obligations and monitoring compliance with such obligations. The Clerk files all continuing disclosure obligations through its dissemination agent.

A. RESPONSIBILITY OF COUNTY OFFICIALS

Generally, publicly offered bonds issued by state and local governments are subject to ongoing monitoring and reporting with respect to federal disclosure requirements pursuant to their CDAs, as well as compliance with federal tax requirements specifically related to tax-exempt bonds. In addition to federal securities and tax requirements, issuers may face a variety of other compliance obligations, such as bond indenture requirements, state and local law, and policy requirements.

Comprehensive post-issuance compliance consists of policies and procedures designed to assist an issuer of bonds in complying with all relevant requirements that apply to each series of bonds from the date they are issued until the bonds are no longer "outstanding."

Market disclosure, in general, is subject to the anti-fraud rules under the federal securities laws. Disclosures by issuers are generally made in three contexts: (1) primary market disclosure through offering documents prepared for primary offerings of securities; (2) secondary market disclosures prepared in compliance with undertakings under The Rule; and (3) releases and/or statements by the issuer and its officials that are reasonably expected to reach investors and the trading markets, such as communications through investor websites, press releases or other public responses.

The County shall engage Disclosure Counsel to advise on disclosure obligations and requirements under the federal securities laws.

B. PRINCIPLES

1. Everyone involved in the County disclosure process should be encouraged to raise potential disclosure items at all times in the process.
2. Everyone should be encouraged to raise issues to the next level of the review chain.
3. While care should be taken not to shortcut or eliminate any steps outlined in these guidelines on an ad hoc basis, they are a continuing process, and recommendations for improvement should be solicited and regularly considered.
4. The process of primary disclosure should not be viewed as a mechanical insertion of current information and data. Everyone involved in the preparation of official statements should consider the need for revisions in the form and content of the sections for which they are responsible at the time of each update.
5. Care should be taken that information produced and maintained for public consumption, which may be relied upon by an investor to make an investment decision, is accurate as of its publication date.
6. If you are not sure if it is material or not, err on the side of concluding that it is material.
7. Prior to undertaking any voluntary continuing disclosure filings, the County should first consult with its Disclosure Counsel. If it is determined to be beneficial to undertake a voluntary continuing disclosure filing, the County should be consistent in its filings. Such voluntary filings can also be subject to federal securities law liability. Any voluntary continuing disclosure filings should contain no material omissions or misstatements.
8. Consideration should be made, based on consultation with Disclosure Counsel, as to whether a public statement by a County official or the response by the County to an investor inquiry (e.g., a question from one of the County's bondholders) may be material enough to merit a voluntary Electronic Municipal Market Access (EMMA).

C. POLICIES

1. Preparation of Annual Continuing Disclosure Filing

Each year, the Clerk shall review the County's annual filing requirements in each active continuing disclosure undertaking to determine what financial information and operating data must be updated and filed and when such filings should be submitted. The Clerk shall comply with the annual filing requirements of all such undertakings. The preparation process shall be the same as the preparation of Official Statements.

The Clerk of Court and Comptroller's Office may employ the services of an outside dissemination agent to assist with the foregoing responsibilities.

2. Monitoring Events Which May Trigger Continuing Disclosure Filing

Periodically, the Clerk shall review the list of enumerated events in each active continuing disclosure undertaking to maintain awareness of the circumstances that may trigger a filing obligation, including the time frame such a filing would be required to be made. The Clerk's office shall use their best efforts to comply with the ongoing filing requirements of all such undertakings. Two enumerated events will be included in Continuing Disclosure Agreements made upon the issuance of public offerings that close on or after February 27, 2019. Those enumerated events include the following:

- a. The incurrence of a financial obligation of the issuer or obligated person, if material (a new obligation event), or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material (a revised obligation event), and
- b. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties (a financial distress event). (Note the lack of a materiality standard in this section (b) compared to section (a) above.)

3. Materiality, Financial Obligations, and Financial Difficulties

Certain enumerated events in The Rule require a materiality determination to be made by the County. When making a determination of materiality, the Clerk's Office should ask whether the information would be important to a reasonable investor (for example, consider what is pledged, what is the priority, what is the size of the borrowing relative to the County's budget, what events of defaults were granted, what remedies were granted, etc.). The Clerk should also consult Disclosure Counsel.

In addition to monitoring the list of reportable events, the Clerk should do the following:

- a. Inventory all existing financial obligations and planned borrowings on a spreadsheet as a living and breathing document, as outlined below,
- b. Monitor debt issuance plans and such financial obligations on an ongoing basis for any of the reportable events described in Section (9) C(2) of this document and, if any such event occurs, to ensure the filing of a notice on EMMA of such within ten (10) business days of the occurrence of such event.

The Clerk should consult with the ongoing Disclosure Counsel in preparing for and executing this responsibility. Material failures to timely comply with Continuing Disclosure Agreements must be disclosed in official statements for five years following non-compliance. Having a dissemination agent alone is not enough because

it is the Clerk's office, not the dissemination agent, which first obtains knowledge that one of these events has occurred. A dissemination agent is generally not tasked with monitoring the issuer's debt plans and financial obligations on an ongoing basis to determine if a new obligation event occurs, a revised obligation occurs, or a financial distress event occurs. For example, they are often not on a distribution list for an upcoming bank loan.

Examples of a financial obligation (i.e., a new obligation event) include, but are not limited to, a debt obligation, a bank loan, the closing date of a drawdown line of credit, initial establishment of a new commercial paper program, a forward interest rate swap, a cap, a collar, a traditional interest rate swap, a derivative, a guarantee, an inter-local funding agreement, an equipment lease financing that is like a borrowing (e.g., a bank-affiliated leasing company is involved in addition to the equipment vendor), a certificate of participation, a subject to annual appropriation financial obligation, etc.

An example of a "revised obligation event" includes that the covenants in a private placement or loan agreement may be changed because of improvements to the issuer's financial condition or if the parties wish to restructure the loan for other reasons. It is not necessary that a revised obligation event reflect financial difficulties. Another example would be substituting existing security with stronger security with the consent of the lender for non-financial reasons, which has nothing to do with financial difficulties and would be considered a revised obligation event.

D. VOLUNTARY CLOSING AGREEMENT

The County is aware of its ability, under IRS Notice 2008-31, to request a voluntary closing agreement with the IRS to correct failures on the part of the County to comply with the federal tax rules related to tax-exempt debt issuances.

E. CONTINUING EDUCATION

The County will regularly consult with its Bond Counsel regarding the federal tax rules applicable to its outstanding debt and changes to the federal tax law. It shall regularly update these policies and procedures to reflect any changes.

The Debt Management Team shall undertake a reasonable amount of continuing education annually. Continuing education includes, but is not limited to, consulting with outside professionals, participation in conferences, reading informational updates from governmental resources and professional organizations, and attending webinars through the dissemination agent or others.