RESOLUTION NO. 24-_83_

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PINELLAS COUNTY, FLORIDA, APPROVING A DEBT MANAGEMENT POLICY; PROVIDING AN EFFECTIVE DATE.

WHEREAS, in order to adhere to sound financial practices and metrics provided by the Government Finance Officers Association (GFOA) and the national rating agencies, it is prudent to adopt a written debt management policy to guide the debt activities of Pinellas County ("County") and

WHEREAS, in support of the debt management objectives of ensuring debt obligations are issued and administered to maintain and improve the County's bond ratings and reputation within the investment community, and to achieve the goals of the projects for which debt financing is determined to be necessary, the Clerk of the Circuit Court and Comptroller, the County Administrator and the Office of Management and Budget in collaboration with the County's Financial Advisor, County Attorney's Office and Debt Counsel has developed, and recommends approval of the Debt Management Policy attached hereto.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PINELLAS COUNTY, FLORIDA, AT A DULY ASSEMBLED MEETING HELD ON THIS 19th DAY OF NOVEMBER, 2024, AS FOLLOWS:

SECTION 1. That the Debt Management Policy, attached hereto as Exhibit A, is hereby approved, and all debt activity of the County shall be governed by, and consistent with, the Debt Management Policy approved herein, as of the effective date of this Resolution.

Commissioner ________Scott________ offered the foregoing Resolution and moved its adoption, which was seconded by Commissioner_____Eggers______, and upon roll call the vote was:

AYES: Peters, Scott, Eggers, Latvala, Nowicki, and Scherer.

NAYS: None.

Absent not voting: Flowers.

APPROVED AS TO FORM
By: _*Amanda S. Coffey*_
Office of the County Attorney

PINELLAS COUNTY BOARD OF COUNTY COMMISSIONERS

DEBT POLICY

EXHIBIT A

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I. PURPOSE

The purpose of the Pinellas County Board of County Commissioners (or "County") Debt Management Policy (or "Policy") is to establish guidelines and a framework for the issuance and management of the County's debt.

This Policy establishes guidelines to ensure that the County adheres to sound financial practices whenever it incurs debt. The County will consider this Policy when recommending the issuance of debt. This Policy may be amended from time to time by the County Commission.

This Policy:

a. Sets forth a management structure to facilitate sound and efficient issuance and management of County debt;
b. Provides guidelines for debt management to ensure that all liabilities are managed in accordance with stated business and financial objectives; and
c. Encourages and requires communication between the Board of County Commissioners, the Clerk of the Circuit Court and Comptroller (or "Clerk"), the County Attorney, Bond Counsel, Disclosure Counsel, Financial Advisor, Debt Counsel, Arbitrage Consultants, and other professionals, if any.

This Policy was developed in accordance with practices and metrics provided by the Government Finance Officers Association (GFOA) and national rating agencies.

II. POLICY STATEMENT

Under the governance and guidance of federal and state laws, the County's charter, ordinances, and resolutions, the County may periodically enter into debt obligations to finance the construction or acquisition of infrastructure and other assets or to refinance existing debt and unfunded liabilities for the purpose of meeting its governmental obligations. It is the County's objective to ensure that such debt obligations are issued and administered to maintain or improve the County's bond ratings and reputation within the investment community, and to achieve the goals of the project for which debt financing is determined to be necessary.

III. CAPITAL IMPROVEMENT PLAN AND DEBT ISSUANCE

Pursuant to the charter, code, and state statutes, the Board utilizes a six-year Capital Improvement Plan (CIP) that identifies and prioritizes the County's capital needs. The CIP identifies the means and methods of meeting such capital needs through funding sources such as cash on hand, bank loans, or proceeds from the issuance of debt. The CIP guides capital expenditures and anticipated funding requirements, and generally includes:

a. All capital projects, including all anticipated sources of funding, including but not limited to, outside sources such as available grant funding, and proposed financing through debt; and
b. The fiscal impact these capital projects, once completed, will have on the County's operating budget.

IV. CONSIDERATIONS

The primary use of debt by the County has been to fund capital projects; however, other debt may be issued as necessary and appropriate. The use of public facilities will occur over many years; therefore, it is appropriate to allocate the cost of the facilities over the useful lives of the financed projects. Legal, public policy, and financial considerations include, but are not limited to, the following:

a. Bonds should only be issued for capital improvements including infrastructure and equipment with a useful life in excess of three years;
b. The term of any debt should not exceed the useful life of the expenditure being financed and should not exceed 40 years unless there are extenuating circumstances that justify the longer term;
c. The County should not issue debt to subsidize or finance current operations;
d. The County will publish and distribute an offering document for each publicly traded Bond issue;
e. The County should consider the purchase of private bond insurance or other credit enhancement at the time of issuance, if it is financially beneficial to the transaction;
f. County Administrative Staff will monitor existing debt issues for refunding opportunities;
g. The County will seek to maintain the highest bond rating practicable to ensure that borrowing costs are minimized and access to credit is preserved;
h. With the exception of the refunding of existing General Obligation debt for savings, the County cannot issue General Obligation debt with a maturity of more than 12 months without a referendum, as required by law; and
i. The County will determine how much indebtedness the County can afford by assessing the sufficiency of future revenues through the use of a long-term financial projections. Factors such as debt service coverage requirements outlined in the debt agreements, the impact on the tax or utility rates, and impacts on bond ratings will be carefully considered.

V. DEBT STRUCTURING PRACTICES

A. Amortization

In most cases, debt issues should be amortized with level annual debt service. This may be modified if another amortization structure is deemed to be in the County's financial interests.

B. Types of Debt and Security

The County may utilize one or more of the following types of security when it incurs debt. The security should be based on the nature of the capital projects to be financed, and the best interests of the County.

a. *Bonds* – Long-term debt instrument issued by a government at a fixed or variable interest rate to finance capital projects.

    i. General Obligation (GO) Bonds - Long-term debt instruments secured by the County's 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 for the payment of this obligation. In accordance with Article VII, Section 12 of the Florida Constitution, GO bonds must be approved by the majority of those voting on a bond proposal in a bond referendum unless they mature in not more than a year or meet the constitutional refunding exception.

ii. Self-Supporting Revenue Bonds - Long-term debt instruments secured by the dedicated non-ad valorem revenues derived from fees and charges set by the County with respect to its Enterprise Operations (i.e. Airport, Solid Waste, Water, and Sewer Systems, etc.).

iii. Non-Self-Supporting Revenue Bonds - Long-term debt instruments secured by legally available non-ad valorem revenues derived from sources other than Enterprise Revenues such as half-cent sales tax, tourist development taxes, and other special taxes.

b. *Bank Term Loans* – Provide an alternative to the funding of projects with publicly sold bonds.

c. *State and Federal Programs* – Long-term loans issued by a state or federal agency for a qualified project loan. They are secured by the revenue stream pledged to service the debt and nature of the capital projects to be financed. This type of financing includes State Revolving Fund loans, State Infrastructure Bank loans, and the loans through the Water Infrastructure and Finance and Innovation Act, which is administered by the Federal Environmental Protection Agency.

d. *Anticipation/Promissory Notes* – Short-term financing that may be issued for the repayment of short-term or long-term debt.

e. *Short-Term Interfund Loans* – In the event certain funds require short-term borrowing, the Clerk (or Clerk's designee), in consultation with OMB, is authorized to provide interfund loans from the pooled investments, exclusive of monies invested under debt covenant, sufficient to maintain a positive cash balance within the individual funds. During the period an interfund loan is outstanding, the borrowing fund will pay interest on the interfund loan's average daily balance based on the annual percentage yield earned on the short-term portfolio. Exception: no interest would be charged to a grant if interest expense is a non-allowable expense under the terms of the grant. Unless otherwise specifically authorized by the Board, these interfund loans are to be short term in nature and liquidated as soon as reasonably possible. All other interfund loans will be approved by the Board.

f. *Long-term Interfund Loans* – Long-term internal financing evidenced by a note, resolution, or other appropriate document for interfund loans greater than one year. These loans are subject to approval by the Board unless otherwise permitted by applicable law. Interest will be paid by the borrowing funds based on the yield calculated by Clerk Finance annually. The rate will be the blended composite rate of the Pinellas County Board of County Commissioner's investment portfolio (to include both the short- and long-term portfolio) for the 12 months ending the last day of February.

g. *Lease purchases* - Lease/Purchase (LPs) agreements are commonly used by U.S. local government entities to finance equipment purchases. LPs contain an appropriation clause, meaning that the agreement is subject to annual appropriation of funds by the Lessee. With an appropriation clause, the full faith, credit, and taxing power of the Lessee is not pledged to the Lessor such that the LP would constitute a general obligation, subject to referendum. Instead, the Lessor's security in a LP is a lien on the financed equipment. LPs are commonly issued as a direct financing between the Lessee and Lessor (the lender).

h. *Line of Credit (LOC)* - A LOC (or revolving LOC) is an arrangement with a financial institution, usually a bank, that establishes the maximum loan amount that the customer can borrow. The borrower can access funds from the LOC at any time as long as they do not exceed the maximum amount set in the agreement. As money is repaid, it can be borrowed again in the case of a revolving line of credit.

i. *Commercial Paper (CP)* – Commercial Paper is a short-term obligation typically backed by a bank line or letter of credit, maturing within 270 days.

C. Financing Structures

The financing structure of County debt includes consideration of factors such as principal amortization, call provisions, coupons/yields, and credit enhancement. The structure of each debt issuance will be developed with input from a Financial Advisor and Bond Counsel and will include consideration of the capital projects to be financed, the security being pledged, debt service coverage requirements, and market conditions. The goal is to provide the lowest effective financing cost while providing the greatest flexibility to realize added value as market conditions change over time. Some conditions that affect the structure of any debt issuance include the following:

Fixed and Variable Rate Debt - The County may issue external debt with either fixed or variable interest rates. At no time will outstanding variable rate debt be greater than 20 percent of the outstanding County direct debt without the specific prior approval of the Board noting this condition and its variance from this guideline. Additionally, within each Enterprise Fund, at no time will outstanding variable rate debt be greater than 20 percent of outstanding debt for the applicable Enterprise Fund, without the specific prior approval of the Board noting this condition and its variance from this guideline.

Debt Service Payments - The County will structure its long-term debt with level debt service payments, either on a series or aggregate basis, unless the County's assigned Financial Advisor recommends an alternative structure. An alternate structure may be a preferred course of action due to factors such as the projected growth in revenues pledged to service the debt, the nature of the capital projects being financed and current cash flow positions.

Maturity - The County's long-term debt will be structured to mature in accordance with limitations set forth in federal tax code and Florida law and will consider the useful lives of the capital projects being financed.

Premium and Discount Bonds - The County may sell both Premium and Discount Bonds depending on market conditions and the County's needs. These bonds will only be issued upon the recommendation of the Financial Advisor, and upon a determination by the County

Administrator that such sale will not negatively impact the amount of bond proceeds available to fund the capital projects approved for funding.

Bond Insurance/Credit Enhancement - Bond insurance may be used when it provides an economic savings for the County and does not limit the County's financing flexibility. The County may purchase bond insurance and/or reserve fund surety policies which guarantee timely debt service payments on debt to be issued to enhance the attractiveness of the debt to the financial markets. Similarly, the County may purchase a letter of credit to secure variable rate debt upon the recommendation of the Financial Advisor, and upon a determination by the County Administrator that it is financial advantageous for the County to do so.

Call Provisions - Call provisions for the County's bond issues will be made as short as possible, consistent with the lowest interest cost to the County. When possible, all of the County's bonds will be callable only at par.

D. Use of Derivatives
The County should not utilize derivative instruments, including but not limited to interest rate swaps, futures and options contracts, options on swaps and other hedging mechanisms.

VI. DEBT ISSUANCE PRACTICES

A. Method of Sale
The County will seek to issue its bond obligations in a competitive sale. Other methods, including negotiated sale, limited public offering, and private placement, may be considered if it is determined that a competitive sale is not expected to produce the best results for the County. A negotiated sale may be considered if there is any unique or unusual component to the bond issue, structure, or security pledge, or a disruption in the bond marketing making a negotiated sale necessary or desirable for the County.

B. Professional Consultants
The County and Clerk will work with financial consultants, Bond Counsel and Disclosure Counsel to advise the County, structure, price and sell County debt. The County will employ the following financial professionals to assist with debt management:

Financial Advisors - The County will utilize qualified firms, selected from time to time through a competitive process, to serve as Financial Advisor to the County. The County will select all other ancillary services (paying agents, registrars, escrow agents, printers, etc.) in accordance with the County's policies and ordinance for each debt issuance. All professional services should be paid from debt proceeds to the greatest extent practicable.

Bond Counsel and Disclosure Counsel - The County will utilize qualified law firms as Bond Counsel and Disclosure Counsel to represent both the County and its peripheral authorities.

Underwriters -The County will utilize qualified Underwriters as appropriate throughout the debt issuance process.

Arbitrage Counsel - The County will utilize qualified Arbitrage Professionals to advise on and track bond arbitrage and prepare required Internal Revenue Service filings.

C. Use of Credit Ratings

The County will obtain a rating from one or more of the national credit rating agencies each time the County issues publicly issued bonds. The County will not issue bonds with a rating of less than investment grade without the Financial Advisor's recommendation to the Board demonstrating a compelling reason to issue bonds that are below investment grade. Accordingly, the County will exercise prudence and diligence in preparing its budget and managing its finances to maintain satisfactory credit ratings. The County shall seek to maintain the highest bond ratings that are practicable.

VII. DEBT MANAGEMENT PRACTICES

A. Investment of Debt Proceeds

The County and the Clerk, and their respective staff, in consultation with the appropriate Financial Advisor and Investment Advisor, will adhere to the written County Investment Policy, Debt Agreements, and State Section 218.415, Florida Statues when investing the proceeds from issued debt, and when managing moneys on deposit in funds and accounts set aside to pay debt service on County debt.

B. Refunding of Outstanding Debt

The County staff and the Clerk together with the Financial Advisor will monitor the municipal debt market for opportunities to obtain interest savings by refunding outstanding debt. If the net present value savings is less than the stipulated present value savings criteria or will result in a present value loss and/or the maturity is greater than the maturity on the debt obligations to be refunded, a determination must be made that a compelling public policy objective would be achieved by the refunding, such as eliminating restrictive debt covenants or providing additional financial flexibility.

C. Recordkeeping

The County will maintain all records related to the tax-exempt status of its tax-exempt debt issuances and the qualification of County debt and the representations, certifications and covenants set forth in its respective Tax Certificates as required by the bond documents. The County will provide all notices to bondholders and other stakeholders as required under the bond documents. The County may engage a dissemination agent to assist in providing required notices in accordance with County procurement policy.

D. Continuing Disclosure

The County is committed to providing continuing disclosure of financial and pertinent credit information relevant to County's outstanding securities and will abide by provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosure. The County will engage Disclosure Counsel as necessary.

Annual Disclosures - By January 31st of each year, the Clerk's Finance Division will review the annual filing requirements in each active debt issue to determine what financial information and operating data must be updated and filed on an annual basis, and when the filings must be submitted. The Finance Division will provide the annual financial statements and any supplemental information, and coordinate with OMB to provide the annual budget, if necessary. The County or Clerk may employ the services of an outside dissemination agent to assist with the foregoing responsibilities.

Material Event Disclosure / Reportable Events– Periodically, the Clerk's Finance Division will review the list of all SEC Rule 15c2-12 reportable events to determine if one has occurred in an active debt issue. If it is determined one of the events has occurred, the Finance Division will make their best efforts to comply with the disclosure requirements within the required timeframe. The County or Clerk may employ the services of an outside dissemination agent to assist with the foregoing responsibilities. To the extent deemed necessary or desirable, the County or the Clerk may consult with Disclosure Counsel to assist with the foregoing responsibilities.

Arbitrage Rebate Monitoring and Filing - The Clerk's Finance Division will maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code, particularly as set for in the tax certificates for the County's tax-exempt debt. All arbitrage rebate calculations will be completed by an outside arbitrage consultant. In the event the County owes an arbitrage rebate or has accrued a yield reduction payment liability to the IRS, the County will timely submit all required forms or contract with the arbitrage rebate consultant and/or Bond Counsel to do so on the County's behalf.

Annual Debt Report – The Clerk's Finance Division will prepare and deliver an Annual Debt Report to the Board. This report may include the following elements:

a. A history and brief description of all outstanding debt
b. Summary of all County ratings by credit
c. A review of the County's debt over the last ten years
d. Future principal and interest payments

VIII. MANAGEMENT REVIEW OF DEBT PORTFOLIO AND DEBT MANAGEMENT POLICY

Staff, which may include staff from Clerk Finance, County Office of Management and Budget (OMB), and the County Attorney, will review debt financing needs, refunding opportunities, and the current debt portfolio of the County at least annually. Staff will also review the Debt Management Policy at least every five years, and more frequently if required.

IX. IMPLEMENTATION AND WAIVER OF POLICY REQUIREMENTS

The Clerk and County Administrator will be responsible for implementation of the requirements set forth in this Policy. To the extent permitted by law, the Board may waive all or any part of this Policy with respect to a particular debt issuance in the event that the Board determines that such waiver would result in a benefit to the County.

Appendix A

GLOSSARY OF TERMS

Advance/Current Refunding - A procedure whereby outstanding debt is refinanced with the proceeds of new debt provided that a current refunding occurs within 90 days of the next call date of the debt being refunded and an advance refunding occurs more than ninety (90) days from the next call date of the debt being refunded.

Arbitrage Professional – Assists with the tracking of proceeds and project expenditures to determine arbitrage costs. Prepares all required arbitrage calculations and Internal Revenue Service filings.

Bond or Bonds - Tax exempt or taxable bond or bonds issued by the County to fund a capital project.

Bond Counsel - An attorney or law firm, frequently retained by the bond issuer, but sometimes by another party to the transaction, to render an opinion in a Bond financing as to the validity and enforceability of the Bonds and the treatment of the interest on the Bonds under the Internal Revenue Code and applicable state law.

Bond Insurance - An insurance policy purchased by the County which guarantees the timely payment of principal of, and interest on debt.

Callable - Means debt that is eligible to be called prior to maturity, with or without payment of a Call Premium.

Call Premium - A dollar amount stated as a percentage of the principal amount of the debt called before maturity paid to the holder of the debt at the time the debt is redeemed.

Capital Project(s) - Any capital project or capital projects of the County or its Enterprise Operations that the Commission deems to be for a public purpose.

Capital Improvement Plan - Annually prepared summary plan and list of capital improvement projects proposed during the next six fiscal years, such as street or park improvements, building construction, and various kinds of major facility maintenance.

Continuing Disclosure Undertaking - The obligation, or "undertaking," of the issuer or other obligated person under SEC Rule 15c2-12, typically in the form of a contract or certificate, to provide (a) periodic updates of financial information and reporting data of the type included in an offering document for Bonds, and (b) notice of certain material events which occur while Bonds are outstanding.

Credit Enhancement - Means bond insurance, Debt Service Reserve Fund surety, letter of credit or any other third-party guaranty of the debt.

Debt - Means bonds, commercial paper, bond anticipation notes, revenue anticipation notes, tax anticipation notes, variable rate demand obligations, notes, lease purchases, and any form of indebtedness of the County other than a capital lease. Interfund loans are not considered Debt.

Debt Service - Required principal and interest payments due on debt at any point in time before such debt is retired.

Debt Service Reserve Fund - The fund into which moneys or a credit facility are deposited which may be used to pay debt service on debt if pledged revenues are insufficient to satisfy the debt service requirements when due.

Derivative – A financial instrument created from or whose value depends upon the value of one or more separate assets or indices of asset values.

Direct County Debt - Means General Obligation debt, Special Obligation debt and Covenant debt less all self-supporting debt, any sinking funds and short-term debt.

Disclosure Counsel – Assists with the preparation of the Preliminary Offering Statement (POS), Offering Statement (OS), Continuing Disclosure Agreement (CDA), due diligence process, continuing disclosure compliance, and the development of disclosure policies and procedures.

Discount (or Original Issue Discount) - Amount (stated in dollars or as a percentage) by which the selling or purchase price of a bond is less than its Par Value.

Discount Bond - A bond that is sold at a Discount.

Financial Advisor - A consultant who advises and makes recommendations to the County on matters pertinent to debt including compliance, issuance, and market conditions.

General Obligation Bonds – G.O. bonds are backed by the full-faith and credit of the County and are secured by property taxes. G.O. bonds are required to be referred to the voters for approval at a referendum.

Investment Advisor - Any person or group that makes investment recommendations or conducts securities analysis in return for a fee, whether through direct management of client assets or via written publications.

Par or Par Value – The stated face amount of a Bond. Par Value is also referred to as the face amount.

Parity Debt - Debt issued or to be issued with equal and ratable claim on the same underlying security and source of repayment for debt service as other outstanding debt.

Premium – The amount, if any, by which the price paid for the purchase of a Bond exceeds the Par Value of the Bond. For example, if a $5,000 Bond is purchased for $5,500, there is a $500 Premium.

Premium Bond – A Bond sold at a Premium.

Revenue Bonds - Revenue bonds are supported solely from fees generated from non-ad valorem revenue. The County's various enterprise funds: water, storm water, sanitation, and wastewater issue bonds backed by revenues of the enterprise.

Underwriter(s) - Are investment banking firms and/or dealers which purchase bonds for resale.