

Memorandum



Date: June 10, 2008

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Report on Results of Capital Asset Acquisition Auction Rate Bonds, Series 2002B and 2007B Conversion to Fixed Rate Mode

B & F
Agenda Item No. 7 (A)

The following is a brief report on the County's actions pursuant to Resolution R-216-08 adopted by the Board of County Commissioners on March 4, 2008, which authorized the Mayor, or his designee, to do all things necessary to reduce the County's interest rate exposure to auction rate bonds.

More specifically, Resolution R-216-08 authorized the conversion of the County's outstanding 1) Auction Rate Capital Asset Acquisition Bonds, Series 2002B in the amount of \$11.275 million; 2) Auction Rate Capital Asset Acquisition Bonds, Series 2007B in the amount of \$17.45 million; and 3) Auction Rate Special Obligation Bonds, Series 2003B (Juvenile Courthouse Project) in the amount of \$45.85 million. In addition, Resolution R-216-08 allowed staff to assist the Sunshine State Governmental Financing Commission in restructuring one or more of variable rate Seaport related County loans with a total outstanding balance of \$345.305 million, and other various purpose County loans with a total outstanding balance of \$234.365 million.

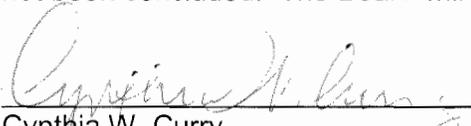
The following are the results as it relates to the Capital Asset Acquisition Auction Rate Bonds Series 2002B and 2007B.

On April 10, 2008, the County closed on two bank loans with SunTrust Equipment Finance & Leasing Corporation for the refunding of the Capital Acquisition Auction Rate Bonds, Series 2002B (\$11.275 million) and 2007B (\$17.45 million). The mandatory redemption notices were mailed and the paying agent will redeem the 2002B Bonds on May 30, 2008 and the 2007B Bonds will be redeemed on May 23, 2008.

The interest rate for the 2008A loan of \$11,275,000 (formerly Series 2002B) is fixed at 4.01 percent and carries the same principal amortizations as the previous 2002B Bonds. The final maturity is April 1, 2023. The interest rate for the 2008B loan of \$17,450,000 (formerly Series 2007B) is fixed at 4.47 percent and carries the same principal amortizations as the previous 2002B Bonds. The final maturity is April 1, 2027.

Given the very volatile market and the general investor lack of confidence, along with the glut of auction rate products that need to be remarketed to other modes, the rates achieved for this financing were the best available rates in the marketplace. Public Financial Management, as the County's Financial Advisors and Greenberg Traurig, P.A. with Edwards and Associates, P.A. as Bond Counsel, assisted the County in closing the transaction. The refunding of these Auction Rate Bonds to a fixed rate bank loan, protected the County from the high fluctuations currently existent in the variable rate market.

As to the Juvenile Courthouse Series 2003B Bonds in the amount of \$48.85 million and the outstanding Sunshine State loans (both Seaport and various purpose combined) for \$579.67 million, these issuances have not been concluded. The Board will be advised when these issuances are complete.


Cynthia W. Curry
Senior Advisor to the County Manager