

**FINANCING GUIDELINES FOR CONDUIT BONDS  
ISSUED BY LEON COUNTY AND DULY  
AUTHORIZED AUTHORITIES OF THE COUNTY**

General

Scope of Guidelines:

These Guidelines are promulgated by the Board of County Commissioners ("Board") for the information and convenience of applicants intending to finance projects pursuant to conduit bonds issued through Leon County ("County") or any duly authorized Authorities of the county, hereinafter collectively referred to as the ("Issuer"). The Board of County Commissioners reserves the right to either waive compliance with the provisions of these Financing Guidelines or to require additional information be supplied or additional obligations be undertaken by an applicant as a condition to the approval of an application for conduit financing. These Financing Guidelines serve only as a supplement to the various authorizing statutes under Florida law and are intended to be fully consistent with them. *Conduit bonds issued by the Issuer do not constitute a debt, liability, or obligation of the County, Authority, any municipality, or the State of Florida, and bondholders shall never have the power to compel the exercise of ad valorem taxation for their payment.* Instead, the Issuer is obligated to pay bonds only from the revenues of the applicant's project or other funds in connection with the applicant's properties, assets and operations. The obligation to repay the bonds may be secured by the assets of the applicant pursuant to mortgages, trust indentures or other security agreements.

Nature and Purpose of Bond Issue.

The authority of the Issuer to issue the conduit bonds shall be derived from the state or federal law, and/or ordinances of Leon County.

General Policy of Financing Projects.

Whether used for the issuance of bonds to finance health facilities, housing or industrial development bonds through the state allocation process, the Issuer recognizes that capital projects covered by these Financing Guidelines should be financed in the most efficient and economical manner without jeopardizing the reputation and credit rating of Leon County. The Issuer intends to facilitate the financing of such projects to the extent that such projects are consistent with the needs of the residents of Leon County and sound municipal finance principles.

Conduit Financing Guidelines

Organization.

Officers.

The Board of County Commissioners appoints a chairman and vice-chairman from its members. The Clerk to the Board is authorized to attest and seal documents of the County.

Meeting and Minutes.

The Board meets every Tuesdays at 5:00 p.m., except for the first Tuesday of the month, in the Commission Chambers on the fifth floor of the Leon County Courthouse. All meetings of the County are public. The Clerk to the Board is the custodian of the records, and all documents and minutes of the County, which are open for public inspection in accordance with applicable state law. The coordination and scheduling of matters to be presented to the Board shall be the responsibility of the office of Management and Budget.

III. Consultants and Attorneys.

A The issuer will utilize the County's financial advisor in all conduit financing for consistency purposes. *The fees and expenses incurred with the financial advisor will be paid directly by the applicant. Applicants are advised to contact the County's financial advisor early in the process to determine the amount of the fee to be charged.* It is anticipated that the amount of the fee will vary depending upon the size and complexity of the proposed bond issue. It is important to note that this should in no way restrain or inhibit the applicant from choosing to retain other consultants such as financial advisors, feasibility consultants, engineers and architects, and underwriters, as deemed necessary by the applicant, subject to the approval of the Issuer.

*All fees and expenses of all such consultants shall be the responsibility of the applicant.*

B The Issuer will utilize the County's bond counsel in all conduit financing for consistency purposes. *The fees and expenses incurred with bond counsel shall be paid directly by the applicant. Applicants are advised to contact the County's bond counsel early in the process to determine the amount of the fee to be charged.* It is anticipated that the amount of the fee will vary depending upon the size and complexity of the proposed bond issue. It is important to note that this should in no way restrain or inhibit the applicant from choosing to retain its own separate legal counsel. *All fees and expenses of all such law firms shall be paid by the applicant.*

Conduit Financing Guidelines

C. The Issuer will utilize the County Attorney as Issuer's counsel in all conduit financing for consistency purposes. The applicant shall reimburse the County for time expended by the County Attorney, or Assistant County Attorney assigned to work on conduit financing, including processing of the application and issuance of the bonds, at the hourly rate paid by the County to its outside special counsel.

Criteria for Financing.

A Community Need.

The primary criterion for financing any project will be the degree to which the community needs the proposed capital improvement. The Issuer will require the presentation of all pertinent data and information, both objective and subjective, with respect to community needs before approving any project. In order to provide community need, a project shall make a significant contribution to the economic growth of Leon County; shall provide or preserve gainful employment; shall protect the environment; or shall serve a public purpose by advancing the economic prosperity, the public health or the general welfare of the State and its people.

Financial Feasibility

The applicant will be required to show the satisfaction of the Issuer that the project and the revenues generated by it, or the revenues otherwise available for debt service, are sufficient to make the financing feasible. The degree of proof of financial feasibility will depend on the circumstances of each project, including whether the bonds will be sold publicly or through a negotiated private placement with investors. The Issuer, at its discretion, shall have the authority to require a financial feasibility study to be completed by an independent financial feasibility consultant of recognized competence at the applicant's expense. In each case, however, the Issuer will require the applicant's creditworthiness to be evaluated by an entity that, in the judgement of the Issuer, is competent to perform such analysis.

Security

In addition to financial feasibility, the applicant will be required to secure the payment of debt service in a manner satisfactory to the Issuer. Depending on the circumstance, the applicant may be required to provide mortgages, security interests in related personal or real property, assignments of accounts, corporate or personal guaranties, letters or lines of credit, bond insurance or other security for the debt. In addition, the bonds must meet at least one of the following criteria prior to submission to the Board for final approval:

Conduit Financing Guidelines

1. The bonds shall be rated in one of the highest four ratings by a nationally recognized rating service.
2. The bonds shall be privately placed with or otherwise sold to "accredited investors", or "qualified institutional buyers"
3. The bonds shall be backed by a letter of credit from a bank, savings and loan association, or other creditworthy guarantor, or by bond insurance guaranteeing payment of principal and interest on the bonds.

In all cases, a trustee will be named to act on behalf of the bondholders during the time the bonds are outstanding.

Risk and Manner of Sale.

If the financial soundness of the proposed project, as shown by the financial feasibility study and/or proposed security as described above, is sufficient to reduce the risk involved in the project to a level acceptable to the Issuer and its financial advisor, the bond issue involved may be offered through underwriters to the general public. *However, a private placement or limited offering, to a limited number of sophisticated and credited investors may be required if in the judgement of the Issuer, same would be advisable.* Any such private placement shall, unless otherwise waived in the sole discretion of the Issuer, be in minimum of \$100,000 denominations.

Management of Project.

In all cases the Issuer must be shown that the project will be managed in an efficient, economical, and competent manner. Proof of competent management may vary in form, depending on the circumstances of the project.

Commitment of County.

*For every project, the issuer may refuse, in its sole discretion, to finance the project at any time up to the exclusion by the Issuer of a bond purchase agreement or other instrument similarly binding the Issuer of a bond purchase agreement or other instrument similarly binding the Issuer to sale and delivery of bonds. Before then, any decision by the Issuer to refuse financing for a project creates no liability whatsoever from the issuer to the applicant, and the applicant shall not be entitled to rely, as against the Issuer, on any official action before the execution of such an instrument. The applicant will bear all costs incurred by the Issuer during the processing of any application, including the non-refundable fees described below, and is required to enter into an Expense and Indemnity Agreement at the time of the filing of the application*

Conduit Financing Guidelines

Procedures for Conduit Financing.

Applications.

Any applicant desiring financial assistance from the Issuer must submit three (3) original fully executed application forms with all required attachments and ten (10) copies of the application form with attachments. The application form is attached to these Financing Guidelines. Application forms may be obtained from Leon County. Copies of any feasibility studies, consultant's reports, engineering studies, etc., either preliminary or final, existing at the time of the application, must be submitted with the application. The application fee described in Section V, D hereof must be paid in order for an application to be deemed complete and ready for initial review.

Initial Review and Approval

Upon receipt of an application, the Issuer's financial advisory committee or designee, shall determine whether the application is complete. No further processing of an incomplete application shall be done until the application is determined to be complete. The application fee due from the applicant must be paid and a fully executed Expense and Indemnity Agreement in form acceptable to the Issuer shall be delivered to the County Administrator, or his designee, in order for the application to be considered complete. Once the application is determined to be complete, a copy of the application will be provided to the County's financial advisor to review on a preliminary basis for the purpose of determining if the financial feasibility of the proposed project is materially defective. The County's financial advisor will prepare its written report to the Issuer with respect to this issue. The County's financial advisor or its Budget Director, determine that there is need for legal advice on the basic structure of the proposed transaction, the County Attorney, or his designee, will provide such service and render his preliminary written report.

A preliminary meeting will be scheduled before the County's Financial Advisory Committee, at which time the committee may decide whether the applicant may make a presentation. At the meeting, the committee may:

Recommend the project for further consideration by the Board, contingent upon the applicant fulfilling all statutory requirements, the requirements of these Financing Guidelines, and any other requirements which the Issuer may deem appropriate depending on the circumstances,

- (i) reject the project, or

further information

The Financial Advisory Committee shall submit its finding and recommendations to the Board for its consideration

Processing Validation Sale and Closing.

The processing of every application will vary, depending on circumstances such as whether,

- (i) the applicant is a not-for-profit corporation or not,
  - (ii) the proposed bond issue is to be tax-exempt or taxable
- the type of project  
the project is a new financing or supplemental to previous financing,  
the type and manner of sale,  
the degree of further information and assurances required by the Issuer.

The process generally will occur as follows:

All bond documents, including the appropriate resolutions, loan agreements, trust indenture, guaranty agreement and such other instruments as shall be necessary, shall be prepared by bond counsel. Counsel to the applicant and the County Attorney shall assist bond counsel in the preparation of documents. The Issuer may require that the bonds be validated. Bond Counsel shall prepare all pleadings and documents and otherwise handle the bond validation proceedings. Counsel to the applicant and the County Attorney shall assist bond counsel in bond validation proceedings.

Public hearings as may be required by the County or under Section 147 (f) of the Internal Revenue Code of 1986 and any other applicable state or federal law, will be scheduled at the convenience of the Issuer after appropriate public notice.

After the validation appeal period has expired, if applicable, and all required public hearings have been held, the Issuer may adopt resolutions with respect to the sale of the bonds, whether pursuant to bid or by negotiated sale.

Reimbursement of Fees and Costs.

Fees.

The applicant for financing must attach to it application a check payable to Leon County, Florida, in the amount determined from time to time by the

Issuer as its application fee. *The application fee shall be non-refundable in the event that the proposed bond issue does not close for any reason.* The initial application fee is established upon the adoption of these Financing Guidelines as \$15,000. The Issuer may at its sole discretion, refund the application fee, or a portion thereof if a hardship demonstrated to the governing body of the Issuer.

In addition to the application fee, a financing fee is required to be paid from the proceeds of the bonds at closing of the bond issue in an amount equal to (1%) of the principal amount of the bonds actually issued, or \$5,000.00, whichever is greater.

#### Expenses.

The applicant shall also pay to Leon County, an amount equal to all out-of-pocket costs other than normal office expenditures for telephone charges, photocopying and the like incurred by the County in processing the application and issuing the bonds. The applicant shall reimburse the County for time expended by attorneys employed in the Office of the County Attorney as set forth in paragraph III. C. hereof. The applicant shall pay these expenses within ten (10) days after receipt of written invoice or demand for payment. These expenses may be deferred and collected from the proceeds of sale upon approval of the Board, provided that same shall not reduce the applicant's liability to pay the expenses in the event that no closing occurs.

#### Execution of Expense and Indemnity Agreement.

*The applicant shall execute an Expense and Indemnity Agreement in the form attached to these Financing Guidelines and shall submit same with its application. The application will be considered incomplete if the agreement is not provided.*

EXPENSE AND INDEMNITY AGREEMENT

(Leon County, Florida)

Re: Proposed Bond Issue for

Ladies and Gentlemen:

The undersigned corporation (the "Corporation") has requested you to consider its application to have you issue the bonds referred to above (the "Bonds") for the benefit of the Corporation and as an inducement to such consideration, hereby agrees with you as follows:

Section 1. Payment of Expenses. Whether or not the Bonds are offered, sold or issued, the Corporation agrees to pay and be liable for, and to hold you harmless against the payment of any and all expenses relating to the Bond issue, including without limitation the fees and disbursements of your financial advisor, special counsel and bond counsel, your administrative charges and out-of pocket expenses, recording charges, expenses of printing offering circulars, official statements, and the Bonds, legal advertising and expenses of registering the Bonds with the securities commission of any state.

Section 2. Indemnity. Whether or not the Bonds are offered, sold or issued, the Corporation agrees to indemnify you, and each of your members, officers, agents, attorneys, advisors and employees against any and all claims and liability of whatsoever nature arising out of or relating directly or indirectly to the Bond issue, whether caused by you or the Corporation or otherwise, including, without limitation, claims based upon actual or alleged misrepresentation, fraud or other tortuous conduct, breach of contractual relationships, or violation of law or administrative rule, whether predicted upon federal or state statutes, common law, principles of equity or otherwise, excepting only claims based upon willful misfeasance or nonfeasance. In furtherance of the foregoing, the corporation agrees to pay any and all attorneys' fees and court costs incurred in the defense of any of the persons herein above indemnified shall be entitled to retain counsel acceptable to you or them to defend any such claim, but that neither you nor any such person will enter into any settlement of the same without the prior written approval of the Corporation.

Section 3. Survival of Agreement. This Agreement shall survive the closing of the Bond issue and shall not merge into or be superseded by any other agreement other than by a written amendment hereto specifically denominated as such and executed by you and the Corporation.

Conduit Financing Guidelines

If the foregoing is acceptable to you, please indicate your acceptance in the space provided below, whereupon this Agreement shall become a binding contract between us.

Dated:

NAME OF CORPORATION:

By:

Its:

Accepted and agreed to as of the date above written:

(LEON COUNTY, FLORIDA)

By: \_\_\_\_\_  
Chairman

Attest:

Approved As To Form:

\_\_\_\_\_  
County Attorney

Clerk of Circuit Court in and for Leon County, Florida, Ex-Officio Clerk to the governing body of (Leon County).

Deputy Clerk

**LEON COUNTY  
OR  
LEON COUNTY.....**

Application for Financing

(Submit three original fully executed application forms with all required attachments and ten copies of the application form with attachments and the application fee to the County.

Address

APPLICANT

Corporate Name:

State of Incorporation

Business Address:

Phone

Contact Person:

Applicant's Agent (if any) Name:

Business Address:

Phone:

Contact Person:

Applicant's Legal Counsel:

Contact Person:

Phone:

Management of Project (if other than Applicant)

Applicant shall attach copies of items 1-6 below:

Names and business address of officers and directors.

Articles of Incorporation

By-Laws

if Applicant is a non-profit corporation, evidence that the Applicant is an organization covered under Section 501 ( c ) ( 3 ) of the Internal revenue Code and for prior three years.

Audited financial statements of the Applicant for the proceeding three (3) years.

Annual Report ( If regularly issued).

If Applicant is a public company under the securities and Exchange Act of 1934, a copy of form 10-K for the last three- (3) years.

PROJECT

Brief description: (Included number and type of Jobs)

Location:

Real property to be acquired, if any (attached legal description, if available.):

Description of equipment or other personal property to be acquired ( attach list, if applicable

- E. If the project is a health care project for which a Certificate of Need is required, has Certificate of Need been obtained?



Sources of debt service payments:

Additional security or guaranties:

Credit Enhancement (Letter of Credit, Bond Issuance, Surety Bond, etc.)  
Provider:

Final Maturity:

Are the proposed bonds to be junior in status to any other obligations of  
Applicant?

Yes (explain)                      NO

Underwriter's name:

Business Address:

Phone:

Contact Person:

Underwriter's Counsel:

Business Address:

Phone:

Contact Person:

Feasibility Consultants:

Business Address:

Contact Person:

Phone:

Other consultants, contractors or agents, if any:

REFUNDING ISSUES: If the proposed bond issue is for purposes of refunding previous debt, attach an official statement and all other "refunding documents", and a summary of the debt to be refunded.

DATE OF APPLICATION

Applicant acknowledges receipt of a copy of the "Financing Guidelines for Conduit Bonds issued By Leon County of Leon County Health Facilities Authority", which is incorporated in this application by reference and understands that this application will be processed according to its provisions. Applicant also submits herewith an executed "Expenses and Indemnity Agreement" as required by the Guidelines.

For the Applicant:

Its:

Attest:

(CORPORATE SEAL)

Its: