

Why is the County issuing the loan on a junior lien basis instead of on parity with the Series 2009A & B Sales Tax Bonds?

Response:

Under the existing Series 2009A & B Sales Tax Resolution the resolution allows for separate DSR subaccounts but the resolution also requires all parity debt to have either a fully fund cash reserve equal to maximum annual debt service or a DSR Surety policy from an “AAA” rating provider or a letter of credit from a bank rated at least “AA” by Standard and Poor’s. The documents do allow for additional surety providers if approved by the existing Bond Issuer (Assured Guarantee). The County is seeking 20 year fixed rate bank loan which will be comparing to 25 and 30 bond issues. In order to maximize the construction proceeds from the loan (not fund a DSR) the loan will be secured by a pledge of sales tax revenues. The pledge will be junior and subordinate to the Series 2009A & B Sales Tax Revenue Bonds. To give the bank additional security the County covenants not to issue any additional debt with a prior lien to the proposed loan.

Will the proposal be based on the lowest interest rate?

Response:

The proposals will be evaluated based on interest rate, conditions and covenants, prepayment provision, and provides the County will future financing flexibility. The County will determine which quote if any is in their best interest.

Will the County accept a non-binding term sheet or must we provide a binding commitment letter on Friday? I do not believe we will be able to provide a quote if a binding commitment is required?

Response:

A non-binding term sheet but with all covenants or restrictions included.

In March of 2012, House Bill 5301 changed collection procedures for Florida counties' share of Medicaid costs with respect to past due Medicaid amounts. Counties will now have this amount netted from their portion of certain state-shared revenues, or primarily its guaranteed entitlement funds. In May of 2012, the state began withholding from each county's half-cent sales tax distribution its monthly share of Medicaid costs, unless the

county paid these costs by the fifth of each month. As it pertains to Okaloosa County, can we find what their monthly Medicaid liability is? How will that affect this proposed new debt?

Response:

Okaloosa County agreed to the AHCA State Medicaid Billing Retrospective Final Certification amount that the State considered due of \$265,849.57 and that amount is being repaid over 60 months from the State Revenue Sharing monthly amount, in accordance with the statutes. The current reduction amount from State Revenue Sharing for Okaloosa is \$3,138.50 per month out of the roughly \$343,250 distributed per month. Okaloosa County does not have any amount reduced from the monthly Half-Cent Sales Tax amount distributed by the State. Let me know if you need something further on this.

The RFP includes Appendix A detailing current debt payments with BAB Federal Subsidy payments applied to lower borrowing cost. It is my understanding that the Federal government did not fully honored the subsidy payments to local issuers during various disruptions in the Federal budget and appropriations process. Can you or Mr. Stanford provide a history of actual subsidy receipts since 2009?

Response:

Attached is the history of Build America Bonds subsidy that Mike asked about below. The US Treasury has reduced our subsidy in recent years due to sequestration. Let me know if you need something further on this at this time. (Please see last page in document for attachment this answer is referring to).

SU NGARD PENTAMATION , INC.
DATE: 08/26/2014
TIME: 09:59:08

PAGE NUMBER: 1

OKALOOSA COUNTY BO CC
Revenue Ledger Short Listing

SELECTION CRITERIA: account.acct='369990' and orgn.fund='201'

YR	DEPARTMENT	ACCOUNT	BUDGET	YTD RECEIPTS	BALANCE
10	2105R	COURTHOUSE ANNEX EXTENSN 369990 OTHER MISC REVENUE	\$140,443.00	\$140,442.70	\$0.30
11	2105R	COURTHOUSE ANNEX EXTENSN 369990 OTHER MISC REVENUE	\$486,148.00	\$484,617.02	\$1,530.98
12	2105R	COURTHOUSE ANNEX EXTENSN 369990 OTHER MISC REVENUE	\$486,148.00	\$487,678.58	(\$1,530.58)
13	2105R	COURTHOUSE ANNEX EXTENSN 369990 OTHER MISC REVENUE	\$486,148.00	\$465,000.38	\$21,147.62
14	2105R	COURTHOUSE ANNEX EXTENSN 369990 OTHER MISC REVENUE	\$486,148.00	\$451,145.14	\$35,002.86
				\$2,028,883.82	