RESOLUTION NO. 793-05 October 4, 2005

RESOLUTION TO ADOPT DEBT MANAGEMENT POLICIES FOR THE COUNTY OF FRANKLIN, OHIO (COMMISSIONERS)

WHEREAS, Franklin County's general obligation bonds were recently evaluated and awarded prime *Triple-A* credit ratings by Moody's Investors Service and by Standard and Poor's, two of the top three national credit rating agencies; and,

WHEREAS, prime bond ratings produce the most favorable interest rates when the County needs to finance its long-term capital improvements; and,

WHEREAS prime bond ratings are indicators of how the financial community views the fiscal stability of an organization, on the basis of the organization's financial and overall management practices, its maintenance of a structurally-balanced budget and healthy reserves, and the strength of the local economy; and

WHEREAS, Franklin County will rely on the strength of its *Triple-A* ratings, conservative fiscal practices, substantial revenue capacity, reasonable debt ratios, and central location within a larger regional economy to access capital markets for its future project financings; now, therefore upon the motion of Commissioner Stokes, seconded by Commissioner Brooks

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, FRANKLIN COUNTY, OHIO:

That the attached Debt Management Policies are hereby authorized and adopted.

Voting Aye thereon:

Mary Jo Kilroy
MARY JO KILROY, PRESIDENT

Dewey R. Stokes
DEWEY R. STOKES

Paula Brooks
PAULA BROOKS
BOARD OF COUNTY COMMISSIONERS
FRANKLIN COUNTY, OHIO

Voting Nay thereon:

MARY JO KILROY, PRESIDENT

DEWEY R. STOKES

PAULA BROOKS
BOARD OF COUNTY COMMISSIONERS
FRANKLIN COUNTY, OHIO

:dlb
Attachment
COPY TO: County Auditor
County Treasurer
County Administrator
Office of Management & Budget

Franklin County
Where Government Works

Debt Management Policies
September, 2005

Franklin County bonds have been evaluated and awarded *Triple-A* credit ratings by two of the top three credit rating agencies: 1) Moody's Investors Service and 2) Standard and Poor's.

Financing long-term capital improvements often requires the issuance of debt. Various debt instruments are available to Franklin County, depending upon the type of capital improvement undertaken. The county's financial policies dictate a balanced approach to financing capital improvements; these policies consider capital improvement financing in terms of the county's capacity to pay for that debt while maintaining long-term financial strength.

The county will normally rely on the strength of its *Triple-A* ratings, conservative fiscal practices, substantial revenue capacity, reasonable debt ratios, and central place within a larger regional economy to access capital markets for future project financing. When otherwise beneficial, in view of interest rates and the general economic picture, the county will pay for capital improvements from current tax revenues and available cash balances.

Franklin County's debt management practices are guided by the following policy standards:

- The county will analyze its capital-financing alternatives before a specific project transaction is scheduled.
- The county will issue long-term, fixed rate debt to permanently finance the acquisition of long-lived capital assets when current tax revenues or cash balances are not sufficient to finance these projects. The county will consider key economic variables, local economic trends, revenue and expenditure projections, and the overall debt burden on the community before issuing bonds.
- The county will sell bond anticipation notes instead of bonds only when market conditions dictate or as part of a multi-step construction program.
- The county will consider using either a competitive process or a negotiated process when issuing bonds. The county's *Triple-A* bond ratings typically provide for a full complement of bids at

the most favorable market interest rates. At the same time, the county is aware that issues of market timing, as well as considerations of the economic benefits of locally retailing or underwriting bonds, lead many government entities increasingly to utilize a negotiated process, especially in issuances involving any complexities, such as issuing bonds for multiple purposes relating to multiple projects.

- The county will seek credit agency ratings whenever bonds and notes are sold to secure the most favorable market interest rate.
- Consistent with Ohio law, the county will not issue bonds or bond anticipation notes to support its operations.
- Debt will not be sold without integrating and considering the impact that debt service costs will have on the county's operating budget. The county will regularly review opportunities to refund its debt when it is advantageous for the county's financial position to do so.
- Consistent with Ohio law, the county will maintain a segregated Bond Retirement Fund to provide for principal and interest payments. The county will invest available bond proceeds in compliance with the limitations imposed by Ohio law, and will closely monitor and document the investment, custody, and expenditure of bond proceeds to ensure compliance with federal arbitrage requirements.
- The county will exercise due care in both its annual budgeting and its debt management to maintain and preserve its *Triple-A* bond ratings and Mig-1 and SP-1+ note ratings.
- The county will continue to issue a Comprehensive Annual Financial Report (the county has consistently issued award-winning reports) so that current and comprehensive financial, economic, and demographic information will be readily available to the public, investors, and rating agencies. All of that same information is also made immediately accessible on-line at the county's web site.
- The county's capital plan, debt obligations, and debt capacity will be evaluated together, in an integrated manner, on an annual basis. Any changes that occur in capital plans, debt obligations, or debt capacity will be incorporated and highlighted for consideration in the county's quarterly financial review.
- The county will continue to adhere to all the direct and indirect debt limitations provided for in applicable Ohio law.

- The county will benchmark its debt capacity against means and medians published by Moody's Investor Services and by Standard and Poor's for other *Triple-A* rated counties of similar size and complexity.
- The county will maintain contact and communicate at least annually with the rating agencies, even when project-specific debt transactions are not planned in the immediate future.