



Tax Exempt Financing for Counties, Cities, School Boards & Special Districts



Municipal Finance Made Simple

About the Program

History

The Florida Local Government Finance Commission's commercial paper pooled loan program was established in 1991 to provide local governments in the State of Florida a more cost-effective means of borrowing funds. In **30 years**, it has lent over **\$2.6 billion** to more than 50 Florida local governments and districts. The loan program was designed to offer participants a more convenient borrowing vehicle with lower interest rates and fees than traditional sources of borrowing, such as bank loans, public offerings of debt, or line of credit financing.

Program Benefits

As a result of the economies of scale and pooled nature of the loan program, the costs of issuance and the interest rate of a loan are typically less than the costs associated with other types of borrowings. The loan program is intended to offer participants a more flexible, efficient and time saving means of borrowing money. Once a participant has been approved for entry into the loan program, it is quick and easy way to borrow.

Eligible Projects

The projects that are financed by a participant through the commercial paper loan program are typically capital improvement and infrastructure projects involving short-term and intermediate-term borrowing needs. Examples of these projects include construction loan financing, in which the loan will be repaid from the issuance of long-term bonds, or pay-as-you-go improvements for which sufficient monies are not available on the date of commencement of the construction. Participants have financed a variety of capital improvements over the years.

Eligibility for Participation

The Commission is authorized to loan proceeds of its commercial paper notes to cities, counties, school boards and special districts throughout the State of Florida. Entities that wish to participate in the loan program should contact the Florida Association of Counties. As part of the application process, a potential participant will be asked to send various financial information. The types of documentation generally required include the three most recent CAFRs, 3 years of audited financials, the most recently adopted budget and proposed budget, if applicable, capital improvement plan, and a schedule of non-ad valorem revenues and taxable values for the past 3 years.

If an entity is approved by J.P. Morgan Bank and the Florida Local Government Finance Commission for participation in the loan program, it will be required to have its governing body adopt a short resolution authorizing the form of a loan agreement pursuant to which the monies will be loaned from the commercial paper notes to the participant. The form of the loan agreement and resolution will be prepared by the Commission's Counsel, Nabors, Giblin, & Nickerson, P.A.

Commercial Paper

Because of the pooled structure of the program, interest charged to participants is a blended rate of the commercial paper notes issued by the commission and outstanding in any particular month. Commercial paper is a short-term, fixed rate instrument ranging from one day to 270 days in duration. Rates for individual issues vary depending on market conditions on the day of the sale.

AMT Projects

The Commission currently issues two series of commercial paper. Series A commercial paper is intended to fund loans for most general governmental projects for counties, cities, school boards, and certain special districts. Series B commercial paper are issued to fund loans, the interest payments on which may be subject to the federal alternative minimum tax. These projects usually involve airports, seaports, resources recovery facilities and other projects with private activities. All fees and the approval process are the same for both programs.



About the Loans

Loan Terms

Participation in the loan program is subject to a credit review and approval by J.P. Morgan Bank, which provides the letter of credit supporting the program. The terms of each loan and each draw are required to be approved by J.P. Morgan Bank.

The letter of credit has a maturity of 3 years and can be extended each year at the Bank's discretion. Initial loan terms may be up to 5 years and may be extended as the letter of credit is extended. Repayment terms are very flexible and are custom-tailored to each participant's needs.

The borrower is required to pay a fee of \$2,000 for each full million dollars borrowed up to a maximum of \$40,000. Once a participant pays the maximum amount it will not be required to pay any up-front fees for additional borrowings. These fees are used by the Commission to cover issuance costs and other costs of operating the loan program. A consolidated invoice is sent to each participant every month indicating the interest and fees that must be paid. These fees are explained in greater detail in the Fee Section of this brochure. Billed amounts are then, in turn, wired directly to the Program's Trustee, US Bank, and held in an interest-bearing account until paid.

Loans are repaid pursuant to the terms of the loan agreement. A loan may be prepaid at any time upon written notice to the Association with no fees or penalties for prepayment.

Security for the Loan Repayment

Typically, participants secure their loans with a covenant to budget and appropriate legally available non-ad valorem revenues, although a participant may request an alternative security structure. All security pledges are subject to approval by J.P. Morgan Bank.

The Program is structured in a way so that there are no cross defaults. In other words, if one participant defaults, there is no responsibility on the part of any other participant in the pool to make up for any payment deficiencies caused by the defaulting participant.

Security for the Commercial Paper Notes

The commercial paper notes which fund the loans are secured by a direct-pay letter of credit. J.P. Morgan Bank maintains a high credit rating in the short-term marketplace from both Moody's Investors' Service and Standard and Poor's Ratings Group. These high ratings allow the commercial paper notes to be issued at low interest rates which are passed on to the participants.

This brochure provides a general description of the loan program. Participants should consult the loan documents for details of the terms and provision upon which they may participate in the loan program.



Key Contacts

Florida Association of Counties (FAC)
 100 South Monroe Street
 Tallahassee, FL 32301
 Cell: 850-556-1859
 Phone: 850-922-4300
 Connie Roddenberry
croddenberry@fl-counties.com
www.floridalocal.org

J.P. Morgan Bank
 420 S. Orange Avenue
 Suite 250
 Orlando, Florida 32801
 Phone: 407-236-5464
 Fax: 407-218-5355
 Scott Ricker
scott.ricker@jpmorgan.com

Nabors, Giblin & Nickerson, P.A.
 2502 Rocky Point Drive,
 Suite 1060
 Tampa, FL 33607
 Phone: 813-281-2222
 Fax: 813-281-0129
 Steven E. Miller, Bond Counsel
smiller@ngn-tampa.com

Florida Local Government Finance Commission (FLGFC)

- Brevard County J Mark Peterson
Financial Services Supervisor
- Charlotte County Susan L Gervais
Finance Director
- Collier County Mark Isackson
County Manager
- Lee County Richard Wesch
County Attorney
- Osceola County Amanda Clavijo
Financial Services Administrator
- Sarasota County Nicole Jovanovski
Finance Director

The Florida Local Government Finance Commission was formed in February 1991 in accordance with an interlocal agreement between Collier, Sarasota, and Brevard Counties. The Commission was subsequently expanded to include Lee County, Osceola County, and Charlotte County. The Commission is a legal entity created pursuant to Chapter 163, Florida Statutes. The governing body of the Commission consists of a representative from each of the six member counties. The Commission was established for the purpose of issuing commercial paper notes from which loans would be made to counties, cities, school boards and special districts throughout the State of Florida. The commercial paper notes are issued pursuant to an indenture of trust between the Commission and US Bank, as Trustee to the loan program.



Program Fees

Issuance Costs **\$2,000 per full million**

Issuance costs are deducted from each draw. This fee is assessed on each full new million dollars borrowed, up to \$20 million in total outstanding loans or \$40,000 in issuance costs paid. Once a participant has paid the \$40,000 in full, no issuance costs will be assessed for additional borrowings.

Example of Issuance Costs

Participant makes initial \$10 million draw and pays \$20,000 in issuance costs.

Participant pays down balance by \$3 million leaving \$7 million balance.

Participants borrow an additional \$2 million, however, pays no issuance fees due to participants total outstanding balance not exceeding the initial \$10 million.

Monthly Fees

Interest..... **Variable**

Interest is a blended market rate based on the actual interest rates for the Florida Local Government Finance Commission commercial paper. Please see rate chart for current and historical rate information for each series.

Letter of Credit Fee **Varies by Participant**

J.P. Morgan Bank assesses a Letter of Credit fee based on the credit worthiness of the borrowing entity. The fee is determined in advance of the loan.

Dealer Fee..... **8 Basis Points**

The Commercial Paper remarketing agent, J.P. Morgan Securities LLC, receives this fee.

Administrative Fees..... **18 Basis Points**

A portion of this fee (10 BP) is paid to the Florida Association of Counties for administering and marketing the program. The remainder (8 BP) is paid to the Commission and used for all expenses associated with the program such as audit fees, legal fees, trustee fees, rating agency fees, etc.

Reimbursed Assessment

Contingency Account..... **1.75% x one month**

A Contingency Account is established for each participant and is funded from loan proceeds. Funds are held in an interest bearing account in the participant's name. Interest earned is credited to the participant monthly. Rebates are made to coincide with any principal payments made. For example: \$1 million balance would require a contingency balance of \$1,458 and would be fully refunded upon loan repayment. The Contingency Account essentially serves as a mini reserve in case of a dramatic spike in commercial paper rates.



FLGFP Historic Program Rates

| YEAR | Rate - A | Rate - B | YEAR | Rate - A | Rate - B |
|------|----------|----------|------|----------|----------|
| 1991 | 4.23 | ** | 1997 | 3.69 | ** |
| 1992 | 2.73 | ** | 1998 | 3.43 | 3.40 |
| 1993 | 2.42 | ** | 1999 | 3.21 | 3.25 |
| 1994 | 3.02 | ** | 2000 | 4.14 | 4.17 |
| 1995 | 3.81 | ** | 2001 | 3.12 | 3.13 |
| 1996 | 3.55 | ** | 2002 | 1.52 | 1.65 |

| QTR/YR | Rate - A | Rate - B | QTR/YR | Rate - A | Rate - B |
|--------|----------|----------|--------|----------|----------|
| 1QTR03 | 1.13 | 1.24 | 1QTR10 | 0.32 | 0.42 |
| 2QTR03 | 1.09 | 1.18 | 2QTR10 | 0.30 | 0.38 |
| 3QTR03 | 1.02 | 1.01 | 3QTR10 | 0.34 | 0.44 |
| 4QTR03 | 1.01 | 1.00 | 4QTR10 | 0.32 | 0.38 |
| 1QTR04 | 1.00 | 1.61 | 1QTR11 | 0.31 | 0.38 |
| 2QTR04 | 1.00 | 1.61 | 2QTR11 | 0.29 | 0.33 |
| 3QTR04 | 1.02 | 1.63 | 3QTR11 | 0.20 | 0.19 |
| 4QTR04 | 1.15 | 1.76 | 4QTR11 | 0.18 | 0.19 |
| 1QTR05 | 1.89 | 1.94 | 1QTR12 | 0.13 | 0.15 |
| 2QTR05 | 2.32 | 2.34 | 2QTR12 | 0.18 | 0.20 |
| 3QTR05 | 2.58 | 2.61 | 3QTR12 | 0.19 | 0.22 |
| 4QTR05 | 2.82 | 2.83 | 4QTR12 | 0.20 | 0.23 |
| 1QTR06 | 3.12 | 3.21 | 1QTR13 | 0.16 | ** |
| 2QTR06 | 3.55 | 3.57 | 2QTR13 | 0.17 | ** |
| 3QTR06 | 3.58 | 3.61 | 3QTR13 | 0.12 | ** |
| 4QTR06 | 3.58 | 3.65 | 4QTR13 | 0.11 | ** |
| 1QTR07 | 3.62 | 3.64 | 1QTR14 | 0.09 | ** |
| 2QTR07 | 3.71 | 3.75 | 2QTR14 | 0.09 | ** |
| 3QTR07 | 3.73 | 3.74 | 3QTR14 | 0.08 | ** |
| 4QTR07 | 3.45 | 3.48 | 4QTR14 | 0.08 | ** |
| 1QTR08 | 2.29 | 1.96 | 1QTR15 | 0.058 | ** |
| 2QTR08 | 1.53 | 1.44 | 2QTR15 | 0.083 | ** |
| 3QTR08 | 1.73 | 1.69 | 3QTR15 | 0.070 | ** |
| 4QTR09 | 3.26 | 3.34 | 4QTR15 | 0.045 | ** |
| 1QTR09 | 0.86 | 1.18 | 1QTR16 | 0.062 | ** |
| 2QTR09 | 0.51 | 0.60 | 2QTR16 | 0.413 | ** |
| 3QTR09 | 0.41 | 0.47 | 3QTR16 | 0.414 | ** |
| 4QTR09 | 0.38 | 0.45 | 4QTR16 | 0.759 | ** |



FLGFP Historic Program Rates

| Quarter | Year | Series A | Series B |
|---------|------|----------|----------|
| QTR1 | 2017 | 0.761 | ** |
| QTR2 | 2017 | 0.905 | ** |
| QTR3 | 2017 | 0.913 | ** |
| QTR4 | 2017 | 0.981 | ** |
| | | | |
| QTR1 | 2018 | 1.241 | ** |
| QTR2 | 2018 | 1.488 | ** |
| QTR3 | 2018 | 1.449 | ** |
| QTR4 | 2018 | 1.769 | ** |

| Month | Year | Series A | Series B |
|-------|------|----------|----------|
| JAN | 2019 | 1.744 | ** |
| FEB | 2019 | 1.668 | ** |
| MAR | 2019 | 1.729 | ** |
| APR | 2019 | 1.772 | ** |
| MAY | 2019 | 1.752 | ** |
| JUN | 2019 | 1.582 | ** |
| JUL | 2019 | 1.433 | ** |
| AUG | 2019 | 1.401 | ** |
| SEPT | 2019 | 1.380 | ** |
| OCT | 2019 | 1.379 | ** |
| NOV | 2019 | 1.327 | ** |
| DEC | 2019 | 1.186 | ** |

| | | | |
|------|------|-------|----|
| JAN | 2020 | 1.136 | ** |
| FEB | 2020 | 1.072 | ** |
| MAR | 2020 | 1.111 | ** |
| APR | 2020 | 1.375 | ** |
| MAY | 2020 | 0.987 | ** |
| JUN | 2020 | 0.272 | ** |
| JUL | 2020 | 0.184 | ** |
| AUG | 2020 | 0.182 | ** |
| SEPT | 2020 | 0.148 | ** |
| OCT | 2020 | 0.153 | ** |
| NOV | 2020 | 0.178 | ** |
| DEC | 2020 | 0.178 | ** |

| | | | |
|-----|------|-------|----|
| JAN | 2021 | 0.156 | ** |
| FEB | 2021 | 0.106 | ** |
| MAR | 2021 | 0.090 | ** |
| APR | 2021 | 0.106 | ** |
| MAY | 2021 | 0.119 | ** |
| JUN | 2021 | 0.115 | ** |
| JUL | 2021 | 0.094 | ** |

| Month | Year | Series A | Series B |
|-------|------|----------|----------|
| AUG | 2020 | 0.182 | ** |
| SEPT | 2020 | 0.148 | ** |
| OCT | 2020 | 0.153 | ** |
| NOV | 2020 | 0.178 | ** |
| DEC | 2020 | 0.178 | ** |
| | | | |
| JAN | 2021 | 0.156 | ** |
| FEB | 2021 | 0.106 | ** |
| MAR | 2021 | 0.090 | ** |
| APR | 2021 | 0.106 | ** |
| MAY | 2021 | 0.119 | ** |
| JUN | 2021 | 0.115 | ** |
| JUL | 2021 | 0.094 | ** |
| AUG | 2021 | 0.080 | ** |
| SEPT | 2021 | 0.069 | ** |
| OCT | 2021 | 0.070 | ** |
| NOV | 2021 | 0.089 | ** |
| DEC | 2021 | 0.097 | ** |
| | | | |
| JAN | 2022 | 0.103 | ** |
| FEB | 2022 | 0.141 | ** |
| MAR | 2022 | 0.408 | -- |

| 6 Month Average, Series A-Tax Exempt | | | |
|--|------|---------------------|--|
| October | 2021 | 0.07 | |
| November | 2021 | 0.09 | |
| December | 2021 | 0.10 | |
| January | 2022 | 0.10 | |
| February | 2022 | 0.14 | |
| March | 2022 | 0.41 | |
| | | | |
| <i>Six Month Average Rate</i> | | <i>0.15%</i> | |
| <i>*Average Monthly Fees</i> | | <i>1.15%</i> | |
| | | | |
| <i>Six Month Average All-In</i> | | <i>1.30%</i> | |
| <i>March 2022 All-In</i> | | <i>1.56%</i> | |



In Tribute

John Yonkosky (1940-2010)

John Yonkosky was a founding member of the Florida Local Government Finance Commission and served as its chairman faithfully for nearly 17 years. He was a well-known and respected figure in the municipal finance community. His guidance, leadership, and commitment to excellence greatly contributed to the success of the 30-year-old Florida Local Government Finance Commission's Pooled Commercial Paper Loan Program. Under his tenure, the program provided over \$2 billion in loans to over 50 Florida local governments.

He began his professional life in the private sector as an auditor and served in a multitude of capacities over 24 years at Collier County including: Director of Management & Budget, Public Utilities Revenue Services Director, Finance Committee Member, Finance Director, and Treasurer and Chair of the Collier County Fair Board. His professional and civic associations included: the Government Finance Officers Association, the Florida Government Finance Officers Association, the American Institute of Certified Public Accountants, the Florida Association of Counties Constitutional Revision Committee and the Kiwanis Club of East Naples.

His reputation and accomplishments made him an icon in Collier County and in his other professional associations; yet he was as humble and approachable an individual as you would ever want to meet. Collier County has honored his service and dedication by building the John A. Yonkosky North Collier County Recycling Drop-Off Center and the Florida Local Government Finance Commission has had a brick placed in the Emerson Hall Plaza at the University of Florida in his remembrance.

John was truly passionate and inspirational within our professional ranks and our humanity ranks as well. He was the truest public servant, a life-long Gator fan, a husband, a father, grandfather, and a great friend.

While his physical presence is no longer with us, his legacy remains. We re-launch this new program in his honor; with heavy hearts, but fond memories.



*Program
Administrator*