

COUNTY GOVERNMENT BOND FINANCING REVIEW FORM

*Form provided by the Alabama Department of
Examiners of Public Accounts*



Alabama law requires this form to be completed and submitted to the State of Alabama, Department of Examiners of Public Accounts within ten business days of a county commission's issuance of bonds, bond anticipation notes, warrants, warrant anticipation notes, or indebtedness issued or entered into on behalf of the County or by the County Commission for a term of at least three years or a swap agreement. This form shall be kept on file at the Department of Examiners of Public Accounts and shall be available for public inspection for a period of seven years. *Ala. Code § 11-8A-3.*

Mailing Address: State of Alabama Department of
Examiners of Public Accounts
P.O. Box 302251
Montgomery, AL 36130-2251

Section I. Please select the appropriate response to each statement for bonds, bond anticipation notes, warrants, warrant anticipation notes, or indebtedness issued or entered into on behalf of the County or by the County Commission for a term of at least three years (the “bonds”).

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. The County Commission has considered whether it can satisfy its financial obligations for the life of the bonds.	_____	_____	_____
2. In the case of limited obligation indebtedness, the County Commission has identified the source for the debt service payments for the life of the bonds.	_____	_____	_____
3. In the case of general obligation indebtedness, the County Commission has indicated that the full faith and credit of the County has been pledged for the debt service payments for the life of the bonds.	_____	_____	_____
4. The County Commission has considered the period of usefulness of the improvement of property for which the bonds are to be issued in light of the duration of the term of the bonds under the bond financing agreement.	_____	_____	_____
5. The County Commission acknowledges that bond proceeds shall not be used for general operating expenses of the County.	_____	_____	_____
6. The County Commission has received from the bond underwriter, bond counsel, issuer’s counsel, trustee, and any others associated with the issuance of bonds an itemized listing of their respective fees and all other costs which shall not be subject to change prior to the sale or issuance of bonds.	_____	_____	_____
7. The County Commission has received from the bond underwriter a clear and understandable written proposal explaining all details of the proposed bond issue, its repayment schedule, and any external factors which could affect the total cost to the County if it issues the bonds.	_____	_____	_____
8. The County Commission has considered the effect, if any, that the bonds will have on the County’s constitutional debt limit.	_____	_____	_____
9. The County Commission has received from the bond underwriter information demonstrating that the estimated interest rate on the bonds is reasonable and, that if information regarding similar recent issuances is available, the interest rates are comparable with other similar issuances based on current bond market conditions on the date of the execution of the bond financing agreement.	_____	_____	_____

Section II. Complete this section if the proceeds of the proposed bonds are to be used in whole or in part for the purpose of refinancing or refunding outstanding bonds.

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 10. The County Commission understands how the issuance of refunding bonds may extend the County's initial debt repayment period and the total cost paid by the County by the end of the refunding period. | _____ | _____ | _____ |
| 11. The County Commission has considered whether the refunding bonds will create net present value savings for the County, including the costs of refinancing. | _____ | _____ | _____ |

Section III. Complete this section in connection with a swap agreement.

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 12. The County Commission has complied with <i>Ala. Code</i> § 41-2-42(2)(a), which requires that the Commission find, determine, and certify to the counterparty, that the swap agreement is entered into for the purpose of hedging against an interest rate, investment, payment, or other similar risk that arises in connection with or incidental to the proper activities of the Commission. | _____ | _____ | _____ |
| 13. As required by <i>Ala. Code</i> § 11-8A-5, the County Commission has reviewed or had explained by its adviser all documentation provided pertaining to the swap agreement. | _____ | _____ | _____ |
| 14. The County Commission has designated an employee or official who will have primary responsibility for the consideration, execution, and monitoring of interest rate swaps and financial hedges entered into by the County. | _____ | _____ | _____ |

Name of Employee/Official _____

- | | | | |
|---|-------|-------|-------|
| 15. The County Commission has determined whether the County's obligations under the swap agreement constitute a general obligation indebtedness of the County and whether the source of payment is sufficient. | _____ | _____ | _____ |
| 16. The County Commission has sought and received specific information disclosing the potential risks inherent in the swap agreement including those risks commonly referred to in the derivatives industry as "basis risk," "tax risk," "interest rate risk," "counterparty risk," "termination risk," "market-access risk," "rollover or anticipation risk," and "credit risk." | _____ | _____ | _____ |

I, the chairman/president (or other Commission member designee) of the _____ County Commission, do hereby acknowledge, as required by *Ala. Code* § 11-8A-3(d), that all above items have been considered by the County Commission and that the County Commission has voted to enter into the bond financing agreement or swap agreement by an affirmative vote of a majority of the members of the County Commission.

Signature _____

Printed Name _____

Title _____

Name of Issuance _____

Date of Issuance of Bonds/Swap Agreement _____

Date of Form Completion _____

In preparing this form, the County Commission shall consult with and obtain advice from either an attorney for the county, the county administrator, or, at the option of the County Commission, a certified public accountant regarding any and all bond or swap proposals received by the county. The person or persons utilized by the County Commission for advice and consultation shall review all documents to be included at the execution of the bond financing agreement or swap agreement. *Ala. Code* § 11-8A-5.

As required by *Ala. Code* § 11-8A-5, I, the adviser/consultant utilized by the _____ County Commission, do hereby confirm that I have reviewed all documents to be included at the execution of the bond financing agreement or swap agreement.

Signature _____

Printed Name _____

Title _____

Employer (if not employed by the County) _____

Section IV. Detailed Itemization of Costs and Fees.

In addition to the requirements of Sections I-III, and as required by *Ala. Code* § 11-8A-4, the bond financing agreement documents shall include a detailed itemization of costs and fees which will be paid directly by the County Commission or from bond proceeds under the bond financing agreement.

Costs and fees to be paid directly by the County Commission

Expense/Payee	Amount

Costs and fees to be paid directly from bond proceeds

Expense/Payee	Amount

The undersigned hereby acknowledge that the amounts of these costs and fees have been presented and explained to all members of the County Commission prior to the sale of bonds.

County Commission Chairman/Designee

Bond Underwriter Authorized Signatory

Printed Name

Printed Name

Position (If not Commission Chairman)

Title/Company

Date of Issuance of Bonds

Section V. To be completed in connection with a swap agreement by an authorized signatory for the bond underwriter or provider of the swap agreement.

As required by *Ala. Code* § 11-8A-4(b), the undersigned hereby acknowledges the following:

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 1. I/we have provided the County Commission with a disclosure of the potential risks inherent in the swap agreement. | _____ | _____ | _____ |
| 2. I/we have disclosed all fees associated with the swap agreement to the County Commission. | _____ | _____ | _____ |
| 3. I/we have provided the County Commission with documentation necessary to effectuate the swap agreement including master agreements, schedules, credit support annexes, confirmations, legal opinions, fairness opinions, and any other information necessary to comply with <i>Ala. Code</i> § 11-8A-3(c)(3) and (5), the language of which are included in Section III, paragraphs 14 and 16 of this form. | _____ | _____ | _____ |

Authorized signatory for bond underwriter/swap agreement provider:

Signature _____

Printed Name _____

Title _____

Company Name _____