

RESOLUTION NO.: 2015-139

RESOLUTION OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA, APPROVING AND ADOPTING A DEBT MANAGEMENT POLICY FOR THE CITY OF HIALEAH, TO ENSURE A BALANCED AND CONSISTENT APPROACH TO DEBT ISSUANCE AND MANAGEMENT TO PROTECT THE INTERESTS OF THE CITY AND EXISTING AND FUTURE HOLDERS OF CITY DEBT. A COPY OF WHICH IS ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "1"; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, access to capital markets at reasonable interest rates and credit terms is a fundamental goal facilitated through the adoption of appropriate debt policies that give adequate consideration to several factor, including the amount and types of fixed and variable rate debt given the City's risk tolerance, market fluctuations, capital market outlook, future capital needs, credit rating agency considerations, tax implications and industry competition; and

WHEREAS, the proposed policy applies to all debt obligations of the City, whether for the purpose of acquisition or construction of City projects or the refunding of existing debt; and

WHEREAS, the proposed policy establishes policies and procedures applicable to debt reporting practices, general debt issue, methods of sale of public debt, fixed rate and variable rate debt instruments, investment of bond proceeds, and continuing disclosure requirements; and

WHEREAS, the City's Finance Director is charged with overseeing and implementing all provisions of the policy, including making recommendations to the Mayor and City Council on annual proposed capital expenditures and any debt financing, and the selection, hiring and oversight of finance professionals to assist the City in the issue and management of long-term debt; and

WHEREAS, the approval and adoption of debt policy and practices that ensure a balanced and consistent approach to debt issuance and management is in the best interest of the public and existing and future holders of City debt.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA, THAT:

Section 1: The foregoing facts and recitations contained in the preamble to this resolution are hereby adopted and incorporated by reference as if fully set forth herein.

Section 2: The Mayor and the City Council of the City of Hialeah, Florida hereby approve and adopt a Debt Management Policy for the City of Hialeah, Florida, a copy of which is attached hereto and made a part hereof as Exhibit "1", to ensure a balanced and consistent approach to debt issuance and management to benefit the interests of the City, existing and future holders of City debt.

Section 3: This resolution shall become effective when passed by the City Council and signed by the Mayor or at the next regularly scheduled City Council meeting, if the Mayor's signature is withheld or if the City Council overrides the Mayor's veto.

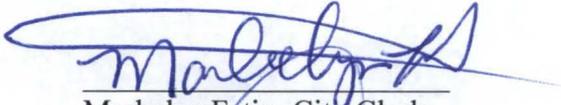
PASSED AND ADOPTED this ____ day of _____, 2015.



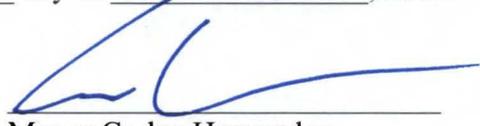
Isis Garcia-Martinez
Council President

Attest:

Approved on this 3 day of November, 2015.

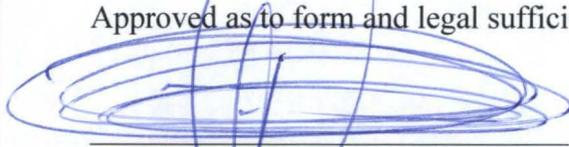


Marbelys Fatjo, City Clerk



Mayor Carlos Hernandez

Approved as to form and legal sufficiency:



Lorena Bravo, City Attorney

Resolution was adopted by a (7-0) unanimous vote with Councilmembers, Caragol, Casáls-Muñoz, Cue-Fuente, Garcia-Martinez, Gonzalez, Hernandez and Lozano voting "Yes".

RESOLUTION NO. 2015-138

RESOLUTION OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA, AUTHORIZING THE EXPENDITURE OF FUNDS, IN AN AMOUNT NOT TO EXCEED \$22,447.38 FROM THE LAW ENFORCEMENT TRUST FUND - STATE, PAYABLE TO THE MIAMI DADE COUNTY ASSOCIATION OF CHIEFS OF POLICE, FOR JOINT FUNDING TO REDUCE OVERTIME IN THE MIAMI-DADE COUNTY COURTS.

WHEREAS, the Hialeah Police Department in conjunction with several agencies has been funding a joint program to reduce overtime in the Miami-Dade County Courts: and

WHEREAS, the requested funds will assist in covering civilian clerical positions and allow the program to continue operations; and

WHEREAS, the program has been extremely successful in saving police man-hours, and overtime dollars, as well as helping with the prosecution of cases; and

WHEREAS, the funds to cover these necessary and legitimate expenses are available in the Law Enforcement Trust Fund- *State*; and

WHEREAS, the Chief of Police has recommended adoption of this Resolution and determined that the proposed expenditure complies with all applicable statutes.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA, that:

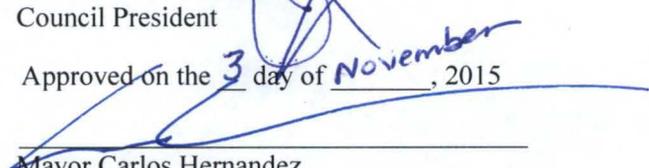
Section 1. The Mayor and the City Council of the City of Hialeah, Florida, authorize the expenditure in an amount not to exceed \$22,447.38 from the Law Enforcement Trust Fund- *State*, payable to the Miami Dade County Association of Chiefs of Police, for joint funding to reduce overtime in the Miami Dade County Courts.

PASSED AND ADOPTED this 27 day of OCTOBER, 2015



Isis Garcia-Martinez
Council President

Approved on the 3 day of November, 2015



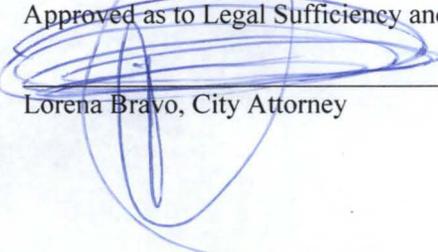
Mayor Carlos Hernandez

Attest:



Marbelys Fatjo, City Clerk

Approved as to Legal Sufficiency and from:



Lorena Bravo, City Attorney

Resolution was adopted by a (7-0) unanimous vote with Councilmembers, Caragol, Casáls-Muñoz, Cue-Fuente, Garcia-Martinez, Gonzalez, Hernandez and Lozano voting "Yes".

Revenir à la page précédente

DEBT MANAGEMENT POLICY OF THE CITY OF HIALEAH, FLORIDA

- 1. Administration of Debt Policy:** The Finance Director of the City of Hialeah, Florida (the "City") is charged with overseeing and implementing the provisions of this policy. It shall be his/her specific responsibility to recommend to the City Mayor (or Mayor's designee) and subsequently to the City Council the selection and hiring of any external agents (bond counsel, financial advisors, underwriters, arbitrage rebate consultants, paying agents, trustees, printers, etc.) as the Director deems necessary, to exercise oversight responsibility of external agents, to engage external agents in the review of proposed annual capital expenditures and financing plan, recommendation of specific projects for debt financing, participation as members of the financing team in the issuance of any debt obligations of the City, and to ensure all continuing disclosure requirements are met following the sale of bonds and pursuant to the Continuing Disclosure Policy of the City of Hialeah, Florida, adopted by Resolution 2015-30 (March 3, 2015), as amended. The Finance Director shall be the point of contact for external agents selected and retained for matters addressed by this policy.

The City Mayor and Finance Director are responsible for administration of the City's financial policies. The City Council is responsible for the approval of any form of the City's borrowing and the details associated therewith. Unless otherwise designated, the Finance Director coordinates the administration and issuance of debt.

- 2. Purpose and Objective:** The adoption of a written debt policy by the City Council and its active use help ensure a consistent approach to debt issuance which will benefit existing and future holders of City debt. Access to capital markets at reasonable interest rates and credit terms is a fundamental goal that is facilitated through the adoption of appropriate debt policies taking into consideration the amount and types of fixed and variable rate debt given the City's risk tolerance to market fluctuations, capital market outlook, future capital needs, credit, rating agency considerations, tax implications and industry competition.
- 3. Scope:** This policy shall apply to all debt obligations of the City, whether for the purpose of acquisition or construction of City assets, the refunding of existing debt and for all interest rate hedging products and derivatives.
- 4. Exceptions:** Exceptions to this policy will be approved by the City Council.
- 5. Reporting Practices:**

The Finance Director or the Director's designees will promptly notify the rating agencies of any debt restructuring, derivative products entered into or any other transaction, which does not involve issuance of debt but has an impact on the overall rate of interest on its debt or its debt structure. The Finance Director or the Director's designees shall also respond to all inquiries from creditors, investors, and rating agencies in a complete and prompt fashion.

- 6. General Debt Issue Policies:**
 - a. Structure:** The City's capital structure may consist of fixed rate and variable rate debt. The percentage of total debt that may be variable rate-based may from time-



to-time change, as debt management strategies change given interest rate environments and appropriate approvals. At this time the City will maintain an internal target to not have more than 15% of its debt in a variable rate mode. Hedging instruments such as interest rate swaps, caps, collars and other non-speculative derivative products are not permissible pursuant to this policy; however the City reserves the right to add a specific hedging policy as an addendum to this debt policy in the future. The risks associated with any given structure and the financial instruments used shall be fully explained to those who must decide and approve any final financing structure.

- b. **Borrowing:** The City Council shall have the authority to borrow money, contract loans and issue bonds in accordance with the provisions of the Constitution of the State of Florida and the general laws of the State.
- c. **Pay-As-You-Go:** The City will strive to maintain a high reliance on pay-as-you-go financing for its capital improvements and capital assets.
- d. **General Obligation Debt Levels:** As a goal, the City will maintain its net general obligation bonded debt at a level not to exceed two (2) percent of the assessed valuation of taxable property within the City unless otherwise directed by the City Council.
- e. **Reserves:** At the recommendation of the City's Finance Director or the City's Financial Advisor and as approved by the City Council, the City will fund and maintain revenue bond reserves to comply with the covenants of the bond issues and ensure adherence to federal arbitrage regulations.
- f. **Purpose and Projects:** Long-term borrowing will generally not be used to finance current operating expenditures. However, this does not preclude the City from using debt to meet short-term operating needs in the event of an emergency such as a natural or man-made disaster, or situation of financial distress whereby the City Council is apprised of the purpose of the borrowing and a determination is made to proceed.
- g. **Term:** The following guidelines should govern the issuance of new money financing.
 - The maturities of debt will be equal to or less than the useful economic life of the item financed.
 - Where practicable the debt service structure on new money financing should be level debt service if economically feasible.
 - The use of Credit Enhancement should be evaluated on a maturity-by-maturity basis and only used where the economic benefits exceed the costs of issuing rated or unrated debt obligations.
 - Call features are preferred and should be utilized when financially prudent in order to provide future flexibility.

- The use of a fully funded debt service reserve should always be evaluated against the use of a credit facility or other debt service reserve product.

- h. **Bond Insurance:** Bond insurance is an insurance policy purchased by an issuer or an underwriter for either an entire issue or specific maturities, which guarantees the payment of principal and interest. This insurance provides a higher credit rating and must result in a lower borrowing cost for an issuer after consideration of the premium rate and underlying ratings.

Bond insurance can be purchased directly by the City prior to the bond sale (direct purchase) or at the underwriter's option and expense (bidder's option).

When insurance is purchased directly by the City, the present value of the estimated debt service savings from insurance should be at least equal to or greater than the insurance premium. The bond insurance company will usually be chosen based on an estimate of the greatest net present value insurance benefit (present value of debt service savings less insurance premium).

Credit Enhancement may take other forms such as Letters of Credit (LOC) or other securitization products and may be used if economically beneficial to the City.

- i. **Credit Ratings:** Credit ratings have wide investor acceptance as tools for differentiating credit quality of investments. The City shall continually monitor and seek ways to improve its credit ratings. Periodic updates and ongoing communication of events affecting the City's overall credit, including asset and liability management issues, should be provided to the rating agencies on a timely basis.
- j. **Non-Rated:** Non-rated securities may be issued if the credit rating on the issue does not perform any economic benefit or add any value to capital market participants.
- k. **Tax Status:** The City will attempt to issue tax-exempt debt which results in significant interest cost savings compared with the interest cost on taxable debt. However taxable forms of debt may be issued when determined to be necessary or advantageous, or required by federal law or applicable federal regulations.
- l. **Subordinated Debt:** This lien status may be utilized if it is determined to be a more advantageous structure for reasons of existing covenants, pledges, or other.
- m. **Capital Leasing:** The use of lease/purchase agreements and certificates of participation in the acquisition of vehicles, equipment and other capital assets can be utilized as necessary, if acquisitions cannot be purchased on a "pay-as-you-go" basis. Lease agreements should match the useful and expected life of the asset being leased.
- n. **Callable Bonds:** Call provisions on bonds provide future flexibility to refinance or restructure debt and eliminate onerous covenants. Consequently, the City shall attempt to always have call provisions on its debt. Call provisions

on each transaction should be analyzed upon marketing the bond issue and determined at the time, upon recommendation of the Finance Director or the City's Financial Advisor.

- o. **Refunding Criteria:** Generally, the City issues refunding bonds to achieve debt service savings on its outstanding bonds by redeeming high interest rate debt with lower interest rate debt. Refunding bonds may also be issued to restructure debt or modify covenants contained in the bond documents. Current tax law limits to one time the issuance of tax-exempt Advance Refunding bonds to refinance bonds issued after 1986. There is no similar limitation for tax-exempt Current Refunding bonds. The following guidelines should apply to the issuance of refunding bonds, unless circumstances warrant a deviation therefrom:
- refunding bonds should generally be structured to achieve level annual debt service savings;
 - the life of the refunding bonds should not exceed the remaining life of the bonds being refunded or the assets financed, whichever is longer;
 - Advance Refunding bonds issued to achieve debt service savings should have a minimum target savings level measured on a present value basis equal to 5% of the par amount of the bonds being refunded;
 - Current Refunding bonds issued to achieve debt service savings should have a minimum target savings level measured on a present value basis equal to 3% of the par amount of the bonds being refunded;
 - refunding bonds which do not achieve debt service savings may be issued to restructure debt or provisions of bond documents only if such refunding serves a compelling City interest or under extraordinary conditions.

The minimum target savings level for refundings should be used as a general guide to guard against prematurely using the one Advance Refunding opportunity for post-1986 bond issues. However, because of the numerous considerations involved in the sale of refunding bonds, the target should not prohibit refundings when the circumstances justify a deviation from the guideline.

- p. **Debt Service Coverage:** Debt service coverage shall conform to bond resolutions and remain at those levels to ensure that the City's credit rating is not diminished.

7. **Method of Sale**

The City's policy is to sell public debt using the method of sale expected to achieve the best result, taking into consideration short-term and long-term implications. The following section of this policy is intended to ensure that the most appropriate method of sale is selected in light of financial, market, transaction-specific and issuer conditions.

- a. **Competitive vs. Negotiated Preference:** Competitive method sale should be preferred and considered when the following conditions are present:

- The City has been a stable and regular borrower in the public market.
- There is an active secondary market for the City's debt.
- The City has an underlying credit rating of A or above.
- The issue is neither too large to be absorbed by the market or too small to attract investors.
- The issue is not composed of complex or innovative features.
- Interest rates are stable, market demand is strong and the market is able to absorb reasonable levels of buying and selling with reasonable price reliability.

If conditions for a competitive bond sale are not available then the following practice will apply to negotiated bond sales:

- A competitive underwriter-selection process that ensures that multiple proposals are considered will be used.
 - The City's staff and the City's Financial Advisor will remain actively involved in each step of the negotiation and sale processes to uphold the public trust.
 - The City's staff and the City's Financial Advisor, who are familiar with and abreast of the condition of the municipal market shall assist in structuring the issue, pricing, and monitoring sales activities. The Financial Advisor will submit recommendations regarding the method of sale, structure and timeline of events for the issue to the City in written form.
 - The Financial Advisor will be an independent firm that does not participate in underwriting transactions on the City's, or any other municipal transactions.
 - The City will require that financial professionals disclose the name(s) of any person or firm compensated to promote the selection of the underwriter; any existing or planned arrangements between outside professionals to share tasks, responsibilities and fees; the name(s) of any person or firm with whom the sharing is proposed; and the method used to calculate the fees to be earned.
- b. **Private Placements:** The City may determine to seek funding by way of a private placement or bank loan where the size and structure of the borrowing does not warrant the issuance of publicly offered debt. The City's Financial Advisor will compare the overall costs of a private placement with those of a public offering and recommend the most cost effective approach.
- c. In the event the City chooses to use a negotiated or private placement sale, staff shall document the reasons this method was chosen.

8. Capital Improvement Plan

The Finance Department will prepare, generally as part of the annual budget process, but no less frequently than every three (3) years, a Capital Improvement Plan that will be presented to the City Council. Such Capital Improvement Plan will address at a minimum the amount of debt projected to be issued during the next three (3) fiscal years.

Factors to be considered in the final projections are:

- The forecast of spending levels for capital projects.
- The availability of internal funds to pay for capital projects.
- Desired debt service coverage levels consistent with a highly-rated municipality.
- The additional bonds test calculation outlined in the applicable bond ordinances or related documents.

9. Fixed Rate Debt

a. Overview

Fixed rate debt is authorized to finance capital projects and for any other allowable purpose as stipulated in the governing bond ordinances and tax regulations.

b. Type

The City may issue any type of fixed rate debt as authorized by the City's various bond ordinances and recommended by the Finance Director or the City's Financial Advisor.

c. Maturity, Structure, and Call Provisions

Prudent debt management requires that there be a proper matching of the lives of the assets and the length of the debt, whether taxable or tax-exempt, used to finance such asset. In addition, the City will, at all times, structure the amortization and maturity of any fixed rate debt to comply with the appropriate tax regulations.

To provide the maximum amount of flexibility, the City will utilize call provisions whenever possible. City staff, along with the financial advisor and underwriter, will assess the market at the time of pricing to determine its ability to issue bonds with such features while minimizing interest costs.

d. Providers

The City is allowed to sell debt by either Negotiated Sale or Competitive Bid. The determination of the method is to be made prior to each financing.

If the City selects the "competitive sale" method, determination of the winning bid will be based on the underwriting firm with the lowest True Interest Cost (TIC) proposal.

The City will employ staff or an outside professional financial advisor, other than the underwriter, who is familiar with and abreast of the conditions of the municipal market, and is available to assist in structuring the issue, pricing, and monitoring of sales activities. The City shall not use a firm to serve as both the financial advisor and underwriter. The financial advisor should be an independent firm that does not participate in municipal underwriting.

e. Debt Service Reserve Fund

As recommended by the Finance Director or the City's Financial Advisor and approved by the City Council, a debt service reserve fund will be funded, maintained, and held for the benefit of bondholders as specified in the ordinance authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond ordinance.

- The debt service reserve fund may be in the form of cash and/or investments funded from the proceeds of bonds and/or revenues from operations or other pledged sources.
- If allowed by the ordinance, a surety issued by a financial institution nationally recognized in the industry to issue such policies may be used in place of a cash-funded debt service reserve.
- If allowed under the respective bond ordinance, any other form of financial instruments may be used in place of cash-funded or surety-funded debt service reserve, provided such financial instruments are issued by firms of nationally recognized standing.
- The City will weigh the benefits of each method of funding the debt service reserve fund prior to each issue and will choose the method most beneficial to the City based upon the facts and circumstances of each issue.

f. Approvals

The structure, maturity, and call provisions for each fixed rate financing must be approved by the Finance Director or designee on or prior to the date of pricing. Negotiation with the underwriter on negotiated bond transactions will be conducted by the Finance Director or designee, upon consultation with the City's Financial Advisor. Transaction approvals and delegated parameters must be obtained from the City Council.

g. Compliance/Reporting Requirements

All outstanding debt will be reported annually in the CAFR as required by generally accepted accounting principles.

The City will monitor and report any arbitrage rebate liability due to the U.S. Treasury on bond proceeds from fixed rate transactions.

10. Variable Rate Debt Instruments

a. Overview

Variable rate debt is authorized to finance capital projects and for any other allowable purpose as stipulated in the governing bond ordinances and tax regulations.

The City must adhere to the variable rate debt limits outlined in this Policy.

b. Type

The City may issue any type of variable rate debt as authorized by the various bond ordinances and recommended by the City's Finance Director or the City's Financial Advisor. Some of the various types of debt authorized include, but are not limited to, Commercial Paper, Variable Rate Demand Obligations, and Medium Term Notes.

c. Management

On a periodic basis, the Finance Director or designee will make decisions regarding any changes to the interest mode for variable rate obligations based on current and projected market conditions.

d. Maturity and Call Provisions

The City will structure the maturity dates of the variable rate debt to match the lives of the assets being financed. The City will, at all times, structure the amortization and maturity of any variable rate debt to comply with the appropriate tax regulations

e. Providers

Underwriters, remarketing agents or dealers of the City's variable rate debt program will be selected pursuant to the City's Purchasing Code.

Banks providing Liquidity Facilities for variable rate debt shall be reviewed regularly by the Finance Director in consultation with the City's Financial Advisor and minimum short and long term ratings should be maintained in order to ensure good trading performance.

f. Variable Rate Debt Amount

The City's total variable rate debt outstanding as a percentage of its total debt will not exceed rating agency guidelines for highly rated municipalities. At this time the City will maintain a targeted percentage not exceeding 15% of total outstanding debt. If hedging products are allowed in the future, variable rate debt synthetically fixed through a swap agreement will not be considered variable rate debt for this criterion.

g. Approvals

The structure and maturity for each variable rate financing must be approved by the Finance Director or designee prior to the transaction. Transaction approvals and delegated parameters must be obtained from the City Council.

h. Compliance/Reporting Requirements

All outstanding debt will be reported annually in the CAFR as required by generally accepted accounting principles.

The City will monitor and rebate any arbitrage liability due to the U.S. Treasury on bond proceeds from variable rate transactions.

11. Interest Rate Swaps, Caps, Options, and Collars

This section is included as a placeholder for potential future use. As described throughout the debt management policy, at this time the use of hedging products is not permitted under this Debt Management Policy. The Debt Policy would require amendment by the City Council in order to utilize hedging instruments in the future.

12. Investment of Bond Proceeds

The proceeds of the bond sales will be invested until expended for the intended project in order to maximize the utilization of the public funds. The investments will comply with the City's investment policy unless superseded by a bond covenant or related agreement. All bond proceeds shall be invested in manner to avoid, if possible, and minimize any potential negative arbitrage over the life of the bond issue. Bond proceeds to be used for the construction or acquisition of the capital assets shall be conservatively invested according to draw schedules which will be amended as needed.

13. Continuing Disclosure Requirements

The Finance Director with the assistance of Bond/Disclosure Counsel and the Financial Advisor will produce all the necessary documents for disclosure. All debt issues will meet the disclosure requirements of the Securities and Exchange Council and other government agencies before and after the bond sales take place. The City's CAFR will be the primary vehicle for compliance with the continuing disclosure requirements. The CAFR may be supplemented with additional documentation if necessary. The City will follow a policy of "full disclosure" in its CAFR and bond official statements. The Finance Director will be responsible for filing the CAFR and providing disclosure on the status of all material events to the Municipal Securities Rulemaking Board, (MSRB) via the Electronic Municipal Market Access (EMMA) system.

14. Effective Date

This Policy will become effective upon adoption by the City Council. This Policy shall be reviewed on an annual basis and amended as necessary with the approval of the City Council.

15. Definitions

Advance Refunding - A bond is treated as issued to advance refund another bond if it is issued more than 90 days before the redemption of the refunded bond.

Amortization Risk – the potential cost to the issuer resulting from a mismatch between the outstanding underlying bond amortization and the outstanding notional amount of the swap.

Basis Risk – movement in the underlying variable rate indices may not be perfectly in tandem, creating a cost differential that could result in a net cash outflow from the issuer. Also, a mismatch can occur in a swap with both sides using floating, but different, rates.

Competitive Bid - a method of submitting proposals for the purchase of new issue of municipal securities by which the securities are awarded to the underwriting syndicate presenting the best bid according to stipulated criteria set forth in the notice of sale.

Counterparty Risk – the risk that the other party in the derivative transaction fails to meet its obligations under the contract.

Credit Enhancement - shall mean, with respect to the Bonds of a Series, a maturity within a Series or an interest rate within a maturity, the issuance of an insurance Policy, Letter of Credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by the City or otherwise, the principal of and interest on such Bonds.

Credit Support Annex - is a standard supporting document that is made part of the ISDA Master Swap Agreement that governs the use of posting collateral when required.

Current Refunding - A bond is treated as issued to current refund another bond if the refunding issue is issued not more than 90 days before the redemption of the refunded bond.

Hedge – a transaction entered into to reduce exposure to market fluctuations.

Interest Rate Swap – a transaction in which two parties agree to exchange future net cash flows based on predetermined interest rate indices calculated on an agreed notional amount. The swap is not a debt instrument between the issuer and the counterparty, and there is no exchange of principal.

Letter of Credit (LOC) – A financial product generally purchased from a bank to provide Credit Enhancement and liquidity on Variable Rate Bonds.

Medium Term Note - any bond which has a maturity date which is more than 365 days, but not more than 15 years, after the date of issuance and is designated as a medium term note in the supplemental ordinance authorizing such bond.

Negotiated Sale - the sale of a new issue of municipal securities by an issuer through an exclusive agreement with an underwriter or underwriting syndicate selected by the issuer.

Tax Event Risk - the risk that tax laws will change, resulting in a change in the marginal tax rates on swaps and their underlying assets or, in a more extreme situation, remove the tax-exempt status of the issue and, therefore, its contractual obligations priced as tax-exempt facilities.

Termination Risk – the risk that a swap will be terminated by the counterparty before maturity that could require the issuer to make a cash termination payment to the counterparty.

True Interest Cost - is the rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment date to the purchase price received for the bonds.

Variable Rate Bond - shall mean any Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of initial issuance.

Variable Rate Demand Obligations (VRDO) - A long term maturity security which is subject to a frequently available put option or tender option feature under which the holder may put the security back to the issuer or its agent at a predetermined price (generally par) after giving specified notice or as a result of a mandatory tender. Optional tenders are typically available to investors on a daily basis while in the daily or weekly mode and mandatory tenders are required upon a change in the interest rate while in the flexible or term mode. The frequency of a change in the interest rate of a variable rate demand obligation is based upon the particular mode the security is in at the time.