

**Lee County Board Of County Commissioners
Agenda Item Summary**

Blue Sheet No. *20051661*

1. ACTION REQUESTED/PURPOSE:

Board approval and Chairman's signature on Form 8038-T for payment of arbitrage liability, as required by the 1993 Regulations, to the U.S. Treasury for a total of \$2,714.88.

2. WHAT ACTION ACCOMPLISHES:

Remits yield reduction payment for Lee County, Florida, Capital Revenue Bonds, Series 1995 A and B in compliance with 1993 Regulations as set forth by the Internal Revenue Service (IRS).

3. MANAGEMENT RECOMMENDATION:

Approve yield reduction payment for Lee County, Florida Capital Revenue Bonds, Series 1995A and B in the amount of \$2,714.88 and Chairman's signature on IRS Form 8038-T.

4. Departmental Category: <i>LS</i> <i>CISA</i>		5. Meeting Date: <i>11-29-2005</i>
6. Agenda: <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Administrative <input type="checkbox"/> Appeals <input type="checkbox"/> Public <input type="checkbox"/> Walk-On	7. Requirement/Purpose: (specify)	
	<input type="checkbox"/> Statute	
	<input type="checkbox"/> Ordinance	
	<input type="checkbox"/> Admin. Code	
	<input checked="" type="checkbox"/> Other <u>Federal</u>	
	<input type="checkbox"/> Internal Revenue Service Regulations 1.148	
		8. Request Initiated: Commissioner _____ Department <u>Clerk of Circuit Court</u> Division <u>Finance/Records Dept</u> By: <u>Donna G. Harn</u> <i>DGH</i>

9. Background:

IRS regulations require that a bond issuer remit a yield reduction payment on positive arbitrage earned on the investment of bond proceeds to the federal government every five years from date of bond issuance. The yield reduction payment is due within 60 days of that date. The five-year calculation on the Lee County Capital Revenue Bonds, Series 1995A and B has been prepared by the Clerk's Finance and Records Department and confirmed by arbitrage consulting firm, MuniFinancial. Payment of \$2,714.88 is due to the U.S. Treasury by December 12, 2005.

The funding source is listed below:

Lee County, Florida Capital Revenue Bonds, Series 1995A and B GB5412523667.504983 \$ 2,714.88

After approval by the Board and Chairman's signature, please return the original Form 8038-T to Finance for submission to the U.S. Treasury by December 6, 2005.

10. Review for Scheduling:

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services				County Manager/P.W. Director
					Analyst	Risk	Grants	Mgr.	
<i>C</i>									

11. Commission Action:

- Approved
- Deferred
- Denied
- Other

Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate

Department of the Treasury
Internal Revenue Service

▶ Under Sections 143(g)(3) and 148(f)
and Sections 103(c)(6)(D) and 103A(i)(4) of the Internal Revenue Code of 1954

Part I Reporting Authority Check box if Amended Return

1 Issuer's name Lee County, Florida	2 Issuer's employer identification number 59 6000702
3 Number and street (or P.O. box no. if mail is not delivered to street address) 2115 Second Street	4 Report number 7 02 G1995-8&9
5 City, town, or post office, state, and ZIP code Fort Myers, FL 33901	6 Date of issue 10/12/1995
7 Name of issue Capital Revenue Bonds, Series 1995A and Series 1995B	8 CUSIP number 523404
9 Name and title of officer or legal representative whom the IRS may call for more information Donna G. Harn, Finance Director	10 Telephone number of officer or legal representative (239) 335-2300
11 Type of issue ▶ Capital Improvements	Issue price ▶ 11 \$ 31,826,472.20

Part II Arbitrage Rebate and Yield Reduction Payments

12 Computation date to which this payment relates (MMDDYYYY) 10/12/2005		
13 Arbitrage rebate payment (see instructions) <input type="checkbox"/> check box if less than 100% of rebate amount	13	\$ 0.00
14 Yield reduction payment (see instructions) <input checked="" type="checkbox"/> check box if less than 100% of yield reduction amount	14	\$ 2,714.88
15 Rebate payment from Qualified Zone Academy Bond (QZAB) defeasance escrow (see instructions)	15	\$ 0.00

Part III Penalty in Lieu of Arbitrage Rebate

16 Number of months since date of issue: <input type="checkbox"/> 6 mos <input type="checkbox"/> 12 mos <input type="checkbox"/> 18 mos <input type="checkbox"/> 24 mos <input type="checkbox"/> Other. No. of mos ▶		
17 Penalty in lieu of rebate	17	\$ 0.00
18 Date of termination election (MMDDYYYY)	18	\$ 0.00
19 Penalty upon termination	19	\$ 0.00

Part IV Late Payments

20 Does failure to pay timely qualify for waiver of penalty (see instructions) Yes <input type="checkbox"/> No <input type="checkbox"/>		
21 Penalty for failure to pay on time (see instructions)	21	\$
22 Interest on underpayment (see instructions)	22	\$

Part V Total Payment

23 Total payment. Add lines 13, 14, 15, 17, 19, 21, and 22. Enter total here		\$ 2,714.88
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Part VI Miscellaneous

24 Unspent proceeds as of this computation date		\$ 0.00
25 Proceeds used to redeem bonds	25	\$ 0.00
26 Gross proceeds used for qualified administrative costs for GICs and defeasance escrows	26	\$ 0.00
27 Fees paid for a qualified guarantee	27	\$ 0.00

		Yes	No
28 Is the issue a variable rate issue?	28		✓
29 Did the issuer enter into a hedge? Name of provider _____ Term of hedge _____	29		✓
30 Were gross proceeds invested in a GIC? Name of provider _____ Term of GIC _____	30		✓
31 Were any gross proceeds invested beyond an available temporary period?	31	✓	
32 Calculations for filing of this form prepared by: <input checked="" type="checkbox"/> Issuer <input type="checkbox"/> Preparer:	32		

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

Signature of issuer's authorized representative _____ Date _____ Type or print name and title _____



November 10, 2005

Ms. Marcia Simons
Debt Analyst
Lee County Clerk of the Circuit Court
Finance & Records Department
P.O. Box 2238
Fort Myers, Florida 33902-2238

Re: Confirmation of Internal Calculation Methodology

Dear Ms. Simons:

At the request of Lee County (the "County"), MuniFinancial has completed the Confirmation of Internal Calculation Methodology for the County's \$23,330,000 Capital Revenue Bonds, Series 1995A and \$8,610,000 Capital Revenue Bonds, Series 1995B (the "Obligations"). Lee County has requested that we confirm the methodology used in the calculation of the arbitrage rebate and yield reduction liabilities for the period beginning October 1, 1995, the *delivery date*, and ending October 12, 2005, the *second installment computation date*. The issue has no rebate liability due, *however there is a yield reduction liability of \$2,714.88*. This payment is due to the U.S. Treasury by December 12, 2005, 60 days from the end of the tenth bond year.

In the process of confirming the methodology used in the arbitrage rebate and yield reduction liabilities calculated by Lee County, MuniFinancial has been provided with the following documents: the Official Statement, Certificate as to Arbitrage and Certain Other Tax Matters, and IRS Form 8038-G (the "Documents"). MuniFinancial assumes the Documents are accurate and contain no errors or omissions that would affect the calculation of the rebate liability.

In the process of evaluating the methodology employed in the calculation of the arbitrage rebate and yield reduction liabilities prepared by Lee County, MuniFinancial has reviewed the mathematical spreadsheets (the "Spreadsheets") used by Lee County in preparing the calculation of these liabilities for the Obligations. MuniFinancial assumes the information used in the Spreadsheets and in the preparation of the calculation is accurate, including dates and amounts of the cash flow transactions, and contains no errors or omissions that would affect the calculation of the liabilities.

MuniFinancial has not independently verified any of the information included in the Spreadsheets.

MuniFinancial is of the opinion that the Spreadsheets prepared by Lee County for the purpose of calculating the arbitrage rebate and yield reduction liabilities with respect to the Obligations as of October 12, 2005, employ a methodology consistent with the requirements of the Internal Revenue Code and Regulations with respect to calculation of arbitrage rebate liability.

This report is intended for the information of Lee County and should not be used for any other purpose.

If you have questions regarding this calculation, or any other concerns, please call Anne Pelej or me at (800) 755-6864.

Sincerely,
MuniFinancial

Steve Bearce, Senior Project Manager
Federal Compliance Division