



Inspector General Insights

Background: On September 22, 2020 (agenda item #11B) the Board of County Commissioners (BCC) approved a resolution authorizing the issuance of Special Obligation Revenue bonds to finance (on a tax-exempt basis) \$60,000,000 in stormwater system improvements, **\$20,000,000 of park aquatic and pump infrastructure**, \$10,000,000 to refinance a commercial paper loan for the purchase of the Sports Complex property, and \$25,000,000 on a taxable basis for strategic property acquisitions (Hussey and Camp Keais). The closing date for this bond issue was November 3, 2020.

The County Finance Committee reviewed the recommended projects at the meeting held on August 11, 2020:

“Special Obligation Revenue Bonds, Series 2020A and Taxable Series 2020B: Financing package as recommended totals \$115M, the components of which are \$60M tax exempt and \$55M taxable. After discussion by Committee members including the County’s financial advisor, bond counsel and disclosure counsel, strong sentiment existed for eliminating the \$30M taxable component for infrastructure improvements as part of scenario 3 and restructuring the financing to tax exempt in order to achieve the lowest cost of financing provided that projects can be identified and completed within tax exempt spend down window. Mark Isackson suggested that further consideration be given to a revised financing structure that would include \$90M in tax exempt financing for all infrastructure improvements recommended plus the CP take out and \$25M for the property acquisition. The committee would reconvene in a few weeks prior to the Board of County Commissioners September 22nd meeting to discuss the matter further and make a final recommendation.”

The September 22, 2020, Executive Summary which described the Finance Committee meetings and the projects to be financed indicated the following:

“The Finance Committee after discussion endorsed by majority vote the Plan of Finance as recommended by the County’s independent financial advisor.”

The bond documents stated the following relative to the proposed Park’s use of the \$20M in bond proceeds:

“Planned aquatics and other parks and recreation improvements considered for funding include;

- Various capital improvements at “Sun and Fun”, Golden Gate, Immokalee, and Vineyards aquatics facilities including but not limited to, those related to pool restoration, electrical, decking, disability improvements, activity and competitive pool improvements, bathhouse, slide tower, pump house, splash pads, flow rider and other improvements.*
- Various capital improvements at Sugden Park, North Collier Regional Park and Caxambas Park including but not limited to, those related to piers, stationary docks, floating docks, and boardwalks.*
- Various capital improvements at Goodland and Port of the Islands marinas including but not limited to, assessment and renovation of dock and reparation and replacement of seawalls.”*

“While the “Plan of Finance” is specific regarding how proceeds will be distributed, Bond Resolution language and language within the disclosure documents will contain customary statements providing the County with flexibility to use proceeds from the tax exempt Series 2020A and Taxable Series 2020B for other like capital needs authorized by the County.”

Objective: Our purpose was to test the debt issuance process, as detailed in our annual risk assessment and Annual Work Plan.

Scope: Our test was limited to the use of proceeds of the \$20 million earmarked for “Park Aquatic and Pump Infrastructure (including but not limited to) Sun and Fun, Golden Gate, Immokalee and Vineyards.” Other components of the issue had only minor activity at the time of our testing.

Observations: On January 29, 2021, Procurement posted the first Invitation to Bid No. 21-7864 related to this bond issuance, for construction of the East Naples Community Park Welcome Center Project, receiving ten (10) bid responses by the March 8, 2021, submittal deadline. On April 13, 2021, the BCC approved a resolution authorizing the issuance of contract with Curran Young Construction, LLC, in the amount of \$2,965,622.28 from bond proceeds for the construction of a Welcome Center at the East Naples Community Park. The budget amendment amount was increased to \$3,145,000 to fund the payment of impact fees and post-design services.

Budgeted Uses of the Parks Bond Proceeds at September 30, 2021	Project #	Amount	%
Golden Gate Activity Pool	80405	\$ 960,000.00	4.80%
East Naples Community Park Welcome Center	80414	3,145,000.00	15.73%
Sun-n-Fun	80421	5,800,000.00	29.00%
Reserves	99308	10,095,000.00	50.48%
Total Uses		\$ 20,000,000.00	100.00%

While the \$3.145M represented over 15.7% of the \$20M authorized for Parks projects and was the first project solicited, neither this project nor the park was identified in the initial September 22, 2020, Executive Summary.

We also noted the following regarding the Finance Committee meetings:

1. The Finance Committee minutes from the September 10, 2020, meeting included a 3-1 vote approving the Plan of Finance as detailed in the September 22, 2020, Executive Summary.
2. There is no record of the Finance Committee reviewing and/or approving the change in projects funded with the revenue bond proceeds. Although the bond documents provided flexibility to fund other capital projects, the use of bond proceeds to finance construction of the East Naples Community Park Welcome Center project was a major deviation from the contemplated project list and should have been reviewed/approved by the Finance Committee.
3. As of April 27, 2022, no Finance Committee minutes subsequent to the August 11, 2020, meeting were posted in the Advisory Board agendas and minutes in the Records Search function on the Clerk’s website. Following an Office of Inspector General inquiry, minutes from the following dates were made available to the OIG staff (September 10, 2020; May 13, 2021; draft minutes of November 19, 2021).

Recommendations & Actions: The Finance Committee should review and approve changes to projects funded with bond proceeds.

Finance Committee minutes should be maintained up to date and posted in the appropriate public repository, and the minutes should include records of Committee votes.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	Observations / Recommendations
4	\$20,000,000	\$3,145,000	N/A	2