

TOWN OF PALM BEACH

Information for Town Council Meeting on: October 10, 2019

To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

From: Jane Le Clainche, Director of Finance

Re: Refunding Resolution for the Public Improvement Revenue and Refunding Bonds, Series 2010A (the "Series 2010A Bonds")
Resolution No. 123-2019

Date: September 26, 2019

STAFF RECOMMENDATION

Staff requests Town Council approval of Resolution No. 123-2019, which authorizes the execution and delivery of a loan agreement and escrow deposit agreement to refund the remaining Series 2010A Bonds.

GENERAL INFORMATION

Due to the current low interest rates, staff reached out to our Financial Advisor, Jay Glover with PFM to see if there were any refinancing opportunities available for the Town's debt. It was determined the best opportunity was the remaining Series 2010A Bonds in the amount of \$4,560,000. A decision was made to issue an RFP to financial institutions that could provide the Town with a fixed rate, bank-qualified term loan at the lowest overall borrowing cost. The RFP resulted in the receipt of five proposals. The attached memorandum from PFM describes the process and the resulting recommendation for the Professional Bank proposal offering a fixed, tax-exempt interest rate of 2.33%, which would be locked for the entire term of the Public Improvement Revenue Refunding Bond, Series 2019 (the "Series 2019 Bond"). Due to the favorable low rates offered in the proposal, we are able to refund the Series 2010A Bonds and achieve \$1.15 million of net present value debt service savings, which will equate to approximately \$70,000 of savings per year through 2040.

Resolution No. 123-2019 authorizes the execution and delivery of a loan agreement with Professional Bank. It also authorizes and approves the issuance of the Series 2019 Bond by the Town in connection with the loan agreement relative to the refunding of a portion of the Series 2010A bonds. The Resolution also authorizes the execution and delivery of an escrow deposit agreement and pledges non-ad valorem revenues to repay the 2019 Bond.

The Resolution delegates authority to the Mayor or Town Manager to execute the agreements.

The Town's Financial Advisor, Mr. Jeremy Niedfeldt with PFM, will be in attendance to make a brief presentation regarding the financing and provide an update on the current market conditions. He will also be prepared to discuss the pros and cons of refunding the Town's Public Improvement Revenue Bonds, Series 2013 and begin the conversation regarding financing the construction of the Town docks and upland structures.

Also in attendance to answer any questions from the Town Council will be Richard Miller, bond counsel with Locke Lord LLP.

TOWN ATTORNEY REVIEW

The Town's Bond Counsel, Locke Lord LLP, prepared the attached Resolution.

FUNDING/FISCAL IMPACT

The refinancing will produce annual savings of approximately \$70,000 per year.

Attachments

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cc: John C. Randolph, Town Attorney
Richard Miller, Locke Lord LLP
Jay Glover, PFM