

*This Preliminary Official Statement and any information contained herein are subject to completion and amendment. The Bonds may not be sold and offers to buy may not be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The Town has deemed this Preliminary Official Statement “Final” except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission.*

**PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER \_\_, 2019**

**NEW ISSUE-BOOK-ENTRY ONLY**

**RATINGS: Moody's: \_\_\_\_**

**S&P: \_\_\_\_**

**(See "RATINGS" herein)**

*In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law, interest on the Bonds is includable in gross income for federal tax purposes. Bond Counsel is also of the opinion that the Bonds and the interest thereon are exempt from taxation under the existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined therein. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Matters" herein.*

**TOWN OF PALM BEACH, FLORIDA**

**\$52,000,000\***

**Public Improvement Revenue Refunding Bonds, Federally Taxable Series 2019  
(Capital Improvement and Coastal Management Program)**

**Dated: Date of Delivery**

**Due: January 1, as shown on the inside cover**

The Town of Palm Beach, Florida (the "Town") is issuing its Public Improvement Revenue Refunding Bonds, Federally Taxable Series 2019 (Capital Improvement and Coastal Management Program) (the "Bonds") as fully registered bonds initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. The Bonds will be available to purchasers in principal denominations of \$5,000 and integral multiples thereof under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. Purchasers will not receive physical delivery of the Bonds. Beneficial Owners of Bonds must maintain an account with a broker or dealer who is, or acts through, a DTC Participant in order to receive payment of the principal of and interest on such Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. The Bank of New York Mellon Trust Company, N.A. will serve as the Paying Agent and Registrar for the Bonds.

Interest on the Bonds is payable on each January 1 and July 1, commencing July 1, 2020, until maturity or earlier redemption. The Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE BONDS—Redemption Provisions."

The Bonds are being issued by the Town pursuant to Resolution No. 142-2019, adopted on November 12, 2019, as supplemented by Resolution No. 143-2019, adopted on November 12, 2019 (collectively, the "Resolution"). The Bonds are being issued for the purpose of providing funds to (i) refund all or a portion of the Town's Public Revenue Bonds, Series 2013 (Capital Improvement and Coastal Management Program) maturing on and after January 1, 2025, and (ii)

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\* Preliminary, subject to change.

pay a portion of the costs of issuing the Bonds. See “PURPOSE OF THE BONDS,” “PLAN OF REFINANCING” and “ESTIMATED SOURCES AND USES OF PROCEEDS OF THE BONDS.”

The principal of and interest on the Bonds are payable from and secured by a pledge of and a lien on the “Pledged Revenues,” consisting primarily of “Non-Ad Valorem Revenues” budgeted and appropriated by the Town on an annual basis for the purpose of paying debt service on the Bonds. See “SECURITY FOR THE BONDS.”

**THE BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OF THE TOWN WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF FLORIDA BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND A PLEDGE OF THE PLEDGED REVENUES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION. NO BONDHOLDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE TOWN OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY SUCH BONDS OR THE INTEREST THEREON, NOR SHALL ANY BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL OR INTEREST FROM ANY OTHER FUNDS OF THE TOWN OTHER THAN AS PROVIDED IN THE RESOLUTION. FURTHERMORE, NO BONDHOLDER SHALL EVER HAVE A LIEN ON THE PROJECTS FINANCED OR REFINANCED WITH PROCEEDS OF THE BONDS.**

This cover page contains information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to approval of legality by Locke Lord LLP, West Palm Beach, Florida, Bond Counsel. Certain legal matters will be passed on for the Town by its counsel, Jones, Foster, Johnston & Stubbs, P.A., West Palm Beach, Florida and by its disclosure counsel, Greenspoon Marder LLP, West Palm Beach, Florida. PFM Financial Advisors LLC, Orlando, Florida is serving as Municipal Advisor to the Town with respect to the Bonds. The Bonds are expected to be delivered through the facilities of DTC in New York, New York on or about January \_\_, 2020.

BIDS FOR THE BONDS WILL BE RECEIVED USING IHS MARKIT’S PARITY/BIDCOMP COMPETITIVE BIDDING SYSTEM, AS SPECIFIED IN THE OFFICIAL NOTICE OF SALE.

The date of this Official Statement is \_\_\_\_\_, 2019.

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS  
AND INITIAL CUSIP NUMBERS**

**\$52,000,000\***

**Public Improvement Revenue Refunding Bonds, Federally Taxable Series 2019  
(Capital Improvement and Coastal Management Program)**

\$ \_\_\_\_\_ \* Serial Bonds

<u>Maturity (January 1)</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial CUSIP No.</u> <sup>1</sup>
2021	\$			
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041**				
2042**				
2043**				

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\* Preliminary, subject to change.

\*\* Subject to Term Bond Option as more fully described in the Official Notice of Sale.

<sup>1</sup> The Town is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

**TOWN OF PALM BEACH, FLORIDA**

360 South County Road  
Palm Beach, FL 33480  
(561) 838-5444

**TOWN COUNCIL**

GAIL CONIGLIO ..... Mayor  
DANIELLE H. MOORE ..... Town Council President  
MARGARET ZEIDMAN..... Town Council President Pro-Tem  
JULIE ARASKOG..... Town Council Member  
LEW CRAMPTON..... Town Council Member  
BOBBIE LINDSAY ..... Town Council Member

**Town Manager**

KIRK BLOUIN

**Town Attorney**

JOHN C. RANDOLPH  
JONES, FOSTER, JOHNSTON & STUBBS, P.A.

**Town Clerk**

KATHLEEN DOMINGUEZ

**Town Director of Finance**

JANE LE CLAINCHE

**Municipal Advisor**

PFM FINANCIAL ADVISORS LLC

**Bond Counsel**

LOCKE LORD LLP

**Disclosure Counsel**

GREENSPOON MARDER LLP

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NO DEALER, BROKER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE TOWN OF PALM BEACH, FLORIDA (THE "TOWN") OR THE UNDERWRITER SET FORTH ON THE COVER PAGE OF THIS OFFICIAL STATEMENT. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE HEREIN DESCRIBED BONDS, NOR MAY THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER WILL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE TOWN SINCE THE DATE HEREOF.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: *THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.*

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TOWN AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER GOVERNMENTAL ENTITY OR AGENCY (OTHER THAN THE TOWN) WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED OR RECOMMENDED THE BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITE [www.MuniOS.com](http://www.MuniOS.com). THIS OFFICIAL

STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE TOWN FOR PURPOSES OF RULE 15c2-12 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(b)(1)

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**OFFICIAL STATEMENT**  
**TOWN OF PALM BEACH, FLORIDA**

**\$52,000,000\***  
**Public Improvement Revenue Refunding Bonds, Federally Taxable Series 2019**  
**(Capital Improvement and Coastal Management Program)**

**INTRODUCTION**

The purpose of this Official Statement is to set forth certain information relating to the Town of Palm Beach, Florida (the “Town”) and the issuance by the Town of \$52,000,000\* principal amount of its Public Improvement Revenue Refunding Bonds, Federally Taxable Series 2019 (Capital Improvement and Coastal Management Program) (the “Bonds”). The Bonds are being issued pursuant to the Constitution of the State of Florida, Chapter 166, Florida Statutes, the Charter of the Town and other applicable provisions of law (collectively, the “Act”), and pursuant to Resolution No. 142-2019 of the Town adopted on November 12, 2019, as supplemented by Resolution No. 143-2019 adopted on November 12, 2019 (collectively, the “Resolution”).

The principal of and interest on the Bonds are payable from and secured solely by a pledge of and a lien on the Pledged Revenues, consisting primarily of Non-Ad Valorem Revenues budgeted and appropriated by the Town on an annual basis. The pledge and lien granted pursuant to the Resolution arises only upon deposit by the Town, on the fifth business day prior to each Interest Payment Date, of Non-Ad Valorem Revenues into the Sinking Fund established pursuant to the Resolution. See “SECURITY FOR THE BONDS” herein.

The Town has additional debt that is also payable from and secured by the Non-Ad Valorem Revenues. See “SECURITY FOR THE BONDS – Outstanding Town Indebtedness” herein.

**The Bonds shall not be or constitute general obligations of the Town within the meaning of the Constitution of the State of Florida but shall be payable solely from and secured by a lien upon and a pledge of the Pledged Revenues in the manner and to the extent provided in the Resolution. No Bondholder shall ever have the right to compel the exercise of the ad valorem taxing power of the Town or taxation in any form on any real or personal property to pay such Bonds or the interest thereon, nor shall any Bondholder be entitled to payment of such principal or interest from any other funds of the Town other than as provided in the Resolution. Furthermore, no Bondholder shall ever have a lien on the projects financed or refinanced with proceeds of the Bonds.**

Capitalized terms not otherwise defined in this Official Statement will have the same meanings assigned to such terms in the Resolution. See “APPENDIX A—Town of Palm Beach Resolution No. 142-2019.” This Official Statement also includes summaries of, and references

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\* Preliminary, subject to change.

to, the Bonds, the Resolution, statutes, and various documents and instruments. The summaries of, and references to, the Bonds, the Resolution, statutes and various documents and instruments herein do not purport to be complete, comprehensive or definitive and each such summary and reference is qualified in its entirety by reference to the Bonds, the Resolution and the applicable document, statute, or instrument.

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

## **PURPOSE OF THE BONDS**

The Bonds are being issued to realize debt service savings. The proceeds of the Bonds will provide funds to (i) refund all or a portion of the Town's Public Improvement Revenue Bonds, Series 2013 (Capital Improvement and Coastal Management Program) maturing on and after January 1, 2025 (the "Refunded Bonds") and (ii) pay a portion of the costs of issuing the Bonds.

The proceeds of the Series 2013 Bonds were used to finance certain improvements to the Town's infrastructure that were identified in the Town's 20 Year Capital Improvement Plan at the time, and to finance a portion of an ongoing coastal management program to protect the beaches of the Town and the properties near the Atlantic Ocean. As of September 30, 2019, approximately \$58,531,337 of the proceeds of the Series 2013 Bonds were expended on these projects with approximately \$3,365,797 owed for work performed. The Town expects to complete the projects financed out of the proceeds of the Series 2013 Bonds by December 31, 2019.

## **PLAN OF REFINANCING**

The proceeds of the Bonds will be used to advance refund and defease the Refunded Bonds. After such refunding and defeasance \$6,345,000\* of the Series 2013 Bonds will remain outstanding. The Town will enter into an Escrow Deposit Agreement with The Bank of New York Mellon Trust Company, N.A., as Escrow Agent for the Refunded Bonds, and the Town will obtain a verification report, in order to defease the Refunded Bonds in accordance with their terms. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

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\* Preliminary; subject to change

## ESTIMATED SOURCES AND USES OF PROCEEDS OF THE BONDS

The table below sets forth the expected sources and uses of proceeds of the Bonds.

### Sources

Principal Amount	\$ _____
[Plus/Minus] Net Original Issue	_____
[Premium/Discount]	_____
Other Legally Available Funds	_____
Total Sources	\$ _____

### Uses

Deposit to the Escrow Fund	\$ _____
Costs of Issuance Fund (1)	_____
Underwriter's Discount	_____
Total Uses	\$ _____

- (1) Includes fees of Bond Counsel, Disclosure Counsel, Financial Advisor and other costs of issuing the Bonds.

## DESCRIPTION OF THE BONDS

### General Description

The Bonds will be issued as fully registered bonds, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form only, and purchasers will not receive physical delivery of the Bonds or any certificate representing their beneficial ownership interest in the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are available to purchasers in principal denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of the date of their initial issuance and will bear interest from that date at the rates (calculated based upon a year of 360 days consisting of twelve thirty-day months) and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable on January 1 and July 1, commencing on July 1, 2020. U.S. Bank National Association will act as Paying Agent and Registrar for the Bonds.

## Registration, Transfer and Exchange

The Registrar will keep books for the registration of transfers and exchanges of the Bonds. The Town, the Registrar and the Paying Agent shall may treat and consider the registered owner of any Bond as the absolute owner of such Bond for the purpose of payment of principal, interest or redemption premium, if any, with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. In the event the book-entry only system of registration of the Bonds, described below under “BOOK-ENTRY ONLY SYSTEM.” is discontinued, the Bonds will be subject to transfer and exchange as more fully described in the Resolution. See “APPENDIX A—Town of Palm Beach Resolution No. 142-2019.”

## Redemption Provisions

The Bonds are subject to redemption prior to maturity as described below:

*Optional Redemption.* The Bonds maturing on or before January 1, \_\_\_\_ will not be subject to optional redemption prior to maturity. The Bonds maturing on or after January 1, \_\_\_\_ are subject to redemption prior to maturity at the option of the Town, in whole or in part, at any time on or after January 1, \_\_\_\_, and if in part, in maturities determined by the Town and by lot within a maturity, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

*Mandatory Redemption.*

The Bonds maturing on January 1, \_\_\_\_ (the “Term Bonds”) are subject to mandatory sinking fund redemption in part prior to maturity by lot, at redemption prices equal to 100% of the principal amount redeemed plus interest accrued to the redemption date in the following principal amounts and on the following dates:

### Term Bonds

Year ( <u>January 1</u> )	<u>Amount</u>
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\*

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\*Final maturity, not a redemption.

Notice of Redemption of the Bonds. To the extent the Bonds are subject to redemption, notice of such redemption shall be given by the Paying Agent, at lease thirty (30) days prior to the redemption date, be filed with the Bond Registrar and mailed, first class mail, postage

prepaid, to all Holders of the Bonds to be redeemed at their addresses as they appear on the registration books of the Town, but failure to mail such notice to one or more Holders of the Bonds shall not affect the validity of the proceedings with respect to Holders of the Bonds to which notice was duly mailed. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds of one maturity are to be called, the distinctive numbers of such Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed..

In addition to the foregoing notice, further notice of redemption shall be given by the Town as set out in the Resolution, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given in the manner prescribed above. See “APPENDIX A—Town of Palm Beach Resolution No. 142-2019.”

In the case of an optional redemption, the notice of redemption may state that (1) it is conditioned upon the deposit of moneys with the Paying Agent or with an escrow agent under an escrow deposit agreement, in amounts necessary to effect the redemption, no later than the redemption date or (2) the Town retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a “Conditional Redemption”), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this subsection. Any such notice of Conditional Redemption shall be captioned “Conditional Notice of Redemption.” Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Town delivers a written direction to the Paying Agent directing the Paying Agent to rescind the redemption notice. The Paying Agent shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded, or such moneys not so deposited, shall remain Outstanding, and neither the rescission nor the failure by the Town to make such moneys available shall constitute an event of default hereunder. The Town shall give notice as may be required by the MSRB and to one or more national information services that disseminate notices, and to the affected Bondholders, that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

So long as the Bonds are registered in book-entry form, notices of redemption will be given by the Paying Agent only to DTC. See “BOOK-ENTRY ONLY SYSTEM.”

Any Bonds which have been duly selected for redemption and for which funds have been set aside with the Paying Agent will cease to bear interest on the specified redemption date.

### **BOOK-ENTRY ONLY SYSTEM**

**The following contains a description of the procedures and operations of DTC and is based upon information provided by DTC. Neither the Town nor the Underwriter have independently investigated or verified such procedures and operations and assume no responsibility for the accuracy or completeness of the description thereof.**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to as the "DTC Participants." DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the DTC Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as

may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to documents securing the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

The redemption price and principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal of and interest payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC Participants.



DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. Subject to the policies and procedures of DTC (or any successor securities depository), the Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. Thereafter, Bond certificates may be transferred and exchanged as described in the Resolution. See “APPENDIX A—Town of Palm Beach Resolution No. 142-2019.”

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDER OF THE BONDS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

The Town can make no assurances that DTC will distribute payments of principal of, redemption price, if any, or interest on the Bonds to the Direct Participants, or that DTC Participants will distribute payments of principal of, redemption price, if any, or interest on the Bonds or redemption notices to the Beneficial Owners of such Bonds or that they will do so on a timely basis, or that DTC or any of its Participants will act in a manner described in this Official Statement. The Town is not responsible or liable for the failure of DTC to make any payment to any Direct Participant or failure of any DTC Participant to give any notice or make any payment to a Beneficial Owner in respect to the Bonds or any error or delay relating thereto.

The rights of holders of beneficial interests in the Bonds and the manner of transferring or pledging those interests are subject to applicable state law. Holders of beneficial interests in the Bonds may want to discuss the manner of transferring or pledging their interest in the Bonds with their legal advisors.

NEITHER THE TOWN NOR THE PAYING AGENT SHALL HAVE ANY OBLIGATION WITH RESPECT TO ANY DTC PARTICIPANT OR BENEFICIAL OWNER OF THE BONDS DURING SUCH TIME AS THE BONDS ARE REGISTERED IN THE NAME OF A SECURITIES DEPOSITORY PURSUANT TO A BOOK-ENTRY SYSTEM.

## **SECURITY FOR THE BONDS**

### **Limited Obligations**

The Bonds are limited obligations of the Town and are payable solely in the manner and to the extent set forth in the Resolution. The Bonds shall not be or constitute general obligations of the Town within the meaning of the Constitution of the State of Florida but shall be payable solely from and secured by a lien upon and a pledge of the Pledged Revenues in the manner and to the extent provided in the Resolution. No Bondholder shall ever have the right to compel the

exercise of the ad valorem taxing power of the Town or taxation in any form on any real or personal property to pay such Bonds or the interest thereon, nor shall any Bondholder be entitled to payment of such principal or interest from any other funds of the Town other than as provided in the Resolution. Furthermore, no Bondholder shall ever have a lien on the projects financed or refinanced with proceeds of the Bonds.

### **The Pledged Revenues**

The Pledged Revenues consist primarily of Non-Ad Valorem Revenues budgeted and appropriated annually by the Town for the purpose of paying debt service on the Bonds.

“Non-Ad Valorem Revenues” means legally available revenues of the Town derived from any source whatever, other than ad valorem taxation on real and personal property, which are legally available for payment by the Town of debt service on the Bonds, after the payment of the principal of and interest on any obligations of the Town hereafter issued which have a prior pledge on any source of the Non-Ad Valorem Revenues and Project Grant Moneys (as defined in the Resolution); provided, however, that for the purposes of the financial tests in the Resolution relating to debt service coverage and the issuance of additional Non-Self Supporting Debt, “Non-Ad Valorem Revenues” shall have the meaning set forth herein under the caption “SECURITY FOR THE BONDS—Future Non-Self Supporting Debt Payable From Non-Ad Valorem Revenues.”

### **Covenant to Budget and Appropriate**

Pursuant to the Resolution, the Town has covenanted to appropriate in its annual budget in each Fiscal Year, by amendment if necessary, Non-Ad Valorem Revenues in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, as the same become due (whether by redemption, at maturity or otherwise), to reinstate any Reserve Account Credit Facility on deposit in the Debt Service Reserve Account (to the extent established for any Series of Bonds), to restore any deficiency in the Reserve Account (to the extent established for any Series of Bonds) or any other fund or account created and established under the Resolution for the Bonds and to pay the fees and expenses of the Paying Agent, the Registrar and the Reserve Account Credit Facility Issuer, if any, and any other expenses of the Town relating to the Bonds. The Town’s covenant to budget and appropriate Non-Ad Valorem Revenues does not create a lien on, or constitute a pledge by the Town of, such Non-Ad Valorem Revenues to the repayment of the Bonds. Until such time as the Town has budgeted and appropriated Non-Ad Valorem Revenues for the payment of the Bonds, such covenant does not give the Paying Agent a prior claim on such Non-Ad Valorem Revenues as opposed to claims of general creditors of the Town.

The Town’s covenant to budget and appropriate does not require the Town to levy and collect any particular Non-Ad Valorem Revenues or to maintain, continue or increase any particular source of Non-Ad Valorem Revenues. The Town’s covenant to budget and appropriate Non-Ad Valorem Revenues pursuant to the Resolution is subject to the provisions of applicable State law, which preclude the Town from expending moneys not appropriated or in excess of its current budgeted revenues.

Subject to the limitation upon the incurrence of additional Non-Self Supporting Debt payable from Non Ad-Valorem Revenues as described below under “SECURITY FOR THE BONDS—Future Non-Self Supporting Debt Payable From Non-Ad Valorem Revenues,” there is no limitation in the Resolution on the Town’s ability to pledge or covenant with respect to the Non-Ad Valorem Revenues or any component thereof to indebtedness or other legally permissible purposes. Accordingly, until such time as the Town has appropriated Non-Ad Valorem Revenues for the Bonds, the Town’s covenant to budget and appropriate in the Resolution is also subject to any lien upon or pledge of any such Non-Ad Valorem Revenues to indebtedness of the Town hereafter incurred, including the debt service on bonds or other obligations. In the event the Town pledges one or more sources of Non-Ad Valorem Revenues to secure indebtedness other than the Bonds, the pledged Non-Ad Valorem Revenues would be required to be used to pay such other indebtedness prior to being available to pay debt service on the Bonds.

### **Outstanding Town Indebtedness**

In addition to the Series 2013 Bonds, The Town has two outstanding bond issues which are also payable from the Non-Ad Valorem Revenues budgeted and appropriated by the Town on an annual basis: the Town’s \$4,660,000 Public Improvement Revenue Refunding Bond, Series 2019, all of which remains outstanding (the “Series 2019 Bond”), the Town’s \$39,320,000 Public Improvement Revenue Refunding Bonds, Series 2016A (Capital Improvement Program), all of which remain outstanding (the “Series 2016A Bonds”), the Town’s \$10,255,000 Public Improvement Revenue Refunding Bonds, Series 2016B (Worth Avenue Commercial District Program), all of which also remain outstanding (the “Series 2016B Bonds”). The Series 2016B Bonds are additionally secured by certain special assessments imposed on real property in the Worth Avenue commercial district (the “Worth Avenue Special Assessments”). In addition, after the issuance of the Bonds, \$6,345,000\* of the Series 2013 Bonds will continue to be outstanding and will continue to be payable from the Non-Ad Valorem Revenues.

Other than the above described bond issues, there is no outstanding indebtedness of the Town secured by a pledge of any particular sources of Non-Ad Valorem Revenues and the Town does not currently have any plans to issue any such indebtedness. The Town does have outstanding its \$56,400,000 General Obligation Bonds (Underground Utility Project), Series 2018 (of which \$55,350,000 are currently outstanding), and has the authority to issue up to an additional \$33,960,000 in general obligation bonds (for a total of \$90,000,000). These bond are secured by the Town’s full faith, credit and taxing power and non-ad valorem special assessments, to finance the Town-wide burial of utilities.

### **Future Non-Self- Supporting Debt Payable from Non-Ad Valorem Revenues**

Pursuant to the Resolution, the Town covenants that in each Fiscal Year while any Bonds are Outstanding, the total Non-Self-Supporting Debt Service due in any Fiscal Year of the Town will not exceed 50% of Non-Ad Valorem Revenues of the Town. In addition, the Town has covenanted and agreed that it will not incur any indebtedness payable from or supported by a

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\* Preliminary; subject to change.

pledge of the Non-Ad Valorem Revenues unless the Town can show that following the incurrence of such additional indebtedness, (i) the total amount of Non-Ad Valorem Revenues (based on the most recent Fiscal Year) will be greater than twice the then Maximum Debt Service, and (ii) the total amount of Non-Ad Valorem Revenues in each Fiscal Year in which Bonds are Outstanding (based on reasonable projections of the Town) will be greater than 2.00 times the Non-Self-Supporting Debt in each such Fiscal Year.

Pursuant to the Resolution, for purposes of determining compliance with the foregoing test, the term “Non-Ad Valorem Revenues” means all legally available revenues of the Town derived from any source whatever, other than ad valorem taxation on real and personal property, which are legally available for payment by the Town of Non-Self-Supporting Debt, excluding Project Grant Moneys, non-ad valorem special assessments which are exclusively pledged to the payment of obligations secured by the special assessments (“Special Assessment Obligations”), and Direct Payments (as defined in the Resolution), regardless of whether a particular source of Non-Ad Valorem Revenues has been pledged to any specific Non-Self-Supporting Debt or may not otherwise be available to pay debt service on any specific Non-Self-Supporting Debt. It should be noted that pursuant to applicable Florida law certain components of Non-Ad Valorem Revenues may not be legally available to pay debt service on the Bonds.

“Non-Self-Supporting Debt” means debt service on debt obligations of the Town other than debt obligations relating to an enterprise fund or general obligation bonds of the Town or Special Assessment Obligations. In addition, for purposes of the foregoing (i) “Non-Self-Supporting Debt Service” means the debt service on Non-Self-Supporting Debt, and (ii) “Maximum Debt Service” means, at any time, the maximum amount required in the then current or any future Fiscal Year to pay (a) all Non-Self-Supporting Debt, and (b) the proposed indebtedness of the Town (i) which will be payable from Non-Ad Valorem Revenues or (ii) for which the Non-Ad Valorem Revenues will be pledged.

The foregoing notwithstanding, in the event any Bonds are additionally secured by non-ad valorem special assessments such as the Series 2016B Bonds, debt service on such Bonds shall be calculated net of the amount of non-ad valorem special assessments collected during the prior fiscal year provided that at least 90% of the non-ad valorem special assessments imposed in the prior fiscal year are collected, and in such event such non-ad valorem special assessments are not included in the calculation of Non-Ad Valorem Revenues. If less than 90% of the non-ad valorem special assessments imposed in the prior fiscal year are collected, the debt service on the Bonds additionally secured by non-ad valorem special assessments will be included as Non-Self-Supporting Debt Service, but the Town will be permitted to treat the non-ad valorem special assessments that were collected as Non-Ad Valorem Revenues for purposes of the foregoing tests. The Worth Avenue Special Assessments have exceeded this 90% threshold each year since the issuance of the bonds in 2010 that were refunded by the Series 2016B Bonds.

In the case of Bonds bearing interest at a variable rate (“Variable Rate Bonds”), interest on such Variable Rate Bonds shall be assumed to be the greater of (A) one hundred ten percent (110%) of the average interest rate on such Variable Rate Bonds during the twenty-four (24) months ending with the month preceding the date of calculation or such shorter period that such Variable Rate Bonds shall have been outstanding; and (B) the actual rate of interest on such

Variable Rate Bonds on the date of calculation; provided that if a series of Variable Rate Bonds had not been outstanding prior to the date of calculation, the amount set forth in clause (A) above shall be calculated as though such Variable Rate Bonds had been outstanding for the twenty-four (24) month period by using (i) one hundred ten percent (110%) of the average of the Securities and Financial Markets Association (SIFMA) Municipal Swap Index for the twenty-four (24) months ending with the month preceding the date of calculation, and (ii) if the Variable Rate Bonds are bonds the interest on which is includable in the gross income of the holders thereof for federal income tax purposes, the 1-month LIBOR interest rate.

### **No Reserve Account**

There will be no Debt Service Reserve Account created for the benefit of the holders of the Bonds.

### **Default; Remedies**

Should the Town default in any of its obligations or covenants created by the Resolution, the Bondholders may, in addition to any remedy set forth in the Resolution, either at law or in equity, by suit, action, mandamus or other proceeding in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Florida, or granted and contained in the Resolution, and may enforce and compel the performance of all duties required by the Resolution, or by any applicable statutes to be performed by the Town or by any officer thereof. Anything in the Resolution to the contrary notwithstanding, Bondholders shall not have the right to accelerate the payment of principal of and interest on the Bonds.

## **THE TOWN**

The Town is a municipal corporation organized and existing under the laws of the State of Florida. The Town, an island, is located on the east coast of Florida in the eastern portion of Palm Beach County. The land area of the Town is approximately 3.77 square miles with 12.1 miles of coastline on the Atlantic Ocean. The Town is a unique, internationally famous residential/estate community known for its distinctive architecture and landscaping, gracious estate homes and condominiums, golf courses and clubs, attractive stores and restaurants. The Town is bound on the west by the intracoastal waterway (Lake Worth), the north by the Palm Beach Inlet, the east by the Atlantic Ocean and on the south by the Town of South Palm Beach.

### **Town Government**

The Town, incorporated in 1911, is governed by an elected mayor and a five member council. The Mayor's term is for two years. The five members of the Town Council are elected at large and serve overlapping two year terms. The Town Council is presently composed of the following:

<u>NAME</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Gail Coniglio	Mayor	March, 2021
Danielle H. Moore	Town Council President	March, 2021
Margaret A. Ziedman	Town Council President Pro-Tem	March, 2020
Julie Araskog	Town Council Member	March, 2021
Lew Crampton	Town Council Member	March, 2020
Bobbie Lindsay	Town Council Member	March, 2020

The Town Council meets in regular session once a month for purposes of setting policy and carrying out the legislative matters of the Town. The administrative day to day responsibilities are carried out through the Town Manager who is appointed by the Town Council. The Town Manager is Kirk Blouin, who has served as the Town Manager since February of 2018, and who had previously been the Town's Director of Public Safety since 2011. Mr. Blouin has been a Town employee since 1989, when he joined the Town's Police Department as a Patrolman. All of the Town departments and staff report to the Town Manager. The Town has approximately 362 full time equivalent employees. There is one labor union representing the Town's rank and file fire rescue personnel.

#### **Services Provided by the Town**

The Town provides various services such as street and sidewalk maintenance, police, fire and emergency medical services, beach rescue services, garbage and yard trash collection, storm and sanitary sewer collection services and recreational programs. Town residents pay for garbage and yard trash collection, sanitary sewage and stormwater utility services by means of their ad valorem property taxes.

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## Population

The following table sets forth the estimated permanent population of the Town between 1960 and 2018. The decrease in population estimates between 2000 and 2010 was due primarily to a change in the way residents were categorized as permanent as opposed to seasonal.

*Town of Palm Beach*  
*ESTIMATED POPULATION*

<u>Year</u>	<u>Population</u>
1960	6,055
1970	9,086
1980	9,729
1990	9,814
2000	9,676
2010	8,161
2011	8,348
2012	8,358
2013	8,168
2014	8,170
2015	8,040
2016	8,040
2017	8,291
2018	8,295

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Sources: U.S. Bureau of the Census: 1960, 1970, 1980, 1990, 2000 and 2010; University of Florida, Bureau of Economic Business Administration: 2011 through 2018.

The Town's population will grow during that time of the year traditionally known as the "Season" which is generally from November 15 to April 1. The Town estimates the seasonal population peak to be 25,000.

## Economy

The Town is a long-established residential community. Commercial activities are restricted primarily to the services rendered by banks, retail shops, hotels, and restaurants for the Town's permanent and seasonal residents and visitors. There is no industrial development within the Town.

## Land Use

The following table sets forth the assessed value and number of parcels of property in the Town, according to the categories assigned to each parcel by the Palm Beach County Property Appraiser.

*Town of Palm Beach*  
*VALUE OF PARCELS BY CATEGORY*

<u>Category</u>	<u>Assessed Value (\$)</u>
Residential	19,863,333,751
Commercial	1,559,628,992
Industrial	0
Other	385,867,603
Less: Tax-Exempt Property	<u>(5,019,966,708)</u>
<b>TOTAL</b>	<b>16,788,863,638</b>

Source: Palm Beach County Property Appraiser as of January 1, 2018.

**Assessed Valuation**

The following table shows the assessed value of the property in the Town for the past ten (10) years.

*Town of Palm Beach, Florida*  
*Assessed Value of Taxable Property; Last Ten Years*

<u>Year</u>	<u>Total Assessed Value</u>	<u>Total Taxable Value</u>
<b>2009</b>	\$17,911,648,549	\$13,681,919,443
<b>2010</b>	16,893,593,925	13,097,134,379
<b>2011</b>	12,043,094,460	11,530,447,889
<b>2012</b>	12,013,987,648	11,510,190,357
<b>2013</b>	12,288,707,603	11,805,832,888
<b>2014</b>	12,862,947,349	12,371,740,345
<b>2015</b>	13,728,091,553	13,261,088,247
<b>2016</b>	14,987,210,512	14,509,420,467
<b>2017</b>	16,289,617,765	15,795,201,224
<b>2018</b>	17,291,500,785	16,788,865,638

Assessed value is an annual determination of the just or fair market value of the property, or the value of the homestead property as limited pursuant to State law. Taxable value is the assessed value of property minus the amount of any applicable exemption provided under state law. Property in Palm Beach County is reassessed every three years on average.

Source: Palm Beach County Property Appraiser.



## Property Tax Levies and Collections

The following table sets forth the property tax levy and collection in the Town for the past ten (10) fiscal years:

### Town of Palm Beach, Florida

*Property Tax Levies and Collections*

*Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>Net Tax Levy*</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Property Tax Collections</b>	<b>Collections as a Percent of Current Levy</b>
2009	\$44,766,064	\$42,684,473	95.35%	\$202,744	\$42,887,217	95.80%
2010	43,506,736	41,076,426	94.41	432,144	41,508,570	95.41
2011	38,073,972	36,634,834	96.22	509	36,635,343	96.22
2012	37,421,931	36,636,311	97.90	26,605	36,662,916	97.97
2013	38,449,282	37,376,601	97.21	96,506	37,473,107	97.46
2014	40,168,565	39,067,303	97.26	43,623	39,110,926	97.37
2015	45,709,498	43,979,362	96.21	9,128	43,988,490	96.23
2016	49,611,524	47,733,340	96.21	193,117	47,926,457	96.60
2017	52,099,146	50,080,658	96.13	115,323	50,195,981	96.35
2018	54,179,433	52,170,789	96.29	146,687	52,317,476	96.56

Note: All property taxes are assessed and collected by the Palm Beach County Tax Collector without charge to the Town. Collections are distributed in full as collected.

\* Tax levy, net of allowance for discounts.

Additional statistics and financial information about the Town can be found in the Statistical Section of the Town's Comprehensive Annual Fiscal Report for the Fiscal Year Ended September 30, 2018, attached as APPENDIX B.

## Cybersecurity

The Town, like many other governmental entities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the Town will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. The Town maintains regular audits of its information technology, including penetration testing and mandatory cybersecurity training for its employees to mitigate such threats.

## Climate Change and Natural Disasters

The State of Florida, and the barrier islands in southeast Florida such as the Town in particular, is naturally susceptible to the effects of extreme weather events and natural disasters

including floods, droughts and hurricanes, which could result in negative economic impacts on the Town. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events has previously and could in the future damage local infrastructure. The economic impacts resulting from such extreme weather events could damage facilities that provide essential services to the Town, including a loss of revenue, interruption of service, and escalated recovery costs. The Town has undertaken a Coastal Flood Vulnerability Assessment to provide guidance to the Town for prioritizing and planning future flood mitigation projects and adaptations to improve coastal resilience now and into the future.

## **PENSION AND OTHER POST EMPLOYMENT BENEFITS**

### **Town of Palm Beach Retirement Plan**

The Town's employee pension plan (the "Town Retirement Plan") was created in 1947. The Town Retirement Plan is overseen by a nine member Town of Palm Beach Retirement System Board of Trustees (the "Board of Trustees"). Even though there is a single Plan, there are separate portions of the Plan for general employees and lifeguards, police officers and fire rescue, respectively, all overseen by the Board of Trustees. An outside pension consultant serves as investment advisor to the Board of Trustees, and the Board of Trustees has also contracted out a portion of the plan administration services.

The Town of Palm Beach Retirement System Actuarial Valuation as of September 30, 2018, attached hereto as APPENDIX C (the "Report"), represents the financial and actuarial information for the Town Retirement Plan as of fiscal year end September 30, 2018. The Report includes a summarized plan description, plan provisions, demographic information, fiscal yearend financial statements, a listing of professional service providers and current investment managers. As of September 30, 2018, the Town Retirement Plan had an unfunded actuarial accrued liability ("UAAL") of \$100,469,731, for a funded ratio of 69%.

The Town has taken several steps to reduce this UAAL, such as extra Town contributions toward the UAAL, including planned annual \$5.42 million extra Town contributions starting in 2017 until the Town Retirement Plan becomes 100% funded, strengthening the actuarial assumptions, reductions in the current and future UAAL amortization periods to 15 or 20 years, reductions in the payroll growth rate assumption and scheduled future reductions in the investment return rate assumption. Some of these changes will initially reduce the funded ratio, but they are expected to significantly strengthen the funded status of the Town Retirement Plan over the next 10 to 15 years. If all actuarial assumptions are fully realized and there are no future experience gains or losses, the Town Retirement Plan is expected to reach full funding by FY 2030 under the current Town Retirement Plan and Town funding policies. The Town did contribute the additional \$5.42 million in the 2017, 2018 and 2019 fiscal years, and the approved budget for the Town's fiscal year beginning October 1, 2019 includes the additional \$5.42 million extra contribution as well.

## Other Post-Employment Benefits

### General

The Town's Other Post-Employment Benefits Plan (the "OPEB Plan") is a single-employer, defined benefit postemployment healthcare plan that is administered by the Town and covers retired employees of the Town and their dependents. The OPEB Plan provides for the payment of a portion of the health insurance premiums for eligible retired employees. The OPEB Plan had 275 active participants and 162 retirees and surviving spouses receiving benefits for a total of 437 active participants as of September 30, 2018.

OPEB Plan members receiving benefits contribute a percentage of their monthly insurance premium. Retiree contributions vary from a minimum of 50% of the actuarial premium to the maximum amount allowed under Section 112.08, Florida Statutes (see below).

According to Section 112.08, Florida Statutes, the Town is required to permit eligible retirees and their eligible dependents to participate in the Town's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available to active employees. The premiums charged by the insurance company are based on the blending of the experience among active employees and older retired employees. Since the older retirees actually have higher costs, this means that the Town is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of that premium on behalf of the active employees, which is referred to as the "implicit rate subsidy" by GASB. The Town has elected to contribute to the OPEB Plan at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged the OPEB Plan. See "APPENDIX B – Town's Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2018 – Note N on page 100."

### Actuarial Methods and Assumptions

Actuarial methods and significant actuarial assumptions used for the current year are summarized below:

#### Actuarial methods:

Actuarial Valuation Date	October 1, 2018
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets on the Valuation Date
Amortization Period and Method	Unfunded Actuarial Accrued Liability, if any, is amortized as a level percentage of 3.5% payroll over a closed 5 year period.

Actuarial assumptions:

Investment rate of return	6.0% compounded annually
Projected salary increases	3.5%
Health care cost trend	4.24% to 7.00%
Payroll growth assumptions	0%

Funded Status and Funding Progress

At September 30 2017, the Town reported a net OPEB asset of \$3,312,312. For the fiscal year ended September 30, 2017, the Town recognized an OPEB revenue of \$477,782.

The Statement of Change in the Net Position of the Town's OPEB Plan is set forth in the following table:

**Town of Palm Beach, Florida**  
**Income and Expenses as of September 30, 2018**

<b>1)</b>	<b>Beginning Balance</b>	<b>\$ 31,275,719</b>
<b>2)</b>	<b>Contributions</b>	
	a) Employer Contributions	960,000
	b) Member Contributions	1,387,920
	c) Other Contributions	<u>499,860</u>
	<b>d) Total Contributions</b>	<b>\$ 2,847,780</b>
<b>3)</b>	<b>Investment Income</b>	<b>\$ 1,802,059</b>
<b>4)</b>	<b>Distributions</b>	
	a) Claim payments	\$ 3,134,809
	b) Administrative expenses	106,592
	c) Other	<u>1,345</u>
<b>d)</b>	<b>Total Distributions</b>	<b><u>\$ 3,242,746</u></b>
<b>5)</b>	<b>Ending Balance (1+2d+3-4d)</b>	<b>\$ 32,682,812</b>

Source: Town of Palm Beach, Florida Other Post-Employment Benefits Actuarial Report for Funding During the Year Ending September 20, 2019.

**Additional Information**

For detailed information relating to the actuarial methods and assumptions used to determine annual required contributions for the Town Retirement Plan and the OPEB Plan, see "APPENDIX B – Town's Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2018" and, in particular, Notes J, K and L in the Notes to the Financial Statements, and with respect to the Town Retirement Plan, see "APPENDIX C - 2018 Town of Palm Beach Employee's Retirement System Annual Report." In addition, more detailed

information relating to the Town Retirement Plan may be obtained from the Actuarial Valuation Report as of September 30, 2018, for the Town of Palm Beach Retirement System, a copy of which may be obtained from the Town's Finance Department.

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## **DESCRIPTION OF CERTAIN NON-AD VALOREM REVENUES**

The following is a brief description of certain of the Town's Non-Ad Valorem Revenues.

### **Franchise Fees**

Public utilities operating within the Town of Palm Beach must pay the Town a franchise fee in return for the right to do business within the Town and for the right to use public rights-of-way. Franchise agreements are currently in effect with Florida Public Utilities (expires March 31, 2041) and Florida Power & Light (expires April 1, 2041).

### **Utility Service Tax**

The Town levies a utility tax on the purchase of electricity, metered or bottled gas, water service and telecommunications services. The Town levies this tax at the state allowed maximum of 10% for all services.

### **Business Tax Receipts**

Any person engaging in or managing any business, occupation or profession within the limits of the Town must obtain a business license. All licenses must be secured at the time the business begins operation and are renewed thereafter each October 1. The fee for each license is based on the business in which the entity is engaged.

### **Building Permits**

Building permit fees include all building, electrical, mechanical and plumbing permits as well as architectural fees, variance application fees, and landmark application fees.

### **Other License Fees and Permits**

These revenues include right of way permits, parking permits and registrations.

### **State Shared Revenue**

Revenues that are distributed from the State of Florida to the Town are included in this line item. A portion of this revenue is State Revenue Sharing. The current structure of the revenue sharing program has three revenue sources for municipalities; Sales & Use Tax, one-cent Municipal Gas Tax and the State Alternative Fuel Decal Users Fee. Of these sources, the one-cent Municipal Gas Tax (Local Option Gas Tax) is restricted to expenditures for roads and is not being included in the *Historic and Budgeted Non Ad Valorem Revenues* Chart that follows. Also included in the State Shared Revenue sections are the following distributions from the State of Florida: Alcoholic Beverage License and Half Cent Sales Tax.

Half-Cent Sales Tax- Pursuant to Chapter 212 and Part VI of Chapter 218, Florida Statutes, 8.814% of the 6% sales tax (the ‘Half-Cent Sales Tax’) collected by the State in each county is required to be deposited in the Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury and is distributed in each county and each participating municipality within each such county on a monthly basis in accordance with the following formula:

$$\begin{array}{lcl} \text{County's Share} & & \\ \text{(percentage of} & = & \\ \text{total tax} & & \\ \text{receipts)} & & \\ & & \text{unincorporated area} \quad \frac{2}{3} \text{ incorporated} \\ & & \text{population} \quad \text{area population} \\ & & \text{total county} \quad \text{2/3 incorporated} \\ & & \text{population} \quad \text{area population} \\ \\ \text{Municipality's} & & \\ \text{Share} & = & \\ \text{(percentage of} & & \\ \text{total tax receipts} & & \frac{\text{municipality population}}{\text{total county population} + \frac{2}{3} \text{ incorporated area population}} \end{array}$$

The formula is revised each year based upon the population estimates prepared by the University of Florida, Bureau of Economic and Business Research.

### **Local Shared Revenue**

Local shared revenue includes a portion of the Palm Beach County Occupational License fees and 911 equipment reimbursement.

### **Transportation**

Revenues including parking meter and permit collections.

### **Fines and Forfeitures**

Fines and penalties received from traffic violations, parking meter violations, right-of-way violations, and code compliance fines.

### **Culture and Recreation**

These revenues include adult and youth program fees and tennis fees. These programs were previously included in the Town's Recreation Enterprise Fund, which has been dissolved to separate out the Marina and Par 3 Golf Course into separate enterprise funds.

### **Contributions**

Contributions represent donations by citizens and businesses for various Town projects.

### **Investment Earnings**

Represents interest earnings on cash, cash equivalents, and investments.

**Rents and Royalties**

Represents revenue from the rental of public property, pay phone and vending machine commissions.

**Sale of Capital Assets**

Revenue represents proceeds from the sale of capital assets. Revenue in FY2014 represents significant proceeds from the sale of Town owned property.

**Miscellaneous Other Revenue**

Revenues include fees associated with charitable solicitations, a rebate for Town towing, State highway lighting maintenance, insurance proceeds for hurricane damage and other miscellaneous revenues.

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## HISTORICAL NON-AD VALOREM REVENUES

The following table sets forth the sources and amounts of certain of the Town's Non-Ad Valorem Revenues for the Fiscal Years ended September 30, 2014 through 2018 (audited), and the amount for the Fiscal Year ended September 30, 2019 (unaudited).

### **Town of Palm Beach, Florida**

*Historic and Projected General Fund Non-Ad Valorem Revenues  
Last Six Fiscal Years*

	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019 (1)</b>
Franchise Fees	\$2,172,540	\$2,168,171	\$2,132,019	\$2,305,715	\$2,249,067	\$ 1,881,556
Utility Service Tax	5,463,267	5,558,660	5,591,219	5,695,690	5,795,377	5,951,254
Business Tax Receipts	702,711	682,429	723,649	713,710	771,499	730,512
Building Permits	6,919,361	9,508,851	8,791,344	6,490,797	8,739,628	9,891,629
Other License Fees & Permits	481,955	511,268	631,514	533,727	600,080	1,234,249
State Shared Revenue (2)	988,578	1,040,960	1,053,691	957,861	1,002,841	1,033,862
Local Shared Revenue	25,795	15,040	24,199	19,598	24,202	23,485
General Government	39,658	39,052	37,228	38,618	42,094	92,503
Public Safety	1,516,863	1,711,089	1,837,295	1,324,118	1,416,643	2,084,841
Physical Environment	1,226,434	1,192,087	1,179,500	1,277,199	1,177,602	1,175,878
Transportation	958,230	1,015,373	1,077,731	1,041,990	1,127,251	1,069,309
Fines & Forfeitures	1,924,183	1,099,526	1,174,837	799,768	1,068,444	992,722
Culture and Recreation	0	0	0	0	0	364,021
Contributions	0	0	0	0	0	0
Investment Earnings	383,727	597,586	490,102	421,514	702,261	946,747
Rents & Royalties	42,749	57,599	37,919	34,892	34,840	38,290
Sale of Capital Assets	353,100	0	0	0	0	0
Miscellaneous Other	253,347	110,637	245,143	435,258	349,337	560,598
<b>Total Non-Ad Valorem Revenues</b>	<b>\$23,452,498</b>	<b>\$25,308,328</b>	<b>\$25,027,390</b>	<b>\$22,090,455</b>	<b>\$25,101,164</b>	<b>\$28,071,466</b>

(1) Unaudited

(2) Excludes 8th cent motor fuel tax and fuel tax refund.

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## HISTORICAL DEBT SERVICE COVERAGE

The table that follows compares the annual Non-Self Supporting Debt Service on all Non-Self-Supporting Debt of the Town payable from the Non-Ad Valorem Revenues to the actual Non-Ad Valorem Revenues received in the Fiscal Years ended September 30, 2009 through 2018. The historical information in the table below should not be construed as a representation that the Town will continue to have available to it Non-Ad Valorem Revenues in the historical amounts shown below.

### **Town of Palm Beach, Florida**

*Pledged Revenue Coverage*

*Last Ten Fiscal Years*

Fiscal Year Ended 9/30	Non-Ad Valorem Revenue Available for Debt Service	Debt Service			Coverage Ratio
		Principal	Interest	Total	
2009	\$20,333,188	\$3,875,000	\$ 648,649	\$4,523,649	4.49x
2010	19,223,721	4,020,000	1,331,915	5,351,915	3.59
2011	20,648,717	1,265,000	3,149,663	4,414,663	4.68
2012	20,905,195	2,775,000	3,165,134	5,940,134	3.52
2013	21,743,271	1,290,000	3,111,294	4,401,294	4.94
2014	23,452,498	1,320,000	4,524,027	5,844,027	4.01
2015	25,308,328	2,260,000	5,722,457	7,982,457	3.17
2016	25,027,390	2,340,000	5,636,404	7,976,404	3.14
2017	22,090,455	2,445,000	4,664,860	7,109,860	3.11
2018	25,101,164	2,670,000	4,962,945	7,632,945	3.29

In accordance with the Resolution, for purposes of calculating the non-ad valorem revenues available for debt service coverage, the revenues from the Worth Avenue Special Assessments and the debt service on the Series 2016B Bonds are disregarded in any fiscal year in which at least 90% of the Worth Avenue Special Assessments imposed were collected. This has been the case each year since the Worth Avenue Special Assessments were first imposed in 2010. See “SECURITY FOR THE BONDS – Outstanding Town Indebtedness.” For example, this reduces the total debt service on the Bonds for FY 2018 from \$7,632,945 to \$6,924,182 and increases the coverage ratio from 3.29x to 3.63x.

## DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements on the Bonds, the Series 2016A Bonds, the Series 2016B Bonds and the Series 2013 Bonds that will remain outstanding after the issuance of the Bonds.

<u>Period</u> <u>Ending</u>	<u>Series</u> <u>2019</u> <u>Taxable</u> <u>Bonds</u> <u>Principal</u>	<u>Series</u> <u>2019</u> <u>Taxable</u> <u>Bonds</u> <u>Interest</u>	<u>Series</u> <u>2019</u> <u>Taxable</u> <u>Bonds</u> <u>Debt</u> <u>Service</u>	<u>Series</u> <u>2019</u> <u>Bonds</u> <u>Debt</u> <u>Service</u>	<u>Series</u> <u>2016A</u> <u>Bonds</u> <u>Debt</u> <u>Service</u>	<u>Series</u> <u>2016B</u> <u>Bonds</u> <u>Debt</u> <u>Service</u>	<u>Series</u> <u>2013</u> <u>Bonds</u> <u>Debt</u> <u>Service*</u>	<u>Total</u> <u>Debt</u> <u>Service**</u>
9/30/2020				\$76,608	\$1,764,250	\$373,238	\$3,582,038	
9/30/2021				291,423	2,929,375	722,913	3,578,413	
9/30/2022				292,054	2,928,125	722,113	3,581,788	
9/30/2023				287,627	2,928,750	721,013	3,586,788	
9/30/2024				293,084	2,926,125	724,538	3,583,413	
9/30/2025				293,365	2,930,000	722,688	3,581,663	
9/30/2026				288,589	2,930,125	720,538	3,581,288	
9/30/2027				288,754	2,926,500	713,888	3,586,913	
9/30/2028				288,803	2,924,000	717,263	3,583,413	
9/30/2029				293,677	2,927,250	714,513	3,584,863	
9/30/2030				293,376	2,930,875	720,513	3,580,700	
9/30/2031				292,959	2,924,875	715,263	3,582,325	
9/30/2032				292,425	2,933,875	713,888	3,584,281	
9/30/2033				291,775	2,943,400	723,263	3,582,250	
9/30/2034				291,008	2,944,400	728,394	3,584,500	
9/30/2035				295,067	2,936,900	732,644	3,585,125	
9/30/2036				289,009	2,950,500	716,631	3,584,875	
9/30/2037				292,834	2,945,000	722,081	3,583,500	
9/30/2038				291,485	2,950,400	723,494	3,580,750	
9/30/2039				290,019	2,951,400	728,838	3,581,250	
9/30/2040				<u>293,379</u>	<u>2,952,900</u>	<u>728,113</u>	3,584,500	
9/30/2041							3,585,125	
9/30/2042							3,582,875	
9/30/2043							<u>3,582,375</u>	
TOTAL				<u>\$5,907,316</u>	<u>\$60,479,025</u>	<u>\$14,805,819</u>	<u>\$85,996,006</u>	

\* Current debt service on the Series 2013 Bonds; a portion of] the Series 2013 Bonds will be refunded and defeased out of the proceeds of the Bonds and will no longer be considered outstanding under the resolution that authorized their issuance.

\*\* Numbers may not add up due to rounding.

## **LITIGATION**

There is no litigation of any nature now pending or, to the best of the Town's knowledge, threatened which seeks to restrain or enjoin the sale, execution, issuance or delivery of the Bonds or in any way contests the validity of the Bonds or any proceedings of the Town taken with respect to the authorization, sale, or issuance of the Bonds, or the pledge or application of any moneys provided for the payment of or security for the Bonds.

[ADDITIONAL LANGUAGE UNDER DISCUSSION WITH TOWN ATTORNEY AND BOND COUNSEL.]

In addition to the above, the Town is involved in various lawsuits arising in the ordinary course of operations. Although the outcome of these matters is not presently determinable, it is the opinion of management of the Town, based upon consultation with legal counsel, that the outcome of these matters will not materially affect the financial position of the Town.

## **TAX MATTERS**

### **Federal Tax Matters**

The following discussion summarizes certain U.S. federal income tax considerations relating to the acquisition, ownership, and disposition of the Bonds and it may not contain all of information that may be important to a particular investor. It is based on provisions of the Code, Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof, all in effect or proposed on the date hereof and all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service ("IRS") with respect to any of the U.S. federal income tax consequences discussed below. Accordingly, no assurance can be given that the IRS will agree with the views expressed in this summary, or that a court will not sustain any challenge by the IRS in the event of litigation.

The following relates only to Bonds that are acquired in the initial offering for an amount of cash equal to the initial offering price (i.e., the price at which a substantial amount of such Bonds is first sold to the public) and that are held as "capital assets" within the meaning of Section 1221 of the Code (i.e., generally, property held for investment).

This discussion does not address all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to investors who may be subject to special tax treatment (regardless of whether or not such persons constitute U.S. Holders (defined below)), such as banks and other financial institutions, retirement plans, employee stock ownership plans, certain U.S. expatriates, banks, real estate

investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships or other pass-through entities for U.S. federal income tax purposes (or investors in such entities), S corporations, estates and trusts, investors who hold their Bonds as part of a hedge, straddle, or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or persons subject to the alternative minimum tax. In addition, this discussion does not include any description of the tax laws of any state, local, or non-U.S. jurisdiction that may be applicable to a particular investor and does not consider any aspects of U.S. federal tax law other than income taxation.

As used herein, “U.S. Holder” means a beneficial owner of a Bond that is, for U.S. federal income tax purposes: (i) an individual citizen or resident, as defined in Section 7701(b) of the Code, of the United States, (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust or (B) the trust validly elected to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Bond (other than a partnership) who is not a U.S. Holder.

The U.S. federal income tax treatment of an entity classified as a partnership for U.S. federal income tax purposes that holds the Bonds generally will depend on such partner’s particular circumstances and on the activities of the partnership. Partners in such partnerships should consult their own tax advisors regarding the consequences of acquiring, owning and disposing of the Bonds (including their status as U.S. Holders or Non-U.S. Holders).

## **U.S. Holders**

**Interest.** Stated interest on the Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

“Original issue discount” will arise for U.S. federal income tax purposes in respect of any Bonds if its stated redemption price at maturity exceeds its issue price by more than a de minimis amount (as determined for U.S. federal income tax purposes). For any Bonds issued with original issue discount, the amount of original issue discount is equal to the excess of the stated redemption price at maturity of that Bond over its issue price. The stated redemption price at maturity of a Bond is the sum of all scheduled amounts payable on such Bond other than qualified stated interest. U.S. Holders generally will be required to include any original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income).

“Premium” generally will arise for U.S. federal income tax purposes in respect of any Bond to the extent its issue price exceeds its stated principal amount. A U.S. Holder of a Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Bond.

*Market Discount.* A holder who acquires a Bond in a secondary market transaction may be subject to U.S. federal income tax rules providing that accrued market discount will be subject to taxation as ordinary income on the sale or other disposition of a “market discount bond.” Dispositions subject to this rule include a redemption or retirement of a Bond. The market discount rules may also limit a holder’s deduction for interest expense for debt that is incurred or continued to purchase or carry a Bond. A market discount bond is defined generally as a debt obligation purchased subsequent to issuance, at a price that is less than the principal amount of the obligation, subject to a de minimis rule. The Code allows a taxpayer to compute the accrual of market discount by using a ratable accrual method or a constant interest rate method. Also, a taxpayer may elect to include the accrued discount in gross income each year while holding the bond, as an alternative to including the total accrued discount in gross income at the time of a disposition, in which case the tax basis of the bond will be increased by the amount of discount included in gross income and the interest expense deduction limitation described above will not apply.

*Disposition of the Bonds.* Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Town), reissuance or other disposition of a Bond will be a taxable event for U.S. federal income tax purposes. In such event, a U.S. Holder generally will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Bond which will be taxed in the manner described above under “Interest”) and (ii) the U.S. Holder’s adjusted tax basis in the Bond at the time of disposition. A U.S. Holder’s adjusted basis in a Bond will generally equal the purchase price paid by the U.S. Holder for the Bond, increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Bond and decreased by any payments previously made on such Bond, other than payments of qualified stated interest, or decreased by any amortized premium. Any such gain or loss generally will be capital gain or loss and will be long term capital gain or loss if such Bond is held by the U.S. Holder for more than one year. Long-term capital gain of non-corporate U.S. Holders is generally subject to tax at preferential rates. The deductibility of capital losses is subject to limitations.

A material modification of the terms of any Bond may result in a deemed reissuance thereof, in which event a beneficial owner of the modified Bonds generally will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the beneficial owner’s adjusted tax basis in the Bond.

*Net Investment Income Tax.* Section 1411 of the Code generally imposes a 3.8% Medicare contribution tax on the net investment income of certain individuals, trusts, and estates

to the extent their income exceeds certain threshold amounts. For these purposes, “net investment income” may include, among other things, interest and gains from the sale or other disposition of the Bonds. Prospective investors are advised to consult their tax advisors regarding the possible implications of this additional tax on their investment in the Bonds.

*Information Reporting and Backup Withholding.* In general, a U.S. Holder will be subject to backup withholding with respect to interest on the Bonds, and the proceeds of a sale or other disposition of the Bonds (including a redemption or retirement), at the applicable tax rate of 28%, unless such holder (a) is an entity that is exempt from backup withholding (including corporations) and, when required, demonstrates this fact, or (b) provides the payor with its taxpayer identification number (“TIN”), certifies that the TIN provided to the payor is correct and that the holder has not been notified by the IRS that such holder is subject to backup withholding due to underreporting of interest or dividends, and otherwise complies with applicable requirements of the backup withholding rules. In addition, such payments to U.S. Holders that are not exempt entities will generally be subject to information reporting requirements. A U.S. Holder who does not provide the payor with its correct TIN may be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such holder’s U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

## **Non-U.S. Holders**

The following discussion applies only to Non-U.S. Holders. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to Non-U.S. Holders in light of their particular circumstances. For example, special rules may apply to a Non-U.S. Holder that is a “controlled foreign corporation” or a “passive foreign investment company,” and, accordingly, Non-U.S. Holders should consult their own tax advisors to determine the effect of U.S. federal, state, local and non U.S. tax laws, as well as tax treaties, with regard to an investment in the Bonds.

*Interest.* Subject to the discussions below under the headings “FATCA Withholding” and “Information Reporting and Backup Withholding,” a Non-U.S. Holder will not be subject to U.S. federal income or withholding taxes in respect of interest paid or accrued on a Bond (including original interest discount income) if the interest qualifies for the “portfolio interest exemption.” This generally will be the case if each of the following applicable requirements are satisfied:

- the interest is not effectively connected with a U.S. trade or business;
- the Non-U.S. Holder is not, and is not treated as, a bank receiving interest on an extension of credit pursuant to a loan agreement entered into in the ordinary course of its trade or business, as described in Section 881(c)(3)(A) of the Code;
- certain certification requirements are met. Under current law, the certification requirement will be satisfied in any of the following circumstances:
- If a Non-U.S. Holder provides to the payor a statement on an applicable IRS Form W-8 (or suitable successor form), together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder by name and

address and stating, among other things, that the Non-U.S. Holder is not a United States person.

- If a Bond is held through a securities clearing organization, bank, or another financial institution that holds customers' securities in the ordinary course of its trade or business, (i) the Non-U.S. Holder provides such a form to such organization or institution, and (ii) such organization or institution, under penalty of perjury, certifies to the payor that it has received such statement from the beneficial owner or another intermediary and furnishes the payor with a copy thereof.
- If a financial institution or other intermediary that holds the Bond on behalf of the Non-U.S. Holder has entered into a withholding agreement with the IRS and submits an IRS Form W-8IMY (or suitable successor form) and certain other required documentation to the payor.

If the requirements of the portfolio interest exemption described above are not satisfied, a 30% withholding tax will apply to the gross amount of interest on the Bonds that is paid to a Non-U.S. Holder, unless either: (a) an applicable income tax treaty reduces or eliminates such tax, and the Non-U.S. Holder claims the benefit of that treaty by providing a properly completed and duly executed IRS Form W-8BEN or Form W-8BEN-E, as applicable (or suitable successor or substitute form) establishing qualification for benefits under the treaty, or (b) the interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States and the Non-U.S. Holder provides an appropriate statement to that effect on a properly completed and duly executed IRS Form W-8ECI (or suitable successor form).

If a Non-U.S. Holder is engaged in a trade or business in the United States and its investment in a Bond is effectively connected with the conduct of that trade or business, the Non-U.S. Holder generally will be required to pay U.S. federal income tax on that interest on a net income basis in the same manner as a U.S. Holder and the 30% withholding tax described above will not apply provided the duly executed IRS Form W-8ECI is provided to the Town. If a Non-U.S. Holder is eligible for the benefits of an income tax treaty between the U.S. and its country of residence, and the Non-U.S. Holder claims the benefit of the treaty by properly submitting an IRS Form W-8BEN or Form W-8BEN-E, as applicable, any interest income that is effectively connected with a U.S. trade or business will be subject to U.S. federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such income is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the Non-U.S. Holder in the United States. In addition, a Non-U.S. Holder that is treated as a foreign corporation for U.S. federal income tax purposes may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

*Disposition of the Bonds.* Subject to the discussions below under the headings "FATCA Withholding" and "Information Reporting and Backup Withholding," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement, reissuance or other disposition of a Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business



within the United States (and, in the case of certain income tax treaties, is attributable to a permanent establishment or “fixed base” within the United States); or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement, reissuance or other disposition and certain other conditions are met. If the first exception applies, the Non-U.S. Holder will generally be subject to U.S. federal income tax on the net gain derived from the sale, exchange, redemption, retirement at maturity, or other taxable disposition of the Bonds in the same manner as a U.S. Holder unless an applicable income tax treaty provides otherwise. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (except as otherwise provided by an applicable income tax treaty) on the amount by which its U.S.-source capital gains exceed its U.S.-source capital losses. In addition, corporate Non-U.S. Holders may be subject to a 30% (or lower applicable treaty rate) branch profits tax on any such effectively connected earnings and profits attributable to such gain.

*U.S. Federal Estate Tax.* A Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that at the time of such individual’s death, payments of interest with respect to such Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

*FATCA Withholding.* The Foreign Account Tax Compliance Act (“FATCA”) together with administrative guidance and certain intergovernmental agreements entered into thereunder generally imposes a 30% U.S. withholding tax on certain U.S. source payments, including interest, and, after December 31, 2018, on gross proceeds from a disposition of property of a type which can produce U.S. source interest (“withholdable payments”), paid to (i) a “foreign financial institution” (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) or to a “non-financial foreign entity” (as specifically defined in the Code)” which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial United States beneficial owners of such entity (if any). The 30% withholding tax under FATCA applies regardless of whether the foreign financial institution or non-financial foreign entity receives payments as a beneficial owner or intermediary and whether the applicable payment otherwise is exempt from U.S. withholding (e.g., as “portfolio interest” or as capital gain upon the sale, exchange, redemption or other disposition of a Bond). Interest paid with respect to the Bonds and, after December 31, 2018, gross proceeds from the sale or disposition of the Bonds, may be subject to the 30% withholding tax if the holder fails to comply with FATCA. Non-U.S. holders are urged to consult their own tax advisors with respect to these information reporting rules and due diligence requirements and the potential application of FATCA to them.

*Information Reporting and Backup Withholding.* In general, the amount of any interest paid on the Bonds in each calendar year, and the amount of U.S. federal income tax withheld, if any, with respect to these payments will be reported to the IRS and each Non-U.S. Holder.

Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under an applicable income tax treaty or other information exchange agreement.

Non-U.S. Holder who have provided certification as to their non-U.S. status or who have otherwise established an exemption will generally not be subject to backup withholding tax on payments of interest if the payor does not have actual knowledge or reason to know that such certification is unreliable or that the conditions of the exemption are in fact not satisfied.

Payments of the proceeds from the disposition of a Bond (including a redemption or retirement) to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting, but generally not backup withholding, may apply to those payments if the broker is one of the following: (a) a United States person, (b) a “controlled foreign corporation” for U.S. federal income tax purposes, (c) a foreign person, 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a U.S. trade or business, or (d) a foreign partnership with specified connections to the United States, unless the Non-U.S. Holder certifies as to its non-U.S. status or otherwise establishes an exemption.

Payment of the proceeds from a disposition of a Bond (including a redemption or retirement) to or through the United States office of a broker will be subject to information reporting and backup withholding unless the Non-U.S. Holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax, and amounts withheld as backup withholding are allowed as a refund or credit against a holder’s federal income tax liability, provided that the required information as to withholding is furnished to the IRS.

THE FOREGOING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR BENEFICIAL OWNER OF BONDS IN LIGHT OF THE BENEFICIAL OWNER’S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO ANY TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF BONDS, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL, FOREIGN TAX LAWS AS WELL AS OTHER FEDERAL TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN THESE TAX LAWS.

### **Florida Tax Matters**

Bond Counsel are also of the opinion that the Bonds and the interest thereon are exempt from taxation under the existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined therein. Bond Counsel have not opined as to the taxability of

the Bonds or the income therefrom under the laws of any state other than Florida. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

## **LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds by the Town are subject to the approving opinions of Locke Lord LLP, West Palm Beach, Florida, Bond Counsel, whose approving opinion will be available at the time of delivery of the Bonds. Certain other legal matters will be passed on for the Town by its counsel, Jones, Foster, Johnston & Stubbs, P.A., West Palm Beach, Florida, and by its Disclosure Counsel, Greenspoon Marder LLP, West Palm Beach, Florida.

The proposed text of the approving legal opinion of Bond Counsel to be delivered concurrently with the delivery of the Bonds is set forth as APPENDIX D to this Official Statement. The actual legal opinion to be delivered may vary from the text of APPENDIX D, if necessary, to reflect facts and law on the date of delivery of the Bonds.

The legal opinions to be delivered by Bond Counsel, Counsel to the Town and disclosure Counsel concurrently with the delivery of the Bonds are based on existing law, which is subject to change. Such legal opinions are further based on factual representations made as of the date thereof. The attorneys rendering legal opinions concurrently with the delivery of the Bonds assume no duty to update or supplement their respective opinions to reflect any facts or circumstances, including changes in law that may thereafter occur or become effective. In addition, such legal opinions express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed in such opinions. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

A portion of the fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance of the Bonds.

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

APPENDIX B includes the audited general purpose financial statements of the Town for the Fiscal Year ended September 30, 2018. Such audited general purpose financial statements, including the auditor's report, have been included in this Official Statement as public documents and consent from the auditor was not requested. The auditor has not performed any services relating to, and is therefore not associated with, the issuance of the Bonds.

## VERIFICATION OF MATHEMATICAL COMPUTATIONS

At the time of the delivery of the Bonds, Robert Thomas CPA, LLC, Shawnee Mission, Kansas, as the Verification Agent, will deliver a report on the mathematical accuracy of the computations contained in schedules provided to them and prepared by PFM Financial Advisors LLC relating to (a) the sufficiency of the anticipated cash and maturing principal amounts and interest on the escrow securities to pay, when due, the principal, whether at maturity or upon prior redemption, interest and call premium requirements, if any, of the Refunded Bonds, respectively, and (b) the "yield" on the Bonds and on the escrow securities.

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations included in the schedules provided by PFM Financial Advisors LLC. The Verification Agent has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used.

## MUNICIPAL ADVISOR

PFM Financial Advisors LLC, Orlando, Florida, is serving as Municipal Advisor to the Town with respect to the Bonds. The Municipal Advisor has assisted the Town in the preparation of this Official Statement and in other matters relating to the planning, structure and issuance of the Bonds. However, the Municipal Advisor has not been engaged to undertake, and has not undertaken, independent verification of the accuracy or completeness of the information contained in this Official Statement.

The Municipal Advisor is a registered municipal advisory firm. The Municipal Advisor is not engaged in the business of underwriting, marketing or trading of municipal securities. Investors should not base any investment decision on the fact that the Municipal Advisor has advised the Town on the Bonds. The fee of the Municipal Advisor is contingent upon the issuance of the Bonds.

## UNDERWRITING

The Bonds are being purchased by \_\_\_\_\_, acting on behalf of itself and the other underwriters purchasing the Bonds pursuant to the Official Notice of Sale (collectively, the "Underwriters"). The Bonds shall be purchased by the Underwriters subject to certain terms and conditions set forth in the Official Notice of Sale, including the approval of certain legal matters by Bond Counsel, delivery of a certificate from the Town regarding information set forth in this Official Statement, and the existence of no material adverse change in the condition of the Town from that set forth in this Official Statement. The purchase price payable by the Underwriters for the Bonds is \$\_\_\_\_\_, which equals the principal amount of the Series 2016 Bonds, **[plus/minus]** a net original issue **[premium/discount]** of \$\_\_\_\_\_ and minus an underwriters' discount of \$\_\_\_\_\_.

The Bonds are offered for sale to the public at the prices or yields set forth on the inside cover page of this Official Statement. The Bonds may be offered and sold to certain dealers at prices lower than or yields higher than such offering prices or yields. After the initial public offering, such public offering prices or yields may be changed, from time to time, by the Underwriters.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriter in complying with the requirements of Securities and Exchange Commission Rule 15c2-12 (the “Rule”), the Town has agreed in the Resolution to provide certain financial information and operating data relating to the Town and the Bonds in each year, and to provide notices of the occurrence of certain enumerated events, if material. See “APPENDIX A— Town of Palm Beach Resolution No. 142-2019.” The Town has engaged Digital Assurance Certification (“DAC”) to file and disseminate information provided by the Town to DAC in connection with the Bonds. The Town has entered into other continuing disclosure undertakings for purposes of the Rule in connection with bonds previously issued by the Town. The Town represents that during the last five (5) years, to its knowledge, after due inquiry, it has complied in all material respects with its previous continuing disclosure undertakings pursuant to the Rule.

### **RATINGS**

Moody’s Investors Service, Inc. and S&P Global Ratings, a division of S&P Global Inc. have assigned long-term ratings of “\_\_\_” (stable outlook) and “\_\_\_” (stable outlook) respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody’s Investors Service, Inc., 7 World Trade Center, New York, NY 10007; S&P Global Ratings, 55 Water Street, New York, New York 10041.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

### **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Florida law requires the Town to make a full and fair disclosure of any bonds or other debt obligations which it has issued or guaranteed and which are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served as a conduit issuer). Florida law further provides, however, that if the Town in good faith believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted. The Town is not and not been in default

as to principal and interest on bonds or other debt obligations which it has issued as the principal obligor or guarantor.

**AUTHORIZATION AND APPROVAL**

The delivery of this Official Statement by the Town has been duly authorized and approved by the Town Council of the Town.

**TOWN OF PALM BEACH, FLORIDA**

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Town Manager

## **APPENDIX A**

### **TOWN OF PALM BEACH RESOLUTION NO. 142-2019**

## **APPENDIX B**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE TOWN FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**



**APPENDIX C**

**TOWN OF PALM BEACH RETIREMENT SYSTEM ACTUARIAL VALUATION  
REPORT AS OF SEPTEMBER 30, 2018**

## **APPENDIX D**

### **PROPOSED FORM OF BOND COUNSEL OPINION**