



Town of Palm Beach

General Obligation Bonds, Series 2021 (Underground Utility Project)

December 8, 2020

PFM Financial
Advisors, LLC

300 S. Orange Ave
Suite 1170
Orlando, FL 32801

407.648.2208
pfm.com



Underground Utility Project – Financing History

- The project is being funded from a variety of sources including:
 - Assessment Prepayments
 - Annual Assessment Collections
 - Commercial Paper (interim funding)
 - General Obligation Bonds
 - Voter Approved Sales Tax
 - Grants
 - Interest Earnings
- The Town's initial interim financing for the project came from a \$22,650,000 Commercial Paper Revenue Note issued in July of 2017
- In October 2018, the Town issued \$56,040,000 of General Obligation Bonds to pay off the commercial paper notes and fund additional project costs with a borrowing cost of 3.64%
 - The GO Bonds were secured by special assessment collections and the full faith and credit and taxing power of the Town, thus resulting in AAA credit ratings
- Given historically low interest rates, the Town is recommending the issuance of additional GO Bonds to fund project costs



Cash Flow Summary

Townwide Undergrounding Project											
Cash Flow Projection through 2026 with Updated Opinion of Cost											
		Project Income					Project Expenses				
Fiscal Year	Beginning Cash Balance	1 Cent Sales Tax & Transfers In	Bond Deposits Grant Funds	Assessments and Prepaid Assessments	Interest Earnings	Other Income	Project Costs	Other Costs	Costs for Debt Issuance	Debt Service	Ending Cash Balance
2016 A	-			2,530,250			(693,339)				1,836,911
2017 A	1,836,911	1,027,241			16,531	49,250	(3,946,801)	(91,001)	(64,750)		(1,172,618)
2018 A	(1,172,618)	1,130,000		15,688,010	449,285	378,298	(8,321,847)	(1,119,669)	(126,194)	(232,528)	6,672,735
2019 A	6,672,735	635,000	60,499,897	4,338,050	1,719,181	800,654	(7,519,182)	(314,331)	(422,642)	(2,464,848)	63,944,515
2020 E	63,944,515	644,450		4,601,332	694,178		(6,585,548)	(195,000)		(3,398,350)	59,705,577
2021 E	59,705,577	651,673	16,700,000	4,243,737	895,584		(24,173,327)	(204,750)	(116,900)	(4,243,350)	53,458,243
2022 E	53,458,243	659,257	-	4,243,737	801,874		(29,659,076)	(214,988)	-	(4,243,350)	25,045,697
2023 E	25,045,697	667,220	8,500,000	4,243,737	375,685		(26,068,116)	(225,737)		(4,243,350)	8,295,136
2024 E	8,295,136	675,581		4,243,737	124,427		(14,011,000)	(237,024)		(4,243,350)	(5,152,493)
2025 E	(5,152,493)	684,360		4,243,737			(6,674,500)	(248,875)		(4,243,350)	(11,391,121)
2026 E	(11,391,121)	500,000		4,243,737	-					(4,243,350)	(10,890,734)
Total		7,274,781	85,699,897	52,620,063	5,076,744	1,228,202	(127,652,736)	(2,851,374)	(730,486)	(31,555,826)	

A= Actual E= Estimate

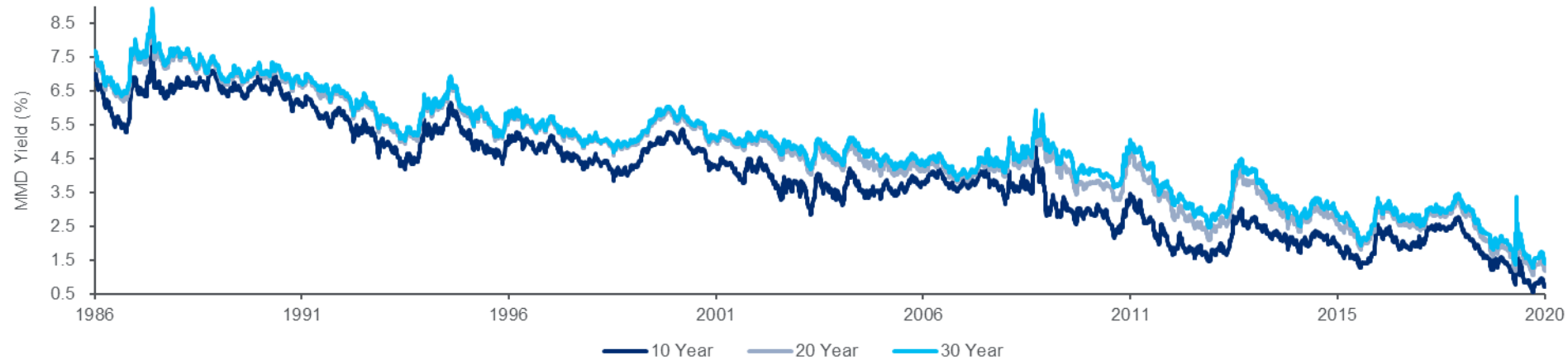
- Current cash flow projections with the proposed financing will leave an approximate deficit of \$10.9 million
- This deficit will have to be addressed in the coming years. Options include:
 - Town Reserves
 - Marina Profits



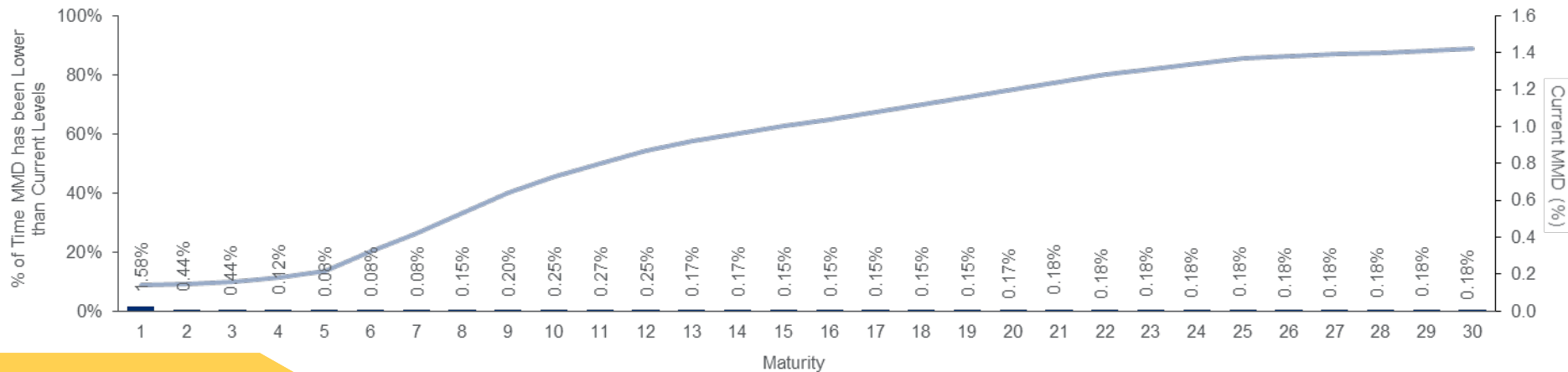
Historically Low Interest Rates

- Tax-exempt interest rates experienced sharp volatility in response to uncertainty surrounding COVID-19 but remain at or near historical lows

AAA G.O. MMD Yields (June 1, 1986 – November 20, 2020)



% of Time MMD has been Lower Since 1986





General Obligation Bonds, Series 2021

- Based on current estimates, the Town will have approximately \$840,000 of excess assessment collections annually to pay debt service
- Based on current market conditions we estimate this level of revenue can support \$16.7 million of additional project costs at a borrowing cost of 2.10%
- The estimated aggregate annual debt service following the issuance of the 2021 Bonds will be \$4.24 million

<u>Period</u> <u>Ending</u>	<u>Proposed</u> <u>2021 Bonds</u>	<u>2018 Bonds</u>	<u>Aggregate Debt</u> <u>Service</u>
7/1/2021	120,869	3,398,850	3,519,719
7/1/2022	838,475	3,401,850	4,240,325
7/1/2023	835,725	3,402,100	4,237,825
7/1/2024	837,225	3,399,600	4,236,825
7/1/2025	837,725	3,399,350	4,237,075
7/1/2026	837,225	3,401,100	4,238,325
7/1/2027	835,725	3,399,600	4,235,325
7/1/2028	838,225	3,399,850	4,238,075
7/1/2029	839,475	3,401,600	4,241,075
7/1/2030	839,475	3,399,600	4,239,075
7/1/2031	838,225	3,398,850	4,237,075
7/1/2032	835,725	3,399,100	4,234,825
7/1/2033	838,475	3,400,100	4,238,575
7/1/2034	835,625	3,401,600	4,237,225
7/1/2035	837,325	3,398,000	4,235,325
7/1/2036	838,425	3,401,400	4,239,825
7/1/2037	835,425	3,401,400	4,236,825
7/1/2038	837,225	3,398,000	4,235,225
7/1/2039	838,725	3,401,200	4,239,925
7/1/2040	839,925	3,400,600	4,240,525
7/1/2041	835,825	3,401,200	4,237,025
7/1/2042	839,738	3,397,800	4,237,538
7/1/2043	838,200	3,400,400	4,238,600
7/1/2044	836,325	3,398,600	4,234,925
7/1/2045	839,113	3,397,400	4,236,513
7/1/2046	836,450	3,401,600	4,238,050
7/1/2047	838,450	3,400,800	4,239,250
	21,899,344	91,801,550	113,700,894



Estimated Timeline

- December 8: Town Council Presentation / Direction to Move Forward
- December / January: Prepayment Option for Assessment Payers
- December / January: Prepare Financing Documents and Request Credit Ratings
- February: Town Council Meeting / Approval of Bond Resolution
- Late February: Competitive Sale of Bonds (interest rates locked)
- March: Closing / Receipt of Funds (expectation to spend proceeds within 3 years of issuance)