

TOWN OF PALM BEACH

Information for Town Council Meeting on: February 11, 2021

To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

From: Jane Le Clainche, Director of Finance

Re: General Obligation Bond Resolution for the Underground Utility Project
Resolution No. 026-2021

Date: January 28, 2021

STAFF RECOMMENDATION

Staff requests Town Council approval of Resolution No. 026-2021, which authorizes the issuance of up to \$18,000,000 of general obligation bonds (the “Bonds”) for the Underground Utility Project.

GENERAL INFORMATION

On March 15, 2016, the voters approved a bond referendum to issue up to \$90,000,000 of general obligation bonds to finance the costs of the town-wide underground utility project. A lawsuit challenging the bond referendum delayed the issuance of general obligation bonds. The Town prevailed in the lawsuit and issued the initial series of general obligations bonds on October 11, 2018. The Town is now in a position to issue the second series of such bonds. Due to the uncertainty with future interest rates, we believe it is important to issue these bonds now to lock in the current rates.

Resolution No. 120-2018, adopted August 15, 2018, authorized the issuance of up to \$60,000,000 of Bonds. General Obligation Bonds totaling \$56,040,000 were issued and closed on October 11, 2018. Resolution 026-2021 authorizes the issuance of up to \$18,000,000 of general obligation bonds authorized by the voters.

The Bonds are general obligations of the Town for which the full faith and credit and taxing power of the Town are pledged. The Bonds are payable first from non-ad valorem special assessments imposed in connection with the Underground Utility Project, and, to the extent such non-ad valorem special assessments are insufficient to pay debt service or not assessed, ad valorem taxes levied and collected in the Town (without limitation as to rate or amount) on all taxable property in the Town sufficient to pay principal of and interest on such Bonds as the same become due and payable.

The Resolution delegates authority to the Mayor or Town Manager to sell the Bonds pursuant to a competitive public sale.. Based on current market conditions, according to the Town’s Financial Advisor, the true interest cost is expected to be below 4.00% but is subject to

change as market conditions fluctuate. The final true interest cost will be set during the competitive public sale of the Bonds, which is expected to happen on or about February 23, 2021.. Furthermore, the Resolution approves the Preliminary Official Statement, the Official Notice of Sale and Summary Notice of Sale. in substantially the forms attached.

The proceeds of the Bonds will be applied to pay a portion of Underground Utility Project costs and pay costs of issuance.

The Town's Financial Advisor, Mr. Jay Glover with PFM, will be in attendance via phone to make a brief presentation regarding the financing and provide an update on the current market conditions. Also in attendance to answer any questions the Town Council may have will be Richard Miller, bond counsel with Locke Lord LLP.

If the Town Council approves the Resolution, we will be able to market the bonds in late February with a final closing in mid-March. Staff met with the rating agencies on January 28, 2021, and we anticipate confirmation of our current AAA ratings.

We have issued prepayment notices to the remaining property owners with special assessments to allow them to prepay the assessment. We have received \$978,570.68 as of January 27, 2021, in prepaid assessments to date and the deadline for payment is February 3, 2021. Town Council will be updated at the Town Council meeting on the total amount of prepayments received and we should be in a position to provide an up-to-date amount for the expected bond issue based on the remaining annual assessments.

TOWN ATTORNEY REVIEW

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

FUNDING/FISCAL IMPACT

Special Assessments are expected to be the primary source of payment of debt service on the Bonds.

Attachments

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