



# Debt Administration

**Town of Palm Beach / FY 2024 Proposed Annual Budget**

## DEBT ADMINISTRATION

### GENERAL OBLIGATION BONDS

General Obligation Bonds offer maximum security to investors through the pledge of the municipality's full faith and credit, which for the Town of Palm Beach requires voter approval.

The voters approved a referendum on March 15, 2016 for the issuance of \$90,000,000 in General Obligation Bonds for the Underground Utility Project. The Town issued \$56,040,000 of the General Obligation Bonds in September 2018. The all-in true interest cost (TIC) for the 2018 series was 3.64%.

In 2021, the Town issued \$8,575,000 in General Obligation Bonds through Robert W. Baird & Co. Inc. for the Underground Utility Project. The all-in true interest cost (TIC) for the 2021 series was 2.02%.

The General Obligation Bonds shall be payable first from the Underground Utility Project Special Assessments and, to the extent the Underground Utility Project Special Assessments are insufficient to pay debt service or not assessed, ad valorem taxes levied and collected in the Town on all taxable property in the Town sufficient to pay principal and interest on the bonds as they become due and payable. The Town may apply other legally available sources of revenues to the payment of the Bonds.

### REVENUE BONDS

In 2010 the Town issued 2010A Public Improvement Revenue and Refunding Bonds in the principal amount of \$57,035,000, and 2010B Worth Avenue Commercial District Project bonds in the principal amount of \$14,770,000. The all-in true interest cost (TIC) for the 2010A issue was 4.52% and the 2010B issue was 4.51%.

The 2010A bonds refunded the 2003B bonds (\$5,310,000), the 2008 Revenue Note (\$10,000,000), and a 2009 Line of Credit (\$600,000) which was issued for the Worth Avenue Project. The balance of the proceeds were to fund a portion of the Town's Accelerated Capital Improvement Program totaling \$41,232,000 and \$1,740,844 was used to reimburse the Town for the Town's portion of the Par 3 Golf Course Project.

The 2010B bonds were used to fund the Worth Avenue Commercial District streetscape project. The Town imposed a capital special assessment against real property in the Worth Avenue Commercial District to pay the costs of the Worth Avenue Projects. The assessments will be payable over a thirty year period. The assessments will be security for the 2010B bonds.

On January 1, 2012, the Town used excess funds remaining after completion of the Worth Avenue Project to redeem \$1,485,000 of the 2010B Bonds.

On August 25, 2016, the Town issued bonds to refund the 2010A & 2010B bonds. This transaction produced gross savings of \$8,900,539 over 23 years. The net present value savings is \$6,895,965 or 13.35%. The all-in true interest cost (TIC) for the 2016 issue was 2.75%. On October 17, 2019, the Town refunding the remaining \$4,660,000 of the 2010A bonds. The refunding achieved \$1,157,902 of net present value debt service savings or 25.39% of the refunded bonds par amount. The all-in true interest Cost (TIC) was 2.46%.

In 2013, the Town issued Public Improvement Revenue Bonds in a par amount of \$55,590,000. The proceeds of the bond were used for the second phase of the Town's Accelerated Capital Improvement Program (\$44,997,957) groin rehabilitation and seawall replacement (\$11,900,000) and the Town's portion of the Par 3 Clubhouse project (\$1,250,000). The all-in true interest cost (TIC) for the 2013 issue was 4.49%. In 2019, the Town issued bonds to refund most of the 2013 bonds. The transaction produced savings of \$4,385,248 or 10.24%. The all-in true interest cost (TIC) for the 2019 refunding was 3.036%.

In 2020, the Town issued \$31,000,000 in Revenue Bond through CenterState Bank for the Marina Construction project. This bond is secured by non-ad valorem revenues. The rate on the bonds is 2.25%.

All of these bonds are revenue obligations of the Town payable solely from and secured solely by the pledged revenues. Pledged revenues shall consist primarily of Non-Ad Valorem Revenues budgeted and appropriated annually by the Town for the purpose of paying debt service on the Bonds. The Town covenants that in each fiscal year while any bonds are outstanding, the total non-self-supporting debt service in any fiscal year of the Town will not exceed 50% of Non-Ad Valorem Revenues of the Town.

The Town has covenanted and agreed that it will not incur any indebtedness payable from or supported by a pledge of the Non-Ad Valorem Revenues unless the Town can show that following the incurrence of such additional indebtedness, (1) the total amount of Non-Ad Valorem Revenues (based upon the most recent Fiscal Year) will be greater than twice the then maximum debt service and (2) the total amount of Non-Ad Valorem Revenues in each Fiscal Year in which Bonds are outstanding will be greater than 2.00 times the non self-supporting debt in each such fiscal year.

As part of the preparation for the 2021 General Obligation Bond, the Town's issuer's and Revenue Bond ratings were reviewed by both Moody's and Standard & Poor's. The Town's conservative financial policies and strong management of its financial resources were recognized, and it resulted in Moody's Investors Service issuing a rating of Aa1 for the Revenue bonds and an Aaa GO issuer's rating. Standard and Poor's issued a Revenue bond rating of AA+ and a AAA issuer's GO rating. The ratings for both the Bond and issuer credit are the highest ratings these two rating services issue and represent the highest quality investment grade debt.

On February 23, 2018, Standard and Poor's reviewed the Town's Revenue bond ratings and raised the credit rating from AA+ to AAA while affirming the stable outlook. For the 2018 General Obligation Bond issue both Standard and Poor's and Moody's reaffirmed the Town's AAA ratings.

## LEGAL DEBT MARGIN

The Town of Palm Beach has a 5% debt limit as a percent of assessed valuation per Section 7.01 of the Town Charter. The following is a computation of the Town of Palm Beach Legal Debt Margin:

Preliminary Assessed Valuation	\$29,079,603,728
Legal Debt Margin:	
Debt Limitation - 5% of assessed value	\$1,453,980,186

## DEBT SERVICE PAYMENTS

Principal payments are due on January 1, and interest payments are due on January 1 and July 1 of each year. The annual debt service requirements for the outstanding bonds through 2032 are contained in the table below.

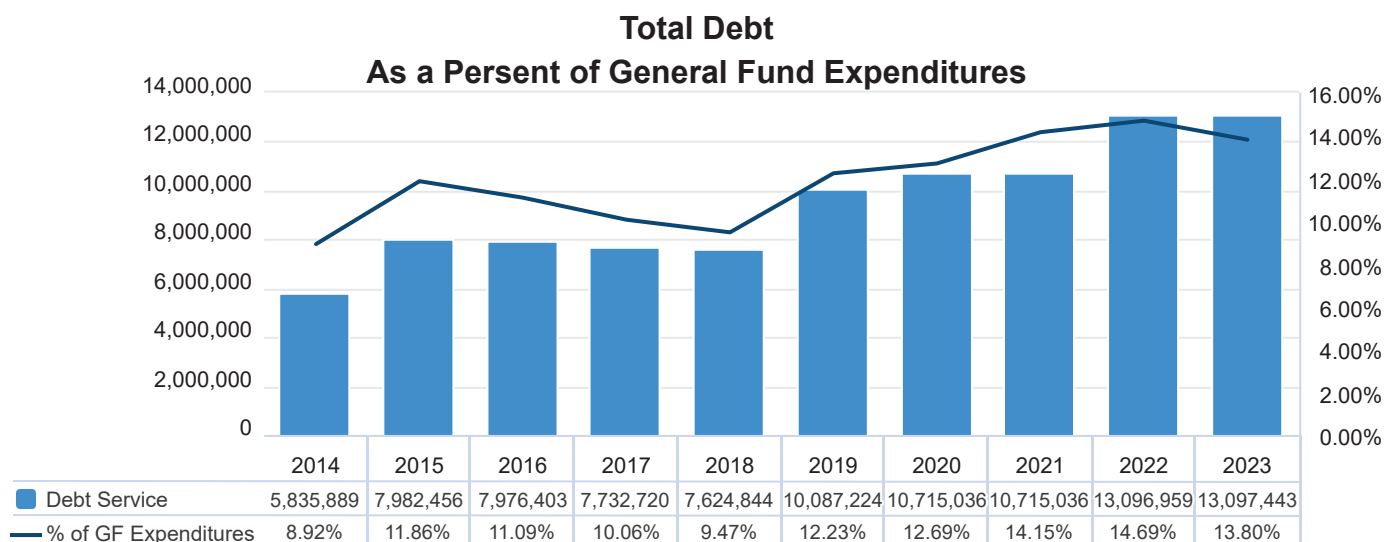
Fiscal Year	2014 Revenue Bond	2017A Revenue Bond ACIP-I	2017B Revenue Bond Worth Ave	2020 Revenue Bond	2020 Taxable Revenue Bond	2019 General Obligation Bond	2021 Revenue Bond	2022 General Obligation Bond	Total
2023	1,511,875	2,928,750	721,012	287,627	1,806,474	3,402,100	1,992,950	446,655	13,097,443
2024	1,508,500	2,926,125	724,537	293,084	1,805,474	3,399,600	1,992,463	447,255	13,097,038
2025	1,506,750	2,930,000	722,687	293,365	1,809,162	3,399,350	1,996,244	447,755	13,105,313
2026	-	2,930,125	720,537	288,589	3,333,224	3,401,100	1,999,238	446,255	13,119,068
2027	-	2,926,500	713,888	288,754	3,342,099	3,399,600	1,996,500	449,255	13,116,596
2028	-	2,924,000	717,262	288,803	3,339,599	3,399,850	1,998,031	446,505	13,114,050
2029	-	2,927,250	714,513	293,677	3,330,912	3,401,600	2,003,719	448,255	13,119,926
2030	-	2,930,875	720,513	293,376	3,329,639	3,399,600	2,003,563	449,255	13,126,821
2031	-	2,924,875	715,263	292,959	3,329,416	3,398,850	2,007,563	449,505	13,118,431
2032	-	2,933,875	713,888	292,425	3,335,134	3,399,100	2,005,719	449,005	13,129,146

## DEBT SUMMARY

Outstanding debt as of September 30, 2023:

General Obligation Bonds	\$ 59,215,000
General Fund Pledge Obligations:	
Non-Ad Valorem Revenue Bonds	\$ 127,450,000
<b>Total Gross Debt (18.6% of capacity)</b>	<b>\$ 186,665,000</b>
<hr/>	
	<b>Debt Ratios      Per Capita</b>
Population	9,218
Taxable Value	\$ 28,922,786,809      \$ 3,137,642
<b>Total Gross Debt</b>	<b>\$ 186,665,000      \$ 20,250</b>

The chart below shows the trend of total debt service as a percentage of general fund expenditures.

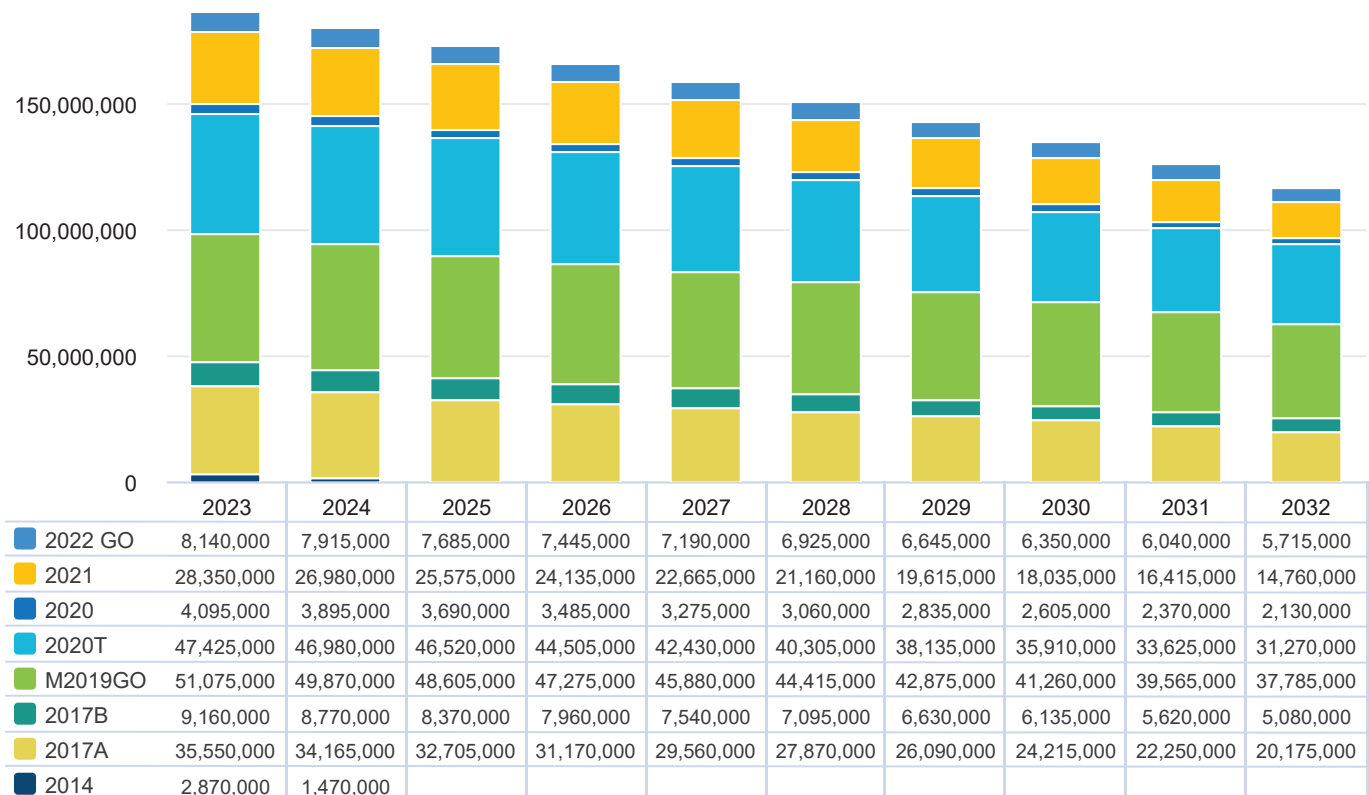


### Principal Debt Outstanding FY2023 - FY2032

Fiscal Year	2014 Revenue Bond	2017A Revenue Bond ACIP-I	2017B Revenue Bond Worth Ave	2020 Revenue Bond	2020 Taxable Revenue Bond	2019 General Obligation Bond	2021 Revenue Bond	2022 General Obligation Bond	Total Debt Outstanding
2023	2,870,000	35,550,000	9,160,000	4,095,000	47,425,000	51,075,000	28,350,000	8,140,000	186,665,000
2024	1,470,000	34,165,000	8,770,000	3,895,000	46,980,000	49,870,000	26,980,000	7,915,000	180,045,000
2025	-	32,705,000	8,370,000	3,690,000	46,520,000	48,605,000	25,575,000	7,685,000	173,150,000
2026	-	31,170,000	7,960,000	3,485,000	44,505,000	47,275,000	24,135,000	7,445,000	165,975,000
2027	-	29,560,000	7,540,000	3,275,000	42,430,000	45,880,000	22,665,000	7,190,000	158,540,000
2028	-	27,870,000	7,095,000	3,060,000	40,305,000	44,415,000	21,160,000	6,925,000	150,830,000
2029	-	26,090,000	6,630,000	2,835,000	38,135,000	42,875,000	19,615,000	6,645,000	142,825,000
2030	-	24,215,000	6,135,000	2,605,000	35,910,000	41,260,000	18,035,000	6,350,000	134,510,000
2031	-	22,250,000	5,620,000	2,370,000	33,625,000	39,565,000	16,415,000	6,040,000	125,885,000
2032	-	20,175,000	5,080,000	2,130,000	31,270,000	37,785,000	14,760,000	5,715,000	116,915,000

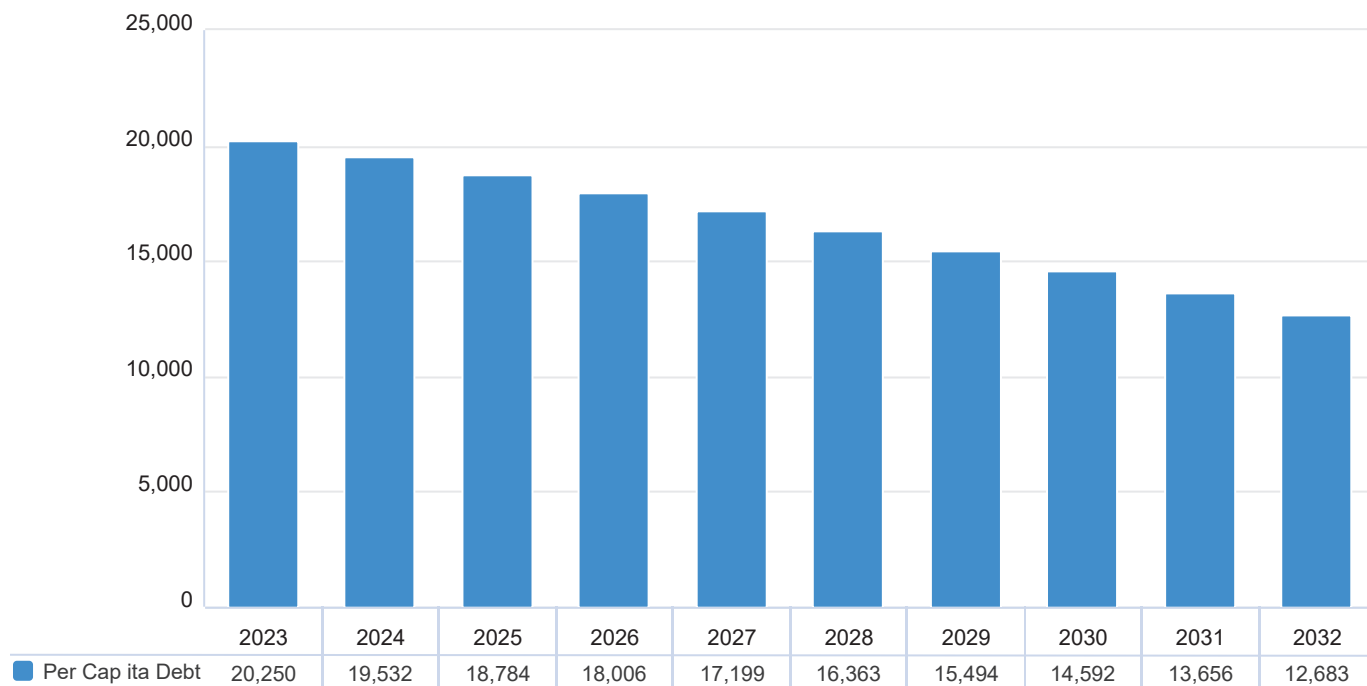
The chart below shows the total principal debt outstanding for FY23 through FY32

### Principal Debt Outstanding



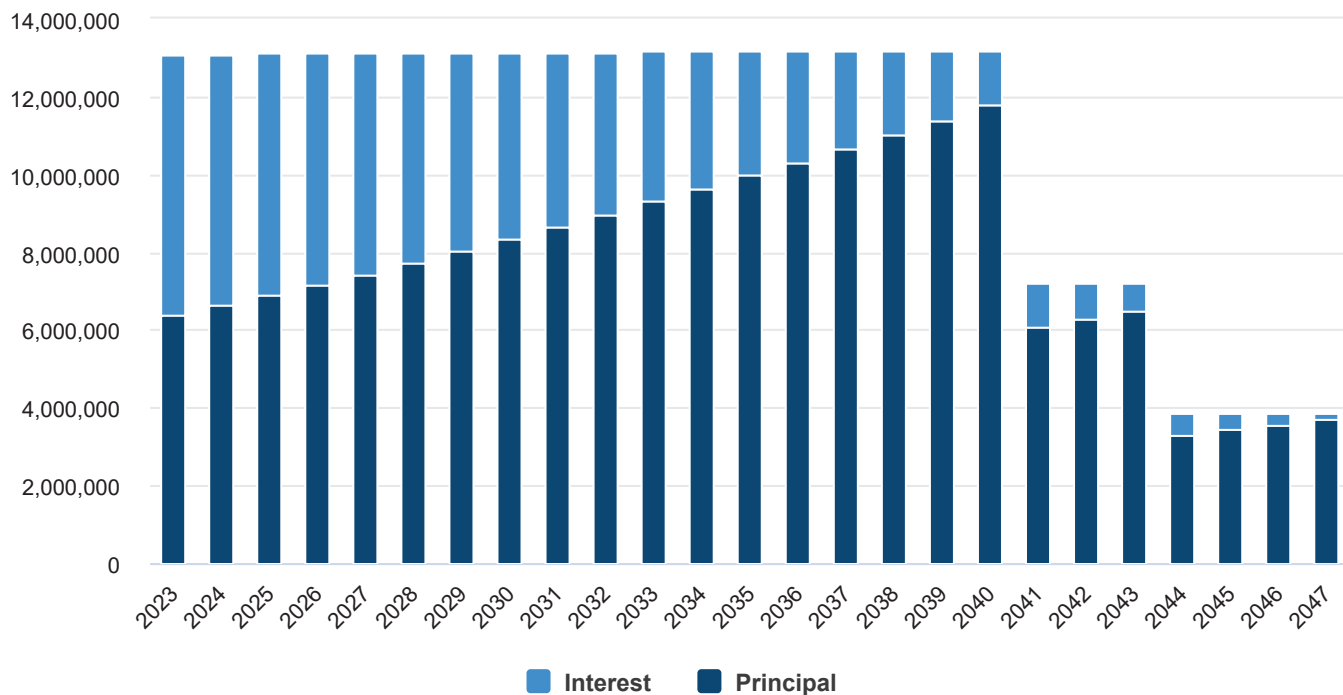
The chart below shows total outstanding debt per capita for FY23 through FY32.

### Per Capita Debt



The forecasted total annual debt service through the life of all outstanding debt, broken down by principal and interest is shown on the chart below.

### Debt Service Forecast



## FUND 205: 2016A AND 2019 REVENUE BONDS

### Revenue and Expense Summary

	FY2021 Actual	FY2022 Actual	FY2023 Budget	FY2023 Projected	FY2024 Budget	% Change
<b>Revenues</b>						
Interest Earnings	745	4,455	-	-	-	-%
Transfer from General Fund	5,691,148	5,676,719	5,680,666	5,680,666	5,679,013	(0.03%)
Transfer from Par 3 Golf Course	194,813	191,100	187,426	187,426	188,207	0.42%
Transfer from Coastal Fund	513,181	508,958	509,135	509,135	508,463	(0.13%)
<b>TOTALS</b>	<b>6,399,887</b>	<b>6,381,232</b>	<b>6,377,227</b>	<b>6,377,227</b>	<b>6,375,683</b>	<b>(0.02%)</b>
<b>Expenditures</b>						
Debt Service Interest	3,539,635	3,400,040	3,254,726	3,254,726	3,103,183	(4.66%)
Debt Service Principal	3,025,000	3,135,000	3,280,000	3,280,000	3,430,000	4.57%
Other Expenses	4,655	3,500	20,000	6,750	20,000	-%
Contractual	10,250	7,500	7,500	7,500	7,500	-%
<b>TOTALS</b>	<b>6,579,540</b>	<b>6,546,040</b>	<b>6,562,226</b>	<b>6,548,976</b>	<b>6,560,683</b>	<b>(0.02%)</b>
Total Revenues Over/(Under) Expenses	(179,653)	(164,808)	(184,999)	(171,749)	(185,000)	
Beginning Fund Equity	1,659,222	1,479,569	1,314,761	1,314,761	1,143,012	
<b>Ending Net Assets</b>	<b>1,479,569</b>	<b>1,314,761</b>	<b>1,129,762</b>	<b>1,143,012</b>	<b>958,011</b>	

## REVENUES

### Interest Earnings

Represents interest earned on reserves of fund

### Transfer from General Fund

Debt service on 2016A/2019 Bond issues

### Transfer from Par 3 Golf Course

Debt service on 2016A/2019 Bond issues

### Transfer from Coastal Fund

Debt service on 2019 Bond issue

## EXPENDITURES

### Debt Service Interest/Principal

Represents the amount of interest/principal due on the 2016A and 2019 Revenue Bonds

### Other Expenses

Represents amounts due for bond expenses

### Contractual

Cost of debt software to manage outstanding debt and lease agreements



## FUND 206: 2016B WORTH AVENUE REVENUE BOND

### Revenue and Expense Summary

	FY2021 Actual	FY2022 Actual	FY2023 Budget	FY2023 Projected	FY2024 Budget	% Change
<b>Revenues</b>						
Interest Earnings	335	1,361	500	10,000	-	(100.00%)
Non Ad Valorem Assessment Revenue	723,958	746,520	723,013	785,000	727,038	0.56%
<b>TOTALS</b>	<b>724,294</b>	<b>747,881</b>	<b>723,513</b>	<b>795,000</b>	<b>727,038</b>	<b>0.49%</b>
<b>Expenses</b>						
Debt Service Interest	367,913	357,113	346,013	346,013	334,538	(3.32%)
Debt Service Principal	355,000	365,000	375,000	375,000	390,000	4.00%
Contractual	1,000	-	-	-	-	-%
Other Expenses	180	2,250	2,500	2,250	2,500	-%
<b>TOTALS</b>	<b>724,093</b>	<b>724,363</b>	<b>723,513</b>	<b>723,263</b>	<b>727,038</b>	<b>0.49%</b>
Total Revenues Over/(Under) Expenses	201	23,518	-	71,737	-	
Beginning Fund Equity	173,302	173,503	197,022	197,022	268,759	
<b>Ending Net Assets</b>	<b>173,503</b>	<b>197,022</b>	<b>197,022</b>	<b>268,759</b>	<b>268,759</b>	

## REVENUES

### Interest Earnings

Represents interest earned on reserves of fund

### Non Ad Valorem Assessment Revenue

Assessment for debt service

## EXPENDITURES

### Debt Service Interest/Principal

Represents the amount of interest/principal due on the 2016B Revenue Bond

### Other Expenses

Represents amounts due for bond expenses