Clerk -

Meeting: UUTF **Date:** 01/23/17

Location: ______ **Start:** 1:00 **Adjourn:** 3:46

-- MEETING ACTION SHEETS --

ROLL CALL: Mr. Parker / Mr. Gulbrandsen / Mr. Ross / Mr. Smith / Ms. Gary / Mr. Dowell / Mr. Bottorff / Mr. Wolin

Notes for Follow-Up:

Item: ______ / ______
Motion: *Approve – Approve as Amended – Defer – Deny – Other:*

1st 2nd

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Item: AGEnda / III
Motion: *Approve – Approve as Amended – Defer – Deny – Other:*

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Item: V / Contact Gov. Affairs + FPL to see
Motion: *Approve – Approve as Amended – Defer – Deny – Other:* what Caused Explosion
W/ file Complaint w/ Pub Serv Commission

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Item: VI. / 1. *(Jumped to 5 a. To discuss timeline)
Motion: *Approve – Approve as Amended – Defer – Deny – Other:*

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Item: ~~VI~~ / ______
Motion: *Approve – Approve as Amended – Defer – Deny – Other:*

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Item: ? TIMEline? on VI ~~F~~ (7:56:30)
* **Motion:** *Approve – Approve as Amended – Defer – Deny – Other:*
Req for Qual. ~~FRM~~ Const. MGR. action?
(qualifications)

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

~~Reg~~

Item: VI / #.

Motion: *Approve – Approve* ***as Amended*** *– Defer –Deny – Other*:

Req from Broad # of Agree Executed @ next meeting.

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Item: VIII / In Support of Undergrounding

Motion: *Approve – Approve* ***as Amended*** *– Defer –Deny – Other*: No motion necessary. Per Smith.

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Item: ______ / ______

Motion: *Approve – Approve* ***as Amended*** *– Defer –Deny – Other*:

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Item: ______ / ______

Motion: *Approve – Approve* ***as Amended*** *– Defer –Deny – Other*:

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Item: ______ / ______

Motion: *Approve – Approve* ***as Amended*** *– Defer –Deny – Other*:

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Item: ______ / ______

Motion: *Approve – Approve* ***as Amended*** *– Defer –Deny – Other*:

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Item: ______ / ______

Motion: *Approve – Approve* ***as Amended*** *– Defer –Deny – Other*:

Mr. Bottorff	Mr. Dowell	Ms. Gary	Mr. Gulbrandsen	Mr. Parker	Mr. Wolin	Mr. Ross	Mr. Smith

Regina Kamak

From: Susan Owens
Sent: Friday, January 20, 2017 9:52 AM
To: Kathleen Dominguez; Regina Kamak
Subject: Feb UUTF Meeting

FYI, Thomas Parker will not be present.

Thank you,

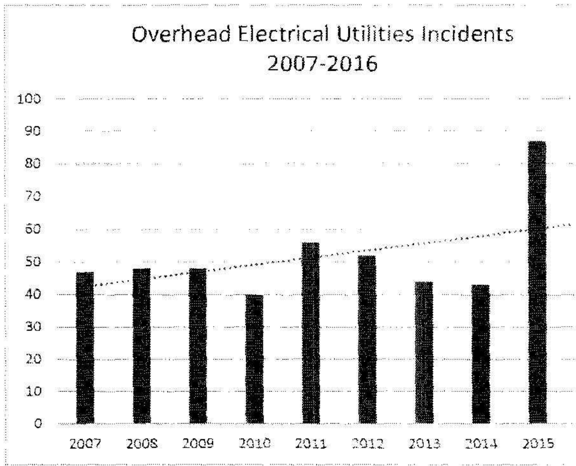
Susan A. Owens, MPA, MMC
Town Clerk

Town of Palm Beach
Town Clerk's Office
360 S. County Road
Palm Beach, FL 33480
Phone: 561-838-5416
Fax: 561-838-5417
www.townofpalmbeach.com

Count of Overhead Electrical Utilities Incidents 2007-2016

YEAR	INCIDENT TYPE	Total
2007	445 Arcing, shorted electrical equipment	25
	444 Power line down	18
	162 Outside equipment fire	2
	440 Electrical wiring/equipment problem, other	2
2007 Total		**47**
2008	445 Arcing, shorted electrica equipment	27
	444 Power line down	13
	440 Electrical wiring/equipment problem, other	3
	112 Fire in structure, other than in a building.	2
	553 Public service	1
	142 Brush, or brush and grass mixture fire	1
	441 Heat from short circuit (wiring), defective/worn	1
2008 Total		**48**
2009	445 Arcing, shorted electrica equipment	32
	444 Power line down	8
	372 Trapped by power lines	3
	142 Brush, or brush and grass mixture fire	2
	143 Grass fire	1
	162 Outside equipment fire	1
	441 Heat from short circuit (wiring), defective/worn	1
2009 Total		**48**
2010	445 Arcing, shorted electrica equipment	25
	444 Power line down	11
	162 Outside equipment fire	2
	371 Electrocution or potential electrocution.	1
	440 Electrical wiring/equipment problem, other	1
2010 Total		**40**
2011	445 Arcing, shorted electrica equipment	37
	444 Power line down	14
	112 Fire in structure, other than in a building.	2
	162 Outside equipment fire	2
	372 Trapped by power lines	1
2011 Total		**56**
2012	445 Arcing, shorted electrica equipment	35
	444 Power line down	12
	160 Special outside fire, other.	1
	440 Electrical wiring/equipment problem, other	1
	112 Fire in structure, other than in a building.	1
	162 Outside equipment fire	1
	372 Trapped by power lines	1
2012 Total		**52**
2013	445 Arcing, shorted electrica equipment	23
	444 Power line down	12
	162 Outside equipment fire	4
	112 Fire in structure, other than in a building.	3
	441 Heat from short circuit (wiring), defective/worn	1
	371 Electrocution or potential electrocution.	1
2013 Total		**44**
2014	445 Arcing, shorted electrica equipment	25
	444 Power line down	14
	442 Electrical wiring/equipment problem, other	1
	160 Special outside fire, other.	1
	142 Brush, or brush and grass mixture fire	1
	162 Outside equipment fire	1
2014 Total		**43**
2015	445 Arcing, shorted electrica equipment	50
	444 Power line down	25
	112 Fire in structure, other than in a building.	5
	162 Outside equipment fire	2
	442 Electrical wiring/equipment problem, other	1
	142 Brush, or brush and grass mixture fire	1
	553 Public service	1
	240 Explosion (no fire), other.	1
	371 Electrocution or potential electrocution.	1
2015 Total		**87**
2016	445 Arcing, shorted electrica equipment	38
	444 Power line down	12
	162 Outside equipment fire	4
	112 Fire in structure, other than in a building.	3
	142 Brush, or brush and grass mixture fire	2
2016 Total		**59**
Grand Total		**524**

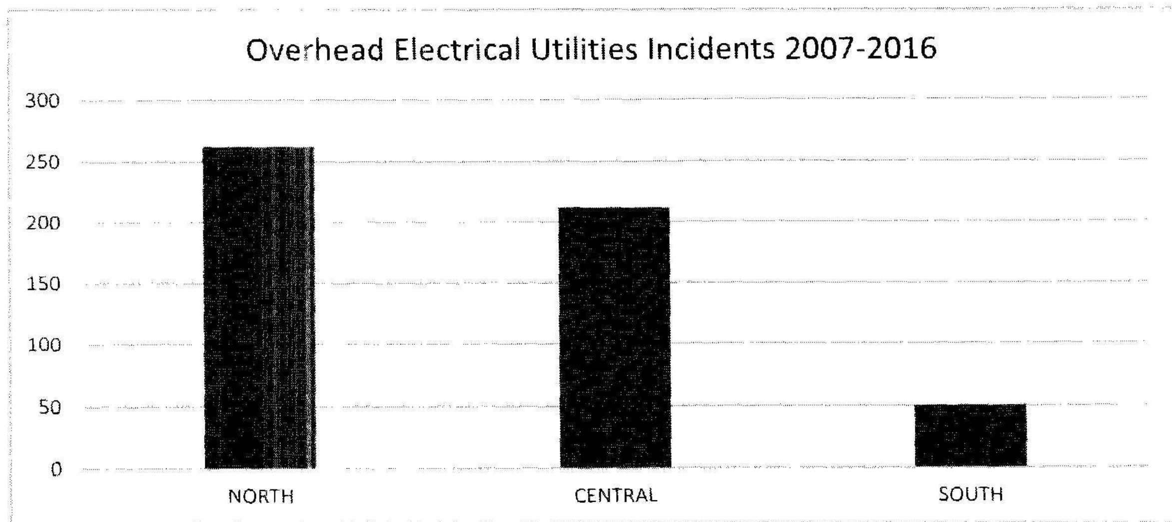
YEAR	Total
2007	47
2008	48
2009	48
2010	40
2011	56
2012	52
2013	44
2014	43
2015	87
2016	59
Grand Total	524



Count of Overhead Electrical Utilities Incidents 2007-2016

Count by Zone	
NORTH	262
CENTRAL	212
SOUTH	50
Grand Total	524

Central Zone - Southern Blvd to South of Royal Poinciana Way
North Zone - Royal Poinciana Way to the northern Town limits.
South Zone - South of Southern Blvd to the southern Town limits.



Town-Wide Utility Undergrounding

Financing Options

Underground Utilities Task Force Meeting

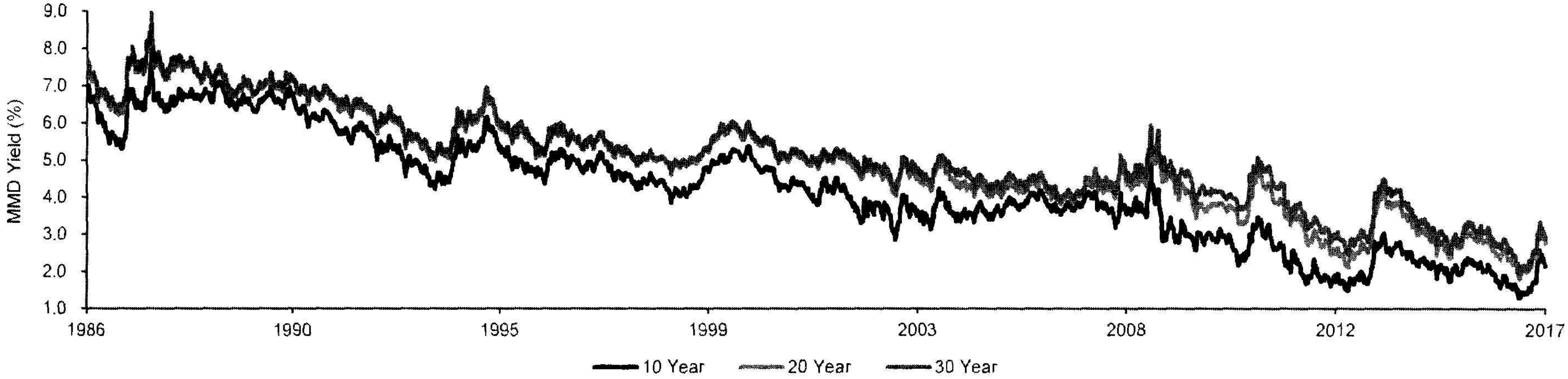
January 23, 2016

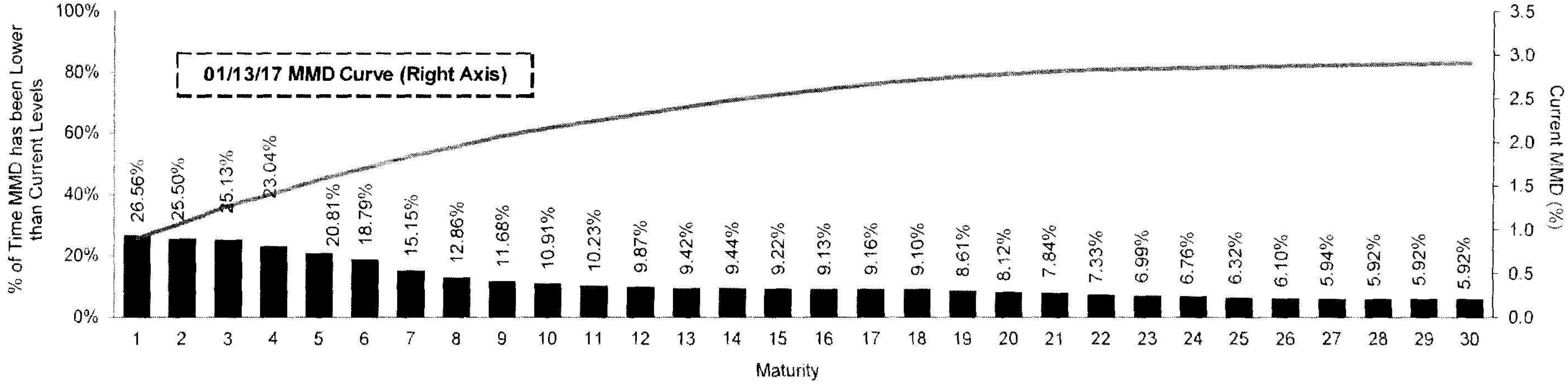
Utility Undergrounding Financing Overview

- For many years the Town has considered the costs and feasibility associated with utilities undergrounding town-wide
- Staff assembled a team of consultants and advisors to examine the procedures needed to bring forward a plan of finance for Council's consideration
- Issuance of General Obligation Bonds, Special Assessment Bonds and/or Covenant to Budget and Appropriate (CB&A) legally available Non Ad Valorem Revenue Bonds have been considered
- The above options could be used in combination with each other and issued via publically offered bonds and/or direct placement bank loans in the long term mode or short term/interim mode
- Based on initial discussions with the task force and Town Council, the Town sought voter approval to issue General Obligation Bonds that were payable from non ad valorem special assessments paid by affected property owners
- In light of recent events, the Town now needs to decide which financing option(s) will allow the project to move forward on the desired timeline

Historical and Current Interest Rates

AAA G.O. MMD Yields (June 1, 1986 – January 13, 2017)





Financing Options

- Provided below are the 4 financing options to be presented:
  - Long term general obligation bonds paid via non ad valorem special assessments
  - Long term special assessment bonds
  - Long term special assessment bonds with a back up covenant to budget and appropriate from legally available non ad valorem revenues
  - Line of credit followed by long term fixed rate bonds

General Obligation Bonds

- Issuance of long term general obligation bonds paid via non ad valorem special assessments
  - Assumptions:
    - $45,000,000 for Phase 1 construction
    - 30 year financing
    - AAA credit rating
    - Current long term borrowing rate
    - 3 year level spend down of construction proceeds (assume 1.00% interest earnings)

- The following outlines the pros of General Obligation Bonds:
  - Possess the highest possible credit rating of AAA and thus the lowest overall long term borrowing cost
  - Locks in current interest rates/debt service cost and ability to set annual assessment to match annual debt service cost
  - No effect on the Town's Non Ad Valorem bonding capacity

- The following outlines the cons of General Obligation Bonds:
  - Negative arbitrage in construction fund (funds waiting to be spent are invested at a lower rate than the borrowing cost of the bonds)
  - Pending lawsuit causing delay

Cost Breakdown – General Obligation Bonds

- The below table provides the key financing statistics for General Obligation Bonds:

	10 Year Par Call	Extraordinary Call from Assessment Prepayments
Assumed Credit Ratings	[illegible]	[illegible]
Net Funded Project Fund	$44,351,777	$44,351,777
All In True Interest Cost	3.68%	3.79%
Debt Service Reserve Fund	N/A	N/A
Total Debt Service	$74,246,313	$75,409,355
Maximum Annual Debt Service	$2,461,750	$2,503,038

Special Assessment Bonds

- Issuance of long term special assessment bonds
  - Assumptions:
    - $45,000,000 for Phase 1 construction
    - 30 year financing
    - A+ credit rating (assumed as currently no debt outstanding secured by proposed special assessments)
    - Current long term borrowing rates
    - 3 year level spend down of construction proceeds (assume 1.00% interest earnings)

- The following outlines the pros of Special Assessment Bonds:
  - Locks in current interest rates/debt service cost and ability to set annual assessment to match annual debt service cost
  - No effect on the Town's Non Ad Valorem bonding capacity

- The following outlines the cons of Special Assessment Bonds:
  - Given security structure would possess a lower credit rating (assumed A category) and thus higher borrowing cost
  - Requires funding of a debt service reserve fund equal to 1 year's debt service
  - Negative arbitrage in construction fund (funds waiting to be spent are invested at a lower rate than the borrowing cost of the bonds)

Cost Breakdown – Special Assessment Bonds

- The below table provides the key financing statistics for Special Assessment Bonds:

	10 Year Par Call	Extraordinary Call from Assessment Prepayments
Assumed Credit Ratings	A+/A1	A+/A1
Net Funded Project Fund	$44,351,777	$44,351,777
All In True Interest Cost	4.02%	4.23%
Debt Service Reserve Fund	$2,725,500	$2,807,200
Total Debt Service	$82,205,188	$84,636,191
Maximum Annual Debt Service	$2,725,500	$2,807,200

Special Assessment/Non Ad Valorem Bonds (CBA)

- Issuance of long term special assessment bonds with a back up covenant to budget and appropriate from legally available non ad valorem revenues
  - Assumptions:
    - $45,000,000 for Phase 1 construction
    - 30 year financing
    - AA+ credit rating
    - Current long term borrowing rates
    - 3 year level spend down of construction proceeds (assume 1.00% interest earnings)

- The following outlines the pros of Special Assessment/Non Ad Valorem Bonds:
  - Possess strong credit rating of AA+ based on the back up from non ad valorem revenues of the Town
  - Locks in current interest rates/debt service cost and ability to set annual assessment to match annual debt service cost

- The following outlines the cons of Special Assessment/Non Ad Valorem Bonds:
  - Must meet existing anti-dilution test upon issuance so would limit additional bonding capacity in the year of issuance. However, with a 90% assessment collection rate in a given year, the amount of the special assessments collected in that year shall be deducted from debt service in the following year when calculating the anti-dilution test for additional bonds. Accordingly, the net effect on debt service capacity should be neutral after year 1. Current capacity is in excess of $80 MM.
  - Negative arbitrage in construction fund (funds waiting to be spent are invested at a lower rate than the borrowing cost of the bonds)

Cost Breakdown – Special Assessment/Non Ad Valorem Bonds (CBA)

- The below table provides the key financing statistics for Special Assessment/Non Ad Valorem Bonds:

	10 Year Par Call	Extraordinary Call from Assessment Prepayments
Assumed Credit Ratings	AA+/Aa1	AA+/Aa1
Net Funded Project Fund	$44,351,777	$44,351,777
All In True Interest Cost	3.80%	3.98%
Debt Service Reserve Fund	N/A	N/A
Total Debt Service	$75,382,250	$77,186,433
Maximum Annual Debt Service	$2,499,000	$2,561,544

Overall Cost Comparison

- The below table provides the key financing statistics for General Obligation Bonds, Special Assessment Bonds and Special Assessment/Non Ad Valorem Bonds:

	GO Bonds	GO Bonds	Special Assessment Bonds	Special Assessment Bonds	Special Assessment/ Non Ad Valorem	Special Assessment/ Non Ad Valorem
Call Option	10 Year Par	Extraordinary from Assessment Prepay	10 Year Par	Extraordinary from Assessment Prepay	10 Year Par	Extraordinary from Assessment Prepay
Assumed Credit Ratings	AAA/Aaa	AAA/Aaa	A+/A1	A+/A1	AA+/Aa1	AA+/Aa1
Net Funded Project Fund	$44,351,777	$44,351,777	$44,351,777	$44,351,777	$44,351,777	$44,351,777
All In True Interest Cost	3.68%	3.79%	4.02%	4.23%	3.80%	3.98%
Debt Service Reserve Fund	N/A	N/A	$2,725,500	$2,807,200	N/A	N/A
Total Debt Service	$74,246,313	$75,409,355	$82,205,188	$84,636,191	$75,382,250	$77,186,433
Maximum Annual Debt Service	$2,461,750	$2,503,038	$2,725,500	$2,807,200	$2,499,000	$2,561,544

Line of Credit / Long Term Borrowing

- Issue line of credit to fund project based on cash flow needs. Upon completion of project issue long term fixed rate bonds
  - Assumptions (can be adjusted to determine sensitivity):
    - $45,000,000 for Phase 1 construction
    - Town collects annual special assessments of $2.5 MM per year from outset
    - Annual draws on the line of credit – Year 1: $10 MM, Year 2: $10 MM, Year 3: $10 MM, Year 4: $6 MM
    - Line of credit interest rates – Year 1: 1.50%, Year 2: 1.75%, Year 3: 2.00%, Year 4: 2.25%
    - Unutilized line of credit fee of 25 basis points
    - Long Term Borrowing Take Out in Year 5 at 4.00%

- The following outlines the pros of Line of Credit/Long Term Borrowing:
  - Allows draw down of funds to match construction costs, thus eliminating any negative arbitrage
  - Reduces amount of long term borrowing needed to fund project

- The following outlines the cons of Line of Credit/Long Term Borrowing:
  - Line of credit will have same impact on borrowing capacity as Special Assessment/Non Ad Valorem Bonds (CBA)
  - Interest rate risk on line of credit and long term borrowing
  - If interest rates increase significantly during construction period, then final debt service could exceed annual assessment level

Cost Breakdown – Line of Credit / Long Term Borrowing

- The below table is an excerpt from the excel model that allows for sensitivity analysis on different line of credit and long term borrowing rates. Different options can be analyzed during the meeting.

Project Cost	45,000,000							
Annual Assessment Collection	2,500,000							
Issuance Date	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021			
Short Term\Line of Credit Interest Rate	1.50%	1.75%	2.00%	2.25%				
Unused Line of Credit Fee	0.25%							
Long Term Interest Rate					4.00%			
Project Funding Line of Credit Draw	10,000,000	10,000,000	10,000,000	6,000,000				
Project Funding Excess Assessments	2,285,000	2,135,000	1,970,400	1,840,000	-			
Additional Funding from Long Term Takeout					769,600			
Total Annual Construction Cost	12,285,000	12,135,000	11,970,400	7,840,000	769,600	45,000,000		
Long Term Bond Takeout					36,769,600	-		
Annual Assessement Collection (Years 1-4)					2,500,000			
Annual Debt Service Payment (Years 5-30)					2,300,578			
Total Assessment Collection/Debt Service					69,815,016			

Date	2017 Draw Interest Payment	2018 Draw Interest Payment	2019 Draw Interest Payment	2020 Draw Interest Payment	2021 Long Term Bond Takeout Payment	Cummulative Debt Service	Assessment Collection	Excess Colletions Toward Projects
7/1/2018	215,000					215,000	2,500,000	2,285,000
7/1/2019	190,000	175,000				365,000	2,500,000	2,135,000
7/1/2020	154,600	175,000	200,000			529,600	2,500,000	1,970,400
7/1/2021	150,000	175,000	200,000	135,000		660,000	2,500,000	1,840,000
7/1/2022					2,300,578	2,300,578	2,300,578	0
7/1/2023					2,300,578	2,300,578	2,300,578	0

Timeline – Assessment Implementation

Actions	Timing
Finalize Assessment Methodology	January and February
Adoption of Assessment Methodology	March 14, 2017
Development of Assessment Documentation for Assessment Process	Begin March 15, 2017
Public Hearing to Adopt Initial Resolution of Assessment	April 13, 2017
Mail Letters to all property owners to be assessed advising of date time and place and amount of proposed initial assessment	April 20, 2017
Final Public Hearing to Adopt Initial Project Assessment	May 9, 2017
Assessment Appears on Tax Bill	November 2017

Timeline – Long Term Revenue Bonds

Actions	Timing
Prepare Bond Resolution and Preliminary Official Statement (POS)	March and April
Request Bond Ratings	April (Upon Completion of POS)
Town Council Meeting to Approve Bond Resolution	May 9, 2017
Print POS	May 12, 2017
Price Bonds	Week of May 22, 2017
Closing/Fund in Hand	Week of June 12, 2017

Timeline – Line of Credit

Actions	Timing
Prepare and Distribute RFP to Secure LOC Provider	Mid February
Responses to RFP due	Mid March
Prepare LOC Documents	Late March
Town Council Meeting to Approve Line of Credit	April 13, 2017
Closing/Fund in Hand	Week of April 17, 2017