36-1 Agenda Item #:

# PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS AGENDA ITEM SUMMARY

Meeting Date: September 10, 2013 [X] Consent [] Regular [] Ordinance [] Public Hearing

Department: Office of Financial Management & Budget

#### I. Executive Brief

Motion and Title: Staff recommends motion to adopt a Resolution amending Resolution No. R-2013-0589 adopted May 7, 2013 authorizing the issuance of the County's Taxable Public Improvement Revenue Bonds (Convention Center Hotel Project), Series 2013 to modify the not to exceed true interest cost rate per annum that may be borne by said bonds; providing for certain other matters in connection therewith; and providing for an effective date.

**Summary:** The County has approved a \$27 million subsidy for the development of a 400 room Hilton Convention Center Hotel to The Related Companies, L.P., which will be held in escrow by the Palm Beach Clerk of Court and disbursed in accordance with the terms established in the agreement. According to the agreement, the funds must be deposited no earlier than October 1, 2013 and not later than November 15, 2013. On May 7, 2013 the Board of County Commissioners (BCC) approved the issuance of not to exceed \$31M of Taxable Revenue Bonds, Series 2013 to fund the subsidy and related costs, including a maximum interest rate of 6%. Since May, interest rates have increased approximately 150 basis points and the maximum not to exceed true interest cost rate of 6% may be too low. This amendment will increase the rate to 7.5%. This will give the County the flexibility needed to issue the bonds in October. The bonds will be issued competitively so that the County will receive the best rate. **Countywide (PFK)** 

Background and Justification: On October 30, 2012, the BCC approved and authorized the Chair of the BCC to execute agreements contingent upon receipt of fully executed agreements including Related New York's \$5 million security deposit. On July 24, 2012, the BCC conceptually approved the Terms and Conditions of the hotel agreements. On April 12, 2011, the BCC conceptually approved a subsidy in the amount of \$27 million for the development of a 400 room Hilton Convention Center Hotel to The Related Companies, L.P. and directed staff to begin negotiations with Related. On March 9, 2010, the BCC approved the Selection Committee's number one ranking of The Related Companies, L.P. to develop and operate the hotel.

#### Attachments:

Bond Resolution

Recommended by:	Elisaluth Cloeser	8/21/13
•	Department Director	Date ′
Approved By:	County Administrator	Date

### II. FISCAL IMPACT ANALYSIS

A. F	ive Year Summary of	Fiscal Impa	act:			
	Fiscal Years	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Oper Debt Debt Bond Prog	tal enditures rating Costs Service Costs Service Reserve d Proceeds ram Income (County) nd Match (County)		4444	<u>250,00</u> 0	-	<u>250,000</u>
No.	「FISCAL IMPACT ADDITIONAL FTE SITIONS (Cumulative)			<u>250,000</u>		
Budg	m Included In Curren get Account No.: I ct Repoi	Fund	Depa	ırtment	Unit	
В.	Recommended Sou	rces of Fur	nds/Sum	mary of Fiscal I	mpact:	
The f	Resolution increases th	e maximum	interest	rate.		
C.	Departmental Fisca	l Review: _				
		III. <u>REV</u>	IEW COM	<u>IMENTS</u>		
A.	OFMB Fiscal and/or	Contract I	B _	Control Comme	A	
B.	Legal Sufficiency:  Assistant County A	8/9/ attorney	13			
C.	Other Department R	deview:				
	Department D	Director				
RFVI	SED 9/03					

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT.)

ADM FORM 01

RESOLUTION	NO.	R-2013-	

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA AMENDING RESOLUTION NO. R-2013-0589 ADOPTED MAY 7, 2013 AUTHORIZING THE ISSUANCE OF THE COUNTY'S TAXABLE PUBLIC IMPROVEMENT REVENUE BONDS (CONVENTION CENTER HOTEL PROJECT), SERIES 2013 TO MODIFY THE NOT TO EXCEED TRUE INTEREST COST RATE PER ANNUM THAT MAY BE BORNE BY SAID BONDS; PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on May 7, 2013, the Board of County Commissioners of Palm Beach County, Florida (the "Board") adopted Resolution No. R-2013-0589 (the "Bond Resolution") authorizing the issuance of its Taxable Public Improvement Revenue Bonds (Convention Center Hotel Project), Series 2013 (the "Series 2013 Bonds") (all capitalized terms not otherwise defined herein having the meanings ascribed thereto in the Bond Resolution); and

WHEREAS, in the Bond Resolution, authority was delegated to the Mayor or the County Administrator, in consultation with the Financial Advisor, to select one or more bidders that submit the lowest qualified bid to purchase the Series 2013 Bonds, subject to certain specified Parameters; and

WHEREAS, the Series 2013 Bonds have not yet been sold and delivered; and

WHEREAS, based on current market conditions, the County's Financial Advisor has advised that it is necessary and appropriate to modify the Parameters set forth in the Bond Resolution to increase the not exceeding true interest cost rate per annum that may be borne by the Series 2013 Bonds from 6.00% to 7.50%;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AS FOLLOWS:

SECTION 1. AMENDMENT TO BOND RESOLUTION. For purposes of the foregoing, underlining indicates an addition and a strike-through indicates a deletion. Article VIII, Section 2 of the Bond Resolution is hereby amended and restated in its entirety as follows:

"SECTION 2. PARAMETERS. The Board hereby delegates to the Mayor or, in the alternative, the County Administrator, in consultation with the Financial Advisor, the authority to sell the Series 2013 Bonds to the lowest qualified bidder or bidders in accordance with the Parameters.

For purposes of this Resolution, the "Parameters" shall be as follows: (i) the original aggregate principal amount of the Series 2013 Bonds shall not exceed \$31,000,000; (ii) the true interest cost rate per annum on the Series 2013 Bonds shall not exceed 7.50 6.00%; (iii) the final maturity date of the Series 2013 Bonds shall not be later than approximately 30 years from the Date of Issue; (iv) the purchase price shall not be less than 98% of the original aggregate principal amount of the Series 2013 Bonds; and (v) the Series 2013 Bonds shall be subject to mandatory sinking fund redemption, if issued as term bonds, and may be subject to extraordinary redemption and/or optional redemption, including at a make-whole redemption price, if at all, in such manner and at such times so as to

produce the best market acceptance for the Series 2013 Bonds, all as shall be provided in the final Official Notice of Sale."

SECTION 2. BOND RESOLUTION REMAINS IN EFFECT. Except as expressly amended hereby, the Bond Resolution remains in full force and effect.

SECTION 3. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

The foregoing resolution	was offered by Commissioner	
who moved its adoption. The motion w	as seconded by Commissioner	,
and upon being put to a vote, the motion	n passed as follows:	

Commissioner Steven L. Abrams, Mayor Commissioner Priscilla A. Taylor, Vice Mayor Commissioner Hal R. Valeche Commissioner Paulette Burdick Commissioner Shelly Vana
Commissioner Mary Lou Berger Commissioner Jess R. Santamaria -

The Mayor thereupon declared the resolution duly passed and adopted this 10th day of September, 2013.

## PALM BEACH COUNTY, FLORIDA, BY ITS BOARD OF COUNTY COMMISSIONERS

SHARON R. BOCK, CLERK & COMPTROLLER

Ву:	
-	Deputy Clerk

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

By: County Attorney