3G-4

Agenda Item #:

# PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS AGENDA ITEM SUMMARY

Meeting Date: May 16, 2017 [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 authorizing the execution of an Eighth Amendment to Loan Agreement in connection with the extension of the County's line of credit dated May 21, 2009 with Wells Fargo Bank, N.A., that satisfies the debt service reserve fund requirements for several of the County's outstanding bond issues; authorizing the execution of a separate Eighth Amendment to Loan Agreement in connection with the extension of the County's separate line of credit with Wells Fargo Bank N.A. (the Bank), dated June 4, 2009 that satisfies the debt service reserve fund requirements for several other County bond issues and providing an effective date.

**Summary:** Under the terms of the loan agreements, the County requested that the Bank extend the maturity date for the remaining loan agreement. The Bank has agreed to extend the loan agreement for three months for the remaining bond issue. The bond issue will mature in the beginning of the next fiscal year and the related letter of credit will no longer be needed after this fiscal year. The County will continue to pay an annual fee of .65% (\$31,062) for the remaining letter of credit issued to satisfy the debt service reserve requirements under the loan agreement. Due to the one bond maturing, this amendment will decrease the annual cost approximately \$31,062. The Bonds originally had debt service reserves that were funded by surety policies issued by municipal bond insurance companies. When those companies had their AAA rating downgraded below a level specified in the bond resolutions, the County had to replace the surety policies with letters of credit. The County's AAA bond rating enabled the replacement in an expedient manner at a time when it was difficult for governments with a lesser rating to borrow money. **Countywide (PFK)** 

**Background and Justification:** On March 22, 2016, the Board adopted Resolution (R-2016-0338) authorizing the execution of the Seventh Amendments to the Loan Agreements in connection with the extension of the County's lines of credit to satisfy debt service requirements for various outstanding bond issues of the County. The County does not expect that any draws on the letters of credit will occur. The fees are paid from legally available non-ad valorem revenues.

### Attachments:

1. Line of Credit Resolution

Department Director

Date

Approved By:

Recommended by:

County Administrator

Date

# II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:							
	Fiscal Years	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	
Capital Expenditures Operating Costs Debt Service Costs External Revenues Program Income (County) In-Kind Match (County)		<u>7,800</u>					
NET FISCAL IMPACT <sup>★</sup>		7,800					
No. ADDITIONAL FTE							
Budg	m Included In Curren et Account No.: I ct Repo	-und	_ Departme	No ent	(Various Unit	s Budgets)	
B.	Recommended Sou	rces of Fund	ds/Summary	of Fiscal	Impact:		
¥Thes∈	e fees are paid from av	/ailable non-a	ad valorem re	evenues.			
C.	C. Departmental Fiscal Review:						
III. REVIEW COMMENTS							
A.	A. OFMB Fiscal and/or Contract Dev. and Control Comments:						
	MP MS OFMB	275/2 275/2	Cont	ract Dev	Jarol ind Contro	nu 512/11	
B.	Lĕgal Sufficiency:						
	Paul F. Assistant County A	5/2/17 Attorney					
C.	Other Department F	Review:					
	Department I	Director	-				

REVISED 9/03 ADM FORM 01 (THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT.)

## RESOLUTION NO. 2017-\_\_\_\_

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AUTHORIZING THE EXECUTION EIGHTH AMENDMENT TO LOAN AGREEMENT CONNECTION WITH THE EXTENSION OF THE COUNTY'S LINE OF CREDIT DATED MAY 21, 2009 WITH WELLS FARGO BANK, N.A., THE **SERVICE DEBT** RESERVE **SATISFIES** REQUIREMENTS FOR SEVERAL OF THE COUNTY'S OUTSTANDING BOND ISSUES: AUTHORIZING THE EXECUTION OF A SEPARATE EIGHTH AMENDMENT TO LOAN AGREEMENT IN CONNECTION WITH THE EXTENSION OF THE COUNTY'S SEPARATE LINE OF CREDIT WITH WELLS FARGO BANK, N.A., DATED JUNE 4, 2009 **FUND DEBT SERVICE** RESERVE **THAT SATISFIES** THE REQUIREMENTS FOR SEVERAL OTHER COUNTY BOND ISSUES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners of Palm Beach County, Florida (the "County") has previously entered into those certain Loan Agreements, dated as of May 19, 2009 and June 4, 2009 (collectively, the "Loan Agreements") with Wachovia Bank, National Association (now Wells Fargo Bank, N.A.) (the "Bank") providing for the establishment by the Bank of a line of credit (the "Line of Credit") pursuant to which the Bank will issue certain letters of credit (the "Letters of Credit") in satisfaction of the debt service reserve fund requirements with respect to several series of revenue bonds previously issued by the County; and

**WHEREAS**, the Agreements specify that the respective Lines of Credit authorized thereunder have maturity dates of May 20, 2010 and June 3, 2010, respectively, which dates may be extended upon compliance with the terms thereof; and

WHEREAS, the County by adoption of separate First Amendments to Loan Agreement, each dated as of May 20, 2010 and June 3, 2010, extended the maturity date of the Lines of Credit to May 20, 2011 and June 3, 2011, respectively; and

**WHEREAS,** the County by adoption of separate Second Amendments to Loan Agreement, dated as of May 20, 2011 and June 3, 2011, respectively, extended the maturity dates of the Lines of Credit to May 20, 2012 and June 3, 2012, respectively; and

**WHEREAS,** the County by adoption of separate Third Amendments to Loan Agreement, dated as of May 20, 2012 and June 3, 2012, respectively, extended the maturity dates of the Lines of Credit to May 20, 2013 and June 3, 2013, respectively; and

- WHEREAS, the County by adoption of separate Fourth Amendments to Loan Agreement, dated as of May 20, 2013 and June 3, 2013, respectively, extended the maturity dates of the Lines of Credit to May 20, 2014 and June 3, 2014, respectively; and
- **WHEREAS**, the County by adoption of separate Fifth Amendments to Loan Agreement, dated as of May 20, 2014 and June 3, 2014, respectively, extended the maturity dates of the Lines of Credit to May 20, 2015 and June 3, 2015, respectively; and
- **WHEREAS,** the County by adoption of separate Sixth Amendments to Loan Agreement, dated as of May 20, 2015 and June 3, 2015, respectively, extended the maturity dates of the Lines of Credit to May 20, 2016 and June 3, 2016, respectively; and
- WHEREAS, the County by adoption of separate Seventh Amendments to Loan Agreement, dated as of May 20, 2016 and June 3, 2016, respectively, extended the maturity dates of the Lines of Credit to May 20, 2017 and September 30, 2016, respectively; and
- **WHEREAS**, the County has received indication that the Bank is willing to further extend such maturity dates;

# NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, as follows:

- **SECTION 1.** The Eighth Amendment to Loan Agreement, dated as of May 20, 2017, between the County and the Bank, substantially in the form attached hereto as Exhibit A, is hereby authorized to be executed by the Mayor and Clerk or their appropriate designees, with such modifications, insertions as deletions as approved by such parties, approval to be presumed by their execution thereof.
- **SECTION 2.** If any provisions of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provisions herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.
- **SECTION 3.** This Resolution shall be governed by and construed in accordance with the laws of the State of Florida.
- **SECTION 4.** All officials and employees of the County are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents, and contracts on behalf of the County that are necessary or desirable in connection with the completion of the Loan.
  - **SECTION 5.** All resolutions or parts thereof in conflict herewith are hereby repealed.
  - **SECTION 6.** This Resolution shall take effect immediately upon its adoption.

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

Commissioner Paulette Burdick, Mayor Commissioner Melissa McKinley, Vice Mayor Commissioner Mary Lou Berger Commissioner Steven L. Abrams Commissioner Hal Valeche Commissioner Dave Kenner Commissioner Mack Bernard

The Mayor thereupo June, 2017.	on declared the Resolution duly passed and adopted this day of
	PALM BEACH COUNTY, FLORIDA, BY ITS BOARD OF COUNTY COMMISSIONERS SHARON R. BOCK, CLERK AND COMPTROLLER
	By:

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

By: Paul F
County Attorney

### **EXHIBIT A**

# EIGHTH AMENDMENT TO LOAN AGREEMENT

This Eighth Amendment to Loan Agreement, dated as of May 20, 2017, by and between Palm Beach County, Florida, a political subdivision of the State of Florida, and its successors and assigns (the "County") and Wells Fargo Bank, N.A., a national banking association, as successor to Wachovia Bank, National Association, its successors and assigns (the "Bank");

#### WITNESSETH:

WHEREAS, the parties hereto have previously entered into that certain Loan Agreement, dated as of May 21, 2009, as amended by the First Amendment to Loan Agreement, dated as of May 20, 2010, the Second Amendment to Loan Agreement, dated as of May 20, 2011, the Third Amendment to Loan Agreement, dated as of May 20, 2012, the Fourth Amendment to Loan Agreement, dated as of May 20, 2013, the Fifth Amendment to Loan Agreement, dated as of May 20, 2014, the Sixth Amendment to Loan Agreement, dated as of May 20, 2015, the Seventh Amendment to Loan Agreement, dated as of May 20, 2016 (collectively, the "Original Loan Agreement"), providing for the provision by the Bank of a Line of Credit to the County and the issuance pursuant thereto of certain Letters of Credit fulfilling the Debt Service Reserve Requirement for certain County bond issues; and

**WHEREAS**, the Line of Credit under the Original Loan Agreement expires May 20, 2017, subject to extension by the Bank; and

**WHEREAS**, the Bank has indicated its willingness to extend the Line of Credit and the Letters of Credit issued thereunder through September 30, 2017; and

WHEREAS, the County and the Bank desire to modify the Original Loan Agreement to reflect such extension;

The parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, **DO HEREBY AGREE** as follows:

- **SECTION 1.** The Maturity Date set forth in the Original Loan Agreement is hereby amended to be September 30, 2017.
- **SECTION 2.** The stated amount of the Letter of Credit issued under the Line of Credit related to the County's Public Improvement Revenue Bonds (Biomedical Research Park Project), Series 2007C, is \$4,674,000.
- **SECTION 3.** Except as modified hereby, all other provisions of the Original Loan Agreement shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Agreement to be effective between them as of the date first set forth above.

# WELLS FARGO BANK, N.A.

	By: Name: Title:
ATTEST:	PALM BEACH COUNTY, FLORIDA
Sharon R. Bock, Clerk & Comptroller	
	By: Commissioner Paulette Burdick, Mayor Board of County Commissioners
By:	Board of County Commissioners
Deputy Clerk	
(SEAL)	
APPROVED AS TO FORM AND LEGAL SUFFICIENCY	
County Attorney	