

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**AGENDA ITEM SUMMARY**

**Meeting Date:** October 8, 2019

☒ **Consent**    ☐ **Regular**  
☐ **Ordinance**    ☐ **Public Hearing**

**Department:** Facilities Development & Operations

**I. EXECUTIVE BRIEF**

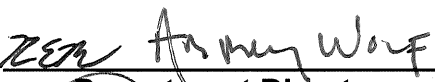
**Motion and Title:** **Staff recommends motion to approve:** a budget amendment of \$1,987,901 in the 176.5M NAV 08 CTF, Jail Expand/Pub Bldg Fund 3053 recognizing revenue received from the Internal Revenue Service (IRS) and to increase the Jail Expansion project budget line.

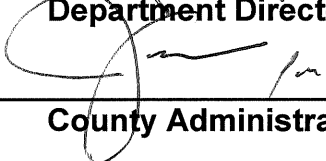
**Summary:** This budget amendment recognizes the refund of previously paid arbitrage rebate liability amounts from the IRS and transfers the funds into the original project budget for the County's Jail Expansion Program. Funds will be applied toward the ongoing renewal/replacement phases of the Palm Beach County Detention Facilities. **(FDO Admin) Countywide/Districts 2 and 6 (LDC).**

**Background & Justification:** On August 18, 2008, the Board approved (Resolution No. 2008-1363) the sale of the \$176.585 Million Public Improvement Revenue Bonds, Series 2008 to finance the costs of acquisition, renovation, construction and equipping of additional criminal justice and public improvement facilities. The Series 2008 Bonds closed on August 28, 2008. The Internal Revenue Code Statutes limit the amount of interest that can be earned by the issuer on the proceeds of those bonds. Accordingly, when the bonds were sold/issued, the "arbitrage yield" was calculated based upon the bond specific statistics. At specified dates, Palm Beach County earned interest on the bond proceeds that were in excess of the specified arbitrage yield and Palm Beach County surrendered the excess earnings to the IRS. According to the IRS, if, at the end of the life of the bonds, interest rates have fluctuated to the point where the liability that has previously been rebated (paid) to the IRS has been erased (as a result of cumulative interest earnings being less than the arbitrage yield threshold), the issuer may request a refund of part or all of the previously rebated amounts. Due to the fluctuations in interest rates and cumulative interest earnings over the life of the \$176M Series 2008 Public Improvement Revenue Bonds, the cumulative arbitrage rebate liability resulted in an overpayment by Palm Beach County and as a result, the previously paid rebate amounts became eligible to be refunded. Working in conjunction with bond counsel and our arbitrage consultants, the County filed a request with the IRS on August 7, 2018 for the refund of the previously rebated amounts. On April 25, 2019, Palm Beach County received notification of approval for refund of the arbitrage rebate overpayment. This agenda item recognizes receipt of that rebate and assigns the funds to the original project budget for deployment toward ongoing capital improvements at the County's detention facilities.

**Attachment:**

Budget Amendment – 176.5M NAV 08 CTF, Jail Expand/Pub Bldg Fund 3053

**Recommended by:**  9/6/19  
**Department Director** **Date**

**Approved by:**  9-25-19  
**County Administrator** **Date**

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2019	2020	2021	2022	2023
Capital Expenditures	\$1,987,901	-0-	-0-	-0-	-0-
Operating Costs	-0-	-0-	-0-	-0-	-0-
External Revenues	(\$1,987,901)	-0-	-0-	-0-	-0-
Program Income (County)	-0-	-0-	-0-	-0-	-0-
In-Kind Match (County)	-0-	-0-	-0-	-0-	-0-
NET FISCAL IMPACT	-0-	-0-	-0-	-0-	-0-

# ADDITIONAL FTE  
POSITIONS (Cumulative)

Is Item Included in Current Budget? Yes No X  
Does this item include use of federal funds? Yes No X

Budget Account No: Fund 3053 Department 411 Unit B362 Object 4907  
Fund 3053 Department 810 Unit 4100 Rev Source 6931

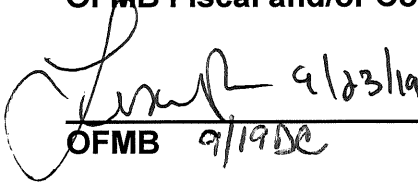
B. Recommended Sources of Funds/Summary of Fiscal Impact:

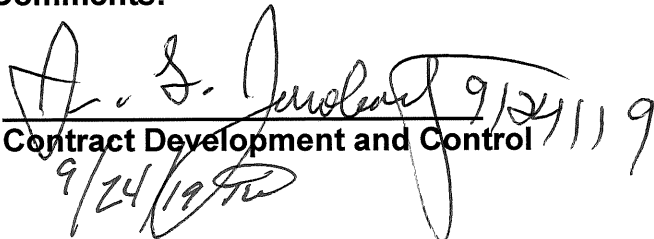
The net fiscal impact is zero. Palm Beach County received an arbitrage rebate liability refund from the IRS in the amount of \$1,987,901 for the 176.5M NAV 08 CTF, Jail Expand/Pub Bldg bond which in turn will be used for the ongoing renewal/replacement phases at the detention facilities for which the bond was originally issued.

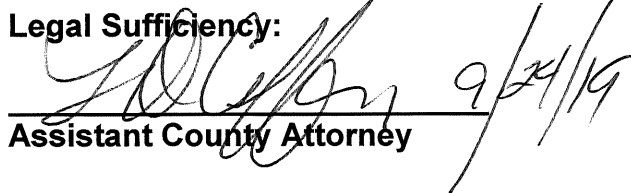
C. Departmental Fiscal Review: 

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development Comments:

 9/23/19  
OFMB 9/19/20 44 9/23

 9/24/19  
Contract Development and Control 9/24/19

B. Legal Sufficiency:  9/24/19  
Assistant County Attorney

C. Other Department Review:  
  
Department Director

This summary is not to be used as a basis for payment.

19- 0975

BOARD OF COUNTY COMMISSIONERS  
PALM BEACH COUNTY, FLORIDA  
BUDGET AMENDMENT

PUBLIC BUILDING IMPROVEMENT FUND

3053

BGEX-410-072319-1677

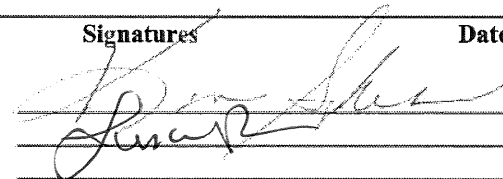
BGRV-410-072319-511

ACCT.NUMBER	ACCOUNT NAME	ORIGINAL BUDGET	CURRENT BUDGET	INCREASE	DECREASE	ADJUSTED BUDGET	EXPENDED/ ENCUMBERED 09/19/2019	REMAINING BALANCE
<u>REVENUES</u>								
810 4100	6931 Refund Prior Year Arbitrage Rebate Paid IRS	0	0	1,987,901		1,987,901		
	<b>Total Receipts and Balances</b>	<b>903,585</b>	<b>385,762</b>	<b>1,987,901</b>	<b>0</b>	<b>2,373,663</b>		
<u>EXPENDITURES</u>								
411 B362	4907 - Building Improvements Noncapital	351,763	65,870	1,987,901		2,053,771	65,869	1,987,902
	<b>Total Appropriations &amp; Expenditures</b>	<b>903,585</b>	<b>385,762</b>	<b>1,987,901</b>	<b>0</b>	<b>2,373,663</b>		

INITIATING DEPARTMENT/DIVISION  
Facilities Development & Operations  
Administration/Budget Department Approval  
OFMB Department - Posted

Signatures

Date



9/23/19

By Board of County Commissioners  
At Meeting of  
10/8/2019  
Deputy Clerk to the  
Board of County Commissioners