



Legislation Text

File #: 18-2565, Version: 1

ITEMS: A. APPROVAL OF RESOLUTION AC2018-07 OF THE BOARD OF SUPERVISORS OF ACME IMPROVEMENT DISTRICT REPEALING A RESOLUTION ADOPTED SEPTEMBER 14, 1993 RELATING TO THE DISTRICT'S WATER AND SEWER UTILITY SYSTEM; AND PROVIDING AN EFFECTIVE DATE.

A RESOLUTION OF THE BOARD OF SUPERVISORS OF ACME IMPROVEMENT DISTRICT REPEALING A RESOLUTION ADOPTED SEPTEMBER 14, 1993 RELATING TO THE DISTRICT'S WATER AND SEWER UTILITY SYSTEM; AND PROVIDING AN EFFECTIVE DATE.

B. APPROVAL OF RESOLUTION AC2018-08 OF THE BOARD OF SUPERVISORS OF ACME IMPROVEMENT DISTRICT AUTHORIZING THE DISTRICT TO ENTER INTO AN INTERLOCAL AGREEMENT RELATING TO THE DISTRICT'S WATER AND WASTE WATER UTILITY TREATMENT SYSTEM BETWEEN THE DISTRICT AND THE VILLAGE OF WELLINGTON, FLORIDA; AND PROVIDING AN EFFECTIVE DATE.

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C. APPROVAL OF RESOLUTION AC2018-06 OF THE BOARD OF SUPERVISORS OF ACME IMPROVEMENT DISTRICT AMENDING THE WATER AND WASTEWATER FUND BUDGET FOR FISCAL YEAR 2019 IN ORDER TO PROVIDE FUNDING FOR WATER AND WASTEWATER SYSTEMS CAPITAL IMPROVEMENTS FINANCING; AND PROVIDING AN EFFECTIVE DATE.

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D. APPROVAL OF RESOLUTION NO. R2018-69 OF WELLINGTON, FLORIDA'S COUNCIL FINANCING OF THE VILLAGE'S WATER AND WASTEWATER SYSTEM CAPITAL IMPROVEMENTS.

A RESOLUTION OF WELLINGTON, FLORIDA'S COUNCIL AUTHORIZING THE VILLAGE TO BORROW \$20,000,000 FOR THE PURPOSE OF FINANCING CAPITAL EXPENDITURES RELATING TO THE WATER AND WASTEWATER SYSTEM SERVING THE VILLAGE; AUTHORIZING THE EXECUTION OF PROMISSORY NOTES AND LOAN AGREEMENTS; AUTHORIZING EXECUTION OF AN INTERLOCAL AGREEMENT WITH ACME IMPROVEMENT DISTRICT; AND PROVIDING AN EFFECTIVE DATE.

E. APPROVAL OF RESOLUTION NO. R2018-70 OF WELLINGTON, FLORIDA'S COUNCIL AMENDING THE DEBT SERVICE FUND BUDGET FOR FISCAL YEAR 2019 IN ORDER TO PROVIDE FUNDING FOR WATER AND WASTEWATER SYSTEMS CAPITAL IMPROVEMENTS FINANCING; AND PROVIDING AN EFFECTIVE DATE.

A RESOLUTION OF WELLINGTON, FLORIDA'S COUNCIL AMENDING THE DEBT SERVICE FUND

BUDGET FOR FISCAL YEAR 2019 IN ORDER TO PROVIDE FUNDING FOR WATER AND WASTEWATER SYSTEMS CAPITAL IMPROVEMENTS FINANCING; AND PROVIDING AN EFFECTIVE DATE.

REQUEST: Approval of Resolution Nos. AC2018-07, AC2018-08, AC2018-06, R2018-69 and R2018-70 for the financing of the Village's Water and Wastewater Systems Capital Improvements with STI Institutional & Government, Inc. (SunTrust Bank).

EXPLANATION: Wellington conducted a workshop in April 2018 to discuss the update the Utility Water and Wastewater Rate Structure and Plan and to review the Utility 5 Year Capital Improvement Plan. The Utility Rate Plan had previously been updated in 2009. That plan included issuance of debt and annual indexing that was never fully implemented. The 2018 Rate Study was approved and includes issuance of debt for funding of the CIP. Wellington Staff advised Council in April 2018 that early issuance of debt would be considered based on favorable rates and potential continuing rate increases by the Federal Reserve.

On October 29, 2018, the Village requested Letters of Interest (LOI) from banking institutions interested in providing a loan to the Village in order to provide funds to finance capital expenditures relating to the water and wastewater system serving the Village. The Village will be the borrower. The loan will be repaid using lawfully available revenues of the Village not derived from ad valorem taxes. The Village and Acme Improvement District will enter into an Interlocal Agreement whereby Acme agrees to make payments to the Village that are equal to the debt service on the loan. The Interlocal Agreement is attached to the Resolution (AC2018-08).

On November 27, 2018, we received proposals from ten banks as summarized below:

Bank	Interest Rate	Fees	Term
Bank of America	3.11%	\$8,000	15 years
BB&T - Option A	3.680%	\$10,000	15 years
BB&T - Option B	3.730%	\$10,000	20 years
Capital Bank -Option A	3.560%	\$2,000	20 years
Capital Bank -Option B	3.217%	\$2,000	10 years
CenterState Bank	3.490%	\$8,000	20 years
Florida Community Bank	3.500%	\$11,000	17 years
JP Morgan	3.49%	\$0	15 years
RBC - Option A	3.775%	\$150,000	20 years
RBC - Option B	3.727%	\$150,000	20 years
Suntrust - Loan 1	3.08%	\$7,000	15 years
Suntrust - Loan 2	3.09%	None	15 years
TD Bank - Option A	3.42%	\$7,500	20 years
TD Bank - Option B	3.25%	\$7,500	20 years w/10 year bank call option
US Bancorp	3.437%	\$0	15 years

The Village received proposals for loans with a term of either 15 years or 20 years. The 20 year proposal with the lowest interest rate was provided by TD Bank, with an interest rate of 3.42%. SunTrust proposed the lowest interest rate for a 15-year term, with an interest rate of 3.08% for the first \$10,000,000 and 3.09% for the second \$10,000,000. Annual payments for the TD loan would be approximately \$1,397,000 and for the SunTrust loans would be approximately \$1,660,000. All other terms of both lenders are acceptable.

Staff recommends the SunTrust proposal as the best choice with the closings scheduled as follows:

- \$10,000,000 principal, fixed rate of 3.08%, closing December 12, 2018.
- \$10,000,000 principal, fixed rate of 3.09%, closing January 4, 2019.

Pursuant to Wellington's Debt Management Policy, Section 9 - The Financing Team (Consultants and Service Providers) consists of Mark E. Raymond, Attorney at Law as Bond Counsel and Spectrum Municipal Advisors as Financial Advisor.

Authorization to approve engaging these consultants is addressed in Wellington's Purchasing Manual, Chapter 3 - Items Exempt from Competition, Section 6 Debt Service and other financing transactions costs, Section 9 Legal Services, and Section 12 Other Professional Services.

The Financing Team fees debt issuance costs will be reimbursed from the proceeds as summarized below:

Consultant	Fee
Bond Counsel: Mark E. Raymond, Attorney At Law	\$25,000
Financial Advisor: Spectrum Municipal Services	\$15,000
SunTrust Bank Fee	\$ 7,000
Total	\$47,000

BUDGET AMENDMENT REQUIRED: YES

PUBLIC HEARING: NO

QUASI-JUDICIAL:

FIRST READING:

SECOND READING:

LEGAL SUFFICIENCY: YES

FISCAL IMPACT: The Village will issue debt in the aggregate principal amount of \$20,000,000 with a 15 year term and a final maturity date of January 4, 2034. The debt will be repaid using lawfully available revenues of the Village not derived from ad valorem taxes. No particular revenue stream is pledged to the repayment of the debt, but the ad valorem taxing power of the Village is not pledged to the debt repayment. The Village and Acme Improvement District will enter into an Interlocal Agreement whereby Acme agrees to pay the Village the debt service on the loan. In this way, debt service is effectively repaid from water and sewer system revenues. Resolutions AC2018-06 and R2018-70 are the necessary Budget Amendments related to the issuance of this debt.

WELLINGTON FUNDAMENTAL: Responsive Government

RECOMMENDATION:

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