

SOLID WASTE AUTHORITY OF PALM BEACH
SUPPLEMENT TO RATING EVENT NOTICE CORRECTING PRINCIPAL AMOUNT OF
BONDS RATED

August 17, 2017

Ladies and Gentlemen:

On August 11, 2017, Moody's Investors Service ("Moody's") released its rating report (the "Report") with respect to the Refunding Revenue Bonds, Federally Taxable Series 2017 (the Bonds") of the Solid Waste Authority of Palm Beach County. A copy of the Report was posted on the MSRB's Electronic Municipal Market Access Service on August 17, 2017.

In its Report, Moody's incorrectly states that the principal amount of the Bonds is \$61,250,000. The correct principal amount of the Bonds is \$107,985,000. See attached Report.

SOLID WASTE AUTHORITY OF PALM BEACH COUNTY



Rating Action: Moody's Investors Service assigns Aa2 rating on Palm Beach Solid Waste Authority Bonds, Series 2017; Outlook Stable

Global Credit Research - 11 Aug 2017

New York, August 11, 2017 -- Issue: Refunding Revenue Bonds Federally Taxable Series 2017 Bonds; Rating: Aa2; Sale Amount: \$61,250,000; Expected Sale Date: 7/31/2017; Rating Description: Revenue: Government Enterprise

Summary Rating Rationale

On July 25, 2017, Moody's Investors Service assigned a Aa2 rating to Solid Waste Authority of Palm Beach County's \$61.25 million Series 2017 Refunding Revenue Bonds. Concurrently, we affirmed the Aa2 rating on approximately \$776 million of parity senior lien debt. The outlook is stable. The Aa2 rating reflects non-ad valorem special assessments equivalent to 65% of the authority's total pledged revenues; the strength of flow control in the county; and waste-to-energy (WTE) contracts that extend through the life of the debt. Due to an internal administrative error, this action was not previously announced.

Rating Outlook

The stable outlook is based on Moody's expectation that the new WTE facility will continue to be operated in a sound manner similar to the original WTE facility, and that any increases in operating expenses will be met with increases in the assessment rate to maintain current financial metrics.

Factors that Could Lead to an Upgrade

The rating is currently well positioned at this high rating level and we see little upward rating pressure given the operational risks and narrowing financial metrics.

Factors that Could Lead to a Downgrade

Sustained declines of senior lien debt service coverage below 1.20x and total debt service coverage below 1.15x

Sustained declines of liquidity below 365 days

Significant waste diversion and sustained declines in operating revenues

Legal Security

Net revenues of the authority's disposal operations (excluding collection related operations). The rate covenant requires that net revenues are at least 1.10 times annual debt service, and that county-wide special assessments provide 1.0 times coverage of annual debt service payments and the amount, if any, necessary to restore any deficiency in the Debt Service Reserve Account. The debt service reserve fund requirement is average annual debt service.

Use of Proceeds

Proceeds of the Series 2017 bonds will advance refund a portion of the Series 2009. The refunding is projected to provide 4.9% net present value savings of refunded bonds, or \$3 million. Savings will be uniform over the life of the bonds and there will be no extension of maturity.

Obligor Profile

The authority operates an integrated solid waste disposal system, which includes two waste-to-energy (WTE) facilities (Renewal Energy Facilities #1 and #2, or REF#1 and REF#2), landfill, and recovered materials facility, among other components. Operating & Maintenance Agreements and Power Purchase Agreements (PPAs) for both WTE facilities are in place and extend through the life of the bonds; the PPAs are with Florida Power & Light Company (A1, stable) and the Operating & Maintenance Agreements are with Palm Beach Resource

Recovery Corporation (PBRRC), a subsidiary of Babcock and Wilcox Company (NR).

Methodology

The principal methodology used in this rating was Waste-to-Energy Projects published in April 2012. Please see the Rating Methodology page on www.moodys.com for a copy of this methodology.

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Sarah Lee
Lead Analyst
Project Finance
Moody's Investors Service, Inc.
99 Church St.
New York 10007
US
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Kurt Krummenacker
Additional Contact
Project Finance
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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