

STATEMENT OF BUDGET IMPACT
(Policy Number 94-45)
Budgetary Review of Proposed Resolution &
Ordinances with Financial Implication.

Date: January 21, 2016

BIS 16-083

File: TMP-2016-023

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA AUTHORIZING THE ISSUANCE OF CAPITAL IMPROVEMENT REVENUE BONDS IN ONE OR MORE SERIES FOR THE PURPOSE OF FINANCING (A) THE COSTS OF ACQUIRING, CONSTRUCTING AND INSTALLING CAPITAL PROJECTS FOR THE BENEFIT OF THE CITY OF HOLLYWOOD, AND (B) REFUNDING PRIOR OBLIGATIONS ISSUED BY OR ON BEHALF OF THE CITY, AND PAYING ALL OTHER COSTS NECESSARY OR INCIDENTAL THERETO; PROVIDING FOR THE TERMS AND PAYMENT OF SUCH BONDS; PROVIDING FOR THE RIGHTS, SECURITY AND REMEDIES OF THE HOLDERS THEREOF; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AUTHORIZING THE PROPER OFFICIALS OF THE CITY OF HOLLYWOOD TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

Statement of Budget Impact:

1. No Budget Impact associated with this action;
2. Sufficient resources are identified /available;
3. Budgetary resources not identified/unavailable;
4. Potential revenue is possible with this action;
5. Will not increase the cost of Housing;
6. May increase the cost of Housing; (CDAB review required)

Explanation:

This Resolution seeks to establish the legal framework for the issuance of Capital Improvement Revenue Bonds. The specific terms of the Series 2016 Capital Improvement Revenue and Refunding Bonds will be included in the Supplemental Bond Resolution which serves as a companion agenda item to this proposed Resolution.

The proposed Resolution authorizes the issuance of refunding bonds to refinance several existing series of bonds and loans secured with non-ad valorem revenues in order to provide debt service savings and the issuance of \$20,000,000 of additional bonds for capital projects. The refunding portion of the transaction will refinance the following existing loans:

- Series 2006 First Florida loan currently outstanding in the amount of \$11,000,000
- Series 2007 First Florida loan currently outstanding in the amount of \$1,060,000
- Series 2009B BB&T Bank loan currently outstanding in the amount of \$6,022,592.33, and
- Series 2010 BB&T Bank loan currently outstanding in the amount of \$5,913,834.31

The proposed Resolution will change the underlying security on these loans from a covenant to budget and appropriate the City's non-ad valorem revenues to a primary pledge of specific revenues of the City – the Half Cent Sales Tax Revenue and the Communications Services Tax. The City's non-ad valorem revenues will continue to serve as a backup pledge for the proposed bonds if there is a debt service funding deficiency.

The proposed Resolution also authorizes the funding of a debt service reserve account or a reserve account insurance policy, the payment of a credit facility (bond insurance), and the payment of costs of issuance. All costs will be paid for from the proceeds of the bond.

This change in underlying security will result in debt that is viewed in the municipal finance markets as more creditworthy. This change also provides a benefit to the City of freeing up a portion of the City's gas tax revenues which were previously committed to repayment of certain loans issued through the First Florida Governmental Financing Commission through fiscal year 2018.

In July 2014, the City established a bond financing team consisting of a Financial Advisor and a pool of three Bond Underwriters. The Bond Underwriter next up in the rotation of the three firms is Merrill Lynch, Pierce, Fenner & Smith, Inc. – who will serve as the Senior Underwriter for the proposed Capital Improvement Revenue Bonds.

PREPARED BY: Hilde Johnson
Management & Budget Analyst

APPROVED BY: Mirtha Dziedzic
Assistant Director, Budget & Financial Services