

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AUTHORIZING THE CITY MANAGER OR DESIGNEE TO SEEK LOAN PROPOSALS DURING FISCAL YEAR 2022 TO BORROW FUNDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000.00 TO PAY THE REMAINING BALANCE OF THE AMOUNT STIPULATED IN THE SETTLEMENT AGREEMENT BETWEEN THE CITY AND THE CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND AND TO FINANCE THE ACQUISITION OF MUNICIPAL VEHICLES.

WHEREAS, on October 2, 2019, the City and the City of Hollywood Employees' Retirement Fund ("Retirement Fund") entered into a settlement agreement related to payments to the Retirement Fund ("Settlement Agreement"); and

WHEREAS, the City agreed to pay the amount of \$12,486,625.00 over a five-year period beginning October 1, 2020; and

WHEREAS, by letter to the Executive Director of the Retirement Fund dated September 18, 2020, GRS, the actuaries of the Retirement Fund, delivered the payment schedule for the payments over the five-year period prescribed in the Settlement Agreement; and

WHEREAS, the payments have an interest rate, which is the assumed rate of return of the investments of the Retirement Fund, commencing at 7.3% annually and decreasing as the assumed rate of return of the Retirement Fund decreases; and

WHEREAS, the City believes that it is able to borrow funds to pay the remaining principal balance of \$8,019,031.48 plus accrued interest at an interest rate significantly lower than the assumed rate of return of the Retirement Fund stated in the preceding "Whereas" clause, resulting in savings to the City of approximately \$500,000.00, depending upon the exact interest rate applicable to the loan obtained by the City; and

WHEREAS, the City Manager requests authorization to seek loan proposals during Fiscal Year 2022 to borrow funds in an amount not to exceed \$8,500,000.00, inclusive of principal, accrued interest, and the related costs of issuance, for a term of three years, in order to pay the remaining balance of the Settlement Agreement plus accrued interest and the related costs of issuance of the loan; and

WHEREAS, the City desires to fund the acquisition of municipal vehicles throughout the City to replace those that have reached the end of their useful life; and

WHEREAS, upon receipt of loan proposals from prospective lenders, the selection of the preferred lender or lenders to provide the requested loans to the City (i) to finance the payment of the remaining balance of the Settlement Agreement, plus accrued interest and related costs of issuance, and (ii) to finance the acquisition of the municipal vehicles, shall require approval of the City Commission.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That the foregoing "WHEREAS" clauses are ratified and confirmed as being true and correct and are incorporated in this Resolution.

Section 2: The City Manager or designee is authorized to seek loan proposals during Fiscal Year 2022 (i) to borrow funds in a principal amount not to exceed \$8,500,000.00 to pay the remaining balance due under the Settlement Agreement between the City and the Retirement Fund of \$8,019,031.48, along with accrued interest and related costs of issuance of the loan, and (ii) to borrow funds in a principal amount not to exceed \$1,500,000.00 to fund the acquisition of municipal vehicles to replace those that have reached the end of their useful life. The terms of such borrowings shall not exceed three years for the payment of the Settlement Agreement, and not exceed five years for the acquisition of the municipal vehicles.

Section 3: That this Resolution shall be in full force and effect immediately upon its passage and adoption.

PASSED AND ADOPTED this _____ day of _____, 2022.

JOSH LEVY, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC
CITY CLERK

APPROVED AS TO FORM AND LEGAL
SUFFICIENCY for the use and reliance
of the City of Hollywood, Florida, only.

DOUGLAS R. GONZALES
CITY ATTORNEY