

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

Date: October 27, 2014

File: BIS 15 – 030

File: TMP-2014-00628

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AUTHORIZING THE ISSUANCE OF THE CITY'S WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2014, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$56,000,000; PROVIDING FOR THE DETERMINATION OF CERTAIN DETAILS OF SUCH BONDS WITHIN PARAMETERS SET FORTH HEREIN; APPOINTING A BOND REGISTRAR WITH RESPECT THERETO; AUTHORIZING THE NEGOTIATED SALE OF SUCH BONDS TO THE UNDERWRITERS MENTIONED HEREIN; DETERMINING THAT THE ISSUANCE OF SUCH BONDS AND THE REFUNDING OF CERTAIN PRIOR BONDS ARE IN THE BEST INTERESTS OF THE CITY AND THE USERS OF THE UTILITY; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT WITH RESPECT TO SUCH BONDS; APPROVING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; APPOINTING AN ESCROW AGENT AND AUTHORIZING THE EXECUTION OF AN ESCROW DEPOSIT AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING THE PROCUREMENT OF CREDIT ENHANCEMENT AND A RESERVE ACCOUNT INSURANCE POLICY TO FURTHER SECURE SUCH BONDS; PROVIDING FOR THE APPLICATION OF BOND PROCEEDS; APPROVING THE REDEMPTION OF SUCH CERTAIN PRIOR BONDS OF THE CITY FROM PROCEEDS OF SUCH BONDS; APPROVING THE APPLICATION OF CERTAIN MONEYS HELD IN RESPECT OF SUCH CERTAIN PRIOR BONDS TO EFFECT SUCH REDEMPTION; ESTABLISHING A 2014 RESERVE SUBACCOUNT AND A MEANS FOR DETERMINATION OF THE RESERVE ACCOUNT REQUIREMENT WITH RESPECT THERETO AND PROVIDING FOR THE FUNDING THEREOF; AUTHORIZING PROPER OFFICIALS TO DO ALL THINGS DEEMED NECESSARY IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE.

Statement of Budget Impact:

1. ☐ No Budget Impact associated with this action;
2. ☒ Sufficient budgetary resources 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 authorize the issuance of the City's Water and Sewer Refunding Revenue Bonds, Series 2014 in an aggregate principal amount not to exceed \$56,000,000 as well as to authorize the performance of such acts and the issuance of such documents as may be required or needed for the issuance of said Water and Sewer Refunding Revenue Bonds. The Series 2014 Refunding Bonds will be issued for the purpose of refunding, on a current basis, the outstanding Water and Sewer Refunding and Improvement Revenue Bonds, Series 2003 in order to generate debt service savings. Previously, pursuant to Resolution, R-2003-354, adopted on November 5, 2003, the City issued Refunded Bonds in the aggregate amount of \$114,705,000 of which \$54,910,000 are still outstanding. Moreover, on July 24, 1991, the City Commission enacted Ordinance No. O-91-44, as amended and supplemented, "the Water and Sewer Bond Ordinance", authorizing and securing the City's Water and Sewer Bonds

In addition to authorizing the issuance of the Water and Sewer Refunding Revenue Bonds, Series 2014, the following actions are also requested to be approved and authorized:

- Appointment of a bond registrar;
- Authorization of the negotiated sale of the bonds to underwriters listed in the resolution;
- Determination that the issuance of the Series 2014 Bonds and the refunding of the Series 2003 Bonds are in the best interest of the City of Hollywood and utility users;
- Authorization of the execution and delivery of the bond purchase agreement between Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of themselves and as the representative of the other underwriters, and the City;
- Approval of the distribution of the preliminary official statement;
- Approval of the form and authorization of the execution and delivery of the final official statement;
- Appointment of an escrow agent and authorization of the execution of an escrow agreement with The Bank of New York Mellon serving as the escrow agent;
- Authorization of the execution and delivery of a continuing disclosure certificate;

- Authorization for the procurement of credit enhancement and a reserve account insurance policy;
- Providing for the application of the bond proceeds;
- Approval of the redemption of certain prior bonds from the proceeds of the Series 2014 Bonds;
- Approval of the application of certain Series 2013 Bond funds for redemption of the Series 2013 bonds;
- Establishment of a 2014 reserve subaccount and a means to determine the required reserve account and the funding of the reserve account; and
- Authorization of such other actions or activities by the appropriate proper officials which are necessary and required for the issuance, sale and delivery of the Series 2014 Refunding Bonds.

The proceeds of the Series 2014 Refunding Bonds will be utilized to (1) currently refund the Series 2003 Refunded Bonds, (2) fund a Reserve Account or a Reserve Account Insurance Policy, and (3) pay certain costs of issuance with respect to the Series 2014 Refunding Bonds. The Series 2014 Refunding Bonds are secured solely by the revenues of the City's Water and Sewer Utility and no tax dollars are used to support the proposed Refunding Bonds.

Based on current market conditions, the issuance of the Series 2014 Refunding Bonds will generate debt service savings of approximately \$7.2 million on a net present value basis – equal to approximately 13.2 percent of the Refunded Bonds.

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