

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

Date: September 24, 2015

File: BIS 15 – 300

File: TMP-2015-00478

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AUTHORIZING THE CITY OF HOLLYWOOD, FLORIDA COMMUNITY REDEVELOPMENT AGENCY, ACTING WITH REGARD TO ITS BEACH REDEVELOPMENT AREA, TO ISSUE ITS REDEVELOPMENT REVENUE AND REVENUE REFUNDING BONDS (BEACH CRA), SERIES 2015, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000 FOR THE PURPOSES OF (1) FINANCING ALL OR A PORTION OF THE COSTS OF CERTAIN PUBLIC IMPROVEMENTS IN THE CITY'S BEACH REDEVELOPMENT AREA, (2) REFUNDING, ON A CURRENT BASIS, ALL OF THE AGENCY'S OUTSTANDING REDEVELOPMENT REVENUE BONDS (BEACH CRA), SERIES 2004, (3) REFUNDING, ON AN ADVANCE BASIS, ALL OF THE AGENCY'S OUTSTANDING REDEVELOPMENT REVENUE BONDS (BEACH CRA), SERIES 2007, (4) MAKING A DEPOSIT TO THE SERIES 2015 DEBT SERVICE RESERVE SUBACCOUNT OR, IN LIEU THEREOF, PAYING THE COSTS OF A RESERVE ACCOUNT INSURANCE POLICY, (5) PAYING CERTAIN COSTS ASSOCIATED WITH THE ISSUANCE OF THE SERIES 2015 BONDS, AND (6) PAYING THE COSTS OF THE CREDIT FACILITY RESPECTING THE SERIES 2015 BONDS; APPROVING AN INTERLOCAL AGREEMENT BETWEEN THE CITY AND THE CITY OF HOLLYWOOD COMMUNITY REDEVELOPMENT AGENCY WITH RESPECT TO SUCH BONDS; PROVIDING FOR SEVERABILITY 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 authorization for the City of Hollywood's Community Redevelopment Agency, "CRA", acting with regard to its beach redevelopment district to issue its Redevelopment Revenue and Revenue Refunding Bonds, Series 2015 in an amount not to exceed \$55,000,000 for the following purposes:

- Financing all or a portion of the costs of certain public improvements in the beach redevelopment district;
- Refunding, on a current basis, all of the CRA's outstanding Redevelopment Revenue Bonds, Series 2004;
- Refunding, on an advance basis, all of the CRA's outstanding Redevelopment Revenue Bonds, Series 2007;
- Making a deposit to the Series 2015 Debt Service Reserve Subaccount or paying the costs of a Reserve Account Insurance Policy;
- Paying certain costs associated with the issuance of the Series 2015 bonds;
- Paying the costs of the credit facility, i.e., bond insurance, respecting the Series 2015 bonds; and
- Approving an Interlocal Agreement, "ILA", between the City of Hollywood and the Hollywood Community Redevelopment Agency relating to the Series 2015 bonds.

Contained in the list of certain public improvement in the beach redevelopment district to be funded by the Series 2015 bonds proceeds in the amount of \$14,000,000 are:

- The undergrounding of overhead utilities and streetscape beautification which include the 6 blocks within the Phase III Streetscape Project from Oklahoma Street to Taft Street.
- Construction of the Nebraska/Nevada Public Parking Garage facility with 316 public parking spaces.

Previously, the Beach CRA issued revenue bonds in the amount of \$20,010,000 in May 2004, the Series 2004 bonds, and in August 2007 the Beach CRA issued the Series 2007 bonds in the amount of \$40,000,000. A portion of the proceeds from the Series 2015 bonds will be used to call in and refund the outstanding Series 2004 bonds on a current basis meaning that the outstanding 2004 bonds will be called and defeased or annulled within 90 days. Moreover, a portion of the proceeds from the Series 2015 bonds will be used to call in and refund the outstanding Series 2007 bonds on an advance basis meaning that the outstanding 2007 bonds will be called and defeased or annulled through the establishment of an escrow account. Together, the refunding of the outstanding Series 2004 and Series 2007 bonds will generate an estimated present value debt service savings of approximately \$2.7 million or 7.2% of the refunded principal.

The proposed Series 2015 Beach CRA Revenue and Refunding Bonds will be secured by a first lien on the tax increment revenues received by the Beach CRA from the City, Broward County, the Children's Services Council, and the South Broward Hospital District (through 2018). The final maturity of the proposed Beach CRA Revenue and Refunding Bonds is 2024.

Additionally, the Resolution seeks to authorize the appropriate City Officials to enter into and execute an Interlocal Agreement, ILA, between the City of Hollywood and the Hollywood Community Redevelopment Agency. Certain notable provisions of the ILA provide the following: additional security for the Series 2015 bonds by requiring the City to designate one or more of the following non-ad valorem revenue sources as substitute security for the tax increment revenues if debt service coverage falls below an agreed upon level:

- Communication Service Tax Revenue
- State Shared Revenues
- Utility Service Tax Revenue
- Franchise Fee Revenue
- Half-cent Sales Tax Revenue
- Local Business Tax Revenue.

Moreover, should the City or CRA take certain actions such as the sunseting of the Beach CRA, changing the Beach CRA boundaries or otherwise impairing the tax increment revenues, the ILA will require the City to adopt a Resolution which designates certain non-ad valorem revenues as pledged revenue for the Series 2015 bonds. The substitution of the designated non-ad valorem revenues can only occur if the change in security results in the bond rating that is equal to or higher than the rating on the Series 2015 bonds.

The costs related to the issuance of the Series 2015 bonds, bond insurance and other payments related to the issuance of the Series 2015 bonds will be provided through a portion of the proceeds generated from the sale of the Series 2015 bonds.

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