

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

Date: January 18, 2017

BIS 17-091

File: TMP-2017-043

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA (THE "CITY"), DECLARING THAT COMPETITIVE PROPOSALS AND COMPETITIVE BIDDING TO OBTAIN FINANCING TO REFINANCE A PRIOR BOND ISSUED BY THE FIRST FLORIDA GOVERNMENTAL FINANCING COMMISSION ON BEHALF OF THE CITY ARE NOT IN THE BEST INTEREST OF THE CITY, AND AUTHORIZING THE APPROPRIATE CITY OFFICIALS TO NEGOTIATE AND EXECUTE A LOAN AGREEMENT BETWEEN PNC BANK, NATIONAL ASSOCIATION ("PNC BANK") AND THE CITY, PURSUANT TO WHICH THE CITY WILL BORROW AN AMOUNT NOT TO EXCEED \$8,595,000 IN ORDER TO ACCOMPLISH SUCH REFINANCING, SUCH INDEBTEDNESS TO BE EVIDENCED BY THE CITY'S REFUNDING REVENUE NOTE, SERIES 2017.

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 have the Commission declare competitive bidding to not be in the best interest of the City for the purpose of obtaining refinancing for a prior bond issued by the First Florida Governmental Financing Commission (FFGFC); further, to authorize negotiation and execution of a loan agreement between PNC Bank, National Association ("PNC Bank") and the City, pursuant to which the City will borrow an

amount not to exceed \$8,595,000 in order to accomplish the refinancing; and further, to authorize issuance of Refunding Revenue Note, Series 2017 as evidence to this indebtedness.

The City's Purchasing Ordinance in Section 38.40(C)(8) states, "Purchases of, and contracts for, supplies or contractual services, when the Commission declares by a five-sevenths (5/7ths) affirmative vote that competitive bidding and competitive proposals are not in the best interest of the city, are exempt from this subchapter. ..."

The City borrowed \$13,280,000 from proceeds obtained from the FFGFC's Refunding Revenue Bond, Series 2012, dated September 26, 2012 to refinance various capital projects.

On November 4, 2016, the FFGFC via Resolution No. 16-03, agreed to dissolution of the Commission at the earliest date after which there remains no outstanding bonds or obligations. As one of the three remaining participants with outstanding FFGFC loan obligations, it is necessary for the City to refinance the remaining balance of the prior Refunding Revenue Bond, Series 2012.

On December 14, 2016, adoption of Resolution No. R-2016-348 authorized initiation of the refunding process for prior obligations issued by the FFGFC on behalf of the City in the form of Refunding Revenue Bonds, Series 2012 with a remaining principal balance of \$8,595,000, held by PNC Bank; as well as Refunding Revenue Bond, Series 2014 in the amount of \$6,515,000 held by Pinnacle Public Finance, Inc. ("Pinnacle").

R-2016-348 authorized payment of incidental costs estimated not to exceed \$85,000.00 for both Bond Series. Funding is available for the expense to complete the refunding process, which is still anticipated not to exceed approximately half of the estimated cost, with the remaining half available to complete the refunding process for the Series 2014 bonds held by Pinnacle.

PREPARED BY: Hilde Johnson
Management / Budget Analyst

APPROVED BY: Kee Juen Eng
Assistant Director, Budget and Financial Services