

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

Date: June 25, 2015

File: BIS 15 – 234

File: TMP-2015-00329

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AUTHORIZING THE ISSUANCE OF NOT MORE THAN \$44,400,000 IN INITIAL PRINCIPAL AMOUNT OF THE CITY OF HOLLYWOOD, FLORIDA GENERAL OBLIGATION REFUNDING NOTE, SERIES 2015, FOR THE PURPOSE OF REFUNDING ON A CURRENT BASIS, ALL OF THE CITY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES 2005, AND PAYING COSTS OF ISSUANCE, PROVIDING, THE FORM AND TERMS OF THE SERIES 2015 NOTE; PROVIDING FOR THE PAYMENT OF THE SERIES 2015 NOTE FROM A TAX ON ALL TAXABLE PROPERTY IN THE CITY OF HOLLYWOOD; DETERMINING THE NEED FOR A NEGOTIATED SALE OF SUCH SERIES 2015 NOTE TO RAYMOND JAMES CAPITAL FUNDING, INC.; DESIGNATING THE CITY'S FINANCIAL SERVICES DEPARTMENT TO ACT AS PAYING AGENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A NOTE PURCHASE AGREEMENT; PROVIDING FOR THE RIGHTS AND REMEDIES OF THE HOLDERS OF THE SERIES 2015 NOTE; PROVIDING FOR CERTAIN OTHER MATTERS DEEMED NECESSARY; MAKING CERTAIN COVENANTS RELATING TO THE ISSUANCE OF THE SERIES 2015 NOTE; AUTHORIZING THE PROPER OFFICERS OF THE CITY TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2015 NOTE; AND PROVIDING FOR 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 of Hollywood's General Obligation Refunding Note, Series 2015 for an amount not to exceed \$44,400,000.00 for the purpose of refunding or paying off all of the City's General Obligation Bonds, Series 2005as well as the costs involved in the issuance of the General Obligation Refunding Note, Series 2015.

Previously, in 2005, the City issued General Obligation ("GO") Bonds, Series 2005 in the amount of \$53,680,000.00 to finance various Fire Rescue and Parks and Recreation facilities throughout the City. The outstanding GO bonds are callable and may be recalled and refunded on a current basis in order to provide debt service savings in the form of a lower interest rate on the debt.

In this situation, with a locked in interest rate of 2.92%, based on the term sheet provided by Raymond James and Associates, the refunding of the GO Bonds, Series 2005 will generate debt service savings of approximately 12.5% or \$5.5 million on a net present value basis. The refunding will provide annual debt service savings of approximately \$462,000 through fiscal year 2030.

This Resolution would designate the Department of Financial Services as the paying agent, authorize the execution and delivery of the note purchase agreement, establish certain rights and remedies for the refunding note holders, authorize the appropriate City Officials to act on the City's behalf in connection with the issuance of the refunding note and other related, required matters.

In July of 2014, the City established a financing team consisting of a financial advisor and a pool of three bond underwriters. The City's financial advisor, First Southwest Company, has recommended that Raymond James and Associates should be awarded the refunding note on a negotiated basis in the form of a private placement. In this instance, under this financing arrangement – private placement, the cost and effort associated with the preparation of a public offering document is avoided. The selection of Raymond James and Associates on this issuance was based on several factors including current market conditions, the type of debt and the remaining term of the outstanding bonds.

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