



Legislation Details (With Text)

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Title: A Resolution Of The City Commission Of The City Of Hollywood, Florida, Authorizing The Appropriate City Officials To Execute The Modification And Extension Of The Line Of Credit Agreement With City National Bank For A Three Year Term To Maintain A Line Of Credit Facility To Assist The City In Meeting The Costs Of Recovery In The Event Of A Disaster; Authorizing The Mayor To Execute Promissory Notes And The City Manager To Approve Draws Pursuant To The Line Of Credit Agreement.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 01 - Resolution ELOC 2020, 2. 02 - Extension of Line of Credit Agreement 2020.pdf, 3. 03 - EX A - Note for Line of Credit Agreement.pdf, 4. 04 - EX C - Draw Certificate.pdf, 5. 05 - CNB ELOC 3 Mo exp 20200831.pdf, 6. 06 - R-2017-156 w EXs.pdf, 7. teremergencylineofcredit

Date	Ver.	Action By	Action	Result
8/26/2020	1	Regular City Commission Meeting	adopt	Pass

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Authorizing The Appropriate City Officials To Execute The Modification And Extension Of The Line Of Credit Agreement With City National Bank For A Three Year Term To Maintain A Line Of Credit Facility To Assist The City In Meeting The Costs Of Recovery In The Event Of A Disaster; Authorizing The Mayor To Execute Promissory Notes And The City Manager To Approve Draws Pursuant To The Line Of Credit Agreement.

Financial Management & Administration

Staff Recommends: Approval of the Attached Resolution.

Explanation:

In 2010, the City Commission determined that, as part of the City's emergency preparedness planning, it is appropriate and necessary to establish a line of credit to provide interim financing, if needed, to meet post-disaster recovery costs in the event of a declared state of emergency.

The Line of Credit Agreement sets forth the terms and conditions under which the City may make a borrowing in the form of a promissory note in a principal amount not to exceed

\$10,000,000.00.

On September 1, 2010, the City Commission approved Resolution R-2010-241 to enter into a Line of Credit Agreement with Wells Fargo Bank, N.A. This Line of Credit Agreement provided for extensions of the Agreement for additional successive periods, each period not to exceed one year. The Agreement with Wells Fargo Bank, N.A. was extended for an additional year in 2011, 2012, 2013, 2014, 2015, and 2016.

On June 7, 2017, the City Commission approved Resolution R-2017-156 to enter into a Line of Credit Agreement with City National Bank. This Line of Credit Agreement provides for extensions of the Agreement for additional successive periods, each period not to exceed one year. The Agreement with City National Bank was extended for two consecutive one year periods in 2018 and 2019. In 2020 the Line of Credit Agreement expired on May 31, 2020, but was extended for a 90 day period that expires August 30, 2020 at no additional cost to the City to accommodate the timing of the issuance of the FY 2019 CAFR upon which the Bank relies on for the issuance of the Line of Credit Agreement.

Section 15 of the Line of Credit Agreement provides that the Line of Credit Agreement may be modified, amended or supplemented by an instrument in writing executed by both The City desires to extend the Line of Credit Agreement for a three year period, modifying Section 14 of the Line of Credit Agreement, and the Bank has indicated its willingness to extend the Line of Credit Agreement for a three year period.

Fiscal Impact:

Approval of this agreement will provide the City with the resources needed (not to exceed \$10,000,000) to assist in meeting immediate cash flow requirements in the event of a disaster. The bank will charge an upfront fee of \$75,000.00 for a three year period as opposed to the annual renewal cost of \$35,000.00, resulting in a savings of \$30,000.00 to the City over the three year extension period.

Funding will be available in the FY2020 Adopted Operating Budget account number 001.120301.51300.531170.000000.000.000 subject to the approval and adoption by the City Commission.

Estimated legal fees in the amount of \$6,500.00 will be incurred with the first draw (if any).

Recommended for inclusion on the agenda by:

David E. Keller, Director, Financial Services Department

Adam Reichbach, Assistant City Manager for Finance and Administration