



City of Hollywood

Hollywood City Hall
2600 Hollywood Blvd
Hollywood, FL 33020
<http://www.hollywoodfl.org>

Legislation Text

File #: R-2016-348, **Version:** 1

A Resolution Of The City Commission Of The City Of Hollywood, Florida; Authorizing The Appropriate City Officials To Initiate The Process Of Refunding Prior Obligations Issued By Or On Behalf Of The City, Specifically The First Florida Governmental Financing Commission Revenue Bonds, Series 2012 And 2014 With A Principal Balance Of \$8,595,000.00 And \$6,515,000.00, Respectively And Paying All Other Costs Necessary Or Incidental Thereto Estimated Not To Exceed \$85,000.00; With The Issuance Of Said Bonds To Be Brought Before The Commission For Final Approval.

Staff Recommends: Approval of the attached Resolution.

Explanation:

The First Florida Governmental Financing Commission (the "FFGFC"), was created in 1985 by Interlocal Agreement among the Cities of St. Petersburg and Sarasota, Florida, and Manatee County, Florida, pursuant to the Florida Interlocal Cooperation Act of 1969 to serve its Members as a cooperative capital financing program.

The City of Hollywood, Florida and City of St. Petersburg, Florida and Broward County, Florida represent the three remaining Members of the FFGFC with outstanding loan obligations.

Due to sustained and fundamental changes in the capital markets, including but not limited to the disappearance of triple-A rated monoline municipal bond insurers, the public finance industry, and the financing needs of its Members, the FFGFC has reviewed and evaluated its mission, purpose, and continued viability for the benefit of its remaining Members.

The FFGFC is required by its Interlocal Agreement to remain in existence as long as any Bonds of the FFGFC or obligations of any participating Governmental Unit issued under the Program of the FFGFC remain outstanding. The FFGFC has chosen to dissolve at the earliest possible date after there are no longer any outstanding FFGFC Bonds or obligations of any participating Governmental Unit which a Member has incurred pursuant to the Program of the Commission.

The FFGFC allocates operating costs proportionately to each Member and debt related costs are prorated based on each Members' respective outstanding debt. It is prudent and beneficial to the City of Hollywood to minimize outstanding debt under this program to reduce

the City's proportionate share of recurring expense which is currently at \$39,000 annually, but will increase as each Member pays off or refunds their outstanding debt as intentions have been conveyed. Recurring annual expenses will continue until such time that all outstanding Member debt has been liquidated and the FFGFC is dissolved.

The City desires to refund the existing loans with the banks that currently hold the loans, Pinnacle Public Finance, Inc. and PNC Bank, National Association for substantially the same terms given that current market rates are escalating, the expenses associated with refunding with different banks would incur additional expenses, more than doubling the estimated cost of \$85,000.00 taking into consideration associated prepayment penalty with PNC Bank of \$94,000.00 and ongoing FFGFC carrying costs of approximately \$45,000.00 per year out to the full maturity date of 2024 or until such time as the Pinnacle loan is callable. Accordingly, refunding this debt with the existing providers is more cost effective and favorable for the City.

Recommended for inclusion on the agenda by:

Dr. Wazir Ishmael, City Manager

George R. Keller, Jr., Assistant City Manager for Finance & Administration / Interim Director of Financial Services Department