



Legislation Details (With Text)

File #: R-2020-110 **Version:** 1 **Name:** Award Bank Loan to Synovus Bank
Type: Resolution **Status:** Passed
File created: 4/22/2020 **In control:** Department of Financial Services
On agenda: 5/20/2020 **Final action:** 5/20/2020
Title: A Resolution Of The City Commission Of The City Of Hollywood, Florida, Accepting And Ratifying Staff's Recommendation For Bid No. IFB-4636-20-GJ, A Bid For Fiscal Year 2020 Bank Loan; Accepting The Response Of Synovus Bank For Loans To Finance Certain Capital Improvement Projects; Authorizing The Loans And The Related Issuance Of Bonds In The Aggregate Principal Amount Not To Exceed \$11,700,000.00; Awarding The Bonds; Approving Execution And Delivery Of A Loan Agreement And The Bonds In Connection With Such Loans; Authorizing Proper Officers And Employees To Do All Things Deemed Necessary In Connection With The Issuance Of The Bonds.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Reso to Award Bank Loan w BGK Markup - Synovus Revised Final.pdf, 2. Bank Loan Bid IFB-4636-20-GJ_Final_3_Mar_20_003.pdf, 3. Synovus Bid Submission.pdf, 4. Loan Agreement Revised FINAL after review by BGK and Bank Counsel.pdf, 5. terbankloansynovus

Date	Ver.	Action By	Action	Result
5/20/2020	1	Regular City Commission Meeting	adopt	Pass

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Accepting And Ratifying Staff's Recommendation For Bid No. IFB-4636-20-GJ, A Bid For Fiscal Year 2020 Bank Loan; Accepting The Response Of Synovus Bank For Loans To Finance Certain Capital Improvement Projects; Authorizing The Loans And The Related Issuance Of Bonds In The Aggregate Principal Amount Not To Exceed \$11,700,000.00; Awarding The Bonds; Approving Execution And Delivery Of A Loan Agreement And The Bonds In Connection With Such Loans; Authorizing Proper Officers And Employees To Do All Things Deemed Necessary In Connection With The Issuance Of The Bonds.

Financial Management & Administration

Staff Recommends: Approval of the attached Resolution.

Explanation:

The City desired to obtain a bank loan for the purposes of: 1) providing funds to begin and/or complete various capital projects, 2) making various capital equipment purchases, and 3) reimbursing itself for certain capital projects and capital purchases already done using fund

balance at the time with the intent to reimburse itself from bank loan proceeds in the future.

Resolution No. R-2020-028, approved by the City Commission on January 15, 2020, authorized the City to seek loan proposals in an amount not to exceed \$11,700,000.00. Bid No. IFB-4636-20-GJ was issued on March 3, 2020 seeking proposals from qualified financial institutions willing to provide two loans, one in an amount not to exceed \$9,200,000.00 for a ten year loan to finance capital improvements within the City consisting of ERP systems implementation, construction of lifeguard and first aid towers, the design and engineering of the Johnson Street Complete Street project, street resurfacing at various locations throughout the City, and the Hollywood Boulevard Complete Street project, and a second loan in an amount not to exceed \$2,500,000.00 for a seven year period to finance the purchase of a local government radio system (non-public safety) including infrastructure equipment and subscriber/radio units, the installation of new alarm hardware and software at fire stations, recreation management software, and a closed circuit TV security camera system.

The closing date of the original bid was March 31, 2020. This was extended until April 16, 2020 because of bidder questions and issues which arose as a direct result of the COVID-19 virus pandemic.

Conditions and market volatility resulting from the pandemic resulted in one bank responding to the bid, Synovus Bank, which submitted an interest rate of 2.34% for the ten year loan and 2.27% for the seven year loan. The bank met the other conditions of the bid such as prepayment and other terms. Staff believes these rates to be reasonable considering current market volatility and recommends award of the bank loan to Synovus Bank.

Fiscal Impact:

This bank loan will bring in funds to commence and complete certain projects that were included in the Adopted Capital Improvement Plan. Over \$6 million of the funds obtained from the loan will replenish fund balance that was used toward projects over the past three years. The City used fund balance to get the projects underway, and the City Commission passed Resolutions of intent to reimburse the fund balance once a loan was obtained. Proceeds from this bank loan will satisfy the City's intent to reimburse the fund balance for funds used toward these projects and purchases.

Estimated annual debt service on the two loans will be approximately \$1.422 million annually for the first seven years, decreasing to approximately \$1.145 million for the remaining three years after the Seven Year Loan is paid in full. Only one quarterly payment will be due during fiscal year 2020, in the approximate amount of \$355,450.00 for both loans combined. Sufficient funding has been appropriated in the Fiscal Year 2020 budget for this debt service payment and is available in account 001.190103.58100.571290.000000.000.000.

Recommended for inclusion on the agenda by:

David Keller, Fiscal Services Special Projects Manager

Adam Reichbach, Assistant City Manager for Finance and Administration