



Legislation Details (With Text)

File #: R-2020-227 **Version:** 1 **Name:** Approving CDD Bond Refunding
Type: Resolution **Status:** Passed
File created: 8/10/2020 **In control:** Department of Financial Services
On agenda: 9/16/2020 **Final action:** 9/16/2020
Title: A Resolution Of The City Commission Of The City Of Hollywood, Florida, Authorizing The Hollywood Beach Community Development District I To Issue Its Refunding Bonds, Series 2020, In An Aggregate Principal Amount Not To Exceed \$39,990,000.00 For The Purpose Of Refunding All Of The Agency's Outstanding Hollywood Beach Community Development District I Taxable Bonds, Series 2014, Including Making A Deposit To The Series 2020 Debt Service Reserve Fund And Paying Certain Costs Associated With The Issuance Of The Series 2020 Bonds; Approving The Execution By The Appropriate City Officials Of A Guaranty Of Replenishment Of The Series 2020 Debt Service Reserve Fund, And A Disclosure Dissemination Agent Agreement With Digital Assurance Certification, L.L.C.; Providing For Severability.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Reso approving CDD Refunding DK-AF-DK (002), 2. guarantymgrtrvllecddrefunding.pdf, 3. City Disclosure Annual DDAA, 4. Exhibit K to Amended and Restated Lease Agreement, 5. Copy of Guaranty from Series 2014 Revenue Bonds, 6. City Disclosure Dissemination Agent Agreement 2014, 7. Copies of CDD Resolutions for Special Assessments and setting Public Hearings on Refunding Bonds, 8. terguarantycddrefunding, 9. terdisclosuresdisseminationcddrefunding

Date	Ver.	Action By	Action	Result
9/16/2020	1	Regular City Commission Meeting	adopt	Pass

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Authorizing The Hollywood Beach Community Development District I To Issue Its Refunding Bonds, Series 2020, In An Aggregate Principal Amount Not To Exceed \$39,990,000.00 For The Purpose Of Refunding All Of The Agency's Outstanding Hollywood Beach Community Development District I Taxable Bonds, Series 2014, Including Making A Deposit To The Series 2020 Debt Service Reserve Fund And Paying Certain Costs Associated With The Issuance Of The Series 2020 Bonds; Approving The Execution By The Appropriate City Officials Of A Guaranty Of Replenishment Of The Series 2020 Debt Service Reserve Fund, And A Disclosure Dissemination Agent Agreement With Digital Assurance Certification, L.L.C.; Providing For Severability.

Financial Management & Administration

Staff Recommends: Approval of the Attached Resolution.

Explanation:

The Hollywood Beach Community Development District I (“CDD”) desires to refund its outstanding Hollywood Beach Community development District I Taxable Bonds, Series 2014.

Pursuant to Section (D)(6)(a) of Exhibit “K” of the Amended and Restated Lease Agreement between Margaritaville Hollywood Beach Resort, L.P. and the City, the CDD is prohibited from refinancing the bonds or issuing any other bonds or debt instruments without the prior written approval of the City, which may be granted or withheld by the City in its sole discretion.

Furthermore, the Series 2014 Bonds have in place a Guaranty by the City. Exhibit “K” specifies that if the CDD does not generate sufficient revenues on its own through its parking fees and user fees to have sufficient reserves to make its debt service payment that the CDD is to issue a special assessment on the owner to generate sufficient revenue to make its debt service payment. If for any reason the special assessment is not paid, then the CDD will use its Debt Service Reserve Fund (“DSRF”) to make the debt service payment. If the DSRF is used, the CDD shall provide written notice to the owner, and the owner is to reimburse and make whole the DSRF within 5 (five) days. If such reimbursement is not made within the five day period, or if the amount of reimbursement is not sufficient to fully reimburse the DSRF, then the CDD shall within two days notify and make demand upon the City to replenish the DSRF. The Guaranty requires the City to budget and appropriate sufficient funds to replenish the DSRF at its next City Commission meeting subsequent to the notification, and to deposit sufficient funds to reimburse the DSRF within 60 (sixty) days following the City Commission meeting, subject to the qualifications set forth in Exhibit “K”.

Because of current market conditions, the CDD will need another such guaranty from the City for its refunding bonds in order to proceed.

The Disclosure Dissemination Agent Agreement essentially provides for the annual filing of the City’s audited financial statements in support of the Guaranty, at no cost to the City.

Refunding the bonds is projected to reduce annual debt service payments in an approximate amount of \$390,000.00 annually.

Fiscal Impact:

There is no immediate direct fiscal impact to the City. The CDD is responsible for making its debt service payments. The annual debt service of the CDD is projected to decrease with the refunding from its current annual amount of \$2,702,881.26 to approximately \$2,313,050.00, or a reduction of approximately \$390,000.00. While the CDD is responsible for making its own debt service payments, in the event circumstances would arise which result in the notification and reimbursement requirements to the City as set forth in Exhibit “K” and the guaranty, the maximum annual requirement placed on the City to reimburse the DSRF would decrease by approximately \$390,000.00.

Recommended for inclusion on the agenda by:

David E. Keller, Interim Director, Financial Services Department

Adam Reichbach, Assistant City Manager for Finance and Administration

Gus Zambrano, Assistant City Manager for Sustainable Development