



Legislation Text

File #: R-2015-319, **Version:** 1

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Authorizing The City of Hollywood, Florida Community Redevelopment Agency, Acting With Regard To Its Beach Redevelopment Area, To Issue Its Redevelopment Revenue And Revenue Refunding Bonds (Beach CRA), Series 2015, In An Aggregate Principal Amount Not To Exceed \$55,000,000.00 For The Purposes Of (1) Financing All Or A Portion Of The Costs Of Certain Public Improvements In The City's Beach Redevelopment Area, (2) Refunding, On A Current Basis, All Of The Agency's Outstanding Redevelopment Revenue Bonds (Beach CRA), Series 2004, (3) Refunding, On An Advance Basis, All Of The Agency's Outstanding Redevelopment Revenue Bonds (Beach CRA), Series 2007, (4) Making A Deposit To The Series 2015 Debt Service Reserve Subaccount Or, In Lieu Thereof, Paying The Costs Of A Reserve Account Insurance Policy, (5) Paying Certain Costs Associated With The Issuance Of The Series 2015 Bonds, And (6) Paying The Costs Of The Credit Facility Respecting The Series 2015 Bonds; Approving An Interlocal Agreement Between The City and the City of Hollywood Community Redevelopment Agency With Respect To Such Bonds; Authorizing Execution Of A Continuing Disclosure Certificate; Providing For Severability And Providing An Effective Date.

Staff Recommends: Approval of the Resolution

Explanation:

The proposed Resolution authorizes the issuance of refunding bonds to refinance existing Beach CRA debt in order to provide debt service savings and the issuance of \$14,000,000.00 of additional bonds for the Beach CRA district to fund the construction of the Nebraska/Nevada Street parking garage (316 spaces) and the next phase of the undergrounding of overhead utilities and streetscape beautification. The proposed Resolution also authorizes the funding of a debt service reserve account or a reserve account insurance policy, the payment of a credit facility (bond insurance), and the payment of costs of issuance.

In May 2004, the Beach CRA issued revenue bonds in the amount of \$20,010,000.00 and in August 2007, the Beach CRA issued revenue bonds in the amount of \$40,000,000.00. The outstanding Series 2004 bonds can be called and refunded on a current basis (meaning that the outstanding bonds will be called and defeased within 90 days). The outstanding Series 2007 bonds can be called on an advance basis (meaning the outstanding bonds will be called and defeased through the set up of an escrow account). The proposed refunding of the outstanding Beach CRA bonds will generate estimated present value debt service savings of approximately \$2.7 million or 7.2 percent of the refunded principal.

The proposed Beach CRA Revenue Bonds will be secured by first lien on the tax increment revenues

received by the Beach CRA from the City, Broward County, the Children's Services Council, and the South Broward Hospital District (payment of the tax increment by the Hospital District ceases in 2018). The final maturity of the proposed Beach CRA bonds is 2024.

In addition to authorizing the issuance of the Series 2015 Beach CRA Revenue and Revenue Refunding Bonds, the Resolution approves an Interlocal Agreement between the City and the CRA to provide additional security for the Series 2015 Beach CRA Bonds. The Interlocal Agreement will require the City to designate one or more of the following non-ad valorem revenue sources as substitute security for the tax increment revenues if debt service coverage falls below 2.0 times:

- Communication Services Tax Revenue
- State Revenue Sharing Revenue
- Utility Service Tax Revenue
- Franchise Fee Revenue
- Half-Cent Sales Tax Revenue
- Local Business Tax Revenue.

In the event that the City or the CRA take any actions, such as the sunseting of the Beach CRA, changing Beach CRA boundaries or otherwise impairing tax increment revenues, the terms of the Interlocal Agreement will require the City to adopt a Resolution which designates certain non-ad valorem revenues as pledged revenue for the Series 2015 Beach CRA Bonds. The substitution of the designated non-ad valorem revenues can occur only if the change in security results in a bond rating that is equal to or higher than the rating on the Series 2015 Beach CRA Bonds.

In July 2014, the City established a financing team consisting of a Financial Advisor and a pool of three Bond Underwriters. The CRA uses the same financing team as the City. The Bond Underwriter next up in the rotation of the three firms is Citigroup - who will serve as the Senior Underwriter for the proposed Beach CRA bonds.

Recommended for inclusion on the agenda by:

Wazir Ishmael, Ph.D., City Manager

George R. Keller, Jr. Assistant City Manager

Matthew Lalla, Financial Services Director