



## Agenda

### Community Redevelopment Agency

*The City of Pensacola Community Redevelopment Agency was created by the City Council and is a dependent special district in accordance with the Florida State Statutes Chapter 189 (Resolution No. 55-80 adopted on September 25, 1980; and amended Resolution No. 22-10 adopted on August 19, 2010.)*

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Monday, April 5, 2021

3:30 PM

Council Chambers, 1st Floor

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Immediately following City Council Agenda Conference starting at 3:30 p.m.

Members of the public may attend the meeting in person; however, there will be limited seating capacity. Consistent with CDC guidelines, attendees will be required to sit at least 6 feet apart and to wear face coverings that cover their nose and mouth.

Members of the public may also attend and participate via live stream or phone. Live Meeting Video: [cityofpensacola.com/428/Live-Meeting-Video](http://cityofpensacola.com/428/Live-Meeting-Video) Public input form here: [www.cityofpensacola.com/CRAInput](http://www.cityofpensacola.com/CRAInput).

### CALL MEETING TO ORDER

**Members:** Delarian Wiggins, Chairperson, Teniade Broughton, Vice Chairperson, Jennifer Brahier, Ann Hill, Casey Jones, Jared Moore, Sherri Myers

### BOARD MEMBER DISCLOSURE

Board Members disclose ownership or control of interest directly or indirectly of property in the Community Redevelopment Area

### CHAIRMAN'S REPORT

### APPROVAL OF MINUTES

1. [21-00296](#) COMMUNITY REDEVELOPMENT AGENCY MINUTES - 3/8/2021

**Sponsors:** Delarian Wiggins

**Attachments:** [CRA MTG 030821.docx](#)

### ACTION ITEMS

2.     [21-00295](#)     FY 2020 COMMUNITY REDEVELOPMENT AGENCY (CRA) AUDITED FINANCIAL STATEMENTS

**Recommendation:** That the Community Redevelopment Agency accept the Financial Statements for the year ended September 30, 2020 as prepared by the City of Pensacola's Financial Services Department and the Independent Auditors Report issued thereupon.

**Sponsors:** Delarian Wiggins

**Attachments:**     [FY20 Audited Financial Statements](#)  
                          [SAS 114 Auditor Letter.pdf](#)

3.     [21-00321](#)     AREA REINVESTMENT AGREEMENT POLICY FOR WEST MAIN DISTRICT

**Recommendation:** That the Community Redevelopment Agency (CRA) adopt the Area Reinvestment Agreement Policy for the West Main District.

**Attachments:**     [Draft Area Reinvestment Agreement Policy for the West Main District](#)  
                          [DRAFT Form Area Reinvestment Agreement](#)

## PRESENTATIONS

4.     [21-00293](#)     CRA 101 PRESENTATION

**Sponsors:** Delarian Wiggins

## DISCUSSION ITEMS

5.     [21-00323](#)     CRA FUNDING OF MALCOLM YONGE GYM IMPROVEMENTS

## OPEN FORUM

## ADJOURNMENT

*The City of Pensacola adheres to the Americans with Disabilities Act and will make reasonable accommodations for access to City services, programs and activities. Please call 436-5640 (or TDD 435-1666) for further information. Request must be made at least 48 hours in advance of the event in order to allow the City time to provide the requested services.*

*If any person decides to appeal any decision made with respect to any matter considered at such meeting, he will need a record of the proceedings, and that for such purpose he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.*



# City of Pensacola

222 West Main Street  
Pensacola, FL 32502

## Memorandum

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**File #:** 21-00296

Community Redevelopment Agency

4/5/2021

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**SUBJECT:**

COMMUNITY REDEVELOPMENT AGENCY MINUTES - 3/8/2021



# City of Pensacola

## COMMUNITY REDEVELOPMENT AGENCY

### DRAFT Meeting Minutes

March 8, 2021

6:53 P.M.

Council Chamber 1<sup>st</sup> Floor

The Community Redevelopment Agency (CRA) Board meeting was called to order by Chairperson Wiggins at 6:53 P.M. (immediately following the City Council Agenda Conference starting at 3:30 P.M. and the City Council and CRA Joint Workshop).

#### CALL MEETING TO ORDER

**CRA MEMBERS PRESENT:** Delarian Wiggins, Teniade Broughton, Jennifer Brahier, Ann Hill, Casey Jones, Sherri Myers

**CRA MEMBERS ABSENT :** Jared Moore

The public attended the meeting via live stream or phone only. Public participation was available as follows:

To watch the meeting live visit: [cityofpensacola.com/428/Live-Meeting-Video](http://cityofpensacola.com/428/Live-Meeting-Video).

#### To provide input:

- For Open Forum, for items not on the agenda: citizens may submit an online form here [www.cityofpensacola.com/CRAInput](http://www.cityofpensacola.com/CRAInput) **beginning at 1:00 P.M. until 3:30 P.M. only** to indicate they wish to speak during Open Forum **and include a phone number. Staff will call the person** at the appropriate time so the citizen can directly address the CRA using a telephone held up to a microphone.
- For agenda items: citizens may submit an online form here [www.cityofpensacola.com/CRAInput](http://www.cityofpensacola.com/CRAInput) **beginning at 1:00 P.M. until that agenda item has been voted upon** to indicate they wish to speak to a specific item on the agenda **and include a phone number. Staff will call the person** at the appropriate time so the citizen can directly address the CRA using a telephone held up to a microphone. **Any form received after an agenda item has been voted upon will not be considered.**



**BOARD MEMBERS DISCLOSE OWNERSHIP OR CONTROL OF INTEREST DIRECTLY OR INDIRECTLY OF PROPERTY IN THE COMMUNITY REDEVELOPMENT AREA**

CRA Member Wiggins and CRA Member Hill disclosed ownership or control of interest directly or indirectly of property in the Community Redevelopment Area.

**CHAIRMAN'S REPORT**

None

**APPROVAL OF MINUTES****1. [21-00221 CRA MEETING MINUTES - 2/8/2021](#)**

**A motion to approve was made by CRA Member Jones, seconded by CRA Member Brahier.**

**The motion carried by the following vote:**

Yes: 6            Delarian Wiggins, Teniade Broughton, Jennifer Brahier, Ann Hill,  
Casey Jones, Sherri Myers

No: 0            None

**ACTION ITEMS****2. [21-00177 EXTENSION OF CONSTRUCTION COMMENCEMENT DATE - 150 S. BAYLEN STREET](#)**

**Recommendation:** That the Community Redevelopment Agency (CRA) approve the extension of the date to commence construction on redevelopment of the property at 150 South Baylen Street for 180 days, with a new construction start date of September 30, 2021.

**A motion to approve was made by CRA Member Brahier, seconded by CRA Member Jones.**

CRA Administrator Helen Gibson provided an overview of the item. She and Andrew Rothfeder of Red Feather Developers, LLC responded accordingly to questions.

**ACTION ITEMS (CONT'D)****The motion carried by the following vote:**

Yes: 6      Delarian Wiggins, Teniade Broughton, Jennifer Brahier, Ann Hill,  
Casey Jones, Sherri Myers

No: 0      None

**PRESENTATIONS****3.    [21-00208 CRA 101 PRESENTATION](#)**

Postponed until the next board meeting.

**DISCUSSION ITEMS**

None

**OPEN FORUM**

**No public comment was received.**

However, CRA Member Myers and CRA Member Brahier discussed the following:

CRA Member Myers suggested that the City website should contain more information on City and CRA programs and incentives.

CRA Member Brahier provided comments regarding the Waterfront Redevelopment District-1 (WRD-1) Overlay.

**ADJOURNMENT**

**7:09 P.M.**

**Approved: \_\_\_\_\_**



Memorandum

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**File #:** 21-00295

Community Redevelopment Agency

4/5/2021

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**ACTION ITEM**

**SPONSOR:** Delarian Wiggins, Chairperson

**SUBJECT:**

FY 2020 COMMUNITY REDEVELOPMENT AGENCY (CRA) AUDITED FINANCIAL STATEMENTS

**RECOMMENDATION:**

That the Community Redevelopment Agency accept the Financial Statements for the year ended September 30, 2020 as prepared by the City of Pensacola's Financial Services Department and the Independent Auditors Report issued thereupon.

**SUMMARY:**

Pursuant to Section 8 of Chapter 2019-163, Laws of Florida, effective for audits for fiscal years beginning October 1, 2019, and thereafter, a community redevelopment agency with revenues or a total of expenditures and expenses in excess of \$100,000 must provide for a separate financial audit.

**PRIOR ACTION:**

None

**FUNDING:**

Budget: \$ 18,500

Actual: \$ 18,500

**FINANCIAL IMPACT:**

The cost of an independent audit is included in the Community Redevelopment Agency's budget.

**CITY ATTORNEY REVIEW:** Yes

3/22/2021

**STAFF CONTACT:**

Kerrith Fiddler, Deputy City Administrator - Community Development

M. Helen Gibson, AICP, CRA Administrator  
Victoria D'Angelo, Asst. CRA Administrator  
Amy Lovoy, Finance Director

**ATTACHMENTS:**

- 1) FY20 Audited Financial Statements
- 2) SAS 114 Auditor Letter

**PRESENTATION:** Yes



# FISCAL YEAR 2020

## CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY (A Component Unit of the City of Pensacola, Florida)

AUDITED FINANCIAL STATEMENTS  
For the Year Ending September 30, 2020



City of Pensacola, Florida  
Grover C. Robinson, IV, Mayor





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**CITY OF PENSACOLA  
COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of Pensacola, Florida)**

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**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**



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**CITY OF PENSACOLA  
COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of Pensacola, Florida)**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**



**Prepared by:  
Financial Services Department**

**Amy Lovoy  
Finance Director**

**ACCOUNTING STAFF  
Laura Amentler, CPA  
Lakia McNeal, CPA**

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**

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**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**

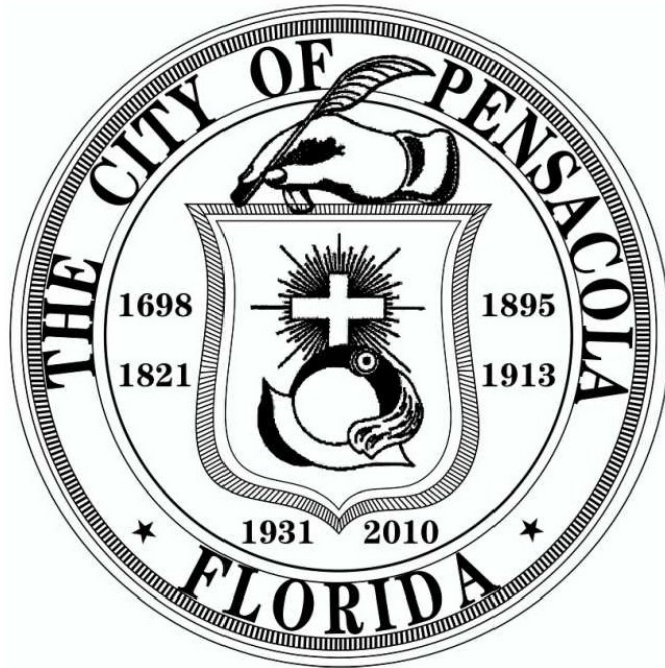
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## **INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITORS' REPORT

Board Members  
Community Redevelopment Agency  
City of Pensacola, Florida

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Pensacola Community Redevelopment Agency (the "Agency"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Supplementary Information***

The budgetary comparison schedule for the debt service fund is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2021, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

*Warren Averett, LLC*

Pensacola, Florida  
February 12, 2021



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Management's Discussion and Analysis**

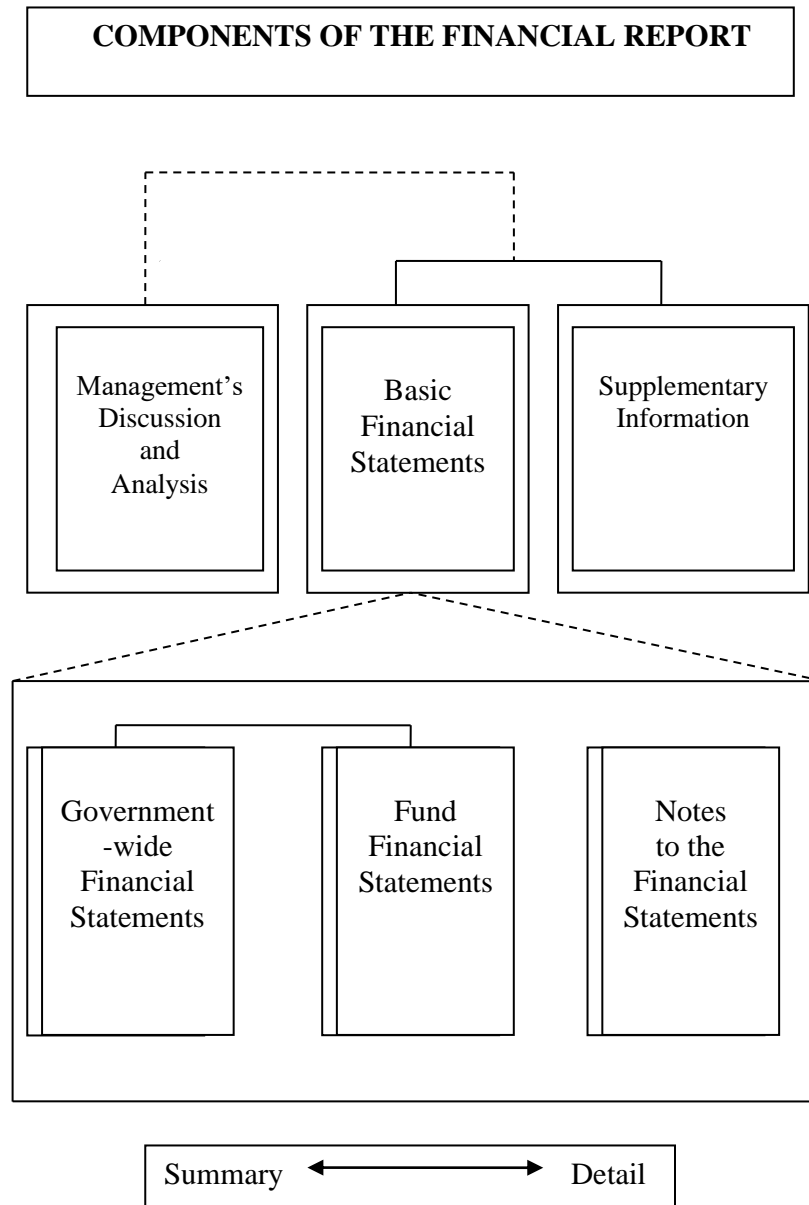
The Management's Discussion and Analysis ("MD&A") of the City of Pensacola Community Redevelopment Agency (the "Agency") is designed to provide the reader a narrative overview of the Agency's financial activity for the fiscal year ended September 30, 2020. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide and overview of the Agency's financial activity and identify any changes in the Agency's financial position. This MD&A should be read in conjunction with the financial statements and notes.

### **Financial Highlights**

- As shown on the Statement of Net Position, the Agency's liabilities and deferred inflows of resources exceeded its assets (net position) as of September 30, 2020 by \$71,563,212. The negative net position is a result of the various interlocal agreements whereby the Agency has pledged Tax Increment Revenues to repay long-term obligations which do not result in an asset for the Agency. These obligations included notes payable of \$70,495,000 and due to other governments of \$9,100,000. The Agency projects sufficient future Tax Increment Revenues to repay such obligations in full before the sunset of the Community Redevelopment Areas. Until then these obligations will continue to negatively impact unrestricted net position for future periods until all obligations have been paid in full.
- As shown on the Statement of Activities, the Agency's negative net position of \$71,563,212 improved by \$3,750,201 (5.0%) over the fiscal year 2019 negative net position of \$75,313,413. The primary reason for the increase in net position was related to a reduction in interest on long term debt as a result of refunding the Redevelopment Revenue Bonds, Series 2009B.
- As shown on the Balance Sheet, the Agency's assets exceeded its liabilities (fund balance) as of September 30, 2020 by \$9,526,772. Of the \$9,526,772 in fund balance, \$139 is related to prepaid insurance cost and therefore is considered non-spendable, \$5,431,395 is restricted to be spent on community redevelopment projects due to enabling legislation and \$4,095,238 is committed to be spent on community redevelopment projects due to Agency action. For an explanation on the fund balance restrictions, refer to the Fund Balance section of Notes.
- As shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances, the Agency's fund balance of \$9,526,772 increased by \$1,466,892 (18.2%) over the fiscal year 2019 fund balance of \$8,059,880. While total revenues only slightly increased by \$23,490 over the prior fiscal year. Tax Increment Revenues increased by \$1,191,831 due to increased property values and intergovernmental revenues decreased by \$1,206,201 due to the reduction in federal subsidies received for the Redevelopment Revenue Bonds, Series 2009B. Agency fund expenditures and other financing uses decreased over the prior fiscal year by \$2,468,184 mainly due to the Redevelopment Revenue Bonds, Series 2009B refunding. For a detailed explanation of these fluxes by fund refer to the Government-Wide Financial Analysis section of Management's Discussion and Analysis.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. These statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements. Following is a chart that illustrates the components of the report.



## Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all the Agency's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long term obligations. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal years (e.g., revenue in connection with receivables which are not considered available to liquidate liabilities of the current period).

Both the government-wide financial statements distinguish functions of the Agency that are principally supported by tax increment revenues (intergovernmental revenues). The governmental activities of the Agency include general government and community development. The Agency has no business-type activities.

## Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The Agency utilizes four special revenue funds and one debt service fund. Monies from each of the special revenue funds are transferred as needed, based upon the bond covenants, to the debt service fund.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This allows readers to better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the Community Redevelopment Agency Fund, Urban Core Redevelopment Trust Fund, Eastside Tax Increment Financing District Fund, Westside Tax Increment Financing District Fund and CRA Debt Service Fund, all of which are considered to be major funds.

## **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found after the financial statements of this report.

## **Other information**

This report additionally includes Required Supplementary Information (RSI) containing budgetary comparisons schedules of the Agency's Community Redevelopment Agency Fund, Urban Core Redevelopment Trust Fund, Eastside Tax Increment Financing District Fund and Westside Tax Increment Financing District Fund. It is useful to compare the information and amounts presented for governmental funds with its corresponding budget to ensure compliance with the budget and provide an analysis of significant budgetary variances. Other Supplementary Information (OSI) contains budgetary comparisons schedules of the Agency's debt service funds.

## **Government-Wide Financial Analysis**

The Agency adopted the government-wide financial statement presentation. This reporting structure and measurement focus using accrual accounting for all of the government's activities was mandated by the Government Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The following pages include a summary version of the Statement of Net Position and Statement of Changes in Net Position as reported in the basic financial statements section for the fiscal years ended September 30, 2020 and 2019. Over time, the Agency's net position and changes thereof may serve as a useful indicator of the Agency's financial position.

Any debt issued to finance capital at the request of the Agency, for use in accordance with the redevelopment plan, is issued by the City of Pensacola, Florida ("City"). Capital assets acquired with debt proceeds are contributed to the City. Therefore, any outstanding debt issued to finance such capital will have a negative effect on the Agency's net position until such debt is paid off.

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola)**  
**Summary Statement of Net Position**  
**As of September 30,**

		<b>Governmental</b>	
		<b>Activities</b>	
		<u>2020</u>	<u>2019</u>
Current and other assets	\$	9,611,742	\$ 8,284,409
Total assets		<u>9,611,742</u>	<u>8,284,409</u>
Current and other liabilities		4,375,873	3,638,572
Noncurrent liabilities		<u>76,452,819</u>	<u>79,595,000</u>
Total liabilities		<u>80,828,692</u>	<u>83,233,572</u>
Total deferred inflows of resources		<u>346,262</u>	<u>364,250</u>
Net position:			
Restricted		9,526,772	8,059,880
Unrestricted		<u>(81,089,984)</u>	<u>(83,373,293)</u>
Total net position	\$	<u><u>(71,563,212)</u></u>	<u><u>(75,313,413)</u></u>

The Agency's total net position increased by \$3.75 million. The increase in assets is a result of increased cash and investments while the decrease in liabilities is a result of decreases in debt service obligations and due to other governments.

Restricted net position are resources subject to external restriction on how they may be used. Such restrictions could include reserves for debt service or community redevelopment projects. Any residual resources flow to unrestricted net position. Unrestricted net position for governmental activities is negative as a result of the various interlocal agreements whereby the Agency has pledged Tax Increment Revenues to repay long-term obligations which do not result in an asset for the Agency. The Agency projects sufficient future Tax Increment Revenues to repay such obligations in full before the sunset of the Community Redevelopment Areas. These obligations will continue to negatively impact unrestricted net position for future periods until all obligations have been paid in full. These obligations include the Agency's long-term contribution to the Emerald Coast Utilities Authority and the Agency's various Notes Payable. Detailed information on these obligations can be found in Notes to the Financial Statements; Note III.D and Note IV.B.

The Statement of Activities as presented on the following page shows changes in the Agency's net position for fiscal years ended September 30, 2020 and 2019. All changes in the net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the Community Redevelopment Agency Fund, Urban Core Redevelopment Trust Fund, Eastside Tax Increment Financing District Fund, Westside Tax Increment Financing District Fund and CRA Debt Service Fund, all of which are considered to be major funds.

## **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found after the financial statements of this report.

## **Other information**

This report additionally includes Required Supplementary Information (RSI) containing budgetary comparisons schedules of the Agency's Community Redevelopment Agency Fund, Urban Core Redevelopment Trust Fund, Eastside Tax Increment Financing District Fund and Westside Tax Increment Financing District Fund. It is useful to compare the information and amounts presented for governmental funds with its corresponding budget to ensure compliance with the budget and provide an analysis of significant budgetary variances. Other Supplementary Information (OSI) contains budgetary comparisons schedules of the Agency's debt service funds.

## **Government-Wide Financial Analysis**

The Agency adopted the government-wide financial statement presentation. This reporting structure and measurement focus using accrual accounting for all of the government's activities was mandated by the Government Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The following pages include a summary version of the Statement of Net Position and Statement of Changes in Net Position as reported in the basic financial statements section for the fiscal years ended September 30, 2020 and 2019. Over time, the Agency's net position and changes thereof may serve as a useful indicator of the Agency's financial position.

Any debt issued to finance capital at the request of the Agency, for use in accordance with the redevelopment plan, is issued by the City of Pensacola, Florida ("City"). Capital assets acquired with debt proceeds are contributed to the City. Therefore, any outstanding debt issued to finance such capital will have a negative effect on the Agency's net position until such debt is paid off.

**Governmental funds.** The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, the ability for the Agency to meet current operating needs. As of September 30, 2020, the Agency's governmental funds reported combined fund balances of \$9,526,772, an increase of \$1,466,892 (18.2%) over the prior fiscal year total of \$8,059,880.

Below is a comparative chart of revenues verses expenditures for the Agency's funds; Community Redevelopment Agency Fund (CRA Fund), Urban Core Redevelopment Trust Fund (Urban Core Fund), Eastside Tax Increment Financing District Fund (Eastside Fund), Westside Tax Increment Financing District Fund (Westside Fund) and CRA Debt Service Fund.

	CRA Fund	Urban Core Fund	Eastside Fund	Westside Fund	CRA Debt Service Fund
<b>Fiscal Year 2020</b>					
Revenues and other sources	\$ 3,774,885	\$ 6,837,208	\$ 220,041	\$ 647,466	\$ 3,580,879
Expenditures and other outlays	(2,926,917)	(6,837,208)	(165,744)	(314,659)	(3,349,059)
Increase (decrease) in fund balance	\$ 847,968	\$ 0	\$ 54,297	\$ 332,807	\$ 231,820
<b>Fiscal Year 2019</b>					
Revenues and other sources	\$ 2,738,728	\$ 5,898,476	\$ 171,413	\$ 435,174	\$ 5,001,701
Expenditures and other outlays	(2,963,553)	(5,898,476)	(205,700)	(426,303)	(5,729,192)
Increase (decrease) in fund balance	\$ (224,825)	\$ 0	\$ (34,287)	\$ 8,871	\$ (727,491)

***The Community Redevelopment Agency Fund*** was created to account for the development projects in the Urban Core Community Redevelopment Area as well as administrative cost associated with running the program. The Community Redevelopment Agency had a total fund balance at fiscal year-end of \$5,303,085, an increase of \$847,968. All funds are restricted to be spent on CRA operations, community development projects in the Urban Core CRA district and repayment of debt. The increase in revenues over the prior fiscal year is due to increased property values. Overall expenditures remained relatively consistent between fiscal year 2019 and fiscal year 2020.

***The Urban Core Redevelopment Trust Fund*** was created to account for the tax increment receipts collected in the Urban Core Community Redevelopment Area. The receipts collected throughout the year are transferred to the Community Redevelopment Agency Fund and the CRA Debt Service Fund in order to pay for CRA operations, debt service and community development projects in the Urban Core CRA district. The Urban Core Redevelopment Trust Fund had a total fund balance at year-end of \$0.

***The Eastside Tax Increment Financing District Fund*** was created to account for the tax increment receipts and development projects in the Urban Infill and Redevelopment Area as well as administrative cost associated with running the program. The Eastside Tax Increment Financing District Fund had a total fund balance at fiscal year-end of \$674,503, an increase of \$54,297. All funds are restricted to be spent on operations, community development projects and repayment of debt in the Eastside CRA district. The increase in revenues over the prior fiscal year is due to increased property values. The decrease in expenditures is related to a decrease in



aid related to the residential property improvement program as well as decrease in professional services related to the design of the Chappie James parking lot.

***The Westside Tax Increment Financing District Fund*** was created to account for the tax increment receipts and development projects in the Urban Infill and Redevelopment Area as well as administrative cost associated with running the program. The Westside Tax Increment Financing District Fund had a total fund balance at fiscal year-end of \$422,582, an increase of \$332,807. All funds are restricted to be spent on operations, community development projects and repayment of debt in the Westside CRA district. The increase in revenues over the prior fiscal year is due to increased property values. The decrease in expenditures is related to a decrease in the transfer to fund the debt service reserves as the reserves were fully funded in fiscal year 2019.

***The CRA Debt Service Fund*** had a total fund balance at fiscal year-end of \$2,894,782 which is restricted for debt service payments on the Eastside Redevelopment Revenue Bond, Series 2017, Westside Redevelopment Revenue Bond, Series 2017, Urban Core Redevelopment Revenue Bond, Series 2017 and Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019. The fund balance increase of \$231,820 is related to an increase in the debt service reserves on the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019. The decrease in revenues and expenditures is related to the decrease in debt services payments on the Redevelopment Revenue Bonds, Series 2009B which was refunded in fiscal year 2019.

### **Agency Budgetary Highlights**

Agency bylaws state that unless expressly provided otherwise by law or action of the Agency, ordinances, policies and rules of procedure for the City of Pensacola shall apply to the Agency. As part of the City's budget procedures, budget is controlled within each fund are at the line item. As long as the total appropriations of the fund are not changed, amounts may be transferred between line items within a fund provided no transfer shall be made contrary to Florida Statue. In order to be compliant with Florida Statutes, any budget transfer that changes the total appropriations of the fund requires Agency and City action through a budget resolution or amendment.

The major decrease in final budgeted revenues as compared with original budget is related to a \$909,300 decrease in intergovernmental revenues. The decrease is a result of the refunding of the Redevelopment Revenue Bonds, Series 2009B as the revenues were received from the Federal Government to subsidize part of the bond. Offsetting the decrease, final budgeted investment earnings as compared with the original budget increased in all Agency funds based on actual earnings.

The final appropriations in the Community Redevelopment Agency Fund as compared with the original budget increased by \$3,536,592 in fiscal year 2020. The primary reason for the increase relates to carryforwards from the prior fiscal year budget to cover open encumbrances and projects.

The final appropriations in the Eastside Tax Increment Financing District Fund as compared with the original budget increased by \$633,148 in fiscal year 2020. The primary reason for the increase relates to carryforwards from the prior fiscal year budget to cover open encumbrances and projects.

The final appropriations in the Westside Tax Increment Financing District Fund as compared with the original budget increased by \$100,642 in fiscal year 2020. The primary reason for the increase relates to carryforwards from the prior fiscal year budget to cover open encumbrances and projects.

The final appropriations in the CRA Debt Service Fund as compared with the original budget decreased by \$1,520,896 in fiscal year 2020. The primary reason for the decrease relates to refunding of the Redevelopment Revenue Bonds, Series 2009B.

### Long-term Debt

As of September 30, 2020, the Agency had total bonded debt of \$70.495 million a reduction of \$1.505 million from the prior fiscal year. The decrease in long-term debt is a result of scheduled principal payments. Total bonded debt includes:

	<b>Governmental Funds</b>	
	<b>2020</b>	<b>2019</b>
Urban Core Redevelopment Revenue Bond, Series 2009	\$ -	\$ 1,175,000
Eastside Redevelopment Revenue Bond, Series 2017	1,147,000	1,197,000
Westside Redevelopment Revenue Bond, Series 2017	3,583,000	3,738,000
Urban Core Redevelopment Revenue Bond, Series 2017	7,625,000	7,750,000
Urban Core Redevelopment Revenue Bond, Series 2019	58,140,000	58,140,000
<b>Total</b>	<b>\$ 70,495,000</b>	<b>\$ 72,000,000</b>

As of September 30, 2020, the only bonded debt the Agency had outstanding were bank issued. Therefore, there will not be any ratings on these issues unless the City specifically request a review by one of the rating agencies.

Additional detail about long-term debt can be found in the Notes to the Financial Statements; Note III, Long-term liabilities.

### Economic Factors and Next Year's Budgets and Rates

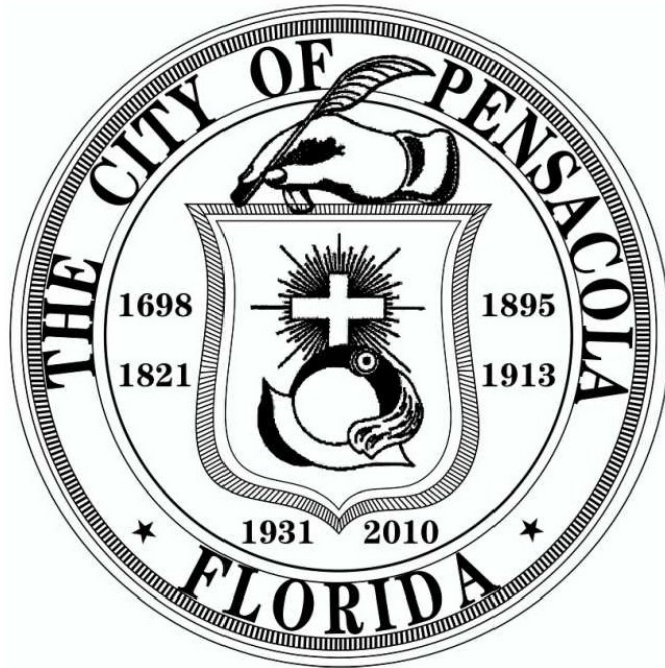
The Agency primarily relies on TIF revenues to assist with the operations of the Agency. Based on estimated property valuations, the Agency's budget for fiscal year 2021 versus the fiscal year 2020 beginning budget includes an increase in Tax Increment Financing ("TIF") revenues of 10% in the Urban Core Tax Increment Financing District, 16% in the Eastside Tax Increment Financing District and a 28% increase in the Westside Tax Increment Financing District. Focus will continue to be placed on redevelopment programs and projects which include affordable housing, complete streets, and parks and public space projects and residential and commercial

property improvement programs. For fiscal year 2021, the following table shows the composition of the total budgeted expenditures:

	<u>Urban Core</u>	<u>Eastside</u>	<u>Westside</u>	<u>Total</u>
Core operations	\$ 1,546,100	\$ 75,700	\$ 64,800	\$ 1,686,600
Development programs and projects	440,000	54,700	469,400	964,100
Capital projects	113,500	0	0	113,500
Debt service payments and reserves	5,425,300	104,200	279,500	5,809,000
<b>Total Expenditures</b>	<u>\$ 7,524,900</u>	<u>\$ 234,600</u>	<u>\$ 813,700</u>	<u>\$ 8,573,200</u>

### **Request for Information**

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, PO Box 12910, Pensacola, Florida 32521. The City of Pensacola's website address is [www.cityofpensacola.com](http://www.cityofpensacola.com).



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## **FINANCIAL STATEMENT**

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 1,404,344
Investments	4,079,757
Accounts Receivables (net of allowances)	312
Prepays and deposits	139
Restricted assets	
Restricted cash and cash equivalents	1,056,873
Investments	3,070,317
Total assets	<u>9,611,742</u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 27,091
Contracts payable	45,785
Due to other governments	11,094
Deposits	1,000
Payable from restricted assets	
Due to other governments	1,300,000
Notes payable	1,842,181
Accrued interest payable	1,148,722
Total current liabilities	<u>4,375,873</u>
<b>Noncurrent liabilities</b>	
Due to other governments	7,800,000
Notes payable	68,652,819
Total noncurrent liabilities	<u>76,452,819</u>
Total liabilities	<u>80,828,692</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred gain on early retirement	346,262
Total deferred outflows of resources	<u>346,262</u>
<b>NET POSITION</b>	
Restricted for	
Debt service	3,126,602
Community redevelopment	6,400,170
Unrestricted (deficit)	(81,089,984)
<b>Total net position (deficit)</b>	<u><u>\$ (71,563,212)</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<b>Function/Programs</b>	<b>Expenses</b>	<b>Program Revenues Charges for Services</b>	<b>Net (Expenses) Revenue and Changes in Net Position</b>
<b>Governmental activities:</b>			
General government	\$ 1,730,766	\$ 12,551	\$ (1,718,215)
Interest on long-term debt	2,380,750		(2,380,750)
Total governmental activities	<u>4,111,516</u>	<u>12,551</u>	<u>(4,098,965)</u>
<b>General revenues:</b>			
Tax increment revenues			7,681,723
Investment earnings			<u>167,443</u>
Total general revenues			<u>7,849,166</u>
<b>Change in net position</b>			<u>3,750,201</u>
<b>Net position at beginning of year</b>			<u>(75,313,413)</u>
<b>Net position September 30, 2020</b>			<u><u>\$ (71,563,212)</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	<b>Community Redevelopment Agency</b>	<b>Urban Core Redevelopment Trust</b>	<b>Eastside Tax Increment Financing District</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,122,590	\$	\$ 173,281
Investments	3,261,231		503,401
Accounts receivable	312		
Prepays and deposits	139		
Restricted assets			
Cash and cash equivalents	256,226		
Investments	744,362		
<b>Total assets</b>	<b>\$ 5,384,860</b>	<b>\$ 0</b>	<b>\$ 676,682</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 25,928	\$	\$ 1,163
Contracts payable	45,785		
Due to other governments	9,062		1,016
Deposits	1,000		
<b>Total liabilities</b>	<b>81,775</b>	<b>0</b>	<b>2,179</b>
<b>FUND BALANCE</b>			
Non-spendable	139		
Restricted	1,207,708		674,503
Committed	4,095,238		
<b>Total fund balances</b>	<b>5,303,085</b>	<b>0</b>	<b>674,503</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,384,860</b>	<b>\$ 0</b>	<b>\$ 676,682</b>

(continued)

The accompanying notes are an integral part of these financial statements.



**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	<b><u>Westside Tax Increment Financing District</u></b>	<b><u>CRA Debt Service Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 108,473	\$	\$ 1,404,344
Investments	315,125		4,079,757
Accounts receivable			312
Prepays and deposits			139
Restricted assets			
Cash and cash equivalents		800,647	1,056,873
Investments		2,325,955	3,070,317
<b>Total assets</b>	<b>\$ 423,598</b>	<b>\$ 3,126,602</b>	<b>\$ 9,611,742</b>
<b>LIABILITIES</b>			
Accounts payable	\$	\$	\$ 27,091
Contracts payable			45,785
Due to other governments	1,016		11,094
Deposits			1,000
<b>Total liabilities</b>	<b>1,016</b>	<b>0</b>	<b>84,970</b>
<b>FUND BALANCE</b>			
Non-spendable			139
Restricted	422,582	3,126,602	5,431,395
Committed			4,095,238
<b>Total fund balances</b>	<b>422,582</b>	<b>3,126,602</b>	<b>9,526,772</b>
<b>Total liabilities and fund balances</b>	<b>\$ 423,598</b>	<b>\$ 3,126,602</b>	<b>\$ 9,611,742</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**September 30, 2020**

Ending fund balance - governmental funds	\$	9,526,772
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Amounts reported in the governmental activities in the Statement of Net Position are different because:

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Notes payable	(70,495,000)		
Deferred gain on refunding	(346,262)		
Due to other governments	(9,100,000)		
Accrued interest payable	(1,148,722)		
			(81,089,984)
<b>Net Position (deficit)</b>		\$	(71,563,212)

The accompanying notes are an integral part of these financial statements.



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**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>Community Redevelopment Agency</b>	<b>Urban Core Redevelopment Trust</b>	<b>Eastside Tax Increment Financing District</b>
<b>Revenues:</b>			
Tax increment revenues	\$	\$ 6,837,208	\$ 207,996
Charges for services	12,551		
Investment earnings	134,426		12,045
Total revenues	<u>146,977</u>	<u>6,837,208</u>	<u>220,041</u>
<b>Expenditures:</b>			
Current -			
General government	2,926,917		63,241
Debt service -			
Principal retirement			
Interest			15,000
Total expenditures	<u>2,926,917</u>	<u>0</u>	<u>78,241</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,779,940)</u>	<u>6,837,208</u>	<u>141,800</u>
<b>Other financing sources (uses):</b>			
Transfers in	3,627,908		
Transfers (out)		(6,837,208)	(87,503)
Total other financing sources (uses)	<u>3,627,908</u>	<u>(6,837,208)</u>	<u>(87,503)</u>
<b>Net Change in fund balances</b>	<u>847,968</u>	<u>0</u>	<u>54,297</u>
<b>Fund balances at beginning of year</b>	<u>4,455,117</u>		<u>620,206</u>
<b>Fund balances at end of year</b>	<u>\$ 5,303,085</u>	<u>\$ 0</u>	<u>\$ 674,503</u>

(continued)

The accompanying notes are an integral part of these financial statements.

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>Westside Tax Increment Financing District</b>	<b>CRA Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Tax increment revenues	\$ 636,519	\$	\$ 7,681,723
Charges for services			12,551
Investment earnings	10,947	10,025	167,443
Total revenues	<u>647,466</u>	<u>10,025</u>	<u>7,861,717</u>
<b>Expenditures:</b>			
Current -			
General government	40,608		3,030,766
Debt service -			
Principal retirement		1,505,000	1,505,000
Interest		1,844,059	1,859,059
Total expenditures	<u>40,608</u>	<u>3,349,059</u>	<u>6,394,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>606,858</u>	<u>(3,339,034)</u>	<u>1,466,892</u>
<b>Other financing sources (uses):</b>			
Transfers in		3,570,854	7,198,762
Transfers (out)	(274,051)		(7,198,762)
Total other financing sources (uses)	<u>(274,051)</u>	<u>3,570,854</u>	<u>0</u>
<b>Net Change in fund balances</b>	<u>332,807</u>	<u>231,820</u>	<u>1,466,892</u>
<b>Fund balances at beginning of year</b>	<u>89,775</u>	<u>2,894,782</u>	<u>8,059,880</u>
<b>Fund balances at end of year</b>	<u>\$ 422,582</u>	<u>\$ 3,126,602</u>	<u>\$ 9,526,772</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net change in fund balances - total governmental funds	\$ 1,466,892
Amounts reported for governmental activities in the statement of activities are different because:	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,505,000
Repayment of long-term amounts due to other governments are expenditures in the governmental funds, but the repayment reduces the liability in the statement of net position.	1,300,000
Accrued interest expense, reported in the statement of activities, does not require the use of current financial resources in governmental funds.	<u>(521,691)</u>
<b>Change in net position of governmental activities</b>	<b>\$ <u><u>3,750,201</u></u></b>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENT**

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of the City of Pensacola Community Redevelopment Agency (Agency) is presented to assist the reader in interpreting the basic financial statements. The policies are considered essential and should, therefore, be read in conjunction with the basic financial statements.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Statements and Interpretations of the GASB have been applied in the preparation of these financial statements.

**A. Reporting Entity**

Community Redevelopment Agencies (CRA) are a common governmental tool for redevelopment in the State of Florida and operate on a budget generated by an increase in property taxes within a defined area. Once a CRA is established, a percentage of the increase in property taxes goes to the CRA. This tax increment is used to finance the redevelopment projects and administration of the Agency outlined in the Community Redevelopment Plan. The principal purpose of the Agency, as defined by Florida Statute, is to eliminate and prevent blight, rehabilitate and conserve the redevelopment areas, preserve or enhance the tax base, create affordable housing, reduce crime and to prepare and administer the City's adopted community redevelopment plans.

On September 25, 1980, the City Council made the determination that a blighted area existed in the City, and that there was a need for a redevelopment agency to implement the revitalization of this blighted area. Therefore, Resolution No. 54-80 created the Pensacola Inner City Community Redevelopment Area (reaffirmed by Resolution No. 65-81) and based on this determination, the City Council declared itself the Community Redevelopment Agency (Agency) pursuant to the provisions of Chapter 163, Part III, Florida Statutes (the "Redevelopment Act"). This action, adopted by Resolution No. 55-80, reaffirmed by Resolution No. 65-81 and amended by Resolution 22-10, also outlined the rights, powers, duties, privileges and immunities invested in the Agency. The Agency exists until dissolved by action of the City Council. The City Council selects a chair and a vice-chair from the seven-members of the Agency and approves the annual operating budget. The Agency is considered a blended component unit since the Agency and City has the same governing body and management of the primary government has operational responsibility for the Agency. The Agency is reported as a special revenue fund within the City of Pensacola's Comprehensive Annual Financial Report. Florida Statute Section 163.387(8) requires an independent audit of the fund each fiscal year, and submission of a report of such audit.



**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Pensacola Inner City Community Redevelopment Area is a 1,237-block, 4,611-acre area that encompasses the area bounded by 17th Avenue on the east, Pensacola Bay on the south, Bayou Chico and the City limit line on the west and the city limit line on the north. It accounts for about 31.8% of the City's total land area. Within the Pensacola Inner City Community Redevelopment Area, there exists three Redevelopment Areas. The Urban Core Community Redevelopment Area; the Westside Community Redevelopment Area; and the Urban Infill and Redevelopment Area which is also referred to herein as the Eastside Neighborhood Redevelopment Area.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) are designed to provide readers with a broad overview of the Agency's finances in a manner similar to a private-sector business.

The statement of net position presents financial information on all the Agency's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources) and long term obligations. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal years (e.g., earned but unused vacation leave and revenue in connection with receivables which are not considered available to liquidate liabilities of the current period).

Individual fund financial statements are provided for governmental funds which are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting, Measurement Focus and Financial Presentation**

The basis of accounting refers to when revenues, expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Those revenues not clearly defined as program revenues are categorized as general revenue. General revenues include resources such as tax increment revenues, investment earnings, and sale of assets. As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Tax increment revenues, charges for services and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The Agency reports the following major governmental funds:

Community Redevelopment Agency - to administer the programs and projects identified in Urban Core Community Redevelopment Area.

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Urban Core Redevelopment Trust - to account for the tax increment development receipts derived from the Urban Core Community Redevelopment Area of which the balance of the fund is transferred to the Community Redevelopment Agency fund and/or the CRA Debt Service fund.

Eastside Tax Increment Financing District - to administer and account for the tax increment revenues associated with programs and projects identified in Eastside Community Redevelopment Area.

Westside Tax Increment Financing District – to administer and account for the tax increment revenues associated with programs and projects identified in Westside Community Redevelopment Area.

CRA Debt Service Fund - to provide monies for payment of the Redevelopment Revenue Bond(s) financed with tax increment financing revenues derived from the Urban Core, Eastside and Westside Tax Increment Financing Districts.

When both restricted and unrestricted resources are available for use, it is the Agency uses restricted resources first, and then use unrestricted resources.

**D. Assets, Liabilities, and Net Position or Equity**

**1. Cash and Cash Equivalents**

The Agency has defined *cash and cash equivalents* as cash held at a depository and cash on hand for operating purposes and those investments which are short term and highly liquid. Cash equivalents normally consist of treasury bills, certificates of deposit and money market funds.

All monies, which are not legally restricted to separate administration, are pooled together for investment purposes while each individual fund and/or account is maintained on a daily transaction basis. Investment earnings are distributed in accordance with the participating funds' relative equity.

**2. Investments**

Investments are held by the City on behalf of the Agency. All investments held by the City of Pensacola are reported at fair value.

**3. Accounts Receivables**

All receivables are shown net of allowance for doubtful accounts.

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
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**NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Prepaid Insurance**

The Agency accounts for property insurance premiums using the consumption method. Property insurance premiums for both governmental and enterprise funds are paid quarterly, with a term year beginning May 1<sup>st</sup> resulting in a prepaid insurance premium for the month of October.

**5. Restricted Assets**

Certain assets are restricted by specific provisions of bond resolutions or agreements with outside parties. Assets such as these are restricted since their use is limited.

**6. Capital Assets**

The Agency does not have title to any capital assets as any improvements made with its funding sources are contributed to the City of Pensacola, Florida.

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency has no items that would qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized an inflow of resources (revenue) until that time. The Agency has one item that qualify for reporting in this category, a deferred gain on refunding reported in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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**NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**8. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as prepaid insurance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when paid. Bonds payable are reported net of the applicable bond premium or discount. Bond refunding gains and losses are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method. Bond refunding gains are presented as deferred inflows of resources while losses are presented as deferred outflows of resources.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs (whether or not withheld from the actual debt proceeds received), during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**9. Fund Balance**

GASB Statement No. 54, Fund Balance Reporting Governmental Fund Type Definitions, establishes accounting and financial reporting requirements for governmental funds and criteria for classifying fund balances. Accordingly, the governmental fund financial statements report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Agency is legally bound to honor the specific purposes for which amounts in fund balance may be spent. Amounts which are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation are classified as fund balances. Fund balances for governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In accordance with Governmental Accounting and Financial Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Agency classifies fund balance as follows.

Non-Spendable Fund Balance – Amounts that are not in a spendable form or are required to be maintained intact (such as prepaids).

Restricted Fund Balance – Amounts that can be spent only for the specific purposes stipulated by external resource providers or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers. Pursuant to Chapter 163, Part III, Florida Statutes, intergovernmental revenues derived from the Tax Increment Revenues fall into this category as well as interest earned on those revenues.

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**NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action of the Agency’s highest level of decision-making authority. Commitments may be changed or lifted only by the Agency taking the same formal action that imposed the constraint originally. A Resolution adopted by the Agency establishes a fund balance commitment.

Assigned Fund Balance – Amounts the Agency intends to use for a specific purpose. Assignments of fund balances are made by management based upon the direction of the Board.

Unassigned Fund Balance – The residual classification includes amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance which is not obligated or specifically designated and is available for any purpose.

For classification of fund balance 1) when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first 2) when expenditures are incurred for purposes for which amounts in any of unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

**10. Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

**Net Investment in Capital Assets** is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. Since The Agency does not have title to any capital assets the Agency has no items that would qualify for reporting in this category.

**Restricted Net Position** are liquid assets (generated from revenues and net bond proceeds) which are not accessible for general use because of third-party (statutory, bond covenant or granting agency) limitations.

**Unrestricted Net Position** represents unrestricted assets.

**11. Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

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**NOTE II. – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**General Budget Policies**

In accordance with the City Charter, the Mayor prepares and submits the annual budget and capital program to City Council. In order to be compliant with Florida Statutes, the Agency is required to take action on all budget resolutions and budget amendments of the Agency. Once the budget has been adopted by the Agency, it is then adopted by City Council. Budget amendments are administered in accordance with Chapter 166.241, Florida Statutes, and the procedure established in the Financial Planning and Administration Policy adopted by City Council Resolution. The Agency follows that policy for budget amendments.

Through an Interlocal Agreement, the Agency's activities and administrative services are provided by City of Pensacola. Therefore, budget amendments for the Agency follow the budget policies outlined in the City's Financial Planning and Administration Policy allowing the Mayor (or designee) to authorize budget amendments if the total appropriations of the fund are not changed. Specifically, the Mayor (or designee) shall have the authority to transfer appropriations between expenditure categories and between departments or programmatic activities except that amounts appropriated for capital outlay cannot be transferred to any other expenditure category provided no transfer shall be made from the appropriations that are contrary to Florida Law. Further, management has established budgetary control within each fund at the line-item level.

Authorized staff within the Agency and Financial Services Department may request budget amendments between line items or between departments within a fund subject to final determination by the Finance Director as the Mayor's designee.

Additionally, in accordance with Chapter 166.241, Florida Statutes, appropriations within a fund may only be decreased or increased by resolution with City Council approval. Prior to City Council's adoption of any Agency supplemental budget resolutions a supplemental budget resolution will be approved and confirmed by the Agency. Expenditures for each fund may not legally exceed the total fund appropriation.

A legally adopted budget is employed as a control device for the Agency Funds and is budgeted on a limited non-GAAP basis for management control purposes.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. The budget for the subsequent year provides a re-appropriation of funds to complete transactions for outstanding encumbrances.

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**NOTE III. - DETAIL NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The Agency's investments of \$7,150,074 are in a money market account and certificates of deposits with maturities that range from October 2019 to September 2020 and have a weighted average maturity of one year. These investments are not subject to level disclosure in the fair value hierarchy.

**B. Tax Increment Revenues**

The Agency's primary source of revenue is tax increment revenues derived from each of the redevelopment areas. This revenue is calculated by taking ninety-five percent of the difference between the amount of ad valorem real property taxes levied by the taxing authority, excluding school districts, water management districts and other taxing entities enumerated in Section 163.387(1)(c), Florida Statutes, each year within each redevelopment area and the amount which would have been produced by the same levy on the assessed value of taxable real property in such redevelopment area in the base year which is the year in which the Redevelopment Trust Fund was established (the "Tax Increment" or "Tax Increment Revenues"). Each taxing authority is required to fund this amount annually, by December 31<sup>st</sup>, without regard to tax collections or other obligations.

The base year for calculation of the Tax Increment for the Urban Core Community Redevelopment Area is 1983 and the Tax Increment Revenues total \$87,926,570 for the City and Escambia County and \$49,010,270 for the DIB. The sunset date for the Tax Increment Revenues being paid into the Urban Core Community Redevelopment Trust Fund is December 31, 2043 (Fiscal Year 2044).

The base year for calculation of the Tax Increment for the Westside Community Redevelopment Area is 2013 and the Tax Increment Revenues total \$121,903,783. The sunset date for the Tax Increment Revenues being paid into the Westside Community Redevelopment Trust Fund is December 31, 2037 (Fiscal Year 2038).

The base year for calculation of the Tax Increment for the Eastside Neighborhood Redevelopment Area is 2005 and the Tax Increment Revenues total \$19,243,104. The sunset date for the Tax Increment Revenues being paid into the Eastside Neighborhood Redevelopment Trust Fund is December 31, 2045 (Fiscal Year 2046).



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**NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)**

**C. Accounts Receivable**

Accounts receivable are as follows:

	<b>Accounts Receivable</b>
<b>Governmental activities:</b>	
Lease revenues	\$ 312
Total governmental activities	\$ 312

**D. Interfund Transfers**

During the course of operations, transactions occur between individual funds based to revenues received and then transferred to other funds pursuant to debt covenants or operational needs. For the year ended September 30, 2020, interfund transfers are as follows:

	<b>Transfer In</b>	<b>Transfer Out</b>
<b>Governmental activities:</b>		
Community Redevelopment Agency	\$ 3,627,908	
Urban Core Redevelopment Trust		\$ 6,837,208
Eastside Tax Increment Financing District		87,503
Westside Tax Increment Financing District		274,051
CRA Debt Service	3,570,854	
Total	\$ 7,198,762	\$ 7,198,762

Funds from the Urban Core Redevelopment Trust fund is first transferred to the CRA Debt Service fund is to pay debt service on the Urban Core Redevelopment Revenue Bond, Series 2017 and the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019. Any remaining funds are transferred to the Community Redevelopment Agency fund to pay for operational and capital requirements. Funds from the Eastside Tax Increment Financing District fund is transferred to the CRA Debt Service fund is to pay debt service on the Eastside Redevelopment Revenue Bond, Series 2017. Funds from the Westside Tax Increment Financing District fund is transferred to the CRA Debt Service fund is to pay debt service on Westside Redevelopment Revenue Bond, Series 2017.

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**NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)**

**E. Long-term Liabilities**

**1. Changes in Long-Term Liabilities**

Following is a summary of changes in the long-term liabilities for the Agency's year ended September 30, 2020:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Due to other governments	\$ 10,400,000	\$	\$ (1,300,000)	\$ 9,100,000	\$ 1,300,000
Notes payable	72,000,000		(1,505,000)	70,495,000	1,842,181
Governmental activity long-term liabilities	\$ 82,400,000	\$ -	\$ (2,805,000)	\$ 79,595,000	\$ 3,142,181

Due to other governments includes an Interlocal agreement between the City of Pensacola and the Agency which committed the Agency to contribute Tax Increment Revenues derived from the Urban Core Community Redevelopment Area to the Main Street Wastewater Treatment Plant Replacement Project (the Project). The Agency committed \$19.5 million towards the project, payable to Emerald Coast Utilities Authority (ECUA) in annual installments of \$1.3 million. The annual \$1.3 million payment is included in general government expenditures since the payment is not considered debt service. For accounting purposes, this is a voluntary non-exchange transaction. In December 2012, ECUA provided documentation which showed all eligibility criteria had been met as of September 30, 2012. Therefore, the long-term liability and expenditure was recorded in the Agency's government-wide financial statements. Since the long-term liability is not due and payable in the current period it is not recorded in the fund financial statements.

Notes payable include Interlocal agreements between the City of Pensacola and the Agency which committed the Agency to contribute Tax Increment Revenues derived from the Urban Core Community Redevelopment Area to pay debt service on the Urban Core Redevelopment Revenue Bond, Series 2017 and the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019; Tax Increment Revenues derived from the Eastside Neighborhood Redevelopment Area to pay debt service on the Eastside Redevelopment Revenue Bond, Series 2017; and Tax Increment Revenues derived from the Westside Community Redevelopment Area to pay debt service on the Westside Redevelopment Revenue Bond, Series 2017. The Agency's outstanding notes payable do not contain any significant events of default with finance-related consequences, termination events with finance related consequences, or subjective acceleration clauses.

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**NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)**

**2. Individual Notes Payable**

Below are the Agency's obligation towards the City's individual long-term notes payable which were outstanding on September 30, 2020:

**Governmental activities:**

\$1,307,000 Eastside Redevelopment Revenue Bond, Series 2017 was issued for the purpose of financing certain community redevelopment capital improvements in the Eastside Neighborhood Redevelopment Area included in the Eastside Neighborhood Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.33% commencing April 1, 2018, to and including April 1, 2037, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2018, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Eastside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax. Final maturity of principal occurs on April 1, 2037.

1,147,000

\$4,082,000 Westside Redevelopment Revenue Bond, Series 2017 was issued for the purpose of financing certain community redevelopment capital improvements in the Westside Neighborhood Redevelopment Area included in the Westside Neighborhood Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.33% commencing April 1, 2018, to and including April 1, 2037, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2018, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Westside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax. Final maturity of principal occurs on April 1, 2037.

3,583,000

\$8,000,000 Urban Core Redevelopment Revenue Bond, Series 2017 was issued for the purpose of financing certain community redevelopment capital improvements in the Urban Core Redevelopment Area included in the Urban Core Community Redevelopment Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.60% commencing April 1, 2018, to and including April 1, 2040, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2018, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Urban Core Redevelopment Area and in the event that these revenues are insufficient, a covenant to budget and appropriate non-ad valorem revenues of the City. Final maturity of principal occurs on April 1, 2040.

7,625,000

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**NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)**

\$58,140,000 Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019 was issued for the purpose of refunding the outstanding principal balance of the Redevelopment Revenue Bonds, Series 2009B, as well as financing certain community redevelopment capital improvements in the Urban Core Redevelopment Area included in the Urban Core Community Redevelopment Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.40% commencing October 1, 2019, to and including December 31, 2043, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2021, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Urban Core Redevelopment Area and in the event that these revenues are insufficient, a covenant to budget and appropriate non-ad valorem revenues of the City. Final maturity of principal occurs on December 31, 2043.

58,140,000

Total Governmental Activities

\$ 70,495,000

**3. Summary of Debt Service Requirements to Maturity**

Annual debt service requirements to maturity for the Agency's long-term notes are as follows:

Governmental Long-Term Debt

Fiscal Year Ending September 30,	Principal	Interest	Total Principal and Interest
2021	\$ 1,842,181	\$ 2,297,444	\$ 4,139,625
2022	1,892,571	2,236,974	4,129,545
2023	1,948,068	2,174,732	4,122,800
2024	2,007,612	2,110,609	4,118,221
2025	2,062,981	2,044,467	4,107,448
2026-2030	12,556,585	9,126,978	21,683,563
2031-2035	15,584,606	6,887,570	22,472,176
2036-2040	17,090,732	4,269,302	21,360,034
2041-2044	15,509,664	1,307,192	16,816,856
<b>Total</b>	<u>70,495,000</u>	<u>32,455,268</u>	<u>102,950,268</u>
Less: Current	<u>1,842,181</u>	<u>-</u>	<u>1,842,181</u>
<b>Total government debt</b>	<u><u>\$ 68,652,819</u></u>	<u><u>\$ 32,455,268</u></u>	<u><u>\$ 101,108,087</u></u>

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**NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)**

**4. Revenues Pledged for Debt Repayment**

The Agency has pledged future Tax Increment Revenues derived from the Urban Core Redevelopment Area to repay \$6,715,000 in Bonds issued in 2009, \$8,000,000 in Bond issued in 2017 and a \$56,140,000 Bond issued in 2019. Proceeds of the 2009 bonds provided financing for the construction of a Community Maritime Park. Proceeds from the 2019 bond provided financing to refund \$38,925,000 in outstanding 2009 bonds. Proceeds of the 2017 bond and remaining proceeds from the 2019 bond provided financing for certain community redevelopment capital improvements in the Urban Core Community Redevelopment Area included in the Urban Core Community Redevelopment Area Plan. The bonds are secured by Tax Increment Revenues derived from the Urban Core Redevelopment Area and in the event that these revenues are insufficient and the City has advanced (an "Advance") non-ad valorem revenues budgeted and appropriated for the payment thereof the Agency shall repay the amount of such Advance to the City plus interest and are payable through 2043. Principal and interest paid for the current year on the 2009 bonds were \$1,224,938 and the 2017 bond was \$404,000 and the 2019 bonds was \$1,350,786 and Tax Increment Revenues for the current year were \$6,837,208.

The Agency has pledged future Tax Increment Revenues derived from the Eastside Redevelopment Area to repay a \$1,307,000 Bond issued in 2017. Proceeds of the bond provided financing for certain community redevelopment capital improvements in the Eastside Neighborhood Redevelopment Area included in the Eastside Neighborhood Plan. The bond is secured by Tax Increment Revenues derived from the Eastside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax and are payable through 2037. Principal and interest paid for the current year were \$89,860 and Tax Increment Revenues for the current year were \$207,996.

The Agency has pledged future Tax Increment Revenues derived from the Westside Redevelopment Area to repay a \$4,082,000 Bond issued in 2017. Proceeds of the bond will provide financing for certain community redevelopment capital improvements in the Westside Neighborhood Redevelopment Area included in the Westside Neighborhood Plan. The bond is secured by Tax Increment Revenues derived from the Westside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax, and are payable through 2037. Principal and interest paid for the current year were \$279,475 and Tax Increment Revenues for the current year were \$636,519.

**F. Net Position Deficit**

The Agency has a negative net position on the Government-wide Financial Statements of \$71,563,212 as of September 30, 2020. This amount is the result of the various interlocal agreements whereby the Agency has pledged Tax Increment Revenues to repay long-term obligations which do not result in an asset for the Agency.

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**NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)**

These obligations included notes payable of \$70,495,000 and due to other governments of \$9,100,000. Based on current projects, the Agency projects sufficient future Tax Increment Revenues to repay such obligations in full before the sunset of the Community Redevelopment Areas. Detailed information on these obligations can be found in Note III.D and Note IV.B of this report.

**NOTE IV. – OTHER INFORMATION**

**A. Related Party Commitments**

- 1. Interlocal Agreement – Downtown Improvement Board.* On October 1, 2005, the Agency and the Pensacola Downtown Improvement Board (DIB) entered into an Interlocal Agreement whereby the Agency agreed to contribute to the DIB an annual amount equal to the funds paid into the Urban Core Redevelopment Trust Fund by the DIB through September 30, 2020. The primary purpose of the contribution was for the development and implementation of a downtown housing and parking strategy or any other proper functions of the DIB, provided such functions are reasonably consistent and compatible with the long-term goals and objectives outlined in the Urban Core Redevelopment Plan. The annual installments to the DIB are paid from Tax Increment Revenues derived from the Urban Core Redevelopment Area. Payments for the year ended September 30, 2020 totaled \$380,551.
- 2. Interlocal Agreement - Main Street Wastewater Treatment Plant.* On June 26, 2009, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed to pay the Emerald Coast Utilities Authority \$19.5 million towards the relocation of the Main Street Wastewater Treatment Plant. The obligation was recorded in fiscal year 2012 upon project completion. Annual installments to the Authority of \$1.3 million began in fiscal year 2013 and will extend through fiscal year 2027. The annual installments to the Authority will be paid from Tax Increment Revenues derived from the Urban Core Redevelopment Area and any shortfall paid by the City will be reimbursed by the Agency when funds are available. Payments for the year ended September 30, 2020 totaled \$1,300,000.
- 3. Interlocal Agreement – Westside Redevelopment Revenue Bond, Series 2017.* On August 15, 2017, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed that to the extent that Tax Increment Revenues derived from the Westside Community Redevelopment Area are insufficient to fully pay the principal of and interest on the 2017 Westside Bond, and the City has advanced Local Business Tax for the payment thereof in accordance with the terms of Resolution No. 17-38 (the “Westside Bond Resolution”) adopted by the City on August 10, 2017 (an "Advance"), the Agency shall repay the amount of such Advance to the City plus interest. The obligation of the Agency to pay the City the amount of any Advance and interest thereon shall be junior and subordinate in all respects to the Agency's obligation to make payments sufficient to pay the 2017 Westside Bond and any Additional Obligations issued in accordance with the Westside Bond Resolution.

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**NOTE IV. – OTHER INFORMATION (Continued)**

4. *Interlocal Agreement – Eastside Redevelopment Revenue Bond, Series 2017.* On August 15, 2017, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed that to the extent that Tax Increment Revenues derived from the Eastside Neighborhood Redevelopment Area are insufficient to fully pay the principal of and interest on the 2017 Eastside Bond, and the City has advanced Local Business Tax for the payment thereof in accordance with the terms of Resolution No. 17-43 (the “Eastside Bond Resolution”) adopted by the City on August 10, 2017 (an "Advance"), the Agency shall repay the amount of such Advance to the City plus interest. The obligation of the Agency to pay the City the amount of any Advance and interest thereon shall be junior and subordinate in all respects to the Agency's obligation to make payments sufficient to pay the 2017 Eastside Bond and any Additional Obligations issued in accordance with the Eastside Bond Resolution.
5. *Interlocal Agreement – Eastside Redevelopment Loan.* On September 30, 2016, as amended on August 10, 2017, the City and the Agency entered into an Interlocal Agreement which established the terms and conditions by which the City would provide a loan to the Agency in the principal amount of \$500,000 to finance a portion of the cost associated with the design, construction and acquisition of the General Daniel “Chappie” James, Jr. Museum and Youth Flight Academy. The loan was made from the City’s Insurance Retention Fund to the Agency’s Eastside TIF District and has a thirty (30) year term with interest only being paid until the twenty (20) year Eastside Redevelopment Revenue Bond, Series 2017 has matured. Principal payments begin December 31, 2037 and end on December 31, 2045. Since the principal repayment on the loan does not start until December 31, 2037, the full interfund balance was reduced and a transfer between the Eastside TIF District Fund and the City was recorded. At the point of repayment, the full long term liability will be recorded and the transfer reversed.
6. *Interlocal Agreement – Urban Core Redevelopment Revenue Bond, Series 2017.* On November 15, 2017, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed that to the extent that Tax Increment Revenues derived from the Urban Core Community Redevelopment Area are insufficient to fully pay the principal of and interest on the 2017 Urban Core Bond, and the City has advanced (an "Advance") non-ad valorem revenues budgeted and appropriated for the payment thereof in accordance with the terms of Resolution No. 33-09 adopted on October 8, 2009 (the "Original Bond Resolution" and as amended and supplemented, the "Bond Resolution"), and the 2017 Urban Core Bond Resolution, the Agency shall repay the amount of such Advance to the City plus interest. The obligation of the Agency to pay the City the amount of any Advance and interest thereon shall be junior and subordinate in all respects to the Agency’s obligation to make payments sufficient to pay the 2017 Urban Core Bond, the 2019 Urban Core Bond and any Additional Obligations issued in accordance with the Bond Resolution.

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**SEPTEMBER 30, 2020**

**NOTE IV. – OTHER INFORMATION (Continued)**

7. *Interlocal Agreement – Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019.* On July 25, 2019, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed that to the extent that Tax Increment Revenues derived from the Urban Core Community Redevelopment Area are insufficient to fully pay the principal of and interest on the 2019 Urban Core Bond, and the City has advanced (an "Advance") non-ad valorem revenues budgeted and appropriated for the payment thereof in accordance with the terms of the Original Bond Resolution and Resolution No. 2019-31 adopted by the City on July 25, 2019, the Agency shall repay the amount of such Advance to the City plus interest. The obligation of the Agency to pay the City the amount of any Advance and interest thereon shall be junior and subordinate in all respects to the Agency's obligation to make payments sufficient to pay the 2017 Urban Core Bond, the 2019 Urban Core Bond and any Additional Obligations issued in accordance with the Bond Resolution.
8. *Interlocal Agreement – Administrative Services.* On September 22, 2017, as amended on August 13, 2019, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide administrative services to the Agency through December 31, 2045. Administrative services include personal, financial, legal, engineering, planning, purchasing, construction, insurance, title and construction services. All personnel assigned by the City are employees of the City and are not officers, employees or agents of the Agency. As such, the Agency has no pension obligation, other post-employment obligations or other liabilities related to personnel. In consideration of the services, the Agency reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2020 totaled \$425,643.
9. *Interlocal Agreement – Urban Core Maintenance Services.* On September 22, 2017, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide landscape, park and public space enhancements and accessibility improvement maintenance services on the Agency's behalf through December 31, 2043. These services include the cost to maintain any improvements to various public facilities within the Urban Core Community Redevelopment Area which, pursuant to the Urban Core Community Redevelopment Plan, the Agency has made. In consideration of the services, the Agency reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2020 totaled \$248,035.



**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE IV. – OTHER INFORMATION (Continued)**

- 10. Interlocal Agreement – Eastside Maintenance Services.** On November 15, 2017, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide landscape, park, property management, leasing, accessibility improvement, public space enhancement, and facilities maintenance services on the Agency's behalf through December 31, 2045. These services include the cost to maintain any improvements to various public facilities within the Eastside Community Redevelopment Area which, pursuant to the Eastside Community Redevelopment Plan, the Agency has made. In consideration of the services, the Agency reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2020 totaled \$15,968.
- 11. Interlocal Agreement – Community Policing Innovations.** On September 26, 2019, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide additional policing services within the Urban Core Community Redevelopment Area through September 30, 2020. These services aim to reduce crime by reducing opportunities for, and increasing perceived risk of engaging in, criminal activity through visible presence of police. In consideration of the services, the Agency reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2020 totaled \$95,777.

**B. Risk Management**

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions and natural disasters. As part of the Interlocal Agreement for administrative services, the City manages the Agency's insurance needs. The City is self-insured with respect to general, auto liability and workers' compensation claims but does carry public official's liability insurance as well as property insurance. The coverage limits and deductibles are as follows:

Primary Coverage	Coverage	Deductible
Public officials	2,000,000	50,000
Property	200,000,000	100,000/3% named wind storm

**C. Litigation**

The Agency is contingently liable with respect to other lawsuits and other claims incidental to the ordinary course of its operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, based on the advice of counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Agency.

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE IV. – OTHER INFORMATION (Continued)**

**D. Contractual, Construction, and Equipment Commitments**

The Agency has outstanding commitments for contractual services and for the construction and acquisition of property, plant and equipment at year end. The commitments represent the difference between the contract prices of the various projects and the amounts paid on each contract. Outstanding commitments by fund on September 30, 2020 were:

Community Redevelopment Agency	\$ <u>45,785</u>
Total	\$ <u><u>45,785</u></u>

**NOTE V. – SUBSEQUENT EVENTS**

No other significant events occurred subsequent to the balance sheet date, as of the date of this report that would have a material impact on the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**COMMUNITY REDEVELOPMENT AGENCY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive/(Negative)
<b>Revenues:</b>				
Tax increment revenues	\$	\$	\$	\$
Intergovernmental revenues				
Charges for services	16,000	12,260	12,551	(291)
Investment earnings	50,000	134,426	134,426	0
Total revenues	<u>66,000</u>	<u>146,686</u>	<u>146,977</u>	<u>(291)</u>
<b>Expenditures:</b>				
Current -				
General government	3,780,900	7,230,500	2,926,917	4,303,583
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>3,780,900</u>	<u>7,230,500</u>	<u>2,926,917</u>	<u>4,303,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,714,900)</u>	<u>(7,083,814)</u>	<u>(2,779,940)</u>	<u>4,303,292</u>
<b>Other financing sources (uses):</b>				
Transfers in	3,714,900	3,627,908	3,627,908	0
Transfers (out)				
Total other financing sources (uses)	<u>3,714,900</u>	<u>3,627,908</u>	<u>3,627,908</u>	<u>0</u>
<b>Net change in fund balances</b>	<u>\$ 0</u>	<u>\$ (3,455,906)</u>	<u>847,968</u>	<u>\$ 4,303,292</u>
<b>Fund balances at beginning of year</b>			<u>4,455,117</u>	
<b>Fund balances at end of year</b>			<u>\$ 5,303,085</u>	

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**URBAN CORE REDEVELOPMENT TRUST FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive/(Negative)
<b>Revenues:</b>				
Tax increment revenues	\$ 6,839,700	\$ 6,837,208	\$ 6,837,208	\$ 0
Intergovernmental revenues				
Charges for services				
Investment earnings				
Total revenues	<u>6,839,700</u>	<u>6,837,208</u>	<u>6,837,208</u>	<u>0</u>
<b>Expenditures:</b>				
Current -				
General government				
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,839,700</u>	<u>6,837,208</u>	<u>6,837,208</u>	<u>0</u>
<b>Other financing sources (uses):</b>				
Transfers in				
Transfers (out)	<u>(6,839,700)</u>	<u>(6,837,208)</u>	<u>(6,837,208)</u>	<u>0</u>
Total other financing sources (uses)	<u>(6,839,700)</u>	<u>(6,837,208)</u>	<u>(6,837,208)</u>	<u>0</u>
<b>Net change in fund balances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b>Fund balances at beginning of year</b>			<u>0</u>	
<b>Fund balances at end of year</b>			<u>\$ 0</u>	

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**EASTSIDE TAX INCREMENT FINANCING DISTRICT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive/(Negative)
<b>Revenues:</b>				
Tax increment revenues	\$ 202,100	\$ 207,997	\$ 207,996	\$ (1)
Intergovernmental revenues				
Charges for services				
Investment earnings	5,000	12,045	12,045	0
Total revenues	<u>207,100</u>	<u>220,042</u>	<u>220,041</u>	<u>(1)</u>
<b>Expenditures:</b>				
Current -				
General government	102,200	737,745	63,241	674,504
Debt service -				
Principal retirement				
Interest	15,000	15,000	15,000	0
Total expenditures	<u>117,200</u>	<u>752,745</u>	<u>78,241</u>	<u>674,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>89,900</u>	<u>(532,703)</u>	<u>141,800</u>	<u>674,503</u>
<b>Other financing sources (uses):</b>				
Transfers in				
Transfers (out)	(89,900)	(87,503)	(87,503)	0
Total other financing sources (uses)	<u>(89,900)</u>	<u>(87,503)</u>	<u>(87,503)</u>	<u>0</u>
<b>Net change in fund balances</b>	<u>\$ 0</u>	<u>\$ (620,206)</u>	<u>54,297</u>	<u>\$ 674,503</u>
<b>Fund balances at beginning of year</b>			<u>620,206</u>	
<b>Fund balances at end of year</b>			<u>\$ 674,503</u>	

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**WESTSIDE TAX INCREMENT FINANCING DISTRICT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive/(Negative)
<b>Revenues:</b>				
Tax increment revenues	\$ 636,600	\$ 636,519	\$ 636,519	\$ 0
Intergovernmental revenues				
Charges for services				
Investment earnings		10,948	10,947	(1)
Total revenues	<u>636,600</u>	<u>647,467</u>	<u>647,466</u>	<u>(1)</u>
<b>Expenditures:</b>				
Current -				
General government	357,100	463,190	40,608	422,582
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>357,100</u>	<u>463,190</u>	<u>40,608</u>	<u>422,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>279,500</u>	<u>184,277</u>	<u>606,858</u>	<u>422,581</u>
<b>Other financing sources (uses):</b>				
Transfers in				
Transfers (out)	<u>(279,500)</u>	<u>(274,052)</u>	<u>(274,051)</u>	<u>1</u>
Total other financing sources (uses)	<u>(279,500)</u>	<u>(274,052)</u>	<u>(274,051)</u>	<u>1</u>
<b>Net change in fund balances</b>	<u>\$ 0</u>	<u>\$ (89,775)</u>	<u>332,807</u>	<u>\$ 422,582</u>
<b>Fund balances at beginning of year</b>			<u>89,775</u>	
<b>Fund balances at end of year</b>			<u>\$ 422,582</u>	



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## **SUPPLEMENTARY INFORMATION**

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Pensacola, Florida)**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**COMMUNITY REDEVELOPMENT AGENCY DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Budget	Budget	Actual	Variance with Final Budget - Positive/(Negative)
<b>Revenues:</b>				
Tax increment revenues	\$	\$	\$	\$
Intergovernmental revenues	909,300			0
Charges for services		10,025	10,025	0
Investment earnings				
Total revenues	<u>909,300</u>	<u>10,025</u>	<u>10,025</u>	<u>0</u>
<b>Expenditures:</b>				
Current -				
General government				
Debt service -				
Principal retirement	1,505,000	1,505,000	1,505,000	0
Interest	<u>3,288,300</u>	<u>1,844,059</u>	<u>1,844,059</u>	<u>0</u>
Total expenditures	<u>4,793,300</u>	<u>3,349,059</u>	<u>3,349,059</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,884,000)</u>	<u>(3,339,034)</u>	<u>(3,339,034)</u>	<u>0</u>
<b>Other financing sources (uses):</b>				
Transfers in	3,494,200	3,570,855	3,570,854	1
Transfers (out)				
Total other financing sources (uses)	<u>3,494,200</u>	<u>3,570,855</u>	<u>3,570,854</u>	<u>1</u>
<b>Net change in fund balances</b>	<u>\$ (389,800)</u>	<u>\$ 231,821</u>	<u>231,820</u>	<u>\$ 1</u>
<b>Fund balances at beginning of year</b>			<u>2,894,782</u>	
<b>Fund balances at end of year</b>			<u>\$ 3,126,602</u>	

## **COMPLIANCE SECTION**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

Board Members  
Community Redevelopment Agency  
City of Pensacola, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Pensacola Community Redevelopment Agency (the "Agency"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated February 12, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Warren Averett, LLC*

Pensacola, Florida  
February 12, 2021

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF  
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL**

Board Members  
Community Redevelopment Agency  
City of Pensacola, Florida

We have examined the City of Pensacola Community Redevelopment Agency (the "Agency") compliance with the following requirements for the year ended September 30, 2020:

- (1) Florida Statute 218.415 in regards to investments
- (2) Florida Statutes 163.387(6) and (7) in regards to community redevelopment agencies


Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency has complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

This report is intended solely for the information and use of the Agency and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

  
Pensacola, Florida  
February 12, 2021

## MANAGEMENT LETTER

Board Members  
Community Redevelopment Agency  
City of Pensacola, Florida

### Report on the Financial Statements

We have audited the financial statements of the City of Pensacola Community Redevelopment Agency (the "Agency"), as of and for the year ended September 30, 2020, and have issued our report thereon dated February 12, 2021.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550 *Rules of the Florida Auditor General*.

### Other Reports Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 12, 2021, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings were reported in the City of Pensacola's audit in the prior year.

### Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the Agency has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

#### **Additional Matters**

Section 10.554 (1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

#### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*Warren Averett, LLC*

Pensacola, Florida

February 12, 2021





# Community Redevelopment Agency City of Pensacola

AUDIT RESULTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020



# This Year's Audit Results

Matter	Conclusion
Opinions on Financial Statements	<ul style="list-style-type: none"> <li>Fairly stated in all material respects.</li> <li>Considered a “clean” or “unmodified” report.</li> <li>Issued on February 12, 2021</li> </ul>
Reporting on Required Supplementary Information	<ul style="list-style-type: none"> <li>We have applied certain limited procedures which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on this information.                             <ul style="list-style-type: none"> <li>MDA &amp; Budgetary Comparison Schedules</li> </ul> </li> </ul>
Reporting on Supplementary Information	<ul style="list-style-type: none"> <li>The following information was subjected to the procedures applied in the audit of the basic financial statements and is fairly stated in all material respects in relation to the Agency’s financial statements.                             <ul style="list-style-type: none"> <li>Budgetary Comparison Schedule – Debt Service fund</li> </ul> </li> </ul>

1 Solely for the use of the City of Pensacola including Management and those charged with Governance

# This Year's Audit Results

Matter	Conclusion
Reporting under Government Auditing Standards	<ul style="list-style-type: none"> <li>No instances of noncompliance or other matters identified and reported</li> <li>No material weaknesses were identified</li> </ul>
Reporting on an Examination of Compliance Requirements in Accordance with Ch. 10.550, <i>Rules of the Auditor General</i>	<ul style="list-style-type: none"> <li>Agency complied, in all material respects, with                             <ul style="list-style-type: none"> <li>(1) Florida Statute 218.415 in regards to investments</li> <li>(2) Florida Statutes 163.387(6) and (7) in regards to community redevelopment agencies</li> </ul> </li> </ul>

# This Year's Audit Results

Matter	Conclusion
Adjustments detected by the audit process	<ul style="list-style-type: none"> <li>None.</li> </ul>
Other matters	<ul style="list-style-type: none"> <li>No instances of fraud or illegal acts were noted.</li> <li>No material uncertainties were noted.</li> <li>No significant changes to our planned scope or approach were required during year end fieldwork.</li> </ul>
Financial statement disclosures	<ul style="list-style-type: none"> <li>The disclosures are neutral, consistent and clear.</li> </ul>
Disagreements with management	<ul style="list-style-type: none"> <li>None.</li> </ul>
Management consultations with other accountants	<ul style="list-style-type: none"> <li>Management has informed us that they have not consulted with other accountants.</li> </ul>
Difficulties encountered performing the audit	<ul style="list-style-type: none"> <li>None.</li> </ul>
Management representations	<ul style="list-style-type: none"> <li>Management has provided us with certain representations that are included in the management representation letter.</li> </ul>

# Other Audit Matters

## Other Matters

- No significant changes in accounting policies noted in the current year.

## Significant or Unusual Transactions

- We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

## Accounting Policies

- Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements.



Memorandum

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**File #:** 21-00321

Community Redevelopment Agency

4/5/2021

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**ACTION ITEM**

**SPONSOR:** Delarian Wiggins, Chairperson

**SUBJECT:**

AREA REINVESTMENT AGREEMENT POLICY FOR WEST MAIN DISTRICT

**RECOMMENDATION:**

That the Community Redevelopment Agency (CRA) adopt the Area Reinvestment Agreement Policy for the West Main District.

**SUMMARY:**

Section 163.387(1)(b) of the Florida Statutes authorizes a CRA to enter into an area reinvestment agreement as an incentive to private sector investment in a geographic subarea of a community redevelopment area. Under an area reinvestment agreement, the CRA may reinvest a portion of the increased tax increment generated by a development project for a specific area back to the developer. This incentive is known as a TIF Rebate.

Staff recommends the CRA adopt a policy for entering into area reinvestment agreements for development projects of considerable significance within the area covered by the West Main Master Plan. The proposed policy, and any subsequent agreements, stipulates how and when a TIF Rebate will be made available for reinvestment in the project. Under such an agreement, the developer must first perform and construct the project. No rebate is provided unless the increased increment is first generated by the development project.

**PRIOR ACTION:**

None.

**FUNDING:**

N/A

**FINANCIAL IMPACT:**

A portion of additional TIF revenue generated by a project may be rebated

**CITY ATTORNEY REVIEW:** Yes

3/30/2021

**STAFF CONTACT:**

Kerrith Fiddler, Deputy City Administrator - Community Development

M. Helen Gibson, AICP, CRA Administrator

Victoria D'Angelo, Assistant Administrator

**ATTACHMENTS:**

- 1) Draft Area Reinvestment Policy for the West Main District
- 2) Draft Form Area Reinvestment Agreement

**PRESENTATION:** No

# **City of Pensacola Community Redevelopment Agency**

## **Area Reinvestment Agreement Policy** **for the** **West Main District**

**April 2021**



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Area Map.....7

## PURPOSE

The purpose of this Policy is to articulate the guidelines by which the City of Pensacola Community Redevelopment Agency's (CRA) may enter into an Area Reinvestment Agreement (ARA) with private parties as an incentive to promote redevelopment of the West Main District in a manner that is consistent with the CRA Urban Core Community Redevelopment Plan and the West Main Master Plan. It is anticipated that the private sector development leveraged by the ARA will provide a community benefit that will ultimately be shared by the surrounding neighborhoods, the downtown area, and the city as a whole. Area Reinvestment Agreements typically may be used for large-scale projects which substantially achieve the objectives of the redevelopment plan(s) and act as catalysts for further private sector development.

## ELIGIBLE AREA

The West Main District is a subarea of the Urban Core Community Redevelopment Area and is roughly bounded by Clubbs Street, Government Street, South Spring Street and the Pensacola Bay waterfront. Community plans have been prepared, focusing on the revitalization of this area, including the 2010 Urban Core Community Redevelopment Plan and the West Main Master Plan. As a matter of policy, the City of Pensacola Community Redevelopment Agency (CRA) will consider using Area Reinvestment Agreements to assist private development within the West Main District that provides extensive community benefit consistent with the redevelopment plans referenced herein.

## AUTHORITY

Section 163.387 (1) (b) of Florida Statutes, allows CRAs to enter into an agreement with a private party, with or without additional parties, to provide that the Tax Increment Revenue (TIF) computed for a specific area may be reinvested in services or public or private projects, or both, including debt service, supporting one or more projects to be constructed within that area consistent with the community redevelopment plan that is identified in the agreement. This tool is defined in the statute as an "Area Reinvestment Agreement (ARA)." Under such an agreement, the CRA may reinvest, or rebate, a portion of the increased TIF generated by the development project as an incentive for the private sector investment (TIF Rebate).

## PREREQUISITE PUBLIC BENEFIT

In requesting an ARA/Rebate, the developer must demonstrate that there will be a substantial and significant public benefit to the community by eliminating blight, strengthening the economic and employment base of the West Main District, positively impacting surrounding neighborhoods, increasing property values and the tax base, and/or creating new and retaining existing jobs. Projects must be consistent with the 2010 Urban Core Community Redevelopment Plan and West Main Master Plan.

## OBJECTIVES

The CRA will consider utilizing an **ARA** TIF Rebate for projects that substantially stimulate and continue revitalization of the West Main Area meeting a combination of several of the following criteria:

1. Prevent or eliminate blighting conditions
2. Construct mixed-use developments that creatively integrate commercial, retail and/or residential uses
3. Create a variety of housing opportunities to increase the number of residents in the district
4. Attract, retain or expand desirable businesses and jobs in the district
5. Enhance the streetscape and pedestrian experience and improve the vitality of the district by adding interest and activity on the first floor of mixed- use buildings
6. Promote efficient usage of land through redevelopment
7. Strengthen the economic base of the redevelopment area and support economic development
8. Stabilize and upgrade targeted neighborhoods
9. Involve environmental clean-up
10. Increase property values and tax revenues
11. Improve infrastructure
12. Leverage the maximum amount of non-city funds into a development and back into the community

## BASIC PROVISIONS

1. The TIF Rebate is not an ad valorem tax exemption. Developers awarded the rebate must pay all property taxes by December 31<sup>st</sup> of each year or forfeit the rebate for the year.
2. The developer must perform and construct the project prior to receiving a TIF Rebate. The increase in TIF must be produced by the project in order for the increment to be remitted.
3. The **TIF** Rebate is limited to the actual increase in increment generated by the project.
4. The term of the **TIF** Rebate shall be a maximum of 20 years, or the time remaining in the TIF, if less than 20 years.

5. Eligible projects may receive a **TIF** Rebate of **up to** 100% of the increased TIF generated by the development investment, remitted annually.
6. It is the intent of the CRA to provide the minimum amount of TIF **assistance Rebate** to make a project viable and not solely to broaden a developer's profit margin on the project. Prior to approval of a TIF Rebate request, the CRA will undertake (at the requestor's cost) an independent analysis of the project to ensure the request for assistance is valid.
7. In requesting a **TIF** Rebate, the developer must demonstrate **to the CRA** that there will be a substantial and significant public benefit to the community by eliminating or preventing blight, strengthening the economic and employment base of the West Main District, positively impacting surrounding neighborhoods, increasing property values and the tax base, and/or creating new and retaining existing jobs. Projects must be consistent with the **2010** Urban Core **Community** Redevelopment Plan

## CRITERIA FOR APPROVAL

1. **Minimum investment threshold:** The total project development cost **taxable value** must be \$40 million or greater.
2. **Equity Requirement:** Projects that exceed 30% equity will be looked upon favorably by the CRA. Equity is defined as cash or unleveraged value in land or prepaid costs attributable to the project. TIF shall not be used to supplant cash equity.
3. **TIF Cap:** The TIF Rebate amount shall not exceed 10% of the total project development cost. This limitation may be waived upon approval of the CRA.
4. **Self-Supporting Projects:** Each project requesting TIF Rebate should generate enough tax increment to cover project costs.
5. **Internal Rate of Return:** The amount of assistance provided to a developer will be limited to the amount necessary to provide the developer a reasonable rate of return on investment in the project and the subject site. A developer's return on equity, return on cost or internal rate of return will be based on current market conditions as determined by the CRA or CRA's financial advisor.
6. **Commitment from Financial Institutions:** The developer must provide proof of a commitment by a financial institution, person or entity to provide lending and/or equity for the project sufficient to for financing constructing, equipping, furnishing, and completing the project and the cost related thereto.

## "BUT FOR" TIF

1. The fundamental principle and that which the CRA must determine through information provided by the developer is that the project would not occur "but for" the assistance

provided through TIF Rebate. The burden is on the developer to make this case to the CRA and not the CRA to make this case for the developer. Should this “but for” determination not be made, TIF for the project cannot be approved.

2. The proposed private project must show a *demonstrated financial gap* and the financial assistance request must be the minimum necessary to make the project feasible.

## APPROVAL PROCESS

1. The terms of the ARA will be negotiated with the developer.
2. Approval of an ARA must be made by Resolution of the CRA, based on findings that the proposed project is consistent with the redevelopment plan (s).
3. Each project and location is unique and therefore every proposal will be evaluated on its individual merit, including its potential impact on city service levels, its overall contribution to the economy and its consistency with the Redevelopment Plan(s) named herein. Each project must demonstrate a strong probability of financial success.
4. Notwithstanding compliance with any or all the guidelines herein, the provision of a TIF Rebate is a guideline choice to be evaluated on a case-by-case basis by the Community Redevelopment Agency.
5. The burden of establishing the public value of a TIF Rebate will be placed upon the applicant and the application must substantially meet the criteria contained herein.
6. Guidelines and other criteria listed herein do not guarantee the provision of TIF Rebate assistance nor does the approval or denial of one project set precedent for approval or denial of another project.

## ELIGIBLE COSTS

The following are typical eligible costs for evaluating a TIF Rebate.

1. Capital costs, including actual costs of:
  - a. Construction of public works or improvements
  - b. Construction of new buildings, structures, and fixtures
  - c. Demolition, alteration, rehabilitation, repair or reconstruction of existing buildings, structures and fixtures, other than historic buildings and structures
2. Real property assembly costs
3. Professional service costs (planning, architectural, engineering, and legal)
4. Relocation costs

## WHAT DEVELOPMENT IS INELIGIBLE?

The CRA will not offer TIF funding to help support development outside of the boundary of the West Main District.

## West Main District Area Map





**AREA REINVESTMENT AGREEMENT**  
**(\_\_\_\_\_ PROJECT)**

**THIS AREA REINVESTMENT AGREEMENT** (\_\_\_\_\_ **PROJECT**) (this "Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between the **CITY OF PENSACOLA, FLORIDA**, a municipal corporation with a principal place of business at \_\_\_\_\_ (the "City"); and the **PENSACOLA COMMUNITY REDEVELOPMENT AGENCY**, a public body corporate and politic of the State of Florida created pursuant to Part III, Chapter 163, Florida Statutes, with a principal place of business at \_\_\_\_\_ (the "Agency"); and \_\_\_\_\_, a \_\_\_\_\_ limited liability company with a principal place of business at \_\_\_\_\_ (the "Developer").

**WITNESSETH:**

**WHEREAS**, pursuant to Resolution No. 54-80 adopted by the City Council on September 25, 1980, and as confirmed and ratified pursuant to Resolution 65-81 adopted by the City Council on September 22, 1981, the City Council found and determined that an area designated therein as the "Pensacola Inner City" is a blighted area as therein described, that a combination of rehabilitation, conservation and redevelopment of the Pensacola Inner City is necessary, that there exists a need for a community redevelopment agency to function in the City to carry out community redevelopment purposes pursuant to Part III, Chapter 163, Florida Statutes (the "Act"), and that the Pensacola Inner City is appropriate for community redevelopment projects and is thereby designated a community redevelopment area; and

**WHEREAS**, pursuant to Resolution No. 55-80 adopted by the City Council on September 25, 1980, and as readopted and reaffirmed pursuant to Resolution 65-81 adopted by the City Council on September 22, 1981, the City Council declared itself to be the "Community Redevelopment Agency" in the City and vested all rights, powers,



duties, privileges and immunities vested in a community redevelopment agency pursuant to Part III, Chapter 163, Florida Statutes, in the City Council; and

**WHEREAS**, pursuant to Resolution 65-81 adopted by the City Council on September 22, 1981, the City Council designated the boundaries and found and determined that an area designated therein as the "Urban Core Community Redevelopment Area" (the "Redevelopment Area") is a blighted area as therein described and that the rehabilitation, conservation and redevelopment is necessary and in the public interest; and

**WHEREAS**, pursuant to Ordinance No. 13-84 enacted by the City Council on March 8, 1984, the Urban Core Community Redevelopment Trust Fund (the "Trust Fund") was established into which the tax increment paid by each taxing authority each year is deposited in accordance with section 163.387, Florida Statutes, for the purpose of financing community redevelopment in the Redevelopment Area (the "Tax Increment"); and

**WHEREAS**, on January 14, 2010, the City Council adopted Resolution No. 02-10 approving an "Urban Core Community Redevelopment Plan 2010" for the Redevelopment Area (as may be further amended from time to time, the "Redevelopment Plan"); and

**WHEREAS**, the City, the Agency and Developer have entered into that certain [Master Agreement/Ground Lease/Etc.] (the "Master Agreement") concurrently with this Area Reinvestment Agreement; and

**WHEREAS**, capitalized terms not otherwise defined herein shall have the meanings set forth in the Master Agreement; and

**WHEREAS**, the Redevelopment Plan describes the need for [describe project: mixed use/hotel/convention] facilities in the Redevelopment Area and finds that such facilities are required if the Redevelopment Area is to achieve significant rehabilitation; and

**WHEREAS**, the Act and the Redevelopment Plan contemplate and encourage private sector investment in achieving the redevelopment objectives set forth in the plan for the Redevelopment Area; and

**WHEREAS**, the Developer has proposed development of \_\_\_\_\_ (collectively, the "Project"), to be constructed on the real property described in Exhibit 1 hereto located in the Redevelopment Area (the "Project Site"), consistent with the objectives of the Redevelopment Plan; and

**WHEREAS**, the Master Agreement sets forth the terms by which the Developer will redevelop the Project Site located within the Redevelopment Area to include the Project; and

**WHEREAS**, the Developer intends to make a capital investment in real property improvements for the Project within the Redevelopment Area of approximately \$\_\_\_\_\_, including all hard and soft costs (excluding personal property) associated with the design, permitting, remediation, construction and development of the Project and related parking improvements; and

**WHEREAS**, the Developer has represented to the City and the Agency that but for financial and other assistance from the City and the Agency as described herein, the Project is not financially feasible and the Developer will not proceed; and

**WHEREAS**, the Agency is authorized by the Act to effectuate community redevelopment in the Redevelopment Area through expenditure of the Tax Increment deposited by affected taxing authorities into the Trust Fund; and

**WHEREAS**, the Agency has determined that the expenditures provided for in this Agreement are for a valid public purpose, and the Agency has further determined that such expenditures are consistent with the Act and the Redevelopment Plan; and

**WHEREAS**, the Agency has determined that the Project satisfies the application criteria set forth in the Agency's Area Reinvestment Agreement Policy for the West Main District dated April 2020; and

**WHEREAS**, the parties acknowledge that redevelopment activities in the Redevelopment Area must be coordinated to insure their compliance and consistency

with the Act and the Redevelopment Plan, and the parties mutually agree to cooperate to achieve such coordination.

**WHEREAS**, the Project is reasonably expected to generate substantial ad valorem and sales tax revenues through the term of the Redevelopment Plan and beyond; and

**WHEREAS**, the Project is expected to act as a catalyst for additional high quality redevelopment in the Redevelopment Area, thus significantly benefiting the City's economy and its citizens and significantly advancing the community redevelopment objectives set forth in the Act and the Redevelopment Plan; and

**WHEREAS**, the construction phase of the Project is expected to create local jobs stemming from construction related activities, and upon completion, the Project is expected to create local jobs related to operation of the residential and commercial uses; and

**WHEREAS**, construction and operation of the Project is further expected to stimulate economic development in the City and to materially benefit the City, the taxing authorities which contribute Tax Increment and their respective residents for many reasons, including but not limited to the increased direct and indirect funds that will be received from ad valorem tax revenue, sales tax revenue, utility revenue, and other revenues; and

**WHEREAS**, the City and Agency therefore have an interest in the diverse economic benefits which would be created through construction of the Project and redevelopment of the Project Site; and

**WHEREAS**, the City and Agency desire to facilitate the successful construction of the Project in order to realize the public and community redevelopment benefits identified herein; and

**WHEREAS**, provision of the Project is a valid and important public purpose in light of the need to redevelop the land within the Redevelopment Area, and the City and the Agency are authorized by the Act to expend Tax Increment proceeds in

furtherance of the community redevelopment objectives of remedying blight and preserving and enhancing the tax base; and

**WHEREAS**, the City and Agency hereby determine that the economic incentives and contributions contemplated herein are an advantageous means of inducing construction of the Project and which will serve a valid and paramount public purpose in that: (1) construction of the Project will directly promote redevelopment in the Redevelopment Area, as well as the overall economy of the City; (2) the Project will further the development of residential and commercial activities in the Redevelopment Area, thereby achieving essential objectives of the Redevelopment Plan and providing a more balanced and stable area economy and increased opportunities for gainful employment; (3) construction of the Project will stimulate and promote redevelopment in the Redevelopment Area as a whole; and (4) all economic incentives will be used for the public purposes described herein; and

**WHEREAS**, the parties now desire to enter into this Agreement in order to provide for installation and construction of the Project in furtherance of meeting the redevelopment goals and objectives set forth in the Redevelopment Plan; and

**WHEREAS**, this Agreement is neither a general obligation of the City, nor is it backed by the full faith and credit of the City.

**NOW THEREFORE**, in consideration of the mutual understandings and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City, the Agency and the Developer agree as follows:

**Section 1. Recitals; Definitions.**

(A) The foregoing recitals are true and correct and are incorporated into and made part of this Agreement as if fully set forth herein.

(B) As used herein, the following terms shall be defined as follows, unless the context clearly indicates to the contrary:

"Executive Director" means the Executive Director of the Agency.

"Grant Period" means the term that shall begin on the first day of the tax year immediately following the Completion Date and shall continue for nine (9) tax years thereafter for a total of ten (10) consecutive tax years during which period the Tax Increment Recapture is paid to the Developer pursuant to the terms and conditions of this Agreement.

"Project Site" or "Property" means the real property described in the attached Exhibit "1", located within the Redevelopment Area.

"Tax Increment Recapture" means a yearly grant payment made by the Agency to the Developer for each eligible tax year during the Grant Period in the amount equal to a portion of the Tax Increment generated by the Project Site.

## **Section 2. Grant.**

(A) Section 163.387 of the Act authorizes "area reinvestment agreements" between a community redevelopment agency and private parties pursuant to which the increment computed for a specific area is reinvested in services or public or private projects, or both, including debt service, supporting one or more projects consistent with the community redevelopment plan that is identified in the agreement to be constructed within that area. It is the express intent of the parties hereto that this Agreement shall constitute and be construed as an area reinvestment agreement within the meaning of the Act.

(B) In order to attract the Project to the Redevelopment Area and as an incentive and support to the Developer to locate the Project within the Redevelopment Area, the Agency has agreed to award the Developer an annual grant consisting of a portion of the Tax Increment generated by the Project for a period of ten (10) years. The purpose of this Agreement is to further the redevelopment objectives in the Redevelopment Plan, create new jobs within the City and to improve the general economic environment of the Redevelopment Area.

(C) The Agency shall pay the Developer the Tax Increment Recapture described in Section 4 subject to the terms and conditions of this Agreement, including but not limited to, the Qualifying Conditions set forth in Section 5 and the Annual Payment Conditions set forth in Section 6.

**Section 3. Term.** The term of this Agreement shall commence, if at all, upon the date the Project is completed and shall continue for a period of ten (10) tax years unless earlier terminated.

**Section 4. Tax Increment Recapture.**

(A) The Agency will make an annual grant payment to the Developer for each tax year during the Grant Period in an amount equal to a portion of the Tax Increment generated by the Property, as determined below.

1. For the first three (3) tax years following the Completion Date, the Tax Increment Recapture payment to the Developer shall equal \_\_\_\_\_ percent (\_\_\_%) of the Tax Increment (exclusive of debt service millage) generated and actually paid by or on behalf of the Property.

2. Thereafter, through the remainder of the Grant Period, the Tax Increment Recapture payment to the Developer shall equal \_\_\_\_\_ percent (\_\_\_%) of the Tax Increment (exclusive of debt service millage) generated and actually paid by or on behalf of the Property.

3. The Tax Increment for the Property shall be confirmed annually by the Executive Director based on a reasonable application of the following formula: the difference between (i) the amount of ad valorem taxes levied each year on the Property by each taxing authority which contributes Tax Increment to the Trust Fund, exclusive of any amount from any debt service millage; and (ii) the amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for each such taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the Property as shown upon the assessment roll for the year of the Completion Date.

4. The amount of the annual Tax Increment Recapture will be based on ad valorem real property tax revenue received by the Agency each year by March 15 and deposited into the Trust Fund.

5. The annual Tax Increment Recapture will not exceed the annual Tax Increment (exclusive of debt service millage) generated by the Project.

6. By entering into this Agreement, the Developer agrees and acknowledges that the Agency's obligation to pay the annual Tax Increment Recapture shall be subject to any bond covenants or contractual obligations which are secured by a first lien on the Tax Increment.

**Section 5. Qualifying Conditions.**

A. The Developer, the Agency and the City understand and agree that the Developer qualifying for payment of the Tax Increment Recapture is conditioned upon all of the following: (i) the Developer completing the Project on or before the Completion Date as defined in the Master Agreement; and (ii) the Developer has completed any Off-Site Improvements contemplated by the Master Agreement, and (iii) no event of default by the Developer of the Master Agreement, after proper notice is delivered to the Developer, is continuing beyond all applicable cure periods (collectively, the "Qualifying Conditions").

B. The Developer, the Agency and the City understand and agree that the payment of the Tax Increment Recapture is conditioned upon Developer completing construction of the Project on or before the Completion Date and pursuant to the terms and conditions of the Master Agreement. The intent of this requirement is to provide for the Project improvements to be eligible for and reflected for the 20\_\_ ad valorem property tax roll at the latest. The Developer shall prove eligibility for the 20\_\_ ad valorem property tax roll or sooner tax year if the Project is completed sooner by submitting to the Agency copies of Certificates of Occupancy and Certificates of Completion for the Project indicating completion prior to \_\_\_\_\_, 20\_\_. Failure of the Developer to complete construction of the Project on or before the Completion Date, as the same may be extended pursuant to the terms of the Master Agreement, shall be deemed a material breach of this Agreement such that neither the City nor the Agency shall be required to pay the Tax Increment Recapture to the Developer.

C. To qualify for Tax Increment Recapture, by April 30 of the year following the Completion Date, the Developer must timely submit "sufficient documentation" of proof of compliance with the Qualifying Conditions to the Executive Director for consideration. The Executive Director, in his or her sole but reasonable discretion, shall determine whether the Developer has satisfied the Qualifying Conditions. "Sufficient documentation" of proof of compliance with the Qualifying Conditions shall be as,

follows: (i) for the completion of the Project, a copy of the certificates of occupancy or certificates of completion, as applicable, issued by the City; (ii) documentation that all of the obligations of Developer under the Master Agreement have been met; and (iii) for any letters of default issued to the Developer by the City as of December 31st of the year of completion of the Project, the Developer shall provide proof that any such events of default have been cured within all applicable cure periods. The Executive Director shall provide the Developer with a written determination as to whether the Developer has satisfied the Qualifying Conditions within thirty (30) days after receipt of the Developer's submittal of the sufficient documentation for the same. In the event the Executive Director determines that the Developer has not satisfied the Qualifying Conditions, the Executive Director shall provide the Developer with a written explanation of how the Developer has not satisfied the Qualifying Conditions, and the Developer shall have until April 30th of the year following the completion of the Project to submit or supplement its submittal to the City with additional "sufficient documentation" that confirms the Developer has satisfied the Qualifying Conditions as of the Completion Date, subject to all applicable cure periods.

**Section 6. Annual Payment Conditions.**

A. As a condition to receiving the annual Tax Increment Recapture, for each applicable tax year, the Developer shall comply with all of the following payment conditions:

- (i) The Project was in operation on the Project Site within the Redevelopment Area for the applicable tax year.
- (ii) Ad valorem property taxes due and owing on the Project Site are paid in full as required by law.
- (iii) No event of default of this Agreement for which the Developer has received a written notice thereof from the City or the Agency continues beyond all applicable cure periods.
- (iv) \_\_\_\_\_ (\_\_) full-time equivalent employees are employed to work at the Project on the Property, minimally supported by a certificate of compliance of employment executed by the Developer.



- (v) Developer complies with the payment request procedure set forth in this Section 6.
- (vi) The Property generates a Tax Increment (exclusive of debt service millage).
- (vii) The Trust Fund itself is in effect and not subject to any sunset provisions that have already come into effect as provided for by the Redevelopment Plan, as amended from time to time, or made applicable by amendment or repeal of any provision of the Act.
- (viii) The Developer is not in default, beyond any applicable cure periods, of any material obligations arising under the Master Agreement which expressly survived the completion of the Project, as evidenced by Developer having received a notice of default from the City. If the Developer is in default of a material obligation in the Master Agreement for which it has received written notice of, the Agency shall retain the Tax Increment Recapture payment for that year for use in furtherance of the redevelopment objectives set forth in the Redevelopment Plan.
- (ix) Sufficient Tax Increment exists, after payment of any bonds or other debt obligations of the Agency secured by a first lien on the Tax Increment.

(collectively, the "Annual Payment Conditions").

B. The Executive Director will determine in his or her sole but reasonable discretion whether the Project has satisfied the Annual Payment Conditions and will confirm the amount of the annual Tax Increment Recapture to be paid to the Developer pursuant to the formula set forth above in Section 4 above.

C. For any tax year that one or more of these Annual Payment Conditions is not met, the Developer shall lose its eligibility for a Tax Increment Recapture for that year, but may be eligible to receive a subsequent year's Tax Increment Recapture at a later date provided the applicable thresholds are met and the request for a subsequent

year's Tax Increment Recapture is submitted pursuant to this Section 6 and provided this Agreement is not terminated as provided for below.

D. Annual procedure for payment.

1. In order to be eligible for an annual payment of Tax Increment Recapture for a particular tax year, the Developer must timely submit to the Executive Director for consideration a request for payment by April 30th following the applicable tax year and such submittal shall be supported by "sufficient documentation of proof of compliance" with the Annual Payment Conditions. The Executive Director may in its sole discretion reject submittals after April 30 of the tax year in question. For purposes of this Section 6, the following will constitute "sufficient documentation of proof of compliance" with the Annual Payment Conditions: (i) for Subsection 6A.(i) Developer must certify that the Project has been in operation for the applicable tax year and any dates and reasons for any "Force Majeure Closure", "Partial Closure" or a "Substantial Closure" and shall certify the number of hotel rooms taken out of inventory for such closures for that tax year in question, (ii) for Subsection 6A.ii., the Developer must provide a paid receipt from the tax collector, (iii) for Subsection 6A.(iii), (vii), (viii) and (ix), Developer shall certify that it has not received a written notice of default under any of those agreements, or if it has, Developer shall provide a copy of such notice of default with a certification that the default was cured within all applicable cure periods. In the event Developer has appealed the value of the ad valorem real property taxes that the County has assessed relative to the Property, no Tax Increment Recapture will be due until after any such appeal has been completed and the full amount of the ad valorem property taxes have been paid by Developer.

2. Promptly following receipt of a completed submittal from the Developer, the Executive Director shall make a reasonable determination that Developer has complied with the Qualifying Conditions and the Annual Payment Conditions. The Executive Director shall provide the Developer with a written determination as to whether the Developer has satisfied the Qualifying Conditions and the Annual Payment Conditions and an estimate of the amount of the Tax Increment Recapture within thirty (30) days after receipt of the Developer's submittal of the sufficient documentation for the same. In the event the Executive Director determines that the Developer has not satisfied the Qualifying Conditions or the Annual Payment Conditions, the Executive Director shall provide the Developer with a written

explanation of how the Developer has not satisfied the Qualifying Conditions or the Annual Payment Conditions, and the Developer shall have until April 30th of the year following the tax year in question to submit or supplement its payment application with additional "sufficient documentation" confirming that Developer has satisfied the Qualifying Conditions and the Annual Payment Conditions within all applicable cure periods. If the Executive Director determines that the Developer has satisfied the Qualifying Conditions and the Annual Payment Conditions, the Executive Director shall process the annual Tax Increment Recapture within ninety (90) days following the receipt by the City of the taxes paid on the Project Site for the subject tax year, which taxes, once paid by the property owner to the Brevard County Tax Collector, are disbursed to the City by the Brevard County Tax Collector pursuant to the laws of the State of Florida. The payment of the Tax Increment Recapture shall be from the Agency to the Developer by wire transfer pursuant to wiring instructions provided by the Developer.

#### **Section 7. Default; Termination.**

A. This Agreement may be terminated by the City and/or Agency prior to funding the entire Grant Period upon the occurrence of any of the following events of default: (i) the Developer fails to satisfy the Qualifying Conditions; (ii) ad valorem taxes on the Project Site are unpaid in any given year, except if a tax assessment challenge has been timely filed and is pending (iii) Developer fails to complete the Project by the Completion Date, as the same may be extended pursuant to the Master Agreement, (iv) The Trust Fund expires subject to any sunset provisions as provided for by the Redevelopment Plan, as amended from time to time, or made applicable by amendment or repeal of any provision of the Act; (v) Developer fails to be in compliance with any obligation of Developer in the Master Agreement; (vi) Developer (or its affiliate(s) designated to own and operate the Project ("Designee")) becomes insolvent or there is commenced a voluntary or involuntary proceeding under federal bankruptcy laws or any other insolvency or similar laws by or against Developer or its Designee which is not dismissed within ninety (90) days thereafter if an involuntary proceeding; (vii) Developer or its Designee becomes subject to the appointment of or taking of possession by a receiver, trustee, custodian (or similar official) of any substantial part of Developer's or its Designee's property, or (viii) any assignment for the benefit of

creditors of Developer's or Designee is made by Developer or its Designee, without prior permission granted by the Agency.

B. The City and/or Agency may terminate this Agreement as a result of a material default by Developer under Section 7A or another material provision of the Master Agreement which expressly permits the City and/or Agency to terminate this Agreement.

**Section 8. Approvals; Consents.**

A. All consents and approvals which may be given under this Agreement shall, as a condition of their effectiveness, be in writing. The granting by a party of any consent to or approval of any act requiring consent or approval under the terms of this Agreement, or the failure on the part of a party to object to any such action taken without the required consent or approval, shall not be deemed a waiver by the party whose consent was required of its right to require such consent or approval for any other act, except as expressly set forth herein to the contrary.

B. Unless expressly provided otherwise, all consents and approvals which may be given by a party under this Agreement shall not (whether or not so indicated elsewhere in this Agreement) be unreasonably withheld, delayed, or conditioned by such party and shall be given or denied within a reasonable time.

C. Unless expressly provided otherwise, where this Agreement requires approval by the City or the Agency, the Executive Director of the City is authorized to grant or deny such requests.

D. Except to the extent set forth in Section 7.14 of the Master Agreement, any amendments to this Agreement will require the approval of the City Council for the City and the governing body of the Agency.

**Section 9. Recordkeeping.**

A. Developer, for itself and its successors and assigns, agrees and grants permission to the City and/or Agency, or its designated agent, upon at least five (5) business days prior notice, to conduct on-site visits of the Project during normal business hours to verify compliance with this Agreement. Developer, for itself and its successors and assigns, agrees to provide the City and/or Agency, or its designated

agent, upon at least twenty-one (21) days prior notice, business records to verify compliance with this Agreement, including employment and wage records. City and/or Agency shall maintain such records as confidential to the extent permitted by Chapter 119, Florida Statutes. Such inspections and disclosure of records shall not be unreasonably withheld when required in order to verify compliance with the terms of this Agreement. Notwithstanding the foregoing, if the City's request for records is in response to a public records request that was filed with the City pursuant to Chapter 119, Florida Statutes, Developer shall respond to the City with the records so requested with all deliberate speed.

B. Developer shall provide access to all public records made or received by the Developer in conjunction with the Tax Increment Recapture payment(s) and this Agreement pursuant to the provisions of Chapter 119, Florida Statutes, except to the extent materials are deemed confidential by state or federal law.

#### Section 10. Other Provisions.

A. Enforcement of Agreement; Attorneys' Fees. Any party to this Agreement may at any time or from time to time proceed to protect and enforce all rights available to it under this Agreement by suit in equity, action at law, writ of mandamus, or by any other appropriate proceeding, whether for specific performance of any covenant or agreement contained in this Agreement, or damages, or other relief, or proceed to take any action authorized or permitted under applicable laws or regulations. In the event of any litigation arising out of this Agreement, each party shall be responsible for bearing its own attorneys' fees and costs.

B. Damage or Destruction/Insurance. The Developer will bear all risk of loss, whether from casualty, theft, or other events, to the Project contemplated by this Agreement prior to completion of the Project, and will be solely responsible for obtaining any insurance necessary to protect against such risk.

C. Governing Law and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Florida, without regard to principles of conflict of laws. Venue in case of any suit filed to enforce the provisions of this Agreement will be in the Middle District of Florida, if filed in federal court, and in the state courts in and for Brevard County, if filed in state court.

D. References. The captions of this Agreement are for the purpose of convenience of reference only and in no way define, limit or describe the scope or intent of this Agreement or in any way affect this Agreement. The use herein of the words "successors and assigns" or "successors or assigns" of City and Agency or Developer shall be deemed to include the heirs, legal representatives, and assigns of the parties. All references in this Agreement to the term, "herein," "hereunder" and words of similar import shall refer to this Agreement, as distinguished from the paragraph, Section, or Article within which such term is located.

E. Successors and Assigns. The agreements, terms, covenants, and conditions herein shall be binding upon, and inure to the benefit of the City, the Agency, the Developer, and their respective successors and assigns.

F. Disclaimer as to Governmental Authority. Nothing in this Agreement shall be construed, interpreted, or applied in such a manner as will constitute contracting away or waiver of any governmental police power by the Agency or the City. The Developer is responsible at all times for complying with all applicable federal, state, and local laws.

G. Third Parties. This Agreement is solely for the benefit of the Developer, the Agency, and the City, and no right or cause of action shall accrue upon or by reason, to or for the benefit of any third party not a formal party to this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person or corporation other than the Developer, the Agency, and the City any right, remedy, or claim under or by reason of this Agreement or any of the provisions or conditions of this Agreement. Nothing contained in this Agreement shall limit or impair the Developer's right to protect its rights from interference by a third party.

H. Assignment. No party hereto may assign, transfer or license all or any portion of its rights under this Agreement or any monies to become due hereunder without the prior written approval of the other parties, provided, however, the Developer shall have the right to collaterally assign this Agreement and all of its obligations and rights hereunder to its lender for the Project without the prior written consent of the City or the Agency. After the completion of the Project, the Developer shall also have the right but not the obligation to assign this Agreement to a successor-in-title of the Project with the prior written consent of the Executive Director, which

consent shall not be unreasonably withheld, conditioned or delayed. The Executive Director shall approve or deny the assignment of this Agreement within thirty (30) days after Developer's written request for approval of such assignment. So long as the successor-in-title to the Project is of the same or comparable financial stability as Developer and has the same or comparable experience in owning or managing a hotel facility of the same caliber as the Project, the Executive Director shall approve any such Developer request for assignment thereto. In the event the Executive Director denies the requested assignment, the Developer shall have the right to seek approval of such assignment directly by City Council. In the event this Agreement is assigned to a successor-in-title to the Project, the Parking Agreement shall also be assigned to the same party. Any assignment of this Agreement must be to the owner of the Project Site and must include assignment of all unperformed obligations of the Master Agreement. In no event shall this Agreement be assigned separate and apart from the Master Agreement.

I. Waiver of Jury Trial. Each party hereto waives all right to trial by jury in any claim, action, proceeding or counterclaim the party may have against the other parties hereto regarding any matters arising out of or in any way connected with this Agreement.

J. Severability. If any portion of any term or provision of this Agreement, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent determined by law.

K. Time of Essence. Time is of the essence in each and every instance hereunder with respect to the covenants, undertakings, and conditions to be performed hereunder by the parties.

L. Effective Date. This Agreement shall be effective upon the date first above written.

Each party is signing this Area Reinvestment Agreement on the date stated opposite that party's signature.

**CITY OF PENSACOLA, FLORIDA**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Attest:

\_\_\_\_\_

City Clerk

**PENSACOLA COMMUNITY  
REDEVELOPMENT AGENCY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Attest:

\_\_\_\_\_



City Clerk

**[DEVELOPER]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit

Exhibit 1 — Legal description of the "Project Site"

## EXHIBIT 1

### LEGAL DESCRIPTION OF THE PROJECT SITE



## Memorandum

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**File #:** 21-00293

Community Redevelopment Agency

4/5/2021

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### **DISCUSSION ITEM**

**FROM:** Delarian Wiggins, Chairperson

**SUBJECT:**

CRA 101 PRESENTATION

### **SUMMARY:**

Staff will provide an overhead presentation regarding the basics of Community Redevelopment Agencies (CRAs). The presentation will provide an overview of statutory regulations pertaining to CRAs in the State of Florida, as well as processes, goals, objectives, and strategies associated with the implementation of CRA initiatives.

### **PRIOR ACTION:**

N/A

### **STAFF CONTACT:**

Kerrith Fiddler, Deputy City Administrator - Community Development  
M. Helen Gibson, AICP, CRA Administrator  
Victoria D'Angelo, Asst. CRA Administrator

### **ATTACHMENTS:**

None.

**PRESENTATION:** Yes



## Memorandum

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**File #:** 21-00323

Community Redevelopment Agency

4/5/2021

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### **DISCUSSION ITEM**

**FROM:** Delarian Wiggins, Chairperson

**SUBJECT:**

CRA FUNDING OF MALCOLM YONGE GYM IMPROVEMENTS

### **SUMMARY:**

At a recent City Council meeting, the question of whether or not the CRA might fund improvements to the Malcolm Yonge Gym was raised. Section 163.370(3)(b) of the Florida Statutes prohibits installation, construction, reconstruction, repair, or alteration of any publicly owned capital improvements or projects if such projects or improvements were scheduled to be installed, constructed, reconstructed, repaired, or altered by the governing body pursuant to a previously approved public capital improvement or project schedule or plan of the governing body within 3 years, unless and until such projects or improvements have been removed from such schedule or plan of the governing body and 3 years have elapsed. Improvements to Malcom Yonge were included on the City's FY 2020 Capital Improvements Plan.

### **PRIOR ACTION:**

None

### **STAFF CONTACT:**

Kerrith Fiddler, Deputy City Administrator - Community Development  
M. Helen Gibson, AICP, CRA Administrator  
Victoria D'Angelo, Assistant CRA Administrator

### **ATTACHMENTS:**

None

**PRESENTATION:** No