



Memorandum

File #: 17-48

City Council

9/14/2017

LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor

SUBJECT:

RESOLUTION NO. 17-48 - AUTHORIZING THE ISSUANCE OF AN AIRPORT REFUNDING REVENUE NOTE, SERIES 2017, IN THE PRINCIPAL AMOUNT OF \$6,300,000 TO REFUND THE CITY'S OUTSTANDING AIRPORT REVENUE NOTE, SERIES 2012.

RECOMMENDATION:

That City Council adopt Resolution No. 17-48.

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE CITY OF PENSACOLA, FLORIDA OF AN AIRPORT REFUNDING REVENUE NOTE, SERIES 2017, IN THE PRINCIPAL AMOUNT OF \$6,300,000 TO REFUND THE CITY'S OUTSTANDING AIRPORT REVENUE NOTE, SERIES 2012, WHICH NOTE FINANCED CERTAIN CAPITAL IMPROVEMENTS AT THE PENSACOLA INTERNATIONAL AIRPORT; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH NOTE; PROVIDING FOR THE PAYMENT THEREOF; FIXING THE MATURITY, INTEREST RATE, PREPAYMENT PROVISIONS, AND OTHER DETAILS WITH RESPECT TO SUCH NOTE; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AWARDING THE SERIES 2017 NOTE; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; PROVIDING AN EFFECTIVE DATE.

HEARING REQUIRED: No Hearing Required

SUMMARY:

On September 13, 2012, City Council approved Resolution 42-12 providing for the Issuance of the Airport Revenue Note, Series 2012 in the original principal amount of \$6,300,000 with Coastal Bank and Trust to finance certain capital improvements at the Pensacola International Airport. The Airport Revenue Note, Series 2012 may be prepaid in whole or in part any date at a price equal to the principal amount prepaid plus accrued interest to the date of the prepayment. The Airport Revenue Note, Series 2012 has a fixed interest rate until October 1, 2017 of 2.50% and a variable rate thereafter.

In order to lock down a fixed interest rate, thereby allowing the Pensacola International Airport to avoid the interest rate risk associated with variable rate obligations, Mitch Owens, the City's Financial Advisor with RBC Capital Markets, LLC has pursued financing options and has recommended Compass Bank as the lender.

Compass Bank has offered a fixed interest rate of 2.51%. Interest will be paid semi-annually on October 1 and April 1 of each year commencing on April 1, 2018 and principal payments will be paid annually on October 1 commencing on October 1, 2018 and maturing on October 1, 2027.

The financing team consists of Mitch Owens, the City's Financial Advisor with RBC Capital Markets, LLC and Randy Clement, Esq., with Bryant Miller Olive, the City's Bond Counsel.

PRIOR ACTION:

September 13, 2012 - City Council approved Resolution 42-12 providing for the Issuance of the Airport Revenue Note, Series 2012 in the original principal amount of \$6,300,000.

FUNDING:

N/A

FINANCIAL IMPACT:

The Airport is responsible for all professional fees incurred to refund the bond, estimated to be \$38,000. On July 27, 2017 the City was able to lock in a 2.51% fixed rate with Compass Bank, which will remain effective through September 25, 2017. Anticipated closing date is September 20, 2017.

CITY ATTORNEY REVIEW: Yes

8/28/2017

STAFF CONTACT:

Eric W. Olson, City Administrator
Richard Barker, Jr., Chief Financial Officer

ATTACHMENTS:

- 1) Resolution No. 17-48

PRESENTATION: No