



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 17-68

City Council

10/12/2017

LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor

SUBJECT:

SUPPLEMENTAL BUDGET RESOLUTION NO. 17-68 - APPROPRIATING FUNDING IN CONNECTION WITH THE INFRASTRUCTURE SALES SURTAX REVENUE BOND, SERIES 2017.

RECOMMENDATION:

That City Council adopt Supplemental Budget Resolution No. 17-68.

A RESOLUTION AUTHORIZING AND MAKING REVISIONS AND APPROPRIATIONS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018; PROVIDING FOR AN EFFECTIVE DATE

HEARING REQUIRED: No Hearing Required

SUMMARY:

On August 21, 2014, the Board of County Commissioners of the County enacted Ordinance No. 2014-32 authorizing the County to levy a one percent infrastructure sales surtax for a period commencing January 1, 2018 and concluding December 31, 2028 (referred to as LOST series IV), and provided that the distribution of the proceeds of the surtax to the incorporated municipalities of the County shall be as set forth in Section 218.62, Florida Statutes. Such levy was approved by referendum of the County's electorate on November 4, 2014.

On February 11, 2016, City Council approved Resolution 01-16 establishing its intent to reimburse certain capital expenditures incurred in connection with various capital projects eligible to be financed from the local government infrastructure surtax with proceeds of a future tax exempt financing.

On September 20, 2017, City Council approved Resolution 17-63 adopting a final budget for fiscal year beginning October 1, 2017. As part of the fiscal year 2018 budget, the LOST Series IV plan was amended and approved. In order to provide funding for the projects over the next thirty-six (36) months, in addition to projected revenues, \$25 million is projected to be needed.

Request for Proposals for Non-Bank Qualified Tax-Exempt Bank Loans were sent to thirteen (13) banks. Five (5) proposals were received. The City's Financial Advisor, Mitch Owens with RBC Capital Markets, recommended BBVA Compass Bank as the best response with a fixed rate of 2.15% and \$5,000 in bank fees.

The loan will be an eleven (11) year financing at a fixed interest rate of 2.15%. 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, 2028. The pledged revenues will be the local government infrastructure surtax.

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:

February 11, 2016 - City Council approved Resolution 01-16 establishing its intent to reimburse certain capital expenditures incurred in connection with various capital projects eligible to be financed from the local government infrastructure surtax with proceeds of a future tax exempt financing.

September 20, 2017 - City Council approved Resolution 17-63 adopting a final budget for the fiscal year beginning October 1, 2017. As part of the fiscal year 2018 budget, the LOST Series IV Plan was amended and approved.

FUNDING:

N/A

FINANCIAL IMPACT:

Adoption of Supplemental Budget Resolution No. 17-68 will appropriate funding for the Infrastructure Sales Surtax Revenue Bond, Series 2017.

CITY ATTORNEY REVIEW: Yes

9/28/2017

STAFF CONTACT:

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

ATTACHMENTS:

- 1) Supplemental Budget Resolution No. 17-68
- 2) Supplemental Budget Explanation No. 17-68

PRESENTATION: No