



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 17-78

City Council

11/9/2017

LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor

SUBJECT:

RESOLUTION NO. 17-78 - AUTHORIZING A FINANCING IN THE PRINCIPAL AMOUNT OF \$8,000,000 TO FINANCE ELIGIBLE CAPITAL PROJECTS IN THE COMMUNITY REDEVELOPMENT AGENCY'S URBAN CORE TAX INCREMENT FINANCING DISTRICT, PROVIDING CERTAIN AMENDMENTS TO RESOLUTION NO. 33-09 AND AUTHORIZING AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF PENSACOLA AND THE COMMUNITY REDEVELOPMENT AGENCY RELATING TO SUCH FINANCING.

RECOMMENDATION:

That City Council adopt Resolution No. 17-78.

A RESOLUTION OF THE CITY OF PENSACOLA, FLORIDA AUTHORIZING THE ISSUANCE BY THE CITY OF AN URBAN CORE REDEVELOPMENT REVENUE BOND, SERIES 2017, IN THE PRINCIPAL AMOUNT OF \$8,000,000 TO FINANCE CERTAIN COMMUNITY REDEVELOPMENT IMPROVEMENTS IN THE URBAN CORE COMMUNITY REDEVELOPMENT AREA AS DESCRIBED HEREIN; PLEDGING AS SECURITY FOR THE PAYMENT OF SAID SERIES 2017 BOND THE TAX INCREMENT REVENUES OF THE URBAN CORE COMMUNITY REDEVELOPMENT AREA; PROVIDING FOR THE RIGHTS, SECURITY, AND REMEDIES FOR THE REGISTERED OWNER OF THE SERIES 2017 BOND; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AUTHORIZING THE AWARD OF THE SALE OF THE SERIES 2017 BOND; AUTHORIZING FURTHER OFFICIAL ACTION IN CONNECTION WITH THE DELIVERY OF THE SERIES 2017 BOND; PROVIDING CERTAIN AMENDMENTS TO RESOLUTION NO. 33-09; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERLOCAL AGREEMENT BETWEEN THE CITY AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PENSACOLA, FLORIDA; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

HEARING REQUIRED: No Hearing Required

SUMMARY:

On April 10, 2017, the Community Redevelopment Agency (CRA) requested that the City pursue financing

options for eligible Urban Core projects, to be repaid from future Tax Increment Financing (TIF) revenues. Mitch Owens, the City's Financial Advisor with RBC Capital Markets, LLC has pursued financing options and has recommended SmartBank as the lender. SmartBank has offered a twenty-two year and five month financing for the CRA's Urban Core Tax Increment Financing District at an initial fixed interest rate of 3.6%. On April 1, 2020, the interest rate will reset based on a predetermined formula as described in Section 7 of the Resolution. Interest will be paid semi-annually on October 1 and April 1 of each year and principal payments will be paid annually on April 1 commencing on April 1, 2018 and maturing on April 1, 2040.

The pledged revenues include Tax Increment Revenues derived from the Urban Core Redevelopment Area, and in the event that these revenues are insufficient, certain Non-Ad Valorem Revenues budgeted and appropriated for such purposes. The City's bond attorney has incorporated within the Resolution an interlocal agreement between the City and the CRA whereby the CRA agrees that in the event that Tax Increment Revenues are insufficient to fully pay the principal and interest on the Series 2017 Bond and the Redevelopment Revenue Bonds, Series 2009A and Redevelopment Revenue Bonds, Series 2009B (collectively referred to as the Series 2009 Bonds), and the City advances any Non-Ad Valorem Revenues for the payment thereof, the CRA shall repay such advance plus interest to the City once funds become available. Since the Series 2017 Bond pledges the same revenue stream as the Series 2009 Bonds, the Series 2017 Bond will be issued on parity with the Series 2009 Bonds. In accordance with the Series 2009 Bonds Resolution, the City's bond attorney has incorporated within the Resolution the Report and Certificate of the Chief Financial Officer.

Upon approval of the financing by City Council, the Series 2017 Bond proceeds will be available to fund the acquisition of land, construction of certain streetscape projects, sidewalk enhancements, Jefferson Street Road Diet Project and Bay Ferry Project and certain other community redevelopment capital improvements to the Urban Core Community Redevelopment Area included in Urban Core Community Redevelopment Plan.

Based on current projections, Tax Increment Revenues are sufficient to meet debt service requirements for the twenty-two year and five month financing term as well as cover operations as currently structured in the Fiscal Year 2018 Budget. It is also projected that for the next twenty-two years and five months, Tax Increment Revenues will be fully committed and additional projects as identified in the Urban Core Community Redevelopment Plan will need to come from revenue growth or other sources.

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.

In accordance with Section 163.346, Florida Statutes, a notice regarding the proposed issuance of the Urban Core Redevelopment Revenue Bond, Series 2017 has been sent to each taxing authority which levies ad valorem taxes on taxable real property contained within the geographic boundaries of the redevelopment area. Further, a notice of the public meeting has been published in the Pensacola News Journal of such proposed action in accordance with Florida Statutes.

PRIOR ACTION:

October 8, 2009 - City Council approved Resolution No. 33-09 providing for the issuance of the Redevelopment Revenues Bonds, Series 2009A and Redevelopment Revenue Bonds, Series 2009B (Federally Taxable - Build America Bonds) in the amount of \$45,640,000.

April 10, 2017 - CRA requested that the City pursue financing options for eligible Urban Core projects, to be repaid from future Tax Increment Financing revenues.

FUNDING:

N/A

FINANCIAL IMPACT:

Estimated closing cost of \$70,000, estimated cost for partial funding of the Bay Ferry Project of \$787,037 and estimated Jefferson Street Road Diet Project of \$250,000 will be paid from the \$8,000,000 in bond proceeds resulting in total remaining estimated project funds of \$6,892,963. The twenty-two year and five month bond will have semiannual interest payments on October 1 and April 1 each year commencing on April 1, 2018. Principal payments will be due April 1 each year with the first payment due on April 1, 2018 and final maturity of April 1, 2040. Loan term assumes an initial fixed interest rate of 3.60%. On April 1, 2020, the interest rate will reset based on a predetermined formula as described in Section 7 of the Resolution. The pledged revenues include the Tax Increment Revenues and in the event that these revenues are insufficient, certain Non-Ad Valorem Revenues budgeted and appropriated for such purposes.

CITY ATTORNEY REVIEW: Yes

10/30/2017

STAFF CONTACT:

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

ATTACHMENTS:

- 1) Resolution No. 17-78
- 2) April 10, 2017 CRA action item approving TIF district projects and requesting financing

PRESENTATION: No