



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 2019-01

City Council

7/18/2019

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

RESOLUTION NO. 2019-01 - AMENDING AND RESTATING RESOLUTION NO. 4-94 IN ITS ENTIRETY PERTAINING TO THE ISSUANCE BY THE CITY OF PENSACOLA GAS SYSTEM REVENUE BONDS.

RECOMMENDATION:

That City Council adopt Resolution No. 2019-01.

A RESOLUTION OF THE CITY OF PENSACOLA, FLORIDA AMENDING AND RESTATING RESOLUTION NO. 4-94 IN ITS ENTIRETY; PROVIDING FOR THE ISSUANCE OF GAS SYSTEM REVENUE BONDS TO PAY THE COST OF CERTAIN CAPITAL IMPROVEMENTS TO THE CITY'S GAS SYSTEM AND TO PAY THE COST OF REFUNDING CERTAIN OUTSTANDING OBLIGATIONS OF THE CITY; PLEDGING THE NET REVENUES OF THE GAS SYSTEM TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH BONDS; PROVIDING FOR THE PAYMENT THEREOF; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

HEARING REQUIRED: No Hearing Required

SUMMARY:

On February 16, 1994 City Council adopted Resolution No. 4-94, as amended and supplemented (the "Original Bond Resolution") providing for the issuance of Gas System Revenue Bonds. This Original Bond Resolution acts as the master resolution for all subsequent debt issuances. The Original Bond Resolution has two sections in particular that would prove beneficial to the City to update, Section 15C of the Original Resolution with respect to the funding of a Renewal and Replacement Fund and Section 15T(a) of the Original Resolution to revise the requirements for the issuance of Additional Parity Obligations.

Section 15C(7) of the Original Bond Resolution requires funding of a Renewal and Replacement Fund which is to be used to pay for the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Gas System. Such funding is now built into the rates and

charges therefore the Renewal and Replacement Fund is no longer relevant. The primary reason for the amendment to Section 15C is to remove the requirement of the Renewal and Replacement Fund.

Section 15T(a) of the Original Bond Resolution requires, as a condition to the issuance of parity debt obligations, an audit of the collection and receipt of revenues derived from the operation of the Gas System for the fiscal year immediately preceding the date of sale of the proposed additional parity obligations or for any twelve (12) consecutive month period out of the eighteen (18) consecutive months immediately preceding the date of sale of the proposed additional parity obligations. The primary reason for the amendment to Section 15T(a) is to allow the Chief Financial Officer of the City of Pensacola to certify the collection and receipt of revenues derived from the operation of the Gas System for any twelve (12) consecutive months out of the twenty four (24) consecutive months immediately preceding the date of sale of the proposed additional parity obligations. This amendment will allow the City of Pensacola to save on professional fees should Pensacola Energy wish to issue additional parity obligations in the future and to use the most recent audited numbers to apply the coverage test.

In addition, the City's bond counsel Randy Clement, Esq. with Bryant Miller Olive, has reviewed the document in whole and updated language throughout the document in order to make it current with present day terminology and practice. The City of Pensacola currently has the Gas System Revenue Note, Series 2011 and the Gas System Revenue Note, Series 2016 outstanding. Julie Santamaria, the City's Financial Advisor with RBC Capital Markets, LLC, has contacted both noteholders and received their consent to the amendments.

PRIOR ACTION:

February 16, 1994 - City Council adopted Resolution No. 4-94, as amended and supplemented (the "Original Bond Resolution") providing for the issuance of Gas System Revenue Bonds.

December 15, 2011 - City Council adopted Resolution No. 33-11 issuing the Gas System Revenue Note, Series 2011, constituting an Additional Parity Obligation under the Original Bond Resolution.

November 29, 2016 - City Council adopted Resolution No. 48-16 issuing the Gas System Revenue Note, Series 2016, constituting an Additional Parity Obligation under the Original Bond Resolution.

FUNDING:

N/A

FINANCIAL IMPACT:

N/A

CITY ATTORNEY REVIEW: Yes

4/15/2019

STAFF CONTACT:

Christopher L. Holley, City Administrator
Richard Barker, Jr., Chief Financial Officer
Don Suarez, Pensacola Energy Director

ATTACHMENTS:

- 1) Resolution No. 2019-01

PRESENTATION: No