



Legislation Details (With Text)

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Title: RESOLUTION NO. 17-43 - AUTHORIZING A FINANCING IN THE PRINCIPAL AMOUNT OF \$1,307,000 TO FINANCE ELIGIBLE CAPITAL PROJECTS IN THE COMMUNITY REDEVELOPMENT AGENCY'S EASTSIDE TAX INCREMENT FINANCING DISTRICT AND AUTHORIZING AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF PENSACOLA AND THE COMMUNITY REDEVELOPMENT AGENCY RELATING TO SUCH FINANCING.

Sponsors: Ashton J. Hayward, III

Indexes:

Code sections:

Attachments: 1. Resolution No. 17-43, 2. April 10, 2017 CRA action item approving TIF district projects and requesting financing

Date	Ver.	Action By	Action	Result
8/10/2017	1	City Council	Adopted	Pass
8/7/2017	1	Agenda Conference	Placed on Regular Agenda	Pass

LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor

SUBJECT:

RESOLUTION NO. 17-43 - AUTHORIZING A FINANCING IN THE PRINCIPAL AMOUNT OF \$1,307,000 TO FINANCE ELIGIBLE CAPITAL PROJECTS IN THE COMMUNITY REDEVELOPMENT AGENCY'S EASTSIDE TAX INCREMENT FINANCING DISTRICT 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. 17-43.

A RESOLUTION OF THE CITY OF PENSACOLA, FLORIDA AUTHORIZING THE ISSUANCE BY THE CITY OF AN EASTSIDE REDEVELOPMENT REVENUE BOND, SERIES 2017, IN THE PRINCIPAL AMOUNT OF \$1,307,000 TO FINANCE CERTAIN COMMUNITY REDEVELOPMENT IMPROVEMENTS IN THE EASTSIDE NEIGHBORHOOD REDEVELOPMENT AREA AS DESCRIBED HEREIN; PLEDGING THE TAX INCREMENT REVENUES OF THE EASTSIDE NEIGHBORHOOD REDEVELOPMENT AREA AND THE CITY'S LOCAL BUSINESS TAX AS SECURITY FOR THE PAYMENT OF SAID SERIES 2017 BOND; 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 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 Eastside and Westside projects, to be repaid from future Tax Increment Financing (TIF) revenues. Eastside projects approved by the CRA at the meeting included the General Daniel “Chappie” James Jr. Museum & Flight Academy Project, affordable housing rehabilitation and greenway improvements.

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 twenty (20) year financing for both the CRA’s Eastside and Westside Tax Increment Financing Districts at a fixed interest rate of 3.33%. 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, 2037. The pledged revenues include Tax Increment Revenues derived from the Eastside Redevelopment Area, and in the event that these revenues are insufficient, the Local Business Tax. 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 City advances Local Business Tax for the payment thereof, the CRA shall repay such advance plus interest to the City once funds become available.

Upon approval of the financing by City Council, the Eastside Redevelopment Revenue Bond proceeds will be available to fund the remaining cost for the construction of the General Daniel “Chappie” James Jr. Museum & Flight Academy Project. Any remaining proceeds can be used for capital improvements as identified in the Eastside Neighborhood Plan.

Estimated Tax Increment Revenues are sufficient to meet debt service requirements for the twenty (20) year financing term as well as cover operations as currently structured in the fiscal year 2018 budget. However, for the next twenty (20) years, Tax Increment Revenues will be fully committed and additional projects as identified in the Eastside Neighborhood Plan will need to come from revenue growth or other sources.

On January 12, 2017, City Council approved the transfer of \$440,000 from the City’s General Fund to the Eastside TIF Fund, specifically for the General Daniel “Chappie” James Jr. Museum & Flight Academy Project. With the anticipated financing proceeds covering the remaining cost of the Project, the \$440,000 transfer from the City’s General Fund to the Eastside TIF Fund is no longer required. City staff suggest that these funds remain in the City’s General Fund and be designated to the Housing Initiatives Fund specifically for use in the Pensacola Inner City Community Redevelopment Area in order to fund the Eastside and Westside affordable housing rehabilitation projects.

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 Eastside 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:

January 12, 2017 - City Council approved the transfer of \$440,000 from the City's General Fund to the Eastside TIF Fund, specifically for the General Daniel "Chappie" James Jr. Museum & Flight Academy Project.

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

July 13, 2017 - City Council approved Ordinance No. 21-17, extending the Eastside Neighborhood Redevelopment Trust Fund for an additional twenty (20) years.

FUNDING:

N/A

FINANCIAL IMPACT:

Bond proceeds are estimated to be \$1,307,000. Estimated closing cost of \$12,000 will be paid from bond proceeds resulting in total estimated project funds of \$1,295,000. The twenty (20) year bond will have semiannual interest payments on October 1 and April 1 each year commencing on October 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, 2037. Loan term assumes a fixed interest rate of 3.33%. The pledged revenues include the Tax Increment Revenues and in the event that these revenues are insufficient, the Local Business Tax. Debt service will be appropriated in the CRA Debt Service Fund and paid from revenues collected in the Eastside Tax Increment Financing District Fund.

CITY ATTORNEY REVIEW: Yes

7/24/2017

STAFF CONTACT:

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

ATTACHMENTS:

- 1) Resolution No. 17-43
- 2) April 10, 2017 CRA action item approving TIF district projects and requesting financing

PRESENTATION: No