



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 2017 -10 CRA

Community Redevelopment Agency

8/7/2017

ACTION ITEM

SPONSOR: Jewel Cannada-Wynn, Chairperson

SUBJECT:

RESOLUTION NO. 2017-10 - AUTHORIZING AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF PENSACOLA AND THE COMMUNITY REDEVELOPMENT AGENCY PERTAINING TO THE EASTSIDE REDEVELOPMENT REVENUE BONDS, SERIES 2017.

RECOMMENDATION:

That the Community Redevelopment Agency adopt Resolution No. 2017-10.

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PENSACOLA, FLORIDA, RELATING TO THE COMMUNITY REDEVELOPMENT WITHIN THE URBAN INFILL AND REDEVELOPMENT AREA ESTABLISHED BY CITY COUNCIL RESOLUTION NO. 41-05; PROVIDING FINDINGS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF AN INTERLOCAL AGREEMENT WITH THE CITY OF PENSACOLA, FLORIDA, PERTAINING TO THE EASTSIDE REDEVELOPMENT REVENUE BOND, SERIES 2017 AND PROVIDING AN EFFECTIVE DATE.

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 are designated to the Housing Initiatives Fund specifically for the 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:

There is no immediate financial impact as the estimated Tax Increment Revenues are sufficient to meet debt

service requirements for the twenty (20) year financing term. However, should the CRA have to draw upon the Local Business Tax for the debt service payment, the CRA will be required to repay such advance plus interest to the City once funds become available. If this occurs, the interest rate shall be calculated using the “WSJ Prime Rate” published by *The Wall Street Journal* or such other prime rate as published by such other publication as the Chief Financial Officer may reasonably designate.

CITY ATTORNEY REVIEW: Yes

7/24/2017

STAFF CONTACT:

Richard Barker, Jr., Chief Financial Officer

ATTACHMENTS:

- 1) Resolution No. 2017-10 Incorporating an Interlocal Agreement pertaining to the Easttside Redevelopment Revenue Bond, Series 2017
- 2) April 10, 2017 CRA action item approving TIF district projects and requesting financing

PRESENTATION: Yes