



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 2019 -04 CRA

Community Redevelopment Agency 7/15/2019

ACTION ITEM

SPONSOR: Jewel Cannada-Wynn, Chairperson

SUBJECT:

RESOLUTION NO. 2019-04 CRA - AUTHORIZING AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF PENSACOLA AND THE COMMUNITY REDEVELOPMENT AGENCY PERTAINING TO THE URBAN CORE REDEVELOPMENT REFUNDING AND IMPROVEMENT REVENUE BOND, SERIES 2019.

RECOMMENDATION:

That the Community Redevelopment Agency adopt Resolution No. 2019-04 CRA.

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PENSACOLA, FLORIDA, RELATING TO THE COMMUNITY REDEVELOPMENT WITHIN THE REDEVELOPMENT AREA ESTABLISHED BY CITY COUNCIL RESOLUTION NO. 65-81; PROVIDING FINDINGS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF AN INTERLOCAL AGREEMENT WITH THE CITY OF PENSACOLA, FLORIDA, PERTAINING TO THE URBAN CORE REDEVELOPMENT REFUNDING AND IMPROVEMENT REVENUE BOND, SERIES 2019 AND PROVIDING AN EFFECTIVE DATE.

SUMMARY:

On December 21, 2009, the City issued its Redevelopment Revenue Bonds, Series 2009A in the aggregate principal amount of \$6,715,000 (the "Series 2009A Bonds") and its Redevelopment Revenue Bonds, Series 2009B (Federally Taxable - Build America Bonds - Direct Payments) in an aggregate principal amount of \$38,925,000 (the "Series 2009B Bonds" and together with the Series 2009A Redevelopment Bonds, the "Series 2009 Bonds"). The Series 2009 Bonds were issued for the purpose of financing the public recreation, exhibition, entertainment and exposition facilities and public infrastructure portions of the Maritime Park Project. The Series 2009A Bonds mature on April 1, 2020 and the Series 2009B Bonds mature on April 1, 2039.

At the March 11, 2019 CRA Board meeting and at the May 28, 2019 City Council Agenda Conference, as part of the May 2019 Monthly Financial Review, the CRA and the City Council were informed of the potential refunding of the Series 2009B Bonds. The outstanding Series 2009B Bonds bear interest at fixed rates, ranging from 4.25% to 7.263% for the remaining bond years. In order to take advantage of the lower interest rate market and in anticipation of the need for additional project funds, City staff along with the City's Financial Advisor, Julie Santamaria of RBC Capital Markets,

LLC, began reviewing market conditions and refinancing options. Current conditions indicate significant savings above the 3% minimum required by the City's Debt Incurrence and Administration Policy. With approximately twenty years and eight months left until maturity and \$38,925,000 in total principal amount outstanding, the recommendation to refinance the Series 2009B Bonds with a note privately placed with a financial institution is being brought forward for Council action. A refunding with long term, publicly offered bond financing was considered, however, professional fees are lower and disclosure requirements are less encumbering with a private placement as compared to a publicly offered bond issuance. The portion of the Series 2019 Bond issue allocated to the refunding of the Series 2009B Bonds will mature not later than the maturity date of the refunded Series 2009B Bonds. In addition, by issuing new money bonds maturing out to the December 31, 2043 sunset date of the Urban Core Redevelopment Area, the City is able to obtain an estimated \$17.744 million in new money to fund projects.

Upon approval of the financing by City Council, the Series 2019 Bond proceeds will be available at closing to fund capital improvements included in the SCAPE Waterfront Plan (such as the construction of certain street and streetscape projects and Bruce Beach improvements), Community Maritime Park Day Marina, sidewalk repairs and improvements and certain other community redevelopment capital improvements to the Urban Core Community Redevelopment Area included in Urban Core Community Redevelopment Plan. While the cost of the projects have not yet been determined, City staff anticipates setting aside funding for each project in the amounts identified below.

SCAPE - Bruce Beach	\$ 10,000,000
SCAPE - Street and Streetscape Improvements	4,000,000
Community Maritime Park Day Marina	2,100,000
Sidewalk Repairs & Improvements	1,500,000
Contingency	<u>144,000</u>
Total	<u>\$ 17,744,000</u>

The City's Financial Advisor has recommended BBVA Mortgage Corporation, formally known as Compass Mortgage Corporation, an affiliate of BBVA Compass Bank, as the lender. BBVA Mortgage Corporation has offered a twenty-four year and five month private placement financing with a fixed interest rate of 3.40%. Interest will be paid semi-annually on October 1 and April 1 of each year commencing on October 1, 2019 and principal payments will be paid annually on April 1 commencing on April 1, 2021 and maturing on December 31, 2043. 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 of Pensacola 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 2019 Bond 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 2019 Bond pledges the same revenue stream as the Series 2009A Bonds and the Urban Core Redevelopment Revenue Bond, Series 2017 ("Series 2017 Bond"), the Series 2019 Bond will be issued on parity with the Series 2009A Bonds and the Series 2017 Bond. 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.

Based on current projections, Tax Increment Revenues are sufficient to meet debt service requirements for the twenty-four year and five month financing term as well as cover operating expenditures as currently structured in the Fiscal Year 2019 Budget. It is also projected that for the next twenty-four years and five months, should Tax Increment Revenues continue to increase as it has since fiscal year 2015, funds will continue to be available for additional projects.

BBVA Mortgage Corporation is represented by John Gormley, Senior Vice President of BBVA Compass Bank, Pensacola, FL. The financing team also included Randy Clement, Esq. with Bryant Miller Olive, the City's Bond Counsel.

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.

November 6, 2017 - Community Redevelopment Agency approved Resolution 2017-18 CRA authorizing an Interlocal Agreement between the City of Pensacola and the Community Redevelopment Agency pertaining to the Urban Core Redevelopment Revenue Bonds, Series 2017.

November 9, 2017 - City Council approved Resolution No. 17-78 providing for the issuance of the Urban Core Redevelopment Revenue Bond, Series 2017 in the amount of \$8,000,000.

FUNDING:

N/A

FINANCIAL IMPACT:

There is no immediate financial impact as the estimated Tax Increment Revenues are projected to be sufficient to meet debt service requirements for the twenty-four year and five month financing term. However, should the CRA have to draw upon the Non-Ad Valorem Revenues 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.

CITY ATTORNEY REVIEW: Yes

6/28/2019

STAFF CONTACT:

M. Helen Gibson, AICP, CRA Administrator
Richard Barker, Jr., Chief Financial Officer

ATTACHMENTS:

1) Resolution No. 2019-04 CRA

PRESENTATION: No