



FINANCE DEPARTMENT
MEMO 18-107

Date: May 31, 2018

To: Mayor and Commissioners

From: Andrew Jean-Pierre, Finance Director AJ

Via: Greg Harrison, City Manager
Suzette Sibble, Assistant City Manager

Re: General Obligation Bonds, Series 2018 – Series Ordinance

Bond Referendum

The qualified electors of the City voting in a referendum held on March 13, 2018 (the "Referendum") approved the issuance of general obligation bonds (the "Bonds") to finance the following capital projects (i) the "Public Safety Projects" (consisting generally of police, fire, emergency management and lifeguard facilities and related costs); (ii) the "Parks, Recreation and Leisure Projects" (consisting generally of parks, recreation and leisure facilities and related costs); and (iii) the "Streets, Sidewalks, Bridges and Streetscaping Projects" (consisting generally of streets, sidewalks, bridges and streetscaping, related utilities and drainage and related costs) (collectively, the "Projects").

Master Bond Ordinance

Ordinance No. 2018-49 (the "Bond Ordinance") enacted on April 24, 2018 by the City Commission, authorized the judicial validation of the Bonds and the issuance of the Bonds in one or more Series (as defined in the Bond Ordinance) to pay, together with other legally available funds of the City, the Cost (as defined in the Bond Ordinance) of financing or refinancing the Projects and to pay costs of issuance of the Bonds. The Bond Ordinance provides that the aggregate principal amount of the Bonds to be issued thereunder (excluding Bonds issued for refunding purposes) in connection with: (1) the Public Safety Projects shall not exceed \$46,000,000; (2) the Park, Recreation and Leisure Projects shall not exceed \$56,000,000; and (3) the Streets, Sidewalks, Bridges and Streetscaping Projects shall not exceed \$79,000,000, all as approved at the Referendum. The Bond Ordinance further establishes three separate accounts in the Construction Fund created under the Bond Ordinance for each category of the Projects.

The Bond Ordinance provides that before any Bonds shall be issued under the provisions thereof, the City Commission shall adopt a Series Ordinance authorizing the issuance of such Bonds, fixing (or providing for the fixing of) the amount and the details thereof, and describing in brief and general terms the portions of the Projects to be constructed or acquired or refinanced, consistent with the authorization of the Referendum.

Pledge Under the Bond Ordinance

The Bond Ordinance irrevocably pledges the City's full faith, credit and taxing power for the prompt payment of the principal of and interest on the Bonds and all expenses incurred by the City in carrying out the Bond Ordinance and creates a lien upon the Ad Valorem Taxes (as defined in the Bond Ordinance) and other monies on deposit from time to time in the funds and accounts established thereunder (subject to the provisions of the Bond Ordinance respecting the use of funds in the accounts in the Construction Fund), including, without limitation, the investment earnings thereon, to secure the payment of the principal of and interest on the Bonds and to pay other expenses related thereto.

The Ad Valorem Taxes consist of the ad valorem taxes assessed, levied and collected, without limitation as to rate or amount, on all taxable property within the City sufficient in amount to pay the principal of and interest on the Bonds as the same shall become due, after deducting therefrom any other funds which may be available for such principal and interest payments and which shall actually be so applied. The City covenants in the Bond Ordinance that the Ad Valorem Taxes shall be assessed, levied and collected and the proceeds of said Ad Valorem Taxes shall be applied solely to the payment of principal of and interest on the Bonds and that the proceeds of such Ad Valorem Taxes shall be deposited, as received, into the Ad Valorem Taxes Fund established under the Bond Ordinance.

2018 Series Ordinance

The 2018 Series Ordinance is required by the Master Bond Ordinance to provide for the issuance of the first Series of the Bonds (referred to as the General Obligation Bonds, Series 2018). No further action by the City Commission subsequent to the enactment of the 2018 Series Ordinance will be required to accomplish the issuance and sale of the 2018 Bonds. It is expected that the 2018 Bonds will be issued no later than October, 2018.

Principally, the 2018 Series Ordinance:

- Authorizes the issuance of the 2018 Bonds, subject to certain parameters set forth in the Series Ordinance, including with respect to the not to exceed principal amounts, maturity and interest rate.
- Sets forth a preliminary list of Projects to be financed by the 2018 Bonds.

- Authorizes the City Manager, in consultation with the City Attorney, Bond Counsel and the City's Financial Advisor, to make certain determinations with respect to the 2018 Bonds, subject to the parameters, including whether to issue a series of taxable 2018 Bonds, the final list of projects to be financed by the 2018 Bonds and the date on which the 2018 Bonds will be sold.
- Authorizes the competitive sale of the 2018 Bonds, subject to the parameters, and approves the forms of certain documents to be used to market the 2018 Bonds, including an Official Notice of Sale, a Summary Notice of Sale and a Preliminary Official Statement, and authorizes the preparation of a final Official Statement.
- Approves the forms, and authorizes the execution and delivery of, an award certificate to reflect matters resulting from the competitive sale of the 2018 Bonds and a continuing disclosure certificate, as required by SEC Rule 15c2-12, which provides for the City to annually update certain operating and financial data set forth in the Official Statement.
- Appoints an initial paying agent and bond registrar for the 2018 Bonds and authorizes the engagement of a dissemination agent in connection with the continuing disclosure certificate.
- Authorizes appropriate representatives of the City to take actions that are necessary and appropriate to accomplish the issuance of the 2018 Bonds, consistent with the matters set forth in the Series Ordinance.

Attached as Exhibit A to the Series Bond Ordinance is a list of projects and related components to be financed with the 2018 Series General Obligation Bond issue/sale. Please note that the project description for the Mitchell Moore Project and the SE 5th Avenue Bridge projects have been modified from that initially presented in the Bond Referendum resolution. The initial proposed improvements to Mitchell Moore Park was focused on the interior of the facility. However, due to damages caused to those initial interior project components by Hurricane Irma, the City was forced to fund the repairs with its disaster reserves and is now working through the process to obtain reimbursement of those costs from the Federal Emergency Management Agency. As such, the scope of the project has been modified to include the project components outlined at Exhibit A to the Series Ordinance, which is now focused on improvements to external components of the park. With regard to the 5th Avenue Bridge Project, due to community input on the initial project scope which was to simply repair the bridge, the project will now include the replacement of the structure, inclusive of raising the bridge.

Project costs for these Phase I projects and their related components total \$104,537,775. The Series Ordinance authorizes the issuance of bonds not exceeding \$108,000,000, to allow for capacity to accommodate costs of issuance, underwriter fees and potential investor preference for

original issue discount bonds, as it relates to the 2018 Series General Obligation Bond sale. The amount of 2018 series bonds actually sold could be less, but may not be more than this maximum authorized amount. Final terms related to the sale of the 2018 Series General Obligation Bonds will be determined at point of sale of the bonds. Voters initially authorized the issuance of not to exceed \$181,000,000 in General Obligation Bonds. The City will be issuing not to exceed \$108,000,000 in bonds by the fall of 2018 (Phase I), with the remaining authorized G.O. Bonds to be issued no later than fall 2021 (Phase II). The City has broken the authorized G.O. Bonds into two separate sales in order to facilitate manageability and rollout of the 25 G.O. Bond projects throughout the City, facilitate timely completion of projects from the funding of bond proceeds and avoiding unnecessary carrying costs for debt service ahead of project completion.

All documents related to this agenda item have been prepared by bond counsel and reviewed by the City Attorney and the City's Financial Advisor, Public Financial Management team, in addition to the City's Finance Department staff.