

REQUESTED COMMISSION ACTION:

| | | | | |
|---|------------------------------------|--|---|---------------------------------------|
| <input checked="" type="checkbox"/> Consent | <input type="checkbox"/> Ordinance | <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Consideration/ Discussion | <input type="checkbox"/> Presentation |
|---|------------------------------------|--|---|---------------------------------------|

SHORT TITLE A Resolution of the City of Pompano Beach, Florida indicating the official intent of the City to cause to be issued Certificates of Participation, Series 2015 evidencing undivided proportionate interests of the owners thereof in basic rent payments to be made by the City, as Lessee, pursuant to a Lease-Purchase Agreement with the Pompano Beach Finance Corporation, as Lessor, to finance certain costs of acquisition, construction, equipping and installation of a public parking garage and various related public improvements within the City and to cause a portion of the proceeds of such Certificates of Participation to be applied to reimburse expenditures paid or incurred prior to the date of issuance thereof; and providing for an effective date.

Summary of Purpose and Why:

On September 23, 2014 the City Commission approved a contract with Kaufman Lynn Construction, Inc. for design services for the beach parking garage in the amount of \$1,213,573.10 (the "Project"). The source of funding approved was for the costs to be reimbursed from proceeds derived from the City seeking external financing for the Project. The purpose of this resolution is for the City Commission to officially authorize via the passage of a "Reimbursement Resolution" (required per Internal Revenue Service Regulations) a portion of the proceeds to be derived from the planned financing to be applied to reimburse expenditures paid or incurred prior to the date of the issuance, namely design costs.

The approval of this resolution does not authorize nor approve any external financing for the Project. All financing documents for the planned financing for the Project will be brought before the City Commission for formal approval in March & April 2015. The passage of this reimbursement resolution has no effect should the City Commission elect not to approve the planned Project financing structure.

Discussion of the Pompano Beach Finance Corporation will take place at a Special Meeting to be held on February 24, 2015 at 5:30 p.m. in Commission Chambers. See Attached Finance Dept. Memo #15-35



Accomplishing this item supports achievement of Initiative 9.1, Expand & Enhance Parking Facilities in the City.

- (1) Origin of request for this action: Finance Department
- (2) Primary staff contact: Suzette Sibble, Finance Director Ext. 4680
- (3) Expiration of contract, if applicable: NA
- (4) Fiscal impact and source of funding: NA

DEPARTMENTAL
COORDINATION

Finance
City Attorney
Budget

DATE

2/9/15
2/10/15
2-12-15

DEPARTMENTAL
RECOMMENDATION

Approval
Approval

DEPARTMENTAL HEAD SIGNATURE

J. Libble
[Signature]
[Signature]

[Signature]

City Manager

[Signature]

ACTION TAKEN BY COMMISSION:

| Ordinance Workshop | Resolution | Consideration |
|-------------------------|-------------------------|-------------------|
| 1 st Reading | 1 st Reading | Results: Results: |
| 2 nd Reading | | |
| | | |
| | | |



FINANCE DEPARTMENT
MEMO 15-35

Date: February 4, 2015

To: Board of Directors of the Pompano Beach Finance Corporation

From: Suzette Sibley, Treasurer 

Via: Dennis Beach, City Manager 

**Re: CERTIFICATES OF PARTICIPATION (PARKING GARAGE PROJECT),
SERIES 2015 & THE POMPANO BEACH FINANCE CORPORATION**

Introduction

The City's Finance Team has determined that the most viable and cost effective means of financing the design and construction of the Pier Parking Garage and Pier Street east of A1A is through the issuance of Certificates of Participation (COPs). Revenue bonds are another financing mechanism for financing these types of projects. However, given the City's charter restrictions mandating a voter referendum for a covenant to budget and appropriate debt service requirement governing a revenue bond debt issue, the Finance team determined that this route was not feasible given the timeline within which the financing for the project needed to be accomplished, among other factors. More importantly, given the infancy of the City's parking system, the correlation of the timing for the pier development site to come online (i.e. restaurants, shops etc.) and that development's impact on parking revenue generation for the project to be financed, it was determined that it may not be possible for the City to meet certain annual debt service coverage requirements in the early stages of debt being outstanding. It is typical for revenue bonds, whereby a particular revenue stream is pledged as security for repayment of said bonds, to require minimum annual debt service coverage (net revenues for the system/annual debt service payment). Even if the City could ultimately market revenue bonds with a lower debt service coverage requirement, it would most likely impact the rating assigned the bonds by rating agencies such as Fitch, Moody's or Standard & Poor's, which would result in a higher cost of borrowing for the City.

Under the COPs financing mechanism, the City will lease-purchase finance a new parking garage and related facilities (collectively, the "Project") through the issuance of Certificates of Participation (Parking Garage Project), Series 2015 (the "Certificates"). The Certificates represent undivided proportionate interests in lease payments to be made each year by the City

pursuant to a lease-purchase agreement (the "Lease Agreement") between the City, as lessee, and the Pompano Beach Finance Corporation, a not for profit Florida corporation formed by the City (the "Corporation"), as lessor. The lease payments, and consequently, the payments due with respect to the Certificates, will not constitute indebtedness of the City. Rather, the Certificates will be payable solely from legally available revenues of the City budgeted and appropriated each year by the City to make lease payments under the Lease Agreement. The Certificates will be issued pursuant to a Trust Agreement among the City, the Corporation and an institutional trustee (the "Trustee"). The Certificates will be sold by the City to RBC Capital Markets, LLC, the underwriter selected by the City in connection with this transaction, which will, in turn, sell the Certificates to the public.

The Corporation

The Corporation was formed solely for the purpose of facilitating lease purchase arrangements such as the financing of the Project. The sole member of the Corporation is the City. The sole members of the Board of Directors of the Corporation are, ex-officio, the members of the City Commission of the City from time to time. The Mayor serves as the President of the Corporation, the Vice-Mayor serves as the Vice-President of the Corporation, the Finance Director serves as the Treasurer of the Corporation and the City Clerk serves as the Secretary of the Corporation. As noted below, the Corporation will only have a nominal role in the financing. It will be required to have an annual meeting to elect Board members and officers. In addition, the Corporation, by resolution, will be required to approve the various documents to which it will be a party in connection with the lease-purchase financing of the Project. The administrative costs associated with the Corporation are expected to be nominal.

Basic Financing Structure

The City owns the site within the City on which the Project will be located (the "Site"). Pursuant to a written ground lease agreement, the City will enter into a long term ground lease of the Site to the Corporation (with an initial term that will be the same as the final maturity of the Certificates--approximately 25 years). Until an event of default or non-appropriation occurs under the Lease Agreement, the annual ground lease rental will be \$1.00. At all times, title to the Site will remain with the City, subject to the leasehold interest of the Corporation.

The Project will be constructed by the City on the Site. The City will lease back the Site and the Project from the Corporation pursuant to the Lease Agreement. The Corporation will assign all of its rights and obligations under the Ground Lease and Lease Agreement to the Trustee, other than certain retained rights. Accordingly, the Corporation will have only a nominal role in the financing.

Funds for the acquisition, construction, and installation of the Project will be provided through the issuance and sale of the Certificates. The Lease Agreement will have an initial lease term that will commence on the date the Certificates are issued and end on September 30, 2015. Thereafter, subject to the right of the City to enact a budget which does not appropriate sufficient funds to make the lease payments coming due in the next fiscal year, the Lease Agreement will have successive one-year terms.

The maximum term of the Lease Agreement will be the same as the final maturity of the Certificates (approximately 25 years). If an event of non-appropriation occurs, the City must peaceably vacate and return possession of the Site and the Project to the Corporation, or its assignee or designee, no later than the end of the then current lease term. Thereafter, the Corporation, through the Trustee, may exercise remedies with respect to the Project, including attempting to re-let the Site and the Project to a third party for the remaining term of the Ground Lease, which will automatically be extended for an additional ten-year period following the scheduled maturity date of the Certificates.

Annual Appropriation

The financing documents will provide that under no circumstances will the failure of the City to appropriate sufficient moneys to pay lease payments constitute a default under the Lease Agreement or require payment of a penalty, or in any way limit the right of the City to purchase or utilize, buildings, facilities or equipment similar in function to the property leased under the Lease Agreement. However, the failure of the City to appropriate each year for such payments will result in the City's having to vacate the Project for the remaining term of the Ground Lease, which will be for at least ten years after the final maturity of the Certificates. In addition, upon such an event of non-appropriation, the City may have difficulty in accessing capital markets to obtain bond financing for its other projects. In this respect, even though COPs are not legally considered debt, for all practical purposes, the City should treat the required lease payments as such so as not to impede the City's credit standing in the marketplace.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF POMPANO BEACH, FLORIDA INDICATING THE OFFICIAL INTENT OF THE CITY TO CAUSE TO BE ISSUED CERTIFICATES OF PARTICIPATION, SERIES 2015 EVIDENCING UNDIVIDED PROPORTIONATE INTERESTS OF THE OWNERS THEREOF IN BASIC RENT PAYMENTS TO BE MADE BY THE CITY, AS LESSEE, PURSUANT TO A LEASE-PURCHASE AGREEMENT WITH THE POMPANO BEACH FINANCE CORPORATION, AS LESSOR, TO FINANCE CERTAIN COSTS OF ACQUISITION, CONSTRUCTION, EQUIPPING AND INSTALLATION OF A PUBLIC PARKING GARAGE AND VARIOUS RELATED PUBLIC IMPROVEMENTS WITHIN THE CITY AND TO CAUSE A PORTION OF THE PROCEEDS OF SUCH CERTIFICATES OF PARTICIPATION TO BE APPLIED TO REIMBURSE EXPENDITURES PAID OR INCURRED PRIOR TO THE DATE OF ISSUANCE THEREOF; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Pompano Beach, Florida (the "City") intends to cause to be issued Certificates of Participation, Series 2015 (the "Certificates") evidencing undivided proportionate interests of the owners thereof in basic rent payments to be made by the City, as lessee, pursuant to a lease-purchase agreement with the Pompano Beach Finance Corporation, as lessor, to finance certain costs of acquisition, construction, equipping and installation of a public parking garage and various related public improvements within the City (the "Project");

WHEREAS, a portion of the costs of the Project may be paid or incurred before the Certificates are issued in anticipation of the reimbursement of such expenditures from proceeds of the Certificates;

WHEREAS, it is anticipated that the Certificates will be issued as taxable, rather than tax-exempt obligations; and

WHEREAS, the City desires to officially declare its intent to use proceeds of the Certificates to reimburse expenditures paid with respect to the Project prior to issuance thereof.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF POMPANO, FLORIDA that:

SECTION 1. The City intends to issue the Certificates in an amount, at a minimum, that is necessary to finance the costs of the Project, including the reimbursement of Project costs paid before the issuance of such Certificates. Notwithstanding anything to the contrary herein, the City may elect to issue the Certificates, all or in part, as tax-exempt obligations. Nothing herein shall be deemed to require the City to apply the proceeds thereof to reimburse expenditures relating to the Project.

SECTION 2. The maximum principal amount of the Certificates expected to be issued to finance the Project is \$ 20,500,000.

SECTION 3. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this ___ day of ___, 20___.

CITY OF POMPANO BEACH,
FLORIDA

[SEAL]

Lamar Fisher, Mayor

ATTEST:

Asceleta Hammond
City Clerk

original 22

RESOLUTION NO. 2014- 338

CITY OF POMPANO BEACH
Broward County, Florida

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF POMPANO BEACH, FLORIDA, APPROVING AND AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE AN AGREEMENT BETWEEN THE CITY OF POMPANO BEACH AND KAUFMAN LYNN CONSTRUCTION, INC. FOR DESIGN SERVICES FOR THE BEACH PARKING GARAGE; PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF POMPANO BEACH, FLORIDA:

SECTION 1. That an Agreement between the City of Pompano Beach and Kaufman Lynn Construction, Inc. for design services for the beach parking garage, a copy of which Agreement is attached hereto and incorporated by reference as if set forth in full, is hereby approved.

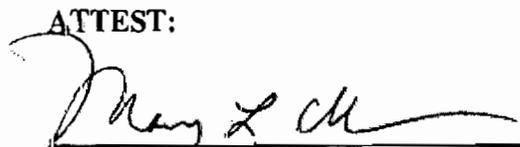
SECTION 2. That the proper City officials are hereby authorized to execute said Agreement between the City of Pompano Beach and Kaufman Lynn Construction.

SECTION 3. This Resolution shall become effective upon passage.

PASSED AND ADOPTED this 23rd day of September, 2014.



LAMAR FISHER, MAYOR

ATTEST:


MARY L. CHAMBERS, CITY CLERK

REQUESTED COMMISSION ACTION:

| Consent | Ordinance | X Resolution | Consideration/ Discussion | Presentation |
|--|-----------|--------------|------------------------------|--------------|
| | | X | | |
| SHORT TITLE | | | | |
| <u>A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF POMPANO</u> <u>BEACH, FLORIDA, APPROVING AND AUTHORIZING THE PROPER CITY</u> <u>OFFICIALS TO EXECUTE AN AGREEMENT BETWEEN THE CITY OF POMPANO</u> <u>BEACH AND KAUFMAN LYNN CONSTRUCTION, INC. FOR DESIGN SERVICES FOR THE</u> <u>BEACH PARKING GARAGE; PROVIDING AN EFFECTIVE DATE.</u> | | | | |

Summary of Purpose and Why:

The City issued a design build solicitation early this year to deliver a new parking garage at the Pier, on the northwest corner of the existing surface parking lot. On June 24 the Commission approved the ranking and directed staff to negotiate a contract with the highest ranked firm, Kaufman Lynn Construction, Inc. The Owner's Representative, Lansing Melbourne Group, has led the negotiations, assisted by City's outside counsel, Peter Brandt, for the Design-Build Agreement specifically designed for projects which anticipate a Guaranteed Maximum Price. The requested action authorizes the first step, which requests sufficient budget to obtain 100% complete design documents, proceed through a public review and approval process (entitlements), obtain permits, and develop a final price. The design-builder is then required to deliver a Guaranteed Maximum Price that reflects the final construction documents, which will be subject to review and approval by the Commission. The Step 1 contract amount recommended for approval is \$1,213,573.10. This action only approves the Step 1 amount.

- (1) Origin of request for this action: Staff
- (2) Primary staff contact: Dennis Beach, City Manager/ Adriane Esteban, CRA Ext. 7841
Project Manager
- (3) Expiration of contract, if applicable: _____
- (4) Fiscal impact and source of funding: \$1,213,573.10 ; Outside Consulting/Design 472-7549-545-6503; CIP 15271 - To be reimbursed from debt proceeds.

| DEPARTMENTAL COORDINATION | DATE | DEPARTMENTAL RECOMMENDATION | DEPARTMENTAL HEAD SIGNATURE |
|---------------------------|---------|-----------------------------|-----------------------------|
| CRA | 9/17/14 | Approval | <i>Chris Brown</i> |
| City Attorney | 9/17/14 | Approval | <i>[Signature]</i> |
| Finance | 9/16/14 | Approval | <i>[Signature]</i> |
| Public Works | 9/16/14 | APPROVE | <i>Robert Mc Caughy</i> |
| Development Svcs. | 9/17/14 | See memo #14-414 | <i>[Signature]</i> |
| Budget | 9/17/14 | Approve | <i>[Signature]</i> |

[Signature]
 X City Manager

[Signature]
 Dennis W. Beach

ACTION TAKEN BY COMMISSION:

| Ordinance Results: | Resolution Results: | Consideration Results: |
|--------------------|---------------------|------------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |