

ST. PETERSBURG CITY COUNCIL
Meeting of March 15, 2018

TO: The Honorable Lisa Wheeler-Bowman, Chair, and Members of City Council

SUBJECT:

- (1) Approving a transfer of \$667,372 from the unappropriated balance of the Downtown Redevelopment District Fund (1105) to the BB&T Non Ad Valorem Note Series 2010 Fund (2014); authorizing a supplemental appropriation in the amount of \$674,170 from the increase in the unappropriated balance of the BB&T Non Ad Valorem Note Series 2010 Fund (2014), resulting from the above transfer, for the full repayment of the remaining principal and interest outstanding of the BB&T Non Ad Valorem Note Series 2010; authorizing the Mayor or his designee to execute the agreement and all documents necessary to effectuate this transaction with BB&T; and providing an effective date; AND
- (2) Approving a transfer of \$5,347,930 from the unappropriated balance of the Downtown Redevelopment District Fund (1105) to the JP Morgan Chase 2011 Non Ad Valorem Refunding Note Fund (2010); approving a transfer of \$166,982 from the unappropriated balance of the Community Development Block Grant Fund (1111) to the JP Morgan Chase 2011 Non Ad Valorem Refunding Note Fund (2010); authorizing a supplemental appropriation in the amount of \$5,566,062 from the increase in the unappropriated balance of the JP Morgan Chase 2011 Non Ad Valorem Refunding Note Fund (2010), resulting from the above transfers, for the full repayment of the remaining principal and interest outstanding of the JP Morgan Chase 2011 Non Ad Valorem Refunding Note; authorizing the Mayor or his designee to execute the agreement and all documents necessary to effectuate this transaction with JP Morgan Chase; and providing an effective date; AND
- (3) Approving a transfer of \$56,922 from the unappropriated balance of the Professional Sports Facility Sales Tax Revenue Fund (1051) to the Professional Sports Facility Sales Tax Refunding Revenue Bonds Fund (2027); authorizing a supplemental appropriation in the amount of \$18,974 from the increase in the unappropriated balance of the Professional Sports Facility Sales Tax Refunding Revenue Bonds Fund (2027) resulting from the above transfers for the additional interest payments; and providing an effective date.

EXPLANATION:

Effective January 1, 2018, the Tax Cuts and Jobs Act significantly changes the U.S. Tax Code, including a reduction of the corporate tax rate from a maximum of 35% to a maximum of 21%. Certain loans outstanding of the City, including the BB&T Non Ad Valorem Note Series 2010, the JP Morgan Chase 2011 Non Ad Valorem Refunding Note's Loan, and the SunTrust Professional Sports Facility Sales Tax Refunding Revenue Bonds, Series 2014 had contractual language with discretionary or non-discretionary rate increases with such change in corporate tax rates.

In February 2018 the City was notified that the BB&T Non Ad Valorem Note Series 2010 would increase from 2.06% to 2.50%; JP Morgan Chase 2011 Non Ad Valorem Refunding Note's rate

would be adjusted from 1.91% to 2.32%; and the SunTrust Professional Sports Facility Sales Tax Refunding Revenue Bonds, Series 2014 rate would increase from 2.63% to 3.2%. The total additional debt service from the change in corporate tax liability if the debt is not repaid early or refunded, is \$365,219.

The total additional debt service from the change in corporate tax liability if the BB&T Non Ad Valorem Note Series 2010 and JP Morgan Chase 2011 Non Ad Valorem Refunding Notes are not repaid early is \$5,126 and \$26,753, respectively. The City has the opportunity to repay these loans in full at the next payment date of April 1, 2018.

The funding source for the BB&T Non Ad Valorem Note Series 2010 is the Downtown Redevelopment District Fund (1105) and the funding source for the JP Morgan Chase 2011 Non Ad Valorem Refunding Note is 97% the Downtown Redevelopment District Fund (1105) and 3% the Community Development Block Grant Fund (1111); based on the projects utilizing the original note proceeds. The unappropriated fund balances of the respective funds are sufficient to pay off the loans as of April 1, 2018.

The remaining debt subject to the increase is the SunTrust Professional Sports Facility Sales Tax Refunding Revenue Bonds, Series 2014, which is supported by the annual \$2 million state facilities revenue, and the rate will increase from 2.63% to 3.2%. Refunding opportunities have been evaluated but have not met the City debt policy's recommended minimum savings percentage at this time. In order to meet the additional interest obligations for the 4/1/2018 payment and for the accumulated amount in the debt service fund balance necessary for the 10/1/2018 payment, a supplemental appropriation is required and are sufficient from unappropriated fund balances.

RECOMMENDATION:

Administration recommends adoption of the attached resolution to approve transfers and supplemental appropriations necessary to extinguish the remaining principal and interest as of April 1, 2018 of the BB&T Non Ad Valorem Note Series 2010 and the JP Morgan Chase 2011 Non Ad Valorem Refunding Note Fund; and to provide for transfers to and additional appropriations for the Professional Sports Facility Sales Tax Refunding Revenue Bonds Fund (2027) for the additional interest and debt service reserve requirements necessary due to the rate adjustment from 2.63% to 3.2% annual interest rate.

COST/FUNDING/ASSESSMENT INFORMATION:

Funding for this debt repayment and additional interest will be available after the transfer of \$667,372 from the unappropriated balance of the Downtown Redevelopment District Fund (1105) to the BB&T Non Ad Valorem Note Series 2010 Fund (2014); a transfer of \$5,347,930 from the unappropriated balance of the Downtown Redevelopment Fund (1105) to the JP Morgan Chase 2011 Non Ad Valorem Refunding Note Fund (2010); a transfer of \$166,982 from the unappropriated balance of the Community Development Block Grant Fund (1111) to the JP Morgan Chase 2011 Non Ad Valorem Refunding Note Fund (2010); the transfer of \$56,922 from the unappropriated balance of the Professional Sports Facility Sales Tax Revenue Fund (1051) to

the Professional Sports Facility Sales Tax Refunding Revenue Bonds Fund (2027); and the supplemental appropriation available from the increase in the unappropriated balances, resulting from the above transfers, in the amount of \$667,372 for the BB&T Non Ad Valorem Note Series 2010 Fund (2014), \$5,566,062 for the to the JP Morgan Chase 2011 Non Ad Valorem Refunding Note Fund (2010), and \$56,922 for the (SunTrust) Professional Sports Facility Sales Tax Refunding Revenue Bonds Fund.

ATTACHMENTS: Resolution
Bond Payoff Letter from BB&T
Bond Payoff Letter from JP Morgan Chase
Debt Funding Analysis

APPROVALS:



Chief Financial Officer



Budget & Management

RESOLUTION NO. _____

A RESOLUTION APPROVING THE REPAYMENT IN FULL OF THE BB&T NON AD VALOREM NOTE SERIES 2010 AND THE JP MORGAN CHASE 2011 NON AD VALOREM REFUNDING NOTE; APPROVING A TRANSFER OF \$667,372 FROM THE UNAPPROPRIATED BALANCE OF THE DOWNTOWN REDEVELOPMENT FUND (1105) TO THE BB&T NON AD VALOREM NOTE SERIES 2010 FUND (2014); APPROVING A TRANSFER OF \$5,347,930 FROM THE UNAPPROPRIATED BALANCE OF THE DOWNTOWN REDVELOPMENT FUND (1105) TO THE JP MORGAN CHASE 2011 NON AD VALOREM REFUNDING NOTE FUND (2010); APPROVING A TRANSFER OF \$166,982 FROM THE UNAPPROPRIATED BALANCE OF THE CDBG FUND (1111) TO THE JP MORGAN CHASE 2011 NON AD VALOREM REFUNDING NOTE FUND (2010); APPROVING SUPPLEMENTAL APPROPRIATIONS FROM UNAPPROPRIATED FUND BALANCE FROM THE ABOVE TRANSFERS IN THE AMOUNT OF \$674,170 FOR THE BB&T NON AD VALOREM NOTE SERIES 2010 FUND (2014), AND IN THE AMOUNT OF \$5,566,062 FOR THE JP MORGAN CHASE 2011 NON AD VALOREM REFUNDING NOTE FUND (2010); PROVIDING FOR ADDITIONAL INTEREST AND DEBT SERVICE RESERVE REQUIREMENTS FOR THE PROFESSIONAL SPORTS FACILITIES SALES TAX REFUNDING REVENUE BONDS (2027) BY AUTHORIZING A TRANSFER OF \$56,922 FROM THE UNAPPROPRIATED BALANCE OF THE PROFESSIONAL SPORTS FACILITIES SALES TAX REVENUE FUND (1051); AUTHORIZING A SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF \$18,974 FOR THE PROFESSIONAL SPORTS FACILITIES REFUNDING BONDS FUND (2027); AUTHORIZING THE MAYOR OR HIS DESIGNEE TO EXECUTE THE AGREEMENT AND ANY DOCUMENTS NECESSARY TO EFFECTUATE THESE TRANSACTIONS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, effective January 1, 2018, the Tax Cuts and Jobs Act significantly changes the U.S. Tax Code, including a reduction of the corporate tax rate from a maximum of 35% to a maximum of 21%. Certain loans outstanding of the City, including the BB&T Non Ad Valorem Note Series 2010, the JP Morgan Chase 2011 Non Ad Valorem Refunding Note's Loan, and the SunTrust Professional Sports Facility Sales Tax Refunding Revenue Bonds Series 2014, had contractual language with discretionary or non-discretionary rate increases with such change in corporate tax rates; and

WHEREAS, in February 2018, the City was notified that the BB&T Non Ad Valorem Note Series 2010 would increase from 2.06% to 2.50%; the JP Morgan Chase 2011 Non Ad Valorem Refunding Note's rate would be adjusted from 1.91% to 2.32%; and the SunTrust Professional Sports Facility Sales Tax Refunding Revenue Bonds, Series 2014 rate would increase from 2.63% to 3.2%; and

WHEREAS, the City has the opportunity to repay these loans at the next payment date of April 1, 2018; and

WHEREAS, it is in the best interest of the City to repay the BB&T Non Ad Valorem Note Series 2010 and the JP Morgan Chase 2011 Non Ad Valorem Refunding Note in full as of April 2, 2018 as there are sufficient funds currently available within the Downtown Redevelopment Fund and the CDBG Fund to provide funds for the early extinguishment of the aforementioned notes; and

WHEREAS, the City will not repay the balance of the SunTrust Professional Sports Facility Sales Tax Refunding Revenue Bonds, Series 2014, as there are insufficient funds currently available and additional refunding opportunities may not be in the best interest of the City at this time; and

WHEREAS, there is a need for additional transfers and supplemental appropriations to provide for the extinguishment of the BB&T Non Ad Valorem Note Series 2010 and the JP Morgan Chase 2011 Non Ad Valorem Refunding Note; and

WHEREAS, there is a need for additional transfers and supplemental appropriations to provide for the additional interest and debt service reserve for the Professional Sports Facility Sales Tax Refunding Revenue Bonds Fund.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida, that the repayment in full of the BB&T Non Ad Valorem Series 2010 and the JP Morgan Chase 2011 Non Ad Valorem Refunding Note is hereby approved.

BE IT FURTHER RESOLVED that the following transfers for FY18 are approved:

Downtown Redevelopment Fund (1105)

BB&T Non Ad Valorem Note Series 2010 Fund (2014)	\$667,372
JP Morgan Chase 2011 Non Ad Valorem Refunding Note Fund (2010)	\$5,347,930

CDBG Fund (1111)

JP Morgan Chase 2011 Non Ad Valorem Refunding Note Fund (2010)	\$166,982
--	-----------

Professional Sports Facilities Sales Tax Revenue Fund (1051)

Professional Sports Facilities Refunding Bonds Fund (2027)	\$56,922
--	----------

BE IT FURTHER RESOLVED that there is hereby approved from the increase in the unappropriated balance of the following funds, resulting from the above transfers, the following supplemental appropriation for FY18:

BB&T Non Ad Valorem Series 2010 Fund (2014):

Note Principal	\$660,000
Note Interest & Premium	\$14,170

JP Morgan Chase 2011 Non Ad Valorem Refunding Note Fund (2010)

Note Principal	\$5,541,000
Note Interest & Premium	\$25,062

Professional Sports Facilities Refunding Bonds (2027)

Note Interest	\$18,974
---------------	----------

BE IT FURTHER RESOLVED that the Mayor or his designee is authorized to execute an agreement with BB&T and JP Morgan Chase and all other documents necessary to effectuate this transaction with BB&T and JP Morgan Chase.

This resolution shall become effective immediately upon its adoption.



Chief Financial Officer



Budget & Management



Legal

**BB&T Governmental Finance**

5130 Parkway Plaza Blvd.
Charlotte, N.C. 28217
(704) 954-1700
Fax (704) 954-1799

February 6, 2018

City of St. Petersburg, FL
1 4th St. N
St. Petersburg, FL 33701

c/o Andy Smith

Re: Payoff Quote for: City of St. Petersburg, FL
Contract #: 9909001029-00001
Note Date: December 10, 2010

Dear Valued Client:

Thank you for your recent inquiry concerning your BB&T Governmental Finance loan. The payoff amount of the outstanding debt detailed above is in the amount equal to the following:

Payoff Date:		April 1, 2018
Remaining Principal:	\$	660,000.00
Accrued Interest:	\$	7,524.00
Prepayment Premium:	\$	6,600.00
Total:	\$	674,124.00
Less Project Fund:		
*Total Payoff:	\$	674,124.00
Per Diem Amount:	\$	45.83

The payoff total is valid through the respective payoff date as noted above. If funds are not received by this date, the per diem amount for the number of additional days should be added to the total.

Upon receipt of the payoff amount, all indebtedness in connection with this loan shall be satisfied and paid in full. Additionally, any documentation acknowledging and securing the collateral shall be released and returned to the borrower.

Funds must be received by the payoff date as stated above and may be paid by check or wire. To wire or mail the funds to BB&T, please follow these instructions:

You may wire the funds to:

Bank Name: BB&T
Acct. Name: BB&T Governmental
Finance
5130 Parkway Plaza Blvd
Charlotte, NC 28217
ABA # 053101121
Account # 5203964953

You may mail the check to:

BB&T Governmental Finance
Attn: Payoff Department
5130 Parkway Plaza Boulevard
Charlotte, NC 28217

Please include a description on the wire ticket or check to include:

- Customer Name
- Customer Contract #

Should you have any questions, please contact us at 704-954-1700. Our office hours are Monday-Friday, 8:30 a.m. - 5:00 p.m. (ET).

We hope that you will consider BB&T as you evaluate your future financial needs. In addition to Governmental Finance loans, we offer a wide variety of other financial services to our clients.

Thank you for banking with BB&T.

Sincerely,



Trina Britt
Documentation Specialist
BB&T Governmental Finance
704-954-1873

Payoff calculation confirmed by:



2/6/2018

Date:

J.P.Morgan

April 2, 2018

CITY OF ST PETERSBURG
One 4th Street North
5th Floor Attn: Finance Dept.
St. Petersburg, FL 33701-3708

Pursuant to the request of CITY OF ST PETERSBURG (the "Borrower"), please be advised that according to our records, the amount necessary to satisfy the following described obligations owing by the Borrower to JPMorgan Chase Bank, N.A. (the "Bank"), as of the date of this letter, is as follows:

Loan Number:	901905822
Promissory Note Date:	12/6/2011
Note Face Amount:	\$21,522,000.00
Principal Balance:	\$5,541,000.00
Accrued Interest:	\$24,704.13
Principal and Accrued Interest	\$5,565,704.13
PAYOFF AMOUNT OF LOAN:	\$5,565,704.13

TOTAL LOAN PAYOFF AMOUNT:	\$5,565,704.13
----------------------------------	-----------------------

Per Diem Charges:	
Per Diem Interest:	\$357.30
Per Diem Totals:	\$357.30

TOTAL PER DIEM AMOUNT:	\$357.30
-------------------------------	-----------------

According to our records, the Total Loan Payoff Amount in respect of the above-referenced Promissory Note(s) (the "Note(s)") is valid on the date of this letter, and, subject to the other terms and conditions of this letter, the Bank's receipt on the date of this letter of the Total Loan Payoff Amount in immediately available funds by a bank wire transfer will satisfy the above-described obligations of the Borrower to the Bank. The Total Per Diem Amount should be added to the Total Loan Payoff Amount for each day if the Total Loan Payoff Amount has not been delivered by 4:00 P.M. Central/5:00 P.M. Eastern on the date of this letter. To receive proper and timely credit, funds sent by bank wire transfer to the Bank should comply with the following instructions:

Bank Name:	JPMorgan Chase Bank, N.A.
Bank Address:	100 North Tampa St., Floor 33

Tampa, FL 33602
Attention: John McAuley
ABA Number: 021000021
GL Number: 323522211
Borrower Name: CITY OF ST PETERSBURG
Loan Numbers: 901905822

Please be advised that upon the Bank's receipt of the amount necessary to satisfy all of the above-described obligations, (i) the Bank's obligations to make advances to the Borrower under the Note(s) shall be terminated, (ii) the Borrower's obligations under the Note(s) shall be deemed paid in full, released and discharged, all without any further action being required to effectuate the foregoing (excluding those obligations that are specified in any of the Loan Documents (as defined below) as surviving that respective agreement's termination, which shall, as so specified, survive without prejudice and remain in full force and effect), (iii) the Borrower or its designee will be authorized to file UCC Termination Statements in order to evidence the termination of the liens and security interests granted pursuant to all agreements, documents and instruments executed in connection with the Note (s) (collectively the "Loan Documents"), and (iv) the Bank will execute and deliver such mortgage releases and other documents as the Borrower may reasonably request in order to evidence the termination of the liens and security interests granted pursuant to the Loan Documents.

If payment of the above-described obligations in respect of the Note(s) will be received by the Bank on a date other than the date of this letter, please be advised that the Total Loan Payoff Amount and the Total Per Diem Amount set forth above may change, and any payment may not result in payment in full of such obligations. Thus, if you wish to rely on this letter, you should request a written confirmation of such amount from the Bank on the date on which payment is intended to be made.

If you have any questions concerning this letter, please feel free to contact me.

Sincerely,

JPMORGAN CHASE BANK, N.A.



By: John McAuley

Its: Executive Director

Appendix Information

Fund 2010
JP Morgan Chase Revenue Notes
Revenues, Exp and Changes in Fund Bal
3/2/2018

	FY Budget 2017-18	Actual Adjusted 3/2/2018	Additional Payoff Needed FY 2018	Additional Total Estimated FY 2018 with Payoff FY 2018	FINAL Final 2018 Supplemental Appropriation Needed FY 2018
Transfer when Pmt is Due					
	DSR				
REVENUES					
Transfer from Redev Rev Fund (1105) (Mahafey portion)	2,975,173	2,975,173	5,399,080	8,323,103	5,347,930
Transfer from Comm Dev Fund (1111) (CDBG portion)	102,776	101,009	166,981	267,990	166,981
Earnings on Investments	-	-	-	-	-
TOTAL REVENUES	3,077,949	3,076,182	5,566,061	8,591,093	5,514,911
EXPENDITURES					
Notes Principal (Pmt Oct)	2,944,000	2,944,000	5,541,000	8,485,000	5,541,000
Notes Interest (Pmt April, Oct)	133,949	81,032	24,704	105,736	24,704
Payoff Premium	-	-	357	357	357
TOTAL EXPENDITURES	3,077,949	3,025,032	5,566,061	8,591,093	5,566,061
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	51,150	(0)	(0)	(51,150)
FUND BALANCE - OCTOBER 1	-	-	-	-	-
FUND BALANCE - SEPTEMBER 30	-	51,150	(0)	(0)	(51,150)

Additional amount contributed from 1105 already reduces 1105 contribution

Consumption From Original Budget

Fund 2014
BB&T Notes
Revenues, Exp and Changes in Fund Bal
3/2/2018

	FY Budget 2017-18	Actual Adjusted 3/2/2018	Additional Payoff Needed FY 2018	Additional Total Estimated FY 2018 with Payoff FY 2018	FINAL Final 2018 Supplemental Appropriation Needed FY 2018
Transfer when Pmt is Due					
	DSR				
REVENUES					
Transfer from Redev Rev Fund (1105)	225,759	225,759	674,124	893,085	667,326
Earnings on Investments	-	-	-	-	-
TOTAL REVENUES	225,759	225,759	674,124	893,085	667,326
EXPENDITURES					
Notes Principal (Pmt Oct)	210,000	210,000	660,000	870,000	660,000
Notes Interest (Pmt April, Oct)	15,759	8,961	7,524	16,485	7,524
Payoff Premium	-	-	6,600	6,600	6,600
TOTAL EXPENDITURES	225,759	218,961	674,124	893,085	674,124
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	6,798	-	-	(6,798)
FUND BALANCE - OCTOBER 1	-	-	-	-	-
FUND BALANCE - SEPTEMBER 30	-	6,798	-	-	(6,798)

From Original Budget