

RESOLUTION 17-90

A RESOLUTION OF THE CITY OF PANAMA CITY BEACH AUTHORIZING THE PAYMENT AND PAYOFF OF THE 2002 SRF LOAN; AUTHORIZING A BUDGET AMENDMENT TO FUND THIS PAYMENT; AND PROVIDING AN IMMEDIATELY EFFECTIVE DATE.

**BE IT RESOLVED** by the City of Panama City Beach, Florida that:

1. The appropriate officers of the City are authorized and directed to take all necessary and appropriate actions to payoff SRF Loan CS12069403P in full on the next scheduled payment date of June 15, 2017, in the basic amount of Five Million Seventy Five Thousand Two Hundred Seventy Dollars and Forty Four Cents (\$5,075,270.44), for the reasons set forth in the memo hereto as Exhibit A which are deemed material and sufficient.
2. The following budget amendment (#32) is adopted for the City of Panama City Beach, Florida, for the fiscal year beginning October 1, 2016, and ending September 30, 2017, as shown in and in accordance with the attached and incorporated Exhibit B, to reflect the receipt and expenditure for the purposes stated herein.
3. This Resolution shall take effect immediately upon passage.

**THIS RESOLUTION** shall be effective immediately upon passage.

**PASSED** in regular session this 11<sup>th</sup> day of May, 2017.

**CITY OF PANAMA CITY BEACH**

By: 

Mike Thomas, Mayor

**ATTEST:**

  
Diane Floyd, City Clerk

To: Mario Gisbert, City Manager  
Al Shortt, Utilities Director

From: Holly White, Finance Director

Date: April 21, 2017



Re: State Revolving Fund (SRF) Loan 69403P

In 2002, the City was awarded a state revolving fund loan and related grant which was utilized to construct wastewater systems in several older City neighborhoods. The next scheduled payment due on this note is June 15, 2017. After that payment is made, the remaining principal balance due on the note is \$5,075,270.44. In accordance with the terms of the note agreement, the City is required to maintain both a loan repayment reserve and a monthly escrow reserve which total \$1,304,691.49. These funds are not available for use by the City. Given the current interest rate environment and the healthy cash reserves maintained in the Utility Fund, I recommend that we request permission from the Council to repay this note in full on the next scheduled payment date of June 15, 2017.

Balance due after scheduled June 15, 2017 payment	\$5,075,270.44
Escrowed reserve funds applied to pay-off	\$1,304,691.49
Balance to be funded from existing non-restricted reserves	\$3,770,578.95

As a result of an early pay-off, the City would eliminate \$426,599.64 in interest payments scheduled through the maturity date of June 15, 2022. These savings would be partially offset by the "lost" interest on the funds utilized to pay-off the loan; however, due to the low interest rate environment we are currently in, such loss is not significant. Given the current amount of reserves on hand in the Utility Fund, I do not believe paying off the loan early would have any adverse impact on our ability to operate the system or construct capital projects over the next five years.

Additionally, the pay-off of the loan would have a positive effect on the City's debt to asset ratio which historically has been one of the items cited as needing improvement when we have our periodic reviews with the bond rating agencies.

Please let me know your thoughts on this issue. If both of you are in agreement with me, I will have Amy prepare a resolution for presentation to the Council at one of the May meetings.

*Exhibit A*

CITY OF PANAMA CITY BEACH  
 BUDGET TRANSFER FORM BF-10

No. BA # 32

FUND UTILITY ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED BUDGET	BUDGET ADJUSTMENT	NEW BUDGET BALANCE
TO 401-3300-533.71-50	Principal SRF	1,147,000.00	5,075,270.44	6,222,270.44
FROM 401-8100-999.95-00	Reserves Restricted	16,843,107.00	(1,304,691.49)	15,538,415.51
FROM 401-8100-999.96-00	Reserves Available for Expenditures	40,184,938.00	(3,770,578.95)	36,414,359.05
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
	Check Adjustment Totals:	58,175,045.00	0.00	58,175,045.00

BRIEF JUSTIFICATION FOR BUDGET ADJUSTMENT:

To appropriate funds from both restricted and unrestricted reserves to pay-off state revolving fund loan 69403P in full subsequent to the regularly scheduled payment due June 15, 2017

ROUTING FOR APPROVAL

DEPARTMENT HEAD \_\_\_\_\_ DATE \_\_\_\_\_

CITY MANAGER \_\_\_\_\_ DATE \_\_\_\_\_

FINANCE DIRECTOR \_\_\_\_\_ DATE \_\_\_\_\_

*Exhibit R*



## CITY OF PANAMA CITY BEACH AGENDA ITEM SUMMARY

**1. DEPARTMENT MAKING REQUEST/NAME:**

Administration / Utilities

**2. MEETING DATE:**

May 11, 2017

**3. REQUESTED MOTION/ACTION:**

Staff requests Council approval to pay-off the outstanding balance of \$5,075,270.44 remaining on SRF Loan CS12069403P subsequent to the regularly scheduled payment due on June 15, 2017. The early pay-off of the loan will save \$426,599.64 in interest payments over the next five years.

**4. AGENDA**

PRESENTATION   
PUBLIC HEARING   
CONSENT   
REGULAR

**5. IS THIS ITEM BUDGETED (IF APPLICABLE)?** Yes  No  N/A   
BUDGET AMENDMENT OR N/A

DETAILED BUDGET AMENDMENT ATTACHED Yes  No  N/A

**6. BACKGROUND: (WHY IS THE ACTION NECESSARY, WHAT GOAL WILL BE ACHIEVED)**

Staff is recommending that SRF loan CS12069403P be paid in full on June 15, 2017. The early pay-off of the loan will save \$426,599.64 in interest payments over the next five years. A portion of the pay-off, approximately 25.7%, will be funded with existing loan reserve funds which are not available for use by the City under the terms of the loan. The balance will be funded with unrestricted cash reserves. The pay-off of the loan will have a positive impact on the City's debt to capital assets ratio which should have a positive impact on the City's current bond ratings. Based upon the current reserves on hand in the Utility Fund and a review of the outstanding projects and time frame for construction of such projects, staff does not believe the use of the reserves will have any impact on the City's ability to fund upcoming capital projects.