

City of Coral Gables City Commission Meeting
Agenda Item H-2
February 19, 2013
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Jim Cason

Vice Mayor William H. Kerdyk, Jr.

Commissioner Maria Anderson

Commissioner Rafael “Ralph” Cabrera, Jr.

Commissioner Frank Quesada

City Staff

City Manager, Patrick Salerno

City Attorney, Craig E. Leen

City Clerk, Walter J. Foeman

Deputy City Clerk, Billy Urquia

Public Speaker(s)

Jay Glover, Public Financial Management, City’s Financial Advisor

H-2 [Start: 9:35:10 a.m.]

A Resolution of the City of Coral Gables, Florida authorizing the negotiation of two loans in the aggregate principal amount not to exceed \$22,000,000 from the Sunshine State Governmental Financing Commission to refinance certain outstanding obligations; approving the execution and delivery of two loan agreements; providing certain other matters in connection with the making of such loans.

Mayor Cason: Item H-2.

City Manager Salerno: Mr. Mayor, Item H-2 is a Resolution of the City of Coral Gables, Florida authorizing the negotiation of two loans in the aggregate principal amount not to exceed \$22,000,000 from the Sunshine State Governmental Financing Commission to refinance certain outstanding obligations; approving the execution and delivery of two loan agreements; providing certain other matters in connection with the making of such loans. I have a pass-out here that

summarizes in simple terms what you have in your agenda item, let me just do that first. The pass-out indicates that these are refinancing of issues in 2004-A revenue bonds and a series 2004-B taxable revenue bonds. There is no extension to the maturities here; the purpose of the bonds, those bonds when they were originally issued is explained under purpose of the bonds. As you can see it's a variety of purposes. The refinancing amounts, who the refinancing is going to, the old interest rates for each of the series, the new interest rate, and the average annual savings under the 2004-A revenue bonds, will be approximately \$160,000 a year for a total savings of \$2.6 million. The 2004-B series will be \$46,000 a year with a total of approximately \$729,000 in savings over the – until maturity. We have with us bond counsel and representative from PFM, Public Financial Management, if you have any other questions about this refinancing. There is no new money in this issue; it's strictly a refinancing at favorable interest rates.

Commissioner Cabrera: Under brief history, if I may?- it outlines a sentence in the second paragraph outlines the following, or articulates the following: if the proposals for Pinnacle Public Finances Inc. and TD Bank, N.A. are accepted does that mean that the City has yet to accept their proposals?

City Manager Salerno: Yes sir. That is the action that you'd be taking today is the acceptance.

Commissioner Cabrera: What other banks submitted proposals on this refinance?

City Manager Salerno: Jay would you come forward and explain the process?

Mr. Jay Glover: Mayor, Commission members, Jay Glover from Public Financial Management, the City and the Commission's financial advisor. We actually went through a competitive process...proposals and actually got 8 proposals to the RFP. They were from Pinnacle Bank and TD Bank who are being recommended for award, BB&T, Union Bank, Total Bank, SunTrust, Regions Bank and JP Morgan. So we were very pleased with the outcome of the responses.

Commissioner Cabrera: And your firm, Mr. Glover, went through the evaluation process to determine that Pinnacle and TD Bank were the best suited financial institutions?

Mr. Glover: Yes. We reviewed all the proposals with City staff, Finance Director and the City Manager based on the interest rates and the various terms and conditions of each proposal and determined these were the best proposals not only on interest rates, but also the most favorable terms.

Commissioner Cabrera: Did you come up with a matrix, a comparative matrix to determine that?

Mr. Glover: Yes, we did.

Commissioner Cabrera: That would be great. Can I have a copy of that? That would be good.

Mr. Glover: That's perfect, yes.

Commissioner Cabrera: I would enjoy that.

Mayor Cason: Are the rates we are getting competitive, are they very good?- others that are doing this, is this in the ballpark?

Mr. Glover: Oh yes, these rates are very good and reflect the strong credit quality of the City. Actually, I was very surprised with the 8 proposals, quite frankly. We typically do these loans and you might get 4 or 5 proposals, but 8 proposals is a very strong turnout.

Vice Mayor Kerdyk: Basically what we are doing is we are taking tax exempt bonds that keeps the same maturity, that we are refinancing \$17 million and the old rate was 4.19 percent, which is good and we are reducing it to 2.4 percent, saving \$160,000; and then we are taking a taxable bond, same timing of 15 years, refinancing in the amount of \$4.5 million, taking the old rate of 5.59 percent and reducing it to 3.43, saving \$46,000. That's pretty commendable.

Mr. Glover: Per year.

Vice Mayor Kerdyk: Per year.

Commissioner Cabrera: And I don't disagree, I think it's very commendable. I would have enjoyed looking at that analytical work that your firm performed in order to better understand what a great deal we are getting and made it a public document. When you give me a copy would you make sure that the entire Commission gets a copy?

Mr. Glover: Yes, that's fine.

Commissioner Cabrera: Thank you so much.

Mr. Glover: One thing I do want to point out that was unique to the two proposals we recommended was, they actually put their proposals in, in mid January and was willing to hold their interest rates through this approval because we could not officially award the bonds till you all took action today, so we thought that was beneficial because that really eliminated any risk that rates might rise, and quite frankly since mid January rates have trickled up, so being able to

lock those rates in and hold those was an important aspect of each proposal. Some of the proposals actually gave you a formula whereby after approval today we would then go in and set the rate, and that's actually all outlined in the summary we put together. So that was one aspect the proposal was very favorable.

Mayor Cason: Any discussion?

Vice Mayor Kerdyk: No, it's all good.

Mayor Cason: Do I have a motion?

Vice Mayor Kerdyk: So moved.

Mayor Cason: Vice Mayor makes the motion.

Commissioner Quesada: Second.

Mayor Cason: Commissioner Quesada seconds it.

City Clerk

Vice Mayor Kerdyk: Yes

Commissioner Quesada: Yes

Commissioner Anderson: Yes

Commissioner Cabrera: Yes

Mayor Cason: Yes

(Vote: 5-0)

[End: 9:41:40 a.m.]