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September 2, 2015

Memorandum

To: Diana Gomez, Finance Director – City of Coral Gables
Richard Dowdy, Program Administrator – Sunshine State Governmental Financing Commission

From: Jay Glover, Managing Director – Public Financial Management

Re: Sunshine State Governmental Financing Commission – City of Coral Gables Loans

As financial advisor to the Sunshine State Governmental Financing Commission (the “Commission”), Public Financial Management (PFM) has worked with the Commission and the City of Coral Gables (the “City”) to develop the plan of finance to fund streetscape capital improvements to the City’s Miracle Mile and Giralda Avenue. The financings will be completed via three series of bonds as outlined below:

- Tax Exempt Capital Improvement Revenue Bonds, Series 2015A (Miracle Mile Project)
- Tax Exempt Capital Improvement Revenue Bonds, Series 2015B (Giralda Project)
- Taxable Capital Improvement Revenue Bond, Series 2015C (Miracle Mile Project)

The Series 2015A Bonds and Series 2015B Bonds will be secured by a combination of special assessments collected via the property tax bill of the benefited property owners beginning in November of 2017 (the “Special Assessments”) as well as a covenant to budget and appropriate from legally available non ad valorem revenues. The Special Assessments will be collected for a period of 20 years with the final assessment being on tax bill in November of 2036.

Given the unique structuring features related to a special assessment financing (extraordinary redemption provisions) as well as the longer final maturity (April 1, 2037), PFM recommended that the Series 2015A Bonds and Series 2015B Bonds be completed via a public offering of bonds sold via a negotiated sale. This will provide the Commission and the City the most flexibility on when to enter the market in order to achieve the lowest cost of capital.

Since the Series 2015C Bond will be issued as a taxable bond with a shorter final maturity (April 1, 2019) and relatively small par amount (\$1,000,000), PFM recommends this financing be completed via a direct placement bank loan secured solely by a covenant to budget and appropriate from legally available non-ad valorem revenues. This financing vehicle will minimize the cost of issuance and streamline the financing timeline, resulting in the lowest cost of capital.

PFM will be prepared to discuss the proposed plan of finance at the City Commission meeting on September 22. If you have any questions in the meantime, please feel free to contact me at 407-406-5760 or gloverj@pfm.com.