



The PFM Group

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September 14, 2009

Memorandum

To: Sunshine State Governmental Financing Commission
From: Jay Glover, Public Financial Management
CC: Don Nelson, Finance Director
Re: City of Coral Gables, Florida – SSGFC Loans

It is Public Financial Management's (PFM) understanding that the City of Coral Gables, Florida (the "City") is preparing for the issuance of two loans through the Sunshine State Governmental Financing Commission (the "Commission") at a not to exceed par amount of \$6,200,000. The loans are being used to fund (i) renovation, construction and improvement of a city-owned historic building to be used for a public museum and (ii) dredging of a canal for stormwater drainage. As the City's primary banking institution, SunTrust Bank provided the City a final proposal dated as of September 4, 2009 that will allow the City to finance these needs. The proposal provides the City options based on a fixed rate and variable rate of interest, final maturities ranging from 5-10 years, as well as the flexibility to prepay the loans prior to maturity. Based on the following: (i) the overall low level of fixed interest rates, (ii) the City's desire for a 10 year repayment and (iii) the need for prepayment flexibility prior to maturity; the City has selected the 10 year fixed rate option that can be prepaid at par 15 months following issuance. The interest rate of 3.98% will be locked in for the entire term of the financing. Based on our knowledge of the existing market, as well as recent experience implementing loans for other municipalities, the proposal provided by SunTrust Bank is reflective of current market conditions and thus it is PFM's recommendation, as affiliated financial advisor to the Commission, that the City accept the proposal of SunTrust Bank and approve the issuance of the loans. The terms of the loans are summarized in the bank's final term sheet dated as of September 14, 2009. If you have any questions please do not hesitate to contact me.