

City of Coral Gables City Commission Meeting
Agenda Item I-5 and I-6 are related
March 23, 2021
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Raul Valdes-Fauli

Vice Mayor Vince Lago

Commissioner Pat Keon

Commissioner Michael Mena

Commissioner Jorge Fors

City Staff

City Manager, Peter Iglesias

Assistant City Manager, Ed Santamaria

City Attorney, Miriam Ramos

City Clerk, Billy Urquia

Finance Director, Diana Gomez

Public Speaker(s)

Agenda Item I-5 and I-6 are related [11:58 a.m.]

A Resolution of the City Commission authorizing the issuance of the Capital Improvement Refunding Revenue Bond, Taxable Series 2021A in a not to exceed principal amount of \$5,600,000 to refinance certain outstanding obligations; accepting the proposal of TD Bank, N.A.; approving the form of and authorizing the execution and delivery of a Loan Agreement in order to evidence said Loan; authorizing the repayment of the Series 2021A Bond from Pledged Revenues; delegating certain authority to the City Manager and Finance Director; authorizing the execution and delivery of other documents in connection therewith; and providing an effective date.

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Agenda Items I-5 and I-6 are related - Resolutions of the City Commission authorizing the issuance of the Capital Improvement Refunding Revenue Bond, Taxable Series 2021A in a not to exceed principal amount of \$5,600,000 to refinance certain outstanding obligations and authorizing the issuance of not to exceed \$32,000,000 in aggregate principal amount of Capital Improvement Revenue and Refunding Bonds, Series 2021B to finance the costs of construction, reconstruction, and replacement of certain capital improvements.

A Resolution of the City Commission authorizing the issuance of not to exceed \$32,000,000 in aggregate principal amount of Capital Improvement Revenue and Refunding Bonds, Series 2021B to finance the costs of the construction, reconstruction, and replacement of certain capital improvements, refunding the Refunded Obligations, and to pay associated costs of issuance; providing that such Series 2021B Bonds shall be a limited obligation of the issuer payable solely from non-ad valorem revenues budgeted and appropriated as provided herein; making certain provisions and delegating certain responsibilities with respect to the notice, bidding and sale of the Series 2021B Bonds to the Mayor and Finance Director; appointing a Financial Advisor, Paying Agent and Registrar for the Series 2021B Bonds; approving the forms of the Summary Notice Of Sale, and Official Notice Of Sale with respect to such Series 2021B Bonds; authorizing the preparation and use of a Preliminary Official Statement and authorizing the execution and delivery of a Final Official Statement, Paying Agent and Registrar Agreement and Continuing Disclosure Certificate; providing for compliance with certain continuing disclosure requirements; providing for the rights, securities and remedies for the holder of such Series 2021B Bonds; making certain covenants and agreements in connection therewith; and providing an effective date; and authorizing an amendment to the Fiscal Year 2020-2021 amended budget to recognize as revenue the proceeds from the Series 2021B Bonds and appropriating such funds to pay the cost of the Project and the Refunded Obligations.

Mayor Valdes-Fauli: Next is a time certain item at 11:30, I-5 and I-6.

City Attorney Ramos: It's a resolution of the City Commission authorizing the issuance of a Capital Improvement Refunding Revenue Bond, Taxable Series 2021A in a not to exceed principal amount of \$5.6 million to refinance certain outstanding obligations; accepting the proposal of TD Bank, N.A.; approving the form of and authorizing the execution and delivery of a Loan Agreement in order to evidence said Loan; authorizing the repayment of the Series 2021A Bond from Pledged Revenues; delegating certain authority to the City Manager and Finance Director; authorizing the execution and delivery of other documents in connection therewith; and providing for an effective date. And I'll read I-6 as well. A resolution of the City Commission authorizing the issuance of not to exceed \$32,000,000 in aggregate principal amount of Capital Improvement

Revenue and Refunding Bonds, Series 2021B to finance the costs of the construction, reconstruction, and replacement of certain capital improvements, refunding the Refunded Obligations, and to pay associated costs of issuance; providing that such Series 2021B Bonds shall be a limited obligation of the issuer payable solely from non-ad valorem revenues budgeted and appropriated as provided herein; making certain provisions and delegating certain responsibilities with respect to the notice, bidding and sale of the Series 2021B Bonds to the Mayor and Finance Director; appointing a Financial Advisor, Paying Agent and Registrar for the Series 2021B Bonds; approving the forms of the Summary Notice Of Sale, and Official Notice Of Sale with respect to such Series 2021B Bonds; authorizing the preparation and use of a Preliminary Official Statement and authorizing the execution and delivery of a Final Official Statement, Paying Agent and Registrar Agreement and Continuing Disclosure Certificate; providing for compliance with certain continuing disclosure requirements; providing for the rights, securities and remedies for the holder of such Series 2021B Bonds; making certain covenants and agreements in connection therewith; and providing for an effective date; and authorizing an amendment to the Fiscal Year 2020-2021 amended budget to recognize as revenue the proceeds from the Series 2021B Bonds and appropriating such funds to pay the cost of the Project and the Refunded Obligations.

Finance Director Gomez: Good afternoon. The first item, Item I-5, the City has determined that it's in the best interest of the City to refinance Series 2011C and 2013B to provide debt service savings. The City's financial advisor, PFM, had requested interest rate quotes from local banks in order -- from multiple financial institutions in order to find the best rate. And the result of that was that we recommend the award of the 2021A bonds to TD Bank at a rate of 1.9 percent for the remainder of life of the bonds, which would provide the City approximately \$180,000 savings over that term. That's the first item.

Vice Mayor Lago: And we're being given the wiggle room to modify our rates -- correct? -- not have to start...

Finance Director Gomez: This is a fixed...

Vice Mayor Lago: That's what I'm saying.

Finance Director Gomez: This will be a fixed rate so...

Vice Mayor Lago: But we're modifying from our previous rate.

Finance Director Gomez: Right, so there's two portions of it. There's two portions of the -- what we're refinancing. The first one has a fixed rate -- a current fixed rate of 3.43 percent, so we're reducing that to 1.90 for savings. And then the second one has a variable interest rate, which is at (INAUDIBLE) plus 135 basis points.

Vice Mayor Lago: So, we're pegging it now.

Finance Director Gomez: So -- but now we're fixing it, that one, for the remainder -- I think it's 11 years left on that one. So, even though -- maybe at this moment, it may be a little bit less, the variable rate over the life of it, the 1.9 is definitely a better deal. And with me today, I have the financial advisor, PFM, Jay Glover, as well as Jolinda Herring, from bond counsel, if you have any questions specific to the transactions. So, that's the first transaction, so I don't know if you wanted them separately. Miriam, vote on them separately, or should I go on to the second one?

City Attorney Ramos: Two different votes, yes, please.

Finance Director Gomez: Okay, so...

Vice Mayor Lago: I'll move it. It's a no-brainer.

Mayor Valdes-Fauli: It is a no-brainer.

Commissioner Keon: I'll second it.

Mayor Valdes-Fauli: Second?

Commissioner Keon: Second.

Mayor Valdes-Fauli: Will you call the roll, please?

Commissioner Fors: Yes.

Commissioner Keon: Yes.

Vice Mayor Lago: Yes.

Mayor Valdes-Fauli: Yes.

(Vote: 4-0)

Finance Director Gomez: I-6 is -- this item is authorizing the issuance of new bonds in the amount of \$15.25 million for necessary sanitary sewer force main repairs throughout the City. On top -- additionally, we are also refinancing three series for a combined total of \$15.75 million, again, with expected net present value savings of between 5 and \$600,000 over the remaining life of those bonds. They are going to be sold as a public offering to interested bidders in -- sometime in May is the expected.

Vice Mayor Lago: Thank you. May I -- Mr. Mayor, may I ask a few questions of the ACM? Thank you. Mr. Santamaria, I had several residents call me, obviously in the current climate that we're in right now, and obviously debt and they're seeing what's happening at the federal level. I just wanted to make sure -- these are not questions. We went through them already. Just kind of put on the record exactly what this money's going to be used for, what's the intent of it, the problems that we've had in the past, the emergency costs associated with that, and possibly how

we may chase some grant money possibly, if it comes down the pipeline from the federal government as a result of infrastructure grants that are coming that maybe we can offset it, possibly, potentially, who knows? Let's keep our fingers crossed. But can you give a little bit, just more background in regards to what is the purpose of this money? I've had people ask me, "Why doesn't the County take responsibility for this?" Obviously, the County can't because this is our system. If you could just give a quick synopsis of what this money is going to be used for.

Assistant City Manager Santamaria: Certainly, Mr. Vice Mayor. Mr. Mayor, members of the Commission, Ed Santamaria, Assistant City Manager, Operations and Infrastructure. As the Vice Mayor mentioned, this is in relation to upgrades to our storm -- I'm sorry, our sanitary sewer system, in particular, force main. Throughout the City, we have a number of force main facilities that are aging and are reaching the end of their useful life cycle. So, the idea behind this is to get ahead of the curve. I think it was last year -- if I'm not mistaken, maybe it was the year before -- the year before, we had an issue on Alhambra Circle, just underneath the Metrorail guideway, where a force main break happened, and it basically created a 24 -- actually, a 36-hour emergency for us, where we were trying to address the situation while raw sewage spilled into -- onto the street, the pavement, and into our waterways. So, we want to be at a point where we're not Fort Lauderdale and scrambling to address some of the issues that may happen, and that's an unfortunate situation. And so, this -- the idea behind this is to address this aging infrastructure, which is ours -- it doesn't belong to the County, so it's our responsibility to maintain and preserve. And also, to get to a point where we can go ahead and have the funding in place to do it. At the same time, we're going to be looking at funding opportunities through any infrastructure legislation that comes from the federal government. It's easy to say that these particular items concern us because we know they're there, but largely, they're unseen as they're underground. But when people use their facilities at home, it has to go somewhere. And this is what helps us keep stuff flowing.

Commissioner Keon: Keep it going.

Assistant City Manager Santamaria: Yes.

Vice Mayor Lago: So, most importantly, we really...

Commissioner Keon: Where it's supposed to go.

Vice Mayor Lago: Have no other option at our disposal.

Finance Director Gomez: At this time.

Vice Mayor Lago: At this time. There is no -- no one else is going to step in at the state or at the federal level to bail us out and help us with this pretty significant project. We have to assume the responsibility here. Just one last question for our finance director. I always ask the same question. How do we look in regards to our debt, adding another \$15 million to what we have. We've always had a very low debt ratio. Our triple, triple bond allows us a lot of, you know, flexibility to get the lowest rates possible, which you've seen by our previous resolution, where we find a significant amount of debt. So, I just want to make sure that -- again, it's not for us. It's more for the people listening, so they feel comfortable where we stand as a City debt wise.

Finance Director Gomez: Sure. So, with the new issuance of the \$15.25 million, we will be going -- talking to the rating agencies again in April, so that they can rate these bonds. So, we will be meeting with them and sharing with them our story and where we're at. In terms of our debt ratio, our bond ratio, we're still well within our limit. This -- there was -- I believe it was last year -- a sanitary sewer fee increase that's going to cover the cost of these bonds, so the funding to pay for it is already there, so it does not harm the other revenues available to pay our normal debt...

Vice Mayor Lago: And I think that...

Finance Director Gomez: Our other debt.

Vice Mayor Lago: And I think that's the key what you mentioned. That's what I talked to the ACM yesterday evening, was that the revenue's already there in place to really address the cost of these bonds. So, you're going to get new infrastructure. It's what should be done.

Finance Director Gomez: Right.

Vice Mayor Lago: It's environmentally sound. It's going to ensure that we don't have to pay hundreds of thousands of dollars in emergency repairs in the middle of the night, where, you know, sewage is going all over our community. And at the end of the day, the money is there, and we have there wherewithal to take care of it, so...

Finance Director Gomez: And I believe that the City's in a really good position in terms of our finances and our budgeting in order to be able to support it and, you know, our -- the story that we're going to tell to the rating agencies is going to be a positive one...

Vice Mayor Lago: And if you're able to get...

Finance Director Gomez: Even in light of everything.

Vice Mayor Lago: If we're able to get some of that hundreds of billions of dollars of infrastructure money, maybe we can have something like this get paid for. Let's see.

City Manager Iglesias: We are looking at that infrastructure money.

Vice Mayor Lago: Yeah.

City Manager Iglesias: We have a number of projects that are almost shovel -- I guess, practically shovel ready, so we will be certainly looking at that, and obtain whatever funding we can get for some of our projects. We've got a number of projects coming up next year that are -- they're in design, and we'll be shortly going out for bids on Parking Garage 7. So, we certainly are going to be looking at infrastructure funding and see if we can augment our budget with that. But this is sanitary sewer. As you know, it's an environmental hazard.

Vice Mayor Lago: Yeah.

City Manager Iglesias: There are all kinds of issues with this, and we do have a fund. We'll be looking at that fund because we need to make sure that we have funding for future work and funding for repairs, replacement and so forth, that was not in that fund originally. So, we have Finance looking at that with Public Works to ensure that in the future we do have that rainy day fund that we can use for repairs, replacements, as required. The infrastructure doesn't last forever, and sometimes -- it's underground, and it kind of is forgotten sometimes.

Mayor Valdes-Fauli: Alright.

Commissioner Fors: And correct me if I'm wrong, but given the current climate with interest rates, isn't the conventional wisdom right now that now is the time to issue debt?

Finance Director Gomez: So, yes, rates are very low at the current time. They are starting to tick up a little bit, but -- so that's why we're taking advantage of refinancing some of our existing debt for savings. So, yes, in terms of the new money, we hope to get a very favorable rate when we actually go out to market and price them, absolutely.

Mayor Valdes-Fauli: Okay. Any other comment, questions, motion?

Vice Mayor Lago: Thank you.

Finance Director Gomez: It's Item I-6.

Vice Mayor Lago: So moved.

Commissioner Keon: I'll move it.

Mayor Valdes-Fauli: It's been moved...

Commissioner Keon: Second.

Mayor Valdes-Fauli: And seconded. Will you call the roll, please?

Commissioner Keon: Yes.

Vice Mayor Lago: Yes.

Commissioner Fors: Yes.

Mayor Valdes-Fauli: Yes.

(Vote: 4-0)

Finance Director Gomez: If I may. As an FYI...

Mayor Valdes-Fauli: Yes.

Finance Director Gomez: There's going to be a certificate as to no conflict of interest that I'm going to need each of you to sign regarding the first bond issuance. So, I'm getting some added wording to it, but you'll see that in the next -- hopefully today, if not, sometime this week. Thank you.

Mayor Valdes-Fauli: Thank you.

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