



MEMORANDUM

To: Honorable Mayor and Town Council

From: Rafael G. Casals, Town Manager

Date: May 20, 2015

Re: Resolution Authorizing the Issuance of Taxable and Tax-Exempt Sales Tax Revenue Refunding Notes and Execution and Delivery of Loan Agreement to Refinance Certain of the Town's Outstanding Loans With TD Bank

REQUEST

A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF CUTLER BAY, FLORIDA AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$13,000,000 SALES TAX REVENUE REFUNDING NOTES OF THE TOWN OF CUTLER BAY, FLORIDA FOR THE PURPOSE OF REFUNDING THE TOWN'S PROMISSORY NOTES, SERIES 2010A, B, C, D AND E AND PAYING COSTS OF ISSUANCE OF THE NOTES; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH TD BANK, N.A.; AWARDED THE LOAN TO THE BANK; PROVIDING FOR SECURITY FOR THE NOTES; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION WITH THE ISSUANCE OF THE NOTES; REPEALING ALL RESOLUTIONS OR PARTS OF RESOLUTIONS IN CONFLICT HEREWITH; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

BACKGROUND

On June 14, 2010, the Town issued its Promissory Notes, Series 2010A, Series 2010B, Series 2010C, Series 2010D and Series 2010E (collectively, the "Prior Notes") and entered into a Loan Agreement with TD Bank, N.A. (the "Bank") in order to provide for the acquisition of vacant land and the acquisition and renovation of the Town Hall. On September 20, 2012, the Town and the Bank entered into an Amendment to Loan Agreement in order to restructure the amortization schedules for the Series 2010B, Series 2010C and Series 2010E Notes.



The original terms of the Series C Note provides that such Note cannot be prepaid prior to maturity without the Town incurring a substantial prepayment penalty. Additionally, the interest rates on the Series 2010A, Series 2010B, Series 2010D and Series 2010E Notes will reset on June 14, 2015. Given a more favorable debt market climate in 2015, the Town explored the possibility of refinancing the Prior Notes.

While the Town Council approved Resolution #15-20 authorizing the issuance of an RFP for Tax-Exempt and Taxable Loans in March 2015, Town Staff received a proposal from the Bank prior to release of that RFP. The Town Staff continued negotiations with the Bank and reached a proposed framework that it, along with the Town's independent Financial Advisor (First Southwest), considered very favorable to the Town.

The Town Council passed an Ordinance (first reading on April 15, 2015 and second reading on May 20, 2015) (i) approving the borrowing of funds in an amount not to exceed \$13,000,000 for the purpose of refunding the Prior Notes and paying costs of issuance of the Notes and (ii) accepting the term sheets (the "Term Sheets") from the Bank providing the terms of the refinancing, which were attached as Exhibit "A" to the Ordinance

As more fully discussed in the Manager's Memo related to the Ordinance, Town Staff, along with its independent Financial Advisor, has performed its due diligence related to the Bank's proposal and has determined that the terms offered are as competitive as could be expected had the RFP been issued (in some cases more so, as discussed more fully in the Manager's Memo for the Ordinance), provide the Town future flexibility and result in significant savings to the Town.

Town Staff recommends that the Council proceed with authorization for the issuance of not exceeding \$13,000,000 in aggregate of Sales Tax Revenue Refunding Note, Series 2015A and Taxable Sales Tax Revenue Refunding Note, Series 2015B (collectively, the "Notes"), to be secured by a pledge of the Town's Local Government Half-Cent Sales Tax revenue, for the purpose of refunding the Prior Notes and paying costs of issuance of the Notes.

RECOMENDATION

Staff recommends Council authorize the Town Manager to take all steps necessary to execute the Loan Agreement document and Notes in substantially the form as attached as Exhibit "A" to the Resolution.

