

ATTACHMENT "A"



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Series 2015A and Series 2015B Refinancing with TD Bank
Report of the Financial Advisor

Town of Cutler Bay

Overview of Existing TD Bank Loans

On June 14, 2010 the Town issued both tax-exempt and taxable Promissory Notes, Series A-E for the purpose of financing the cost of the acquisition and renovations for a new Town Hall as well as the acquisition of vacant land adjacent to the new Town Hall.

Tax- Exempt	Amounts Outstanding	Interest Rate
Promissory Note, Series 2010A	\$3,000,000	3.05%
Promissory Note, Series 2010C	\$1,773,886	3.81%
Promissory Note, Series 2010D	\$1,265,000	3.05%
Taxable		
Taxable Promissory Note, Series 2010B	\$5,589,192	4.42%
Taxable Promissory Note, Series 2010E	\$678,461	4.42%

Refinancing Proposal from TD Bank

	TAX-EXEMPT	TAXABLE
Refunding Series	Series 2010A, Series 2010C & Series 2010D	Series 2010B and Series 2010E
Par Amount	\$5,984,000	\$6,151,000
Interest Rate	2.50%	2.80%
All-in Interest Rate	2.58%	2.92%
Total Cash Flow Savings (\$)	\$470,368	\$512,711
Present Value Savings (\$)	\$251,993	\$447,644
Present Value Savings (%)	4.17%	7.14%

Why Does The Refinancing Make Sense?

1. **Savings** - The refinancings produce the following savings based upon the proposed interest rates from TD Bank:
 - **Tax-exempt refunding of Series 2010A, Series 2010C and Series 2010D**
 - Reduction of interest rate from 3.11% to 2.50%
 - Total debt service savings of \$470,368
 - Estimated Net present value savings of \$251,993 (4.17% of refunded bonds)
 - **Taxable refunding of Series 2010B and Series 2010E**
 - Reduction of interest rate from 4.42% to 2.80%
 - Total debt service savings of \$512,711
 - Net present value savings of \$447,644 (7.14% of refunded bonds)
2. **Frees Up Other Potential Revenue Streams** - The new loans will be secured by sales tax revenues only, freeing up other potential revenue streams for future financing needs.
3. **Release of Cash Deposits** -The refinancings will allow the Town to free up \$3 million in deposits that are currently being held with TD Bank as a condition of the existing loans.
4. **Removes Any Prepayment Penalties** – Due to the negotiations of the Town’s staff with TD Bank, the prepayment penalty provisions for the new loans have been removed, allowing the Town the flexibility to refinance or restructure the loans in the future.

Advantages to TD Bank Proposal

1. The proposal from TD Bank is a very competitive one based upon other deals in the market.
 - The tax-exempt interest rate of 2.50% is at the low range of the market for a tax-exempt loan with an average life of 9.1 years;
 - The taxable interest rate of 2.80% is at the low range of the market for a taxable loan with an average life of 5.2 years;
2. The rates on both loans are locked in until closing, which eliminates interest rate risk for the Town in a volatile interest rate environment. Since it would take time to go through a formal RFP process, the Town would be exposing itself to interest rate risk during that time period. Rates have increased since TD Bank submitted their proposal, making this a more attractive proposal.
3. There are no prepayment penalties on either of the new loans, providing future financial flexibility to the Town.
4. By agreeing to waive the prepayment penalties on the existing Series 2010C loan, this provides an added benefit to the Town on the economics of the refinancings.

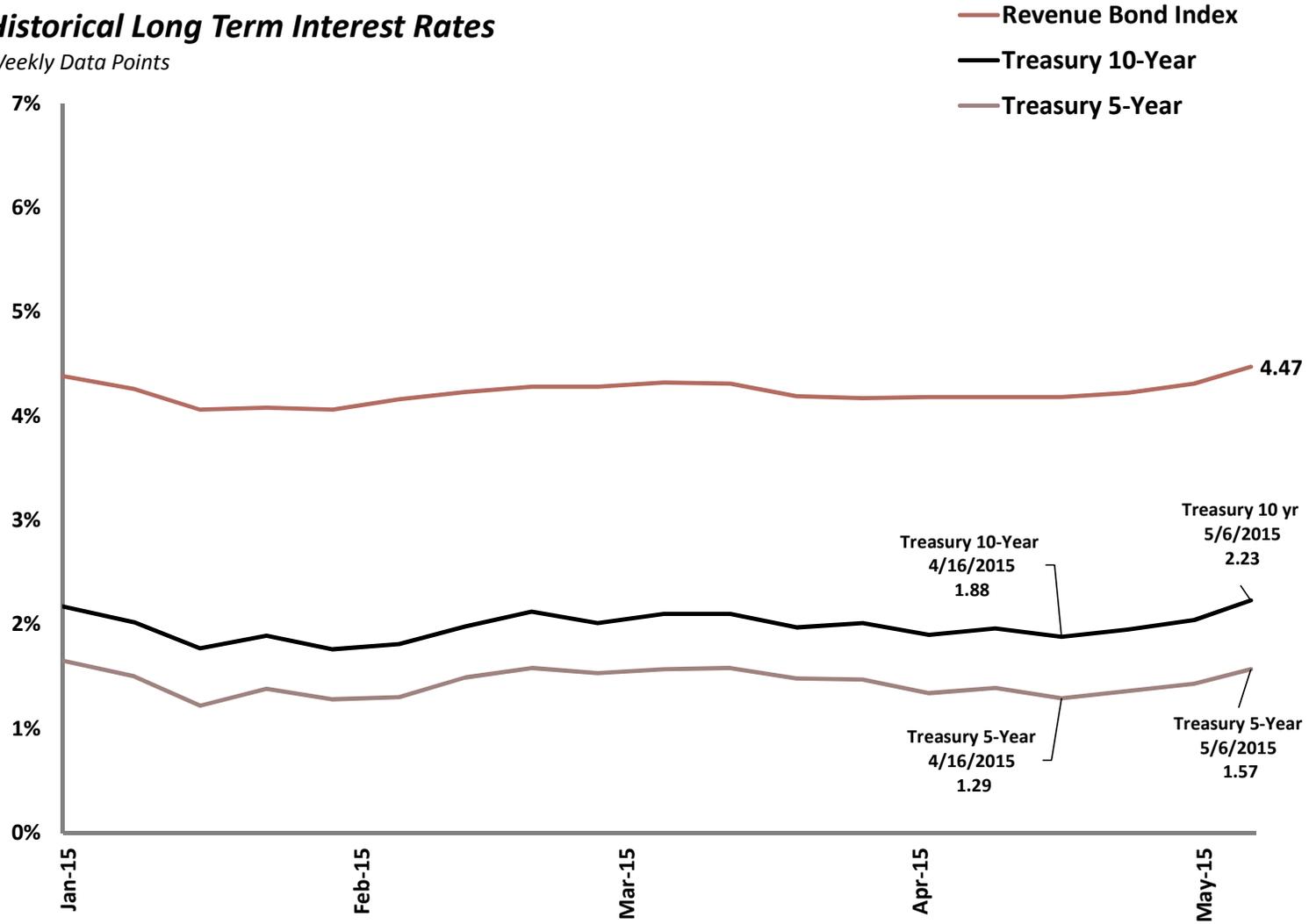
Advantages to RFP Process

- Although the interest rate spreads proposed by TD Bank are competitive, we have seen tighter (lower) spreads in the market from time to time for these type of transactions.
- If market interest rates decline, it is possible that the Town might receive a more attractive interest rate for the loan(s), but there are no guarantees.
- The RFP provides for an open and transparent process, eliminating the perception that the Town is favoring certain vendors.
- There is typically not a requirement to move depository accounts as a condition of the loan(s).

Interest Rate Movement History in 2015

Historical Long Term Interest Rates

Weekly Data Points



Source: Thomson Reuters and the Bond Buyer 5/6/2015

Recommendation

- Move forward with the proposal from TD Bank:
 - Competitive interest rates and terms;
 - Interest rate is locked-in until closing, eliminating interest rate risk to the Town;
 - Additional benefit of waiving the prepayment penalty on the Town's existing loan(s)