



## Office of the Town Manager

Rafael G. Casals, ICMA-CM, CFM  
Town Manager

# MEMORANDUM

**To:** Honorable Mayor and Town Council

**From:** Rafael G. Casals, ICMA-CM, CFM, Town Manager

**Date:** August 26, 2020

**Re:** Refinancing Series 2015B Bond (*First Reading*)

## REQUEST

**AN ORDINANCE OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF CUTLER BAY, FLORIDA AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$3,100,000.00 OF TAXABLE CAPITAL IMPROVEMENTS REVENUE BONDS OF THE TOWN OF CUTLER BAY, FLORIDA FOR THE PURPOSE OF FINANCING A PORTION OF THE COST OF PROPERTY PURCHASED FROM GCF INVESTMENTS, INC; PROVIDING FOR A SUPPLEMENTAL RESOLUTION SETTING FORTH THE DETAILS OF SAID BONDS; PROVIDING THAT THE BONDS MAY BE ISSUED AS A SEPARATE SERIES OF BONDS AS PART OF THE SAME OFFERING OF THE BONDS AUTHORIZED BY ORDINANCE NO. 20-\_\_ ADOPTED ON AUGUST 26, 2020; PROVIDING FOR AUTHORIZATION FOR NEGOTIATIONS; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; AND PROVIDING FOR AN EFFECTIVE DATE.**

## BACKGROUND AND ANALYSIS

On January 9, 2020, the Town purchased from GCF Investments, Inc. ("GFC") undeveloped real property (the "Property"), sixteen (16) Acres, for a purchase price of \$17,000,000.00. The purchase price consisting of (i) the conveyance by the Town to GFC of the Town Hall Properties, valued at \$14,000,000.00, and (ii) payment by the Town to GFC of \$3,000,000.00 in cash. Because the Town did not receive any cash proceeds from the sale of the Town Hall Properties, the remaining balances of the TD Bank Series 2015A and 2015B Notes used to finance the Town Hall Properties remain outstanding.

Throughout this year, Town Staff and Financial Advisor conducted a series of Fund Balance Replenishment Plan (the "Plan") Council Workshops, February 26, 2020 and July 29, 2020, as well as individual meetings with Council Members. The Town Council gave clear direction to staff to explore every available option for replenishing the Town's Fund





Balance and restructuring of any outstanding debt. The Plan originally called for, among other actions, the payoff of the Town's 2015B Note and restructuring of the Town's 2015A Note. As Town staff and the Financial Advisor subsequently explored such restructuring options, a more cost-effective scenario/option was studied. Through this option, annual debt service savings could be achieved by paying off the 2015A outstanding Note and restructuring the 2015B outstanding Note. By restructuring the 2015B Note, the Town will incur a potential annual savings approximately between \$60,000 to \$75,000.

Town staff now seeks approval of the Town Council to restructure the outstanding balance of the 2015B outstanding Note through the issuance of Taxable Bonds in an amount not to exceed \$3,100,000.00.

Taxable Bonds will be secured either through private placement with a bank or through issuance of bonds in the securities market, by (i) using the proceeds of the Taxable Bonds to prepay in full the outstanding balance of the 2015B Note, (ii) re-designating such debt as being used to finance a portion of the cost of the Property, and (iii) extending the maturity date of the Taxable Bonds beyond the current maturity date of the 2015B Note, thereby reducing the yearly debt service that would otherwise be payable on the 2015B Note.

### **RECOMMENDATION**

It is recommended that the Town Council adopt the attached Ordinance on First Reading, which authorizes the Town Manager, the Town Finance Director, the Town Attorney, Bond Counsel to the Town and the Financial Advisor for the Town to negotiate with banks, investment banks or other financial institutions for the purchase or underwriting of the Taxable Bonds and with respect to the terms of the Taxable Bonds. Additionally, authorizing the Town Attorney and Bond Counsel to the Town to draft documents and take all necessary actions to accomplish the issuance and sale of the Taxable Bonds.

