



VILLAGE OF KEY BISCAIYNE

Office of the Village Manager

MEMORANDUM

Village Council
Franklin H. Caplan, *Mayor*
Michael E. Kelly, *Vice Mayor*
Michael W. Davey
Enrique Garcia
Robert Gusman
Mayra P. Lindsay
James S. Taintor

Village Manager
Genaro "Chip" Iglesias

DATE: May 24th, 2011
TO: Honorable Mayor and Members of the Village Council
FROM: Genaro "Chip" Iglesias, Village Manager
RE: Refunding Stormwater Utility Revenue Bonds, Series 1999

RECOMMENDATION

After careful review of the competitive bids received, it is recommended that the Village Council authorize the Village Manager to enter into negotiations with Pinnacle Public Finance to purchase the \$4,505,000 Stormwater Utility Revenue Bonds, Series 2011 to refinance the Stormwater Utility Revenue Bonds, Series 1999. This proposed refinancing will produce approximately \$275,000 in present value savings. Additionally it will provide debt relief to cover the cash flow constraints created from Oct. 1, 2010 thru March 1, 2011, when the adjustments to the Stormwater Rates were approved and became effective.

In the event that the Village is not able to negotiate a successful agreement with Pinnacle Public Finance, it is also recommended that the Council approve that the Manager negotiate with the next highest ranked bidders.

BACKGROUND

In January of 1999, the Village Council authorized the issuance of the Stormwater Utility Revenue Bonds, Series 1999 in the aggregate principal amount of \$7,200,000 to provide funds for the ultimate purpose of expanding and improving the Stormwater Utility System within the Village. The Stormwater Utility Revenue Bonds, Series 1999 was structured with yearly escalating debt service for 20 years (9 years remaining) at an interest rate of 4.13% per annum.

On May 10, 2011, the Village Council requested that the Village seek competitive bids to refinance the Stormwater Utility Revenue Bonds, Series 1999, with the existing final maturity to take advantage of the low interest rate environment and obtain savings. Pursuant to this request, the Village sought proposals through a competitive bidding process for the purchase of the Stormwater Utility Revenue refunding Bonds in an aggregate principal amount not to exceed \$4,505,000. Estrada Hinojosa, as our Financial Advisor, distributed a Request for Proposal to 19 qualified financial institutions. Seven proposals were received. Ranking was based on several factors

including, interest rate, market rate volatility/exposure, maintaining maximum flexibility for prepayment of the loan, fees and expenses, etc. Pinnacle Public Finance's proposal was ranked 1st since it provided the lowest guaranteed rate of 2.39% thru closing on or before July 18, 2011 (thereby limiting interest rate risk), allows for no loan prepayment penalty on or after October 1, 2014 and will not pass-thru any of the bank's costs of issuance to the Village.

RESOLUTION NO. 2011-

A RESOLUTION OF THE VILLAGE COUNCIL OF THE VILLAGE OF KEY BISCAIYNE, FLORIDA, SELECTING BANK PROPOSAL FOR THE PURCHASE OF THE STORMWATER UTILITY REVENUE REFUNDING BONDS OF THE VILLAGE; AUTHORIZING THE VILLAGE MANAGER AND OTHERS TO NEGOTIATE FINAL TERMS AND PREPARE DOCUMENTS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Village of Key Biscayne, Florida (the “Village”) recently sought proposals through a competitive bidding process for the purchase of Stormwater Utility Revenue Refunding Bonds (the “Bonds”) of the Village, in an aggregate principal amount not to exceed \$4,505,000, for the purpose of refunding the Village’s \$7,200,000 Stormwater Utility Revenue Bonds, Series 1999; and

WHEREAS, after careful review of the competitive bids submitted, the Village wishes to select the proposal by Pinnacle Public Finance (the “Bank”) to purchase the Bonds; and

WHEREAS, the Village Council finds that this Resolution is in the best interest and welfare of the residents of the Village.

NOW, THEREFORE, BE IT RESOLVED BY THE VILLAGE COUNCIL OF THE VILLAGE OF KEY BISCAIYNE, FLORIDA, AS FOLLOWS:

Section 1. Recitals Adopted. Each of the above stated recitals are hereby adopted, confirmed and incorporated herein.

Section 2. Selection of Bank. The Village Council hereby selects the proposal of the Bank to purchase the bonds, a copy of which is attached as Exhibit “A” to this Resolution. If the Village and the Bank cannot negotiate a successful agreement, the Village Manager shall terminate any negotiations with the Bank and begin negotiations with the next highest ranked bidder (the

“Alternate Bank”).

Section 3. Village Manager and Others Authorized. The Village Manager is hereby authorized to negotiate with the Bank (and the Alternate Bank, if necessary) the final terms of the Bonds consistent with the proposal attached as Exhibit “A”. The Village Attorney and Bond Counsel to the Village are hereby authorized to draft documents and to do all other things necessary to accomplish the issuance and sale of the Bonds.

Section 4. Effective Date. This Resolution shall be effective immediately upon adoption.

PASSED AND ADOPTED this 24th day of May, 2011.

MAYOR FRANKLIN H. CAPLAN

ATTEST:

CONCHITA H. ALVAREZ, MMC, VILLAGE CLERK

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

VILLAGE ATTORNEY

Key Biscayne
Stormwater Refinancing
Bank Qualified RFP Evaluation
18-May-11

Par Amount= \$4,505,000.00
Maturity Date= October 1, 2019

Bank	No Rate Lock	Rate Lock starting 5/25	Rate Lock thru closing	Late Pmt Penalty	Prepayment Penalty	Fees & Expenses	Additional Coniditions
Bank of America			2.39%		Make whole provision	\$ -	Current docs and amort sched/Int on bonds computed on 365or366 day yr
BB&T	2.2% - (69% 7 Yr LIBOR +34 b.p.)	2.27%		Int Rate + 2%	1% on sched payment date	\$ 4,000	
Chase		2.25% 2.33%		Base Rate + 4%	Breakage Cost No breakage fee on or aft 10/2015	\$ 5,500	1.25x MADS Rate Lock Exhibit Provided
Northern Trust			3.00%		5% on Initial 2 years	\$ 5,000	Underwriting & Approval Process 3 wks
Pinnacle Public Finance			2.39%	Int at 12% or max legal amt	No Penalty on or after Oct. 1, 2014	\$ -	Final credit approval required
Sun Trust	2.49% 2.64%		2.57% 2.72%		Make Whole No breakage fee or after Oct. 1, 2014	\$ 4,500	1.25x MADS bank needs to complete due diligence
TD Bank	2.69%		2.85%	6.00%	Yield Maintenance Fee	\$ 3,000	Maintain Depository Relationship/ Only Stormwater fee req as security

EXHIBIT "A"



May 18, 2011

VIA Electronic Mail

Lourdes Reyes Abadin
Estrada Hinojosa & Company, Inc.
2937 SW 27th Avenue, Suite 200B
Miami, FL 33133

RE: Refinancing Stormwater Utility Refunding Bonds, Series 1999

Dear Ms. Abadin;

Pinnacle Public Finance, a BankUnited Company, is pleased to respond to your client's financing request.

Corporate Overview: Pinnacle Public Finance, a BankUnited company, is a market leader in providing tax-exempt financing directly to its state and local government clients and through its vendor programs and alliances. We are a full-service municipal finance organization with origination, underwriting, servicing, and syndication capabilities.

With more than \$6 billion in financing and transactional experience in every state in the U.S., our team has the knowledge and the resources to structure complex programs that require innovative, flexible financing solutions.

In October 2010, BankUnited acquired the municipal finance business from Koch Financial and now operate under the name Pinnacle Public Finance.

Our proposed terms and conditions are as follows:

PPF:	Pinnacle Public Finance, Inc. ("PPF")
Lessee:	Village of Key Biscayne ("Village")
Issue Type:	Tax-Exempt Note
Amount Financed:	\$4,505,000.000
Security:	Pledge of Stormwater Utility Fees and all legally available funds sufficient to pay the principal and interest due on the Note.
Maturity:	October 2019
Interest Rate:	2.39% (Interest rate is held firm until July 18, 2011, subject to initial Council award on May 24, 2011)

**Projected
Funding Date:** On or before July 18, 2011

**Credit Approval
Process:** Upon receipt of a completed Credit Application (see attached) and the Village's last three years audited financials statements and most recent approved budget, Pinnacle Public Finance will begin the credit review process. Final credit approval is typically completed within 5 to 10 business days.

Prepayment Terms: On any payment date with no prepayment penalty on or after October 1, 2014.

Fees/Closing Costs: None other than those listed herein, however the Village will be responsible for any fees or expenses with respect to their (i) issuing costs, if any, and (ii) Village's legal/bond counsel, if any. PPF is willing to finance any of the Village's expenses related to closing the transaction.

Documentation: It is anticipated that the transaction will be documented by the Village's legal counsel Weiss Serota at the Village's expense.

This proposal is subject to final credit approval and final documentation. Please feel free to call me at **480-419-3634** with any questions or further clarification.

Thank you for the opportunity to present this proposal.

Sincerely,



Bruce Block
Vice President - Syndication & Direct Markets

Amortization Schedule

Totals:		\$5,005,549.98	\$500,549.98	\$4,505,000.00	Rate 2.3900%	
Pmt #	Payment Date	Payment Amount	Interest	Principal	Purchase Price	Outstanding Balance
	7/18/2011					\$4,505,000.00
1	10/1/2011	\$241,832.98	\$21,832.98	\$220,000.00	--	\$4,285,000.00
2	4/1/2012	\$51,205.75	\$51,205.75	\$0.00	--	\$4,285,000.00
3	10/1/2012	\$526,205.75	\$51,205.75	\$475,000.00	--	\$3,810,000.00
4	4/1/2013	\$45,529.50	\$45,529.50	\$0.00	--	\$3,810,000.00
5	10/1/2013	\$535,529.50	\$45,529.50	\$490,000.00	--	\$3,320,000.00
6	4/1/2014	\$39,674.00	\$39,674.00	\$0.00	--	\$3,320,000.00
7	10/1/2014	\$549,674.00	\$39,674.00	\$510,000.00	\$2,810,000.00	\$2,810,000.00
8	4/1/2015	\$33,579.50	\$33,579.50	\$0.00	\$2,810,000.00	\$2,810,000.00
9	10/1/2015	\$558,579.50	\$33,579.50	\$525,000.00	\$2,285,000.00	\$2,285,000.00
10	4/1/2016	\$27,305.75	\$27,305.75	\$0.00	\$2,285,000.00	\$2,285,000.00
11	10/1/2016	\$572,305.75	\$27,305.75	\$545,000.00	\$1,740,000.00	\$1,740,000.00
12	4/1/2017	\$20,793.00	\$20,793.00	\$0.00	\$1,740,000.00	\$1,740,000.00
13	10/1/2017	\$580,793.00	\$20,793.00	\$560,000.00	\$1,180,000.00	\$1,180,000.00
14	4/1/2018	\$14,101.00	\$14,101.00	\$0.00	\$1,180,000.00	\$1,180,000.00
15	10/1/2018	\$594,101.00	\$14,101.00	\$580,000.00	\$600,000.00	\$600,000.00
16	4/1/2019	\$7,170.00	\$7,170.00	\$0.00	\$600,000.00	\$600,000.00
17	10/1/2019	\$607,170.00	\$7,170.00	\$600,000.00	\$0.00	\$0.00