

**CITY OF MIAMI BEACH  
COMMISSION ITEM SUMMARY**



**Condensed Title:**

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE CITY MANAGER TO APPOINT A POOL OF FIRMS PURSUANT TO RFP 13-02/03 FOR UNDERWRITING SERVICES.

**Issue:**

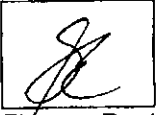
Shall the Mayor and City Commission select a pool of firms to provide underwriting services to the City for a period of three years with two one-year renewals?

**Item Summary/Recommendation:**

Adopt the Resolution

**Advisory Board Recommendation:**

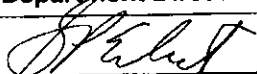
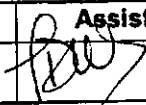

**Financial Information:**

Source of Funds:	Amount	Account	Approved
 Finance Dept.	1		Funds will be provided in each Bond issue.
	2		
	3		
	4		
	<b>Total</b>		

**City Clerk's Office Legislative Tracking:**

John Ellis

**Sign-Offs:**

Department Director	Assistant City Manager	City Manager
		

AGENDA ITEM   C7H    
DATE   3-19-03

# CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139  
www.miamibeachfl.gov



## COMMISSION MEMORANDUM

To: Mayor David Dermer and  
Members of the City Commission

Date: March 19, 2003

From: Jorge M. Gonzalez  
City Manager

Handwritten signature of Jorge M. Gonzalez in cursive.

Subject: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE CITY MANAGER AND APPOINTING A POOL OF FIRMS PURSUANT TO REQUEST FOR PROPOSALS NUMBER 13-02/03 FOR PROVIDING BOND UNDERWRITING SERVICES TO THE CITY SUBJECT FURTHER TO THE TERM AND CONDITIONS SET FORTH IN THIS RESOLUTION.**

### ADMINISTRATIVE RECOMMENDATION

Adopt the Resolution.

### FUNDING AND AMOUNT

Funding is available from budget for Bond issuance costs for each debt issue.

### ANALYSIS

On January 7, 1998, the Mayor and Commission appointed IBC Municipal Securities, Bear Stearns & Co. Inc., J.P. Morgan, Morgan Stanley Dean Witter, Paine Webber Incorporated, Prudential Securities Incorporated, Raymond James & Associates, Inc., William R. Hough & Co. to a pool of firms providing underwriting services to the City of Miami Beach. These firms have provided underwriting services to the City for debt issues listed below:

\$30 Million General Obligation	\$52.1 Million Storm Water Revenue
\$54.3 Million Water & Sewer Revenue	\$47.1 Million Gulf Breeze Loan

On November 13, 2002, the Mayor and City Commission adopted Resolution No. 2002-25054, which authorized the Administration to issue a Request for Proposals (RFP) for Underwriting Services. On February 5, 2003, DemandStar by Onvia issued seven-hundred twenty-three (723) notices, which resulted in the receipt proposals from the following firms:

1. Bear Stearns
2. Estrada Hinojosa & Company
3. First Southwest Company
4. JP Morgan Chase
5. Morgan Stanley Dean Witter
6. Ramirez & Company Inc.
7. Raymond James & Associates Inc.
8. RBC Dain Rauscher
9. Salomon Smith Barney Inc.
10. SunTrust Capital Markets, Inc.
11. UBS PaineWebber

Letter to Commission No. 63-2003, appointed the following individuals to serve as Evaluation Committee (the "Committee") members:

1. Jeryl (Deede) Weithorn, Chair – Budget Advisory Committee, and Independent CPA
2. Larry Herrup, Resident, Independent CPA and Former Chair- Budget Advisory Committee
3. Georgina Echert, Assistant Finance Director
4. Jim Sutter, Internal Auditor
5. Marc Jacobson, Resident, member –Budget Advisory Committee

On March 17, 2003, the Committee convened and was provided with information relative to the Cone of Silence, Government in the Sunshine Law, the Evaluation Criteria, and the Scope of Services.

The Committee deliberated and evaluated each proposal on the evaluation criteria set forth in the RFP, and scored and ranked the firms as follows:

Bear Stearns  
JP Morgan Chase  
Morgan Stanley Dean Witter  
Raymond James & Associates Inc  
RBC Dain Rauscher  
Salomon Smith Barney Inc.  
SunTrust Capital Markets  
UBS PaineWebber  
First Southwest Company  
Ramirez and Co., Inc.  
Estrada Hinojosa & Co.

The Committee recommended that the City Manager appoint a pool comprised of the top eight ranked Underwriting firms for a three-year term, with two one year renewal options.

**The Evaluation Committee based its recommendation on the following factors:**

	<u>Weight</u>
1. Experience, qualifications, and technical ability	20%
2. Commitment to Florida municipal finance - experience serving as senior book-running manager for Florida municipalities	20%
3. Distribution capabilities	20%
4. Demonstrated the ability to meet objectives outlined in Section II of the RFP (Scope of Services)	20%
5. Accessibility, availability and professional qualifications of the firm and individuals who would be assigned to the City	20%

The selected firms for underwriting services along with the City's financing team will be

expected to assist the City in evaluating financing options, developing financing structures and underwriting new debt issues to meet the City's capital requirements and financial goals.

After carefully reviewing the recommendation of the Evaluation Committee, I considered the proposed pool of firms and would prefer to include all eleven firms in the pool. The addition of the remaining three firms will enhance the City's opportunities to create a financing team that offers the best representation in all regions and market segments including national, state and local retail as well as institutional distribution resources which will provide the City a powerful platform to launch successful financings.

## **BACKGROUND**

Primary objectives in selecting the Underwriter(s) include:

- Combination of sales and underwriting capabilities that will allow the City to structure debt transactions that are cost effective, and
- Banking capabilities to structure transactions that are beneficial and meet the financial goals of the City.

The City Manager or his designee, after consultation with the Financial Advisor for the City, will select the Senior Managing firm and other members of the financing team for each issue, taking into consideration the size of the issue, the distribution requirements and/or specific experience of firms. The City does not represent or guarantee that any amount of financing will be completed. The City retains the ability, in its sole and absolute discretion, to offer bonds or other financing instruments on a competitive sale basis or through loan pools with out using these firms. The selected firms will be expected to work cooperatively with the City's financing team and take direction from the City's Chief Financial Officer.

## **CONCLUSION**

The Administration recommends that the Mayor and City Commission award underwriting services agreements pursuant to Request for Proposals No. 13-02/03, to the following firms:

Bear Stearns  
Estrada Hinojosa & Co.  
First Southwest Company  
JP Morgan Chase  
Morgan Stanley Dean Witter  
Ramirez and Co., Inc.

Raymond James & Associates, Inc.  
RBC Dain Rauscher  
Salomon Smith Barney Inc.  
SunTrust Capital Markets  
UBS PaineWebber

**RESOLUTION NO. 2003-25155**

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE CITY MANAGER AND APPOINTING A POOL OF FIRMS PURSUANT TO REQUEST FOR PROPOSALS NUMBER 13-02/03 FOR PROVIDING BOND UNDERWRITING SERVICES TO THE CITY SUBJECT FURTHER TO THE TERM AND CONDITIONS SET FORTH IN THIS RESOLUTION.**

**WHEREAS**, the City is seeking the services of experienced and qualified organizations to provide bond underwriting services to the City; and

**WHEREAS**, on November 13, 2002, the City issued Request for Proposals No. 13-02/03 (the RFP) for providing the required services; and issued amendments thereto on February 25, 2003; February 26, 2003; and February 28, 2003; and

**WHEREAS**, the City received eleven (11) responses to the RFP; and

**WHEREAS**, an Evaluation Committee appointed by the City Manager met on March 17, 2003, and voted to recommend to the City Manager that Bear Stearns & Co. Inc.; J.P. Morgan Chase; Morgan Stanley Dean Witter; Raymond James & Associates, Inc.; RBC Dain Rauscher; Salomon Smith Barney Inc.; Sun Trust Capital Markets; and UBS PaineWebber, be appointed as a pool of underwriters to provide the required services under the RFP to the City, for a three year term with two one-year renewals; and

**WHEREAS**, the City Manager after carefully reviewing the recommendation of the Evaluation Committee, would prefer to include all eleven firms in the pool; and


**WHEREAS**, the addition of the remaining three firms will enhance the City's opportunities to create a financing team that offers the best representation in all regions and market segments including national, state and local retail as well as institutional distribution resources which will provide the City a powerful platform to launch successful financings.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, as follows:**

1. Bear Stearns & Co. Inc.; Estrada Hinojosa & Co.; First Southwest Company; J.P. Morgan Chase; Morgan Stanley Dean Witter; Ramirez and Co., Inc; Raymond James & Associates, Inc.; RBC Dain Rauscher; Salomon Smith Barney Inc.; Sun Trust Capital Markets; and UBS PaineWebber are hereby appointed as a pool of underwriters to provide the required services under the RFP to the City for a three year term with two one-year renewals.

2. The City's Chief Financial Officer shall determine the number of underwriters and the specific underwriting firms from the pool to be assigned to each bond financing transaction of the City, after consultation with the City's Financial Advisor, taking into consideration the size and complexity of the issue; the distribution requirements; and the specific experience of the firms in the underwriting pool, as may be in the best interest of the City.
3. Any of the firms in the underwriting pool that present an innovative or cost saving financing concept to the City shall be appointed as Senior Manager for such transaction in the event that the City implements such innovative or cost saving financing concept.

PASSED and ADOPTED this 19th day of March, 2003

  
\_\_\_\_\_  
MAYOR

ATTEST:

  
\_\_\_\_\_  
CITY CLERK

**APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION**

 3-18-03  
\_\_\_\_\_  
City Attorney Date

JMG/PDW/RVD  
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