**Condensed Title:**

Request For Approval To Issue A Request For Proposals (RFP) To Select A Qualified Financial Institution To Provide A Revolving Bank Line Of Credit For Capital Improvements Projects Related To The City's Stormwater Utility System.

**Key Intended Outcome Supported:**

Improve the City's Overall Financial Health and Maintain Overall Bond Rating
Ensure Well-maintained Infrastructure

**Supporting Data (Surveys, Environmental Scan, etc.):**
Stormwater Drainage Improvements appears on the 2007 Community Survey as one of the Key Drivers for the City to spend its tax dollars.

**Issue:**

Shall the Mayor and City Commission authorize the issuance of the RFP?

**Item Summary/Recommendation:**

The City of Miami Beach (the "City") is seeking proposals from qualified financial institutions to provide a revolving bank line of credit ("Line"), when market conditions dictate that it is in the best interest of the City. The purpose of the Line is to provide interim financing for certain capital improvement projects related to the City's Stormwater utility system. The City plans to fund these projects with this Line secured by a covenant to budget and appropriate General Fund Non Ad Valorem Revenues of the City, and all costs will be funded by the Stormwater Enterprise Fund..

The Line will be for an amount not to exceed $40 million and will have a term of at least two (2) years from the date of its inception. The Line will be revolving in nature, whereby the City may make draws at any time, as needed.

Squire, Sanders & Dempsey, the City's Bond Counsel, will review all necessary documents for the financing prepared by Bank Counsel.

**APPROVE THE ISSUANCE OF AN RFP.**

**Advisory Board Recommendation:**

N/A

**Financial Information:**

| Source of Funds: | | Amount | Account | Approved |
|---|---|---|---|---|
| | 1 | | | |
| | 2 | | | |
| OBPI | Total | | | |

**Financial Impact Summary: N/A**

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

Gus Lopez Ext. 6641

**Sign-Offs:**

| Department Director | Assistant City Manager | City Manager |
|---|---|---|
| GL | PDW | JMG |

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# MIAMIBEACH

**City of Miami Beach,** 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

## COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: October 7, 2008

SUBJECT: **REQUEST FOR APPROVAL TO ISSUE A REQUEST FOR PROPOSALS (RFP) TO SELECT A QUALIFIED FINANCIAL INSTITUTION TO PROVIDE A REVOLVING BANK LINE OF CREDIT FOR CAPITAL IMPROVEMENTS PROJECTS RELATED TO THE CITY'S STORMWATER UTILITY SYSTEM.**

### ADMINISTRATION RECOMMENDATION

Approve issuance of the RFP.

### ANALYSIS

The City of Miami Beach (the "City") is seeking proposals from qualified financial institutions to provide a revolving bank line of credit ("Line"), when market conditions dictate that it is in the City's best interest to do so. The purpose of the Line is to provide interim financing for certain capital improvement projects related to the City's Stormwater utility system. The City plans to fund these projects with this Line secured by a covenant to budget and appropriate General Fund Non Ad Valorem Revenues.

The Line will be for an amount not to exceed $40 million and will have a term of two (2) or (3) three years from the date of its inception. The Line will be revolving in nature, whereby the City may make draws at any time. The City will have the ability to make both non-Bank qualified tax exempt or taxable draws.

The City may make principal repayments at any time. At such time a principal repayment is made, the Line will automatically be restated. Squire, Sanders & Dempsey, the City's Bond Counsel, will review all necessary documents for the financing prepared by Bank Counsel.

### SECURITY

The Line will be secured by a covenant to budget and appropriate General Fund Non Ad Valorem Revenues of the City.

**REQUIRED INFORMATION**

Financial Institutions responding to this RFP must reply to each of the below enumerated questions as part of their proposal submission:

1. Provide interest rates for a (2) two and (3) three year, non-bank qualified tax exempt, revolving line of credit in the amount of $40 million based on market conditions, at a date specified in the RFP. If a variable rate is provided, please also provide a fixed rate alternative. If the interest rate is based on a percentage of an index, please state the name of the index, the rate of the index as of the close of business on a date specified in the RFP, any spread added to the index and the resulting interest rate for the City.

2. Provide interest rates for a (2) two and (3) three year, taxable, revolving line of credit in the amount of $40 million based on market conditions as of October 1, 2008. If a variable rate is provided, please also provide a fixed rate alternative. If the interest rate is based on a percentage of an index, please state the name of the index, the rate of the index as of the close of business on a date specified in the RFP, any spread added to the index and the resulting interest rate for the City.

3. Indicate the terms of any prepayment penalties, if any. The bidder may submit a bid in alternate form, indicating the rate with or without a prepayment penalty. Any bid containing a prepayment penalty must include the methodology for its calculation.

4. Except as noted below, the Bank's Counsel will be responsible for preparing all financing documents, subject to review by the City's Bond Counsel. City's Bond Counsel will prepare required authorizing resolutions, tax-related documents for any tax-exempt line of credit and customary bond opinions. Please indicate in your response who will be the Bank's Counsel on this transaction, and provide a list of any out of pocket charges, including Bank Counsel's fee, that would be associated with the financing. The City will not pay more than this amount.

5. Please indicate the Bank's review and approval process and the time frame involved.

6. List any other proposed financing options or special requirements, if any.

Each firm responding to this RFP shall be responsible for all costs, including legal fees and expenses, incurred in connection with its response to this RFP.

**PLEASE NOTE THAT THE PRICE QUOTES SUBMITTED BY THE PROPOSER WILL SERVE AS A STARTING POINT FOR NEGOTIATIONS.**

The City will review the proposals received and will select the financial institution that can best meet its needs. The City reserves the right to reject any and/or all proposals or to waive any irregularities.The proposer shall conduct such investigation as it deems necessary or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the City in connection with the Line. The successful proposer shall also be required to certify that it is not acting as a broker or other intermediary, and is entering into the Line as an investment for its own account and not with a present view to a resale or other distribution to the public.

## EVALUATION PROCESS

The procedure for response, evaluation and selection will be as follows:

- RFP issued
- Receipt of responses.
- Opening and listing of all responses received.
- An Evaluation Committee, appointed by the City Manager, shall meet to evaluate each response in accordance with the requirements of this RFP. If further information is desired, respondents may be requested to make additional written submissions or oral presentations to the Evaluation Committee.
- An evaluation committee appointed by the City Manager will recommend the most qualified financial institution that can best meet the City's needs, based on the following critera:

  1. Experience and qualifications in successfully providing revolving lines of credit -- 40 points
  2. Experience and qualifications of financial institution's key personnel -- 25 points
  3. Financial Institution's review and approval process – 15 points
  4. Cost of Services -- 20 points

- After considering the recommendation(s) of the Evaluation Committee, the City Manager shall recommend to the City Commission the response or responses, acceptance of which the City Manager deems to be in the best interest of the City.
- The City Commission shall consider the City Manager's recommendation(s) in light of the recommendation(s) and evaluation of the Evaluation Committee and, if appropriate, approve the City Manager's recommendation(s). The City Commission may reject the City Manager's recommendation(s) and select another response or responses. In any case, City Commission shall select the response or responses, acceptance of which the City Commission deems to be in the best interest of the City. The City Commission may also reject all proposals.
- Negotiations between the selected respondent and the City take place to arrive at agreement terms. If the City Commission has so directed, the City may proceed to negotiate an agreement with a respondent other than the top ranked respondent if the negotiations with the top ranked respondent fail to produce a mutually acceptable agreement within a reasonable period of time.
- A proposed contract or contracts are presented to the City Commission for approval, modification and approval, or rejection.
- If and when a contract or contracts acceptable to the respective parties is approved by the City Commission, the Mayor and City Clerk sign the contract(s) after the selected respondent(s) has (or have) done so.

Should the Mayor and Commission authorize the issuance of this RFP, all procurement rules (i.e. Cone of Silence, etc.) will apply.

## CONCLUSION

The Administration recommends that the City Commission approve the issuance of an RFP for a Financial Institution for Bank Line of Credit for Capital Improvements Projects Related to the City's Stormwater Utility System.

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