



CITY OF SOUTH MIAMI
OFFICE OF THE CITY MANAGER
INTER-OFFICE MEMORANDUM



To: The Honorable Mayor & Members of the City Commission

Via: Buford R. "Randy" Witt, Acting City Manager

From: Alfredo Riverol, Finance Director

Date: September 7, 2010

Agenda Item No.: ADD ON

Subject:

A Resolution of the Mayor and City Commission of the City of South Miami, Florida, authorizing the Acting City Manager to hire FirstSouthwest as the City's Financial Advisor to analyze the City's financial position with respect to bond re-financing; and providing an effective date.

Background:

The city attorney believes that time is of the essence and that it is in the best interest of the City to retain a Financial Advisor and has recommended the services of FirstSouthwest to analyze the City's financial position with respect to bond re-financing of the parking garage bonds.

Attached
Documentation:

FirstSouthwest Engagement Letter (pending review and approval by the City Attorney and proof of the required insurance.)

1 RESOLUTION NO. _____
2

3 A Resolution of the Mayor and City Commission of the City of
4 South Miami, Florida, authorizing the Acting City Manager to
5 hire FirstSouthwest as the City's Financial Advisor to analyze the
6 City's financial position with respect to bond re-financing; and
7 providing an effective date.
8

9 WHEREAS, the city attorney believes that time is of the essence and that it is in
10 the best interest of the City to retain a Financial Advisor and has recommended the
11 services of FirstSouthwest to analyze the City's financial position with respect to bond
12 re-financing; and
13

14 NOW THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY
15 COMMISSION OF THE CITY OF SOUTH MIAMI, FLORIDA;
16

17 Section 1. That the City Commission hereby authorizes the Acting City
18 Manager to engage in an agreement with FirstSouthwest as the City's Financial Advisor
19 to analyze the City's financial position with respect to bond re-financing, pending review
20 and approval of the engagement letter by the City Attorney.
21

22 Section 2. That the City Commission hereby approves the attached
23 engagement from FirstSouthwest dated September 7, 2010, and annexed to this
24 Resolution as Exhibit A, pending review and approval of the engagement letter by the
25 City Attorney.
26

27
28 Section 3. This resolution shall take effect immediately upon adoption.
29

30 PASSED AND ADOPTED this ___ day of _____, 2010.
31

32 ATTEST:
33
34

APPROVED:
35 _____

35 CITY CLERK
36
37

MAYOR
38 _____

38 READ AND APPROVED AS TO FORM
39 AND SUFFICIENCY:
40
41

COMMISSION VOTE:
42

Mayor Stoddard:
Vice Mayor Newman:
Commissioner Palmer:
Commissioner Beasley:
Commissioner Harris:
43
44

43 _____
44 CITY ATTORNEY

18851 NE 29th Avenue
Suite 520
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Edward Marquez
Senior Vice President
edward.marquez@fistsw.com

September 7, 2010

Mr. Alfredo Riverol
Finance Director
City of South Miami
6130 Sunset Drive
South Miami, FL 33143

Dear Mr. Riverol:

On behalf of First Southwest Company (FirstSouthwest), I thank you for the opportunity to serve the City of South Miami as its Financial Advisor. Please let this letter confirm the terms of our engagement.

Scope of Services

The requested financial advisory services under this engagement may include, but is not limited to, providing the City with the following:

- Review of the City's current debt covenants and debt ratio;
- As needed financial advice regarding market conditions and trends, financial products, credit and credit analysis, third party alternative financing and special facility financing;
- Analyses and evaluations of potential refunding and new money issues;
- Analysis and evaluations of proposed bonds or long-term loans;
- Review and evaluation of financing options, derivative and other innovative products, financial feasibility studies, legal documents, and pricing of any financing and any escrow;
- Participation in rating agency presentations and preparations of official statements; and
- Other financial services as requested.

Engagement Duration

The engagement will be for a one-year period from the date of acceptance below. The engagement may be renewed for two additional one-year periods at the option of the City.

Compensation

See Exhibit I attached for the terms of compensation.

Please indicate your acceptance of these terms by your signature below. I and the entire FirstSouthwest team, look forward to serving the City.

Sincerely yours,

Edward Marquez
Senior Vice President

Accepted:

By: _____

Date: _____

Exhibit I
Compensation for Services Rendered

- A. With regard to the financial advisory services described herein, other than in connection with a transaction, please propose the amount of your proposed fee on a fixed annual cost, payable monthly.

FirstSouthwest proposes a flat fee of \$60,000 per year for other than transactional work. Alternatively, we can also propose the City pay a monthly retainer for non-transactional work of \$2,100 per month and be billed for any hours in excess of ten hours of effort in that month at the hourly rates specified in section 'B.' below.

- B. With respect to additional agreed upon services that may be best performed on an hourly basis, please provide your proposed compensation on a time and expense basis, with a list of hourly billing rates for the firm and any proposed increases in rates during the term of the contract, and the types of reimbursable expenses with proposed charges.

Position	FirstSouthwest Standard Rate (per hour)	City of South Miami Discounted Rate (per hour)
Senior Vice President and Above	\$350	\$210
Vice President	\$275	\$190
Assistant Vice President	\$225	\$150
Analyst/Associate	\$190	\$125
Clerical/Support	\$90	\$50

These rates include all expenses except for outside the travel as requested by the City at rates authorized by Florida Statute, mileage reimbursement, tolls, FedEx/UPS charges, conference calls with call-in numbers and any extraordinary copying of presentational material.

- C. With regard to financial advisory services performed in connection with a bond, commercial paper or derivative transaction, please describe your proposed manner of billing (e.g. per bond fee, fee per \$1,000 of notional amount) for each type of transaction and the amount of your proposed fee for such transactions to be paid on a contingent basis for specific financing issues.

For all debt transactions, FirstSouthwest proposes a transactional fee ⁽¹⁾ of:

Amount of Debt Issued	Fee
For the first \$10,000,000	\$17,500
For the next \$10,000,000	\$1.00 per \$1,000
For the next \$20,000,000	\$0.80 per \$1,000
Greater than \$40,000,000	\$0.70 per \$1,000

⁽¹⁾Minimum \$17,500 per transaction.

In addition, FirstSouthwest will act as sole bidding agent for the structuring and investment of certain debt instrument proceeds. FirstSouthwest agrees to structure and conduct all bids for any of the funds authorized by the debt instrument documents and to comply with Treasury Regulation 1.148-5 that applies to computing the yield and value of such investments and determine required documentation. The successful investment provider shall pay FirstSouthwest a fee equal to 0.05 percent of the weighted average dollar amount reasonably expected to be invested each year of the investment agreement. The fee paid by the winning provider will be the only compensation received by FirstSouthwest in connection with its engagement of a bidding agent.

The payment of charges for financial advisory services for debt transactions shall be contingent upon the delivery of the debt instruments and shall be due at the time that the debt instruments are delivered. The payment of charges for other services shall be due and payable in accordance with the mutual agreement between FirstSouthwest and the City.

The City shall be responsible for the following ancillary expenses, if and when applicable, whether they are charged to the City directly as expenses or charged to the City by FirstSouthwest as reimbursable expenses:

- Bond counsel
- Disclosure counsel
- Bond printing
- Bond ratings
- Computer structuring
- Credit enhancement
- Verification (CPA) fees for refunding
- Official statement preparation and printing
- Paying agent/registrar/trustee
- Travel expenses
- Underwriter and underwriters counsel
- Miscellaneous, including copy, delivery, and phone charges

The charges for ancillary expenses, including computer structuring and official statement printing, shall be levied only for those services which are reasonably necessary in completing the transaction and which are reasonable in amount, unless such charges were incurred at the specific direction of the Issuer.

The payment of reimbursable expenses that FirstSouthwest has assumed on behalf of the Issuer shall NOT be contingent upon the delivery of bonds and shall be due at the time that services are rendered and payable upon receipt of an invoice therefore submitted by FirstSouthwest.