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**MEMORANDUM  
VIA EMAIL**

**TO:** Ms. Linda Senne, CPA, CGFM, CGMA  
Finance Director  
Mr. Joe Welch, Controller  
City of Venice, Florida

**FROM:** Jeff Larson – President, Larson Consulting Services  
Financial Advisor to the City

**DATE:** January 16, 2020

**RE:** City of Venice, Florida – Financial Advisor’s Summary of the Responses to the City’s RFP No. 3117-20, and Recommendations for the City Selection Committee - Up to \$4,000,000 Recreation Capital Improvement General Obligation Refunding Bond, Series 2020

**A. OVERVIEW AND PROCESS:**

On behalf of the City, and following our earlier discussions regarding the refunding of the City's outstanding 2014 GO Refunding Bonds, we worked closely with you, and the City's Bond Counsel to prepare the City's RFP to fully refund, on a current BQ basis, the 2014 Bonds. Series 2020 Bond proceeds and some City funds will be used to fully refund and defease the 2014 Bonds. This RFP was distributed by LCS and provided to the City on December 19th to over twenty (20) financial institutions. Seven responses were received by the City on or prior to the due date of January 15th from Pinnacle Public Finance (Bank United), Capital One Funding, Synovus, Center State, JPMorgan Chase, BMO Harris, and SunTrust ("STING"). This is an increase from the three responses received back in 2014 GO Bank RFP and six responses for the subsequent 2014 Utility Bank RFP.

A significant amount of time was spent with the City Staff to make sure that the RFP and Exhibit Material provided the potential respondents with an update on the City's financial statements, credit structure from the 2014 Bonds, and the City's underlying credit ratings. The “no contact” rule has been in place, and to our knowledge, no contacts were made directly to either City Staff, City elected officials, Bond Counsel, or City Attorney. LCS did receive a few questions on the RFP, but they were primarily confirming or clarifying the nature of the GO Pledge and refunding structure, and delivery of the 2017 and 2018 City CAFRs. Prior to the release of the Bank RFP and after discussions with City Finance, we also contacted the existing 2014 Bank, TD Bank, to determine the potential merits of negotiating a refunding from the current rate of 3.23%. TD Bank provided an indicative rate of 2.22%, with a bank fee of \$10,000 and bank counsel fee of

\$5,000. Based on our recent Bank RFP results for another client, we were not in a position to recommend to the City to proceed with this negotiated approach with the existing Lender, and you concurred. The results of the Bank RFP confirm this approach.

**B. RESPONSES:**

As your Financial Advisor, we thoroughly reviewed each response with the questions and criteria outlined in the RFP. A copy of the Synovus response has been shared with the City's Bond Counsel, Steve Miller, Esq., Nabors Giblin & Nickerson, and Steve and I will review the legal clauses. Our LCS review does not indicate any issues as the response was in line with the City's Term Sheet in the RFP.

As with prior City Bank RFPs, it is important for the City Selection Committee to focus on (1) whether the bank's response requires a change to the City's approved Term Sheet in the RFP, (2) the proposed BQ fixed rates for the 7 Year Refunding, (3) repayment provisions and options provided, and (4) the banks'/bank counsel's fees. The Selection Committee's and FA's recommendation is still subject to City Council approval anticipated on January 28th.

Some of the banks provided, as requested, a fixed rate with the ability to prepay, without penalty. Others in addition provided lower interest rates subject to an initial No Call Period, or Make-Whole prepayment provision.

**The lowest rates, with the ability to prepay, without penalty, came from Synovus Bank.** Other responses are noted below.

<u>Bank</u>	<u>Fixed Rate</u>	<u>Bank/Bank Counsel Fees</u>
JPMorgan Chase	2.041% (No Call thru Feb 2022)	\$7,500 Legal
<b>Synovus</b>	<b>2.09%</b>	<b>\$5,000 Legal</b>
Pinnacle Finance (Bank United)	2.275% (No call thru Feb 2024)	\$5,000 Legal
Capital One Funding	2.24% (No call thru Feb 2024)	NA
Center State Bank	2.28%	\$5,000 Legal
SunTrust (STING)	2.42%	\$6,000 Legal
BMO Harris Bank	Indicative Rates of 1.85% to 2.35%	\$7,500 Legal

Some banks also offered lower rates subject to either the Note being Non Callable, or subject to longer No Call Periods as cited below:

<u>Bank</u>	<u>Fixed Rate</u>
JPMorgan Chase	1.81% Non Callable
SunTrust (STING)	2.02% with Make-Whole provision

Some other general review comments are noted below:

(1) **Adherence to City Term Sheet and RFP Conditions:** All of the banks followed the balance of the City's Term Sheet that provided for the final maturity of February 1, 2027 (no extension in maturity from the 2014 Bonds, and one year shorter with the City using ad valorem funds to pay off the 2028 maturity), timing of the interest and principal payments, delivery of the City's CAFR and Budget, etc.

(2) **Prepayment Penalty and Flexibility:** As noted above, some of the banks provided a lower rate with either a No Call Period, or a make-whole provision. These did not seem to line up with the City's RFP Term Sheet, and on a GO Bond, would provide some restrictions to future City Council action.

(3) **Additional Covenants:** No bank offered up any new requirements, as requested, and will be content with the same terms and conditions that the City currently has on the 2014 GO bonds. As with any bank placement, final approvals are subject to counsel's review of the documents from the City's Bond Counsel and City Attorney.

(4) **IRMA Letter from City or City's Financial Advisor:** Given recent SEC and MSRB rulings and regulations, we are happy to provide a letter to the selected bank that LCS is serving the City as its independent Financial or Municipal Advisor.

### **C .RECOMMENDATION AND SUMMARY –FINANCIAL BENEFIT TO THE CITY**

We support the Committee's recommendation of Synovus Bank. Their fixed rate of 2.09% if selected, would provide the City with estimated debt service savings as noted below:

Total Savings: est. \$124,744

PV \$ Saving of \$110,067

PV % Savings: est. 3.16% (the City's policy on refundings is a min. of 3 to 5%)

We appreciate the opportunity to be of service, and congratulate the City on the fine results from its RFP. This will enable you to reduce the millage levy for the 2020-21 budget.

JTL