

RESOLUTION NO. 21-07-55

A RESOLUTION OF THE VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA, APPROVING AN AGREEMENT WITH RBC CAPITAL MARKETS, INC., TO PROVIDE MUNICIPAL FINANCIAL ADVISOR SERVICES; AUTHORIZING THE VILLAGE MANAGER TO EXECUTE ANY AGREEMENTS; AUTHORIZING THE VILLAGE MANAGER TO EXPEND BUDGETED FUNDS; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, at its regular meeting on June 9, 2021, the Village Council of Islamorada, Village of Islands (the "Village Council") discussed engaging a financial advisor to assist the Village in evaluating options for refinancing its outstanding general government and wastewater utility debt; and

WHEREAS, the Village Council discussed the services offered by RBC Capital Markets, Inc. ("RBC"), and gave direction to Village staff to return with an agreement with RBC for consideration by the Village Council; and

WHEREAS, RBC is willing to provide services to the Village for an amount yet to be determined and dependent upon final refinancing closing amount and terms in accordance with the Fee Schedule included in Exhibit "A"; and

WHEREAS, the Village Council finds that the engagement of RBC Capital Markets, Inc., to provide municipal financial advisor services is in the best interests of the Village.

NOW, THEREFORE, BE IT RESOLVED BY THE VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA, AS FOLLOWS:

Section 1. Recitals. The above recitals are true and correct and incorporated into this Resolution by this reference.

Section 2. Approval of Agreement. The Village Council hereby approves the engagement of RBC Capital Markets, Inc., to provide municipal financial adviser services at a cost yet to be determined and dependent upon final refinancing closing amount and terms in accordance with the Fee Schedule included in the Municipal Advisor Agreement attached as Exhibit "A."

Section 3. Authorization of Fund Expenditure. The Village Manager is hereby authorized to expend budgeted funds for the engagement.

Section 4. Effective Date. This Resolution shall take effect immediately upon adoption.

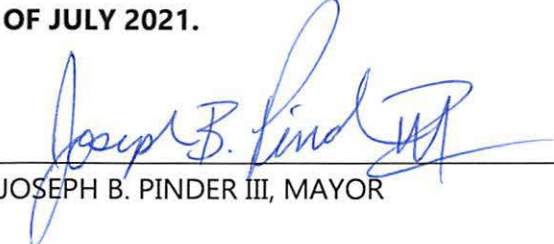
Motion to adopt by Councilman David Webb, second by Vice Mayor Pete Bacheler.

FINAL VOTE AT ADOPTION

VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS

| | |
|----------------------------|-----|
| Mayor Joseph B. Pinder III | YES |
| Vice Mayor Pete Bacheler | YES |
| Councilman Mark Gregg | YES |
| Councilman Henry Rosenthal | YES |
| Councilman David Webb | YES |

PASSED AND ADOPTED ON THIS 1st DAY OF JULY 2021.



JOSEPH B. PINDER III, MAYOR

ATTEST:



KELLY TOTH, VILLAGE CLERK

APPROVED AS TO FORM AND LEGALITY
FOR THE USE AND BENEFIT OF
ISLAMORADA, VILLAGE OF ISLANDS ONLY



ROGET V. BRYAN, VILLAGE ATTORNEY



Capital
Markets

RBC Capital Markets, LLC
100 2nd Avenue South, Suite 800
St. Petersburg, Florida 33701
(727) 895-8871 Phone

MUNICIPAL ADVISOR AGREEMENT

June 3, 2021

Ms. Maria T. Bassett
Acting Village Manager/Finance Director
Islamorada, Village of Islands
Maria.Bassett@islamorada.fl.us

Re: Municipal Advisory Agreement

Dear Ms. Bassett,

1. **Retention of RBC Capital Markets, LLC.** RBC Capital Markets, LLC ("RBC CM") very much appreciates the opportunity to serve as municipal advisor to the Islamorada, Village of Islands (the "Client" or "you") in association with the potential issuance of obligations in the form of municipal securities or loan(s) (the "Obligations"). Upon your acceptance, this engagement letter (the "Agreement") will serve as our mutual agreement with respect to the terms and conditions of our engagement as your municipal advisor, effective on the date this Agreement is executed by the Client (the "Effective Date").
2. **Scope of Services for Municipal Securities.** RBC CM is engaged by the Client as its municipal advisor to provide the services set forth below (the "Scope of Services") regarding the Obligations:
 - (a) Analyze the financing and structuring alternatives available to the Client if and as requested by the Client, taking into account its borrowing capacity, future financing needs, policy considerations, and such other factors as we deem appropriate to consider.
 - (b) Recommend a plan for the issuance of the Obligations, consistent with the goals and needs of the Client, that may include: (1) the type of Obligations (e.g. current interest, capital appreciation, deferred income, etc.); (2) the date of issue; (3) principal amount; (4) interest structure (e.g., fixed rate, variable rate, etc.); (5) interest payment dates; (6) a schedule of maturities; (7) early redemption options; (8) security provisions; (9) method of sale (e.g., public sale, direct purchase by a bank or other investor, etc.); (10) as applicable, the investment of proceeds of the Obligations via state and local government obligations (SLGS), competitively bid open market securities or guaranteed investment contracts; and (10) other matters that we consider appropriate to best serve the Client's interests.
 - (c) Advise you of current conditions in the relevant debt market, market supply and demand issues, and other general market information and economic data which might reasonably be expected to influence interest rates, sale or bidding conditions or timing of issuance.
 - (d) Organize and coordinate the financing team selected by you. If requested, we will recommend qualified paying agents, escrow agents and verification agents, as the particular transaction may require, each of whom will be retained and compensated by you. In a negotiated offering, we will assist in the preparation of soliciting underwriter proposals upon request and provide assistance to you for the hiring of the underwriter(s).
 - (e) Work with counsel on the transaction, including bond counsel whom you retain, who will be recognized municipal bond attorneys, whose fees will be paid by you, and who will prepare the proceedings, provide legal advice concerning the steps necessary to be taken to issue the Obligations, and issue an unqualified opinion (in a form standard for the particular type of financing) approving the legality of the

Obligations and (as applicable) tax exemption of the interest paid thereon. In addition, bond counsel, disclosure counsel or underwriter's counsel (as applicable) will issue an opinion to the effect that the disclosure document does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. Generally, working with counsel will mean coordinating with the attorneys and reviewing as municipal advisor such counsel's preparation of appropriate legal proceedings and documents.

- (f) As applicable, assist in the Client's preparation of the preliminary official statement and the official statement or equivalent document as the particular transaction may require (such as a private placement memorandum).
- (g) Make recommendations as to the need for credit rating(s) for the proposed Obligations and, should the Client seek a rating, coordinate the process of working with the rating agency or agencies and assist in the preparation of presentations as necessary.
- (h) Analyze the value and costs of obtaining municipal bond insurance, a liquidity facility or other credit enhancement for the Obligations and, should the Client seek any such credit enhancement, coordinate the process and assist in the preparation of presentations as necessary.
- (i) Attend meetings of governing bodies of the Client, its staff, representatives or committees as requested.
- (j) Coordinate with all parties to consummate the sale and delivery of the Obligations in a timely manner.
- (k) After closing, deliver to the Client and the paying agent(s) definitive debt records, including a schedule of annual debt service requirements on the Obligations.
- (l) You acknowledge that advice and recommendations involve professional judgment on our part and that the results cannot be, and are not, guaranteed. Further:
 - i. Unless otherwise provided in the Scope of Services described herein, RBC CM is not responsible for the information included in any preliminary or final official statement, or for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about RBC CM provided by RBC CM for inclusion in such documents.
 - ii. The Scope of Services does not include tax, legal, accounting or engineering advice with respect to any issue or in connection with any opinion or certificate rendered by counsel or any other person at closing, and does not include review or advice on any feasibility study.
 - iii. The Scope of Services does not include providing advice or services with respect to investment advisory services, brokerage services or derivative products.
 - iv. If the Client designates RBC CM as its independent registered municipal advisor ("IRMA") pursuant to the Municipal Advisor Rule (the "MA Rule") of the Securities and Exchange Commission (the "SEC") with respect to the activities and aspects described in the Scope of Services, the Client agrees to disclose to RBC CM the existence of any such IRMA designations. Any reference to RBC CM, its personnel and its role as IRMA in the written representation of the Client contemplated under the MA Rule is subject to prior approval by RBC CM. RBC CM is not responsible for verifying that it is independent (within the meaning of the MA Rule as interpreted by the SEC) from any party.

3. Scope of Services for Loans with Bank or Governmental Agency/Authority.

- (a) Analyze the financing and structuring alternatives available to the Client if and as requested by the Client, taking into account its borrowing capacity, future financing needs, policy considerations, and such other factors as we deem appropriate to consider.
- (b) As requested, analyze the risks and benefits of a loan with a bank or governmental agency/authority loan versus the issuance of municipal securities via the public debt markets.
- (c) Recommend a plan for the structure of the loan, including: (1) the debt repayment structure (e.g., current interest, capital appreciation, etc.) and maturity dates; (2) loan amount; (3) interest structure (e.g., fixed or variable rate, etc.); (4), payment dates and early redemption dates, if applicable; (5) security provisions; and (6) as applicable, the investment of loan proceeds via state and local government obligations (SLGs), competitively bid open market securities or guaranteed investment contracts; and (7) other matters that we consider appropriate to best serve the Client's needs.
- (d) Advise you of current conditions in the relevant debt market, market supply and demand issues, and other general market information and economic data which might reasonably be expected to influence interest rates, sale or bidding conditions or timing of issuance.
- (e) Organize and coordinate the financing team selected by you. If requested, we will recommend qualified escrow agents and verification agents, as the particular transaction may require, each of whom will be retained and compensated by you.
- (f) Recommend: (1) lenders who are or may be active in the market for tax exempt municipal loans; (2) participate in the drafting for your review and approval appropriate request for bids or qualification for lenders to submit bids to provide a loan; and (3) facilitate the distribution of requests for bids or qualifications.
- (g) Analyze and negotiate the term sheets obtained and advise you and recommend the terms that meet your financial objectives.
- (h) Work with counsel on the transaction, including bond counsel whom you retain, who will be recognized municipal bond attorneys, whose fees will be paid by you, and who will prepare the proceedings, provide legal advice concerning the steps necessary to be taken to issue the Obligations, and issue an unqualified opinion (in a form standard for the particular type of financing) approving the legality of the Obligations and (as applicable) tax exemption of the interest paid thereon. Generally, working with counsel will mean coordinating with the attorneys and reviewing as municipal advisor such counsel's preparation of appropriate legal proceedings and documents.
- (i) Attend meetings of governing bodies of the Client, its staff, representatives or committees as requested.
- (j) Coordinate with all parties to consummate the sale and delivery of the Obligations in a timely manner.
- (k) After closing, deliver to the Client and the paying agent(s) definitive debt records, including a schedule of annual debt service requirements on the Obligations.

4. Amendment to Scope of Services.

The Scope of Services may be changed only by written amendment or supplement to the Scope of Services described herein. The parties agree to amend or supplement the Scope of Services described herein promptly to reflect any material changes or additions to the Scope of Services.

5. RBC CM's Regulatory Duties When Servicing the Client under MSRB Rule G-42.

RBC CM must make a reasonable inquiry as to the facts that are relevant to the Client's determination whether to proceed with a course of action, or that form the basis for any advice provided by RBC CM to the Client. Municipal Securities Rulemaking Board ("MSRB") Rule G-42 also requires that RBC CM undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. RBC CM is also required to use reasonable diligence to know the essential facts concerning the Client and concerning the authority of each person acting on the Client's behalf. If the review of a recommendation of another party is requested by the Client and is within the Scope of Services of the Agreement, RBC CM must determine based on information obtained through reasonable diligence, whether the proposed securities transaction or financial product is or is not suitable for the Client. To the extent our services involve advising you with respect to a bank loan or a loan with a governmental agency or authority, certain rules and regulations of the Securities and Exchange Commission and MSRB may not apply to the activities of RBC CM.

The Client agrees to assist RBC CM in carrying out these regulatory duties, including providing to RBC CM accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, the Client agrees to notify RBC CM if the Client requests that RBC CM review any recommendation of a third party.

6. Term of this Engagement.

This Agreement shall be for a period of three (3) years (the "Term") from its date; however, this Agreement may be terminated by either party upon 30 days written notice. If neither party provides written notice of termination prior to the end of any successor Term, this Agreement will automatically renew for additional Terms until terminated.

7. Compensation.

The fees due to RBC CM hereunder shall be as set forth in Appendix A hereto. In addition, RBC CM shall be entitled to reimbursement of expenses incurred in connection with any services provided hereunder as set forth in Appendix A.

8. Limitation of Liability.

(a) In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of RBC CM or any of its associated persons, RBC CM and its associated persons shall have no liability to the Client for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of any Obligations, or investments of bond proceeds, or for any financial or other damages resulting from the Client's election to act or not to act, as the case may be, contrary to any advice or recommendation provided by RBC CM to the Client. No recourse shall be had against RBC CM for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of the Client arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with any issue or otherwise relating to the tax treatment of any issue, or in connection with any opinion or certificate rendered by counsel or any other party.

(b) Official Statement. Client acknowledges that it is responsible for the contents of the preliminary official statement, official statement or any other document related to the issuance of the Obligations as contemplated herein ("Offering Documents"). Client will take all reasonable steps to ensure that the governing body has reviewed and approved the contents of the Offering Documents.

9. Required Disclosures.

MSRB Rules G-10 and G-42 require that RBC CM provide you with disclosures of pertinent regulatory information, potential and actual conflicts of interest, and information regarding certain legal events and disciplinary history. Such disclosures are provided in RBC CM's Disclosure Statement delivered to the Client together with this Agreement.

10. Know Your Client, Anti-Money Laundering, and Terrorist Financing Rules and Regulations.

The Client agrees to provide information to satisfy "Know Your Client," "Anti-Money Laundering" and Terrorist Financing" rules and regulations, in each case, in accordance with RBC CM's requirements.

11. Waiver of Jury Trial.

EACH PARTY AGREES TO WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM OR ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE RELATIONSHIP BETWEEN THE PARTIES. PARTIES AGREE TO WAIVE CONSEQUENTIAL AND PUNATIVE DAMAGES.

12. Choice of Law.

This Agreement shall be construed and given effect in accordance with the laws of Florida.

13. Binding Effect; Assignment.

This Agreement shall be binding upon and inure to the benefit of the Client and RBC CM, their respective successors and permitted assigns; provided however, neither party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

14. Entire Agreement.

This instrument, including all appendices hereto, contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. This Agreement may not be amended, supplemented or modified except by means of a written instrument executed by both parties.

15. Severability.

If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

16. No Third Party Beneficiary.

This Agreement is made solely for the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

17. Authority.

The undersigned representative of the Client represents and warrants that (s)he has full legal authority to execute this Agreement on behalf of the Client. The following individuals have the authority to direct RBC CM's performance of its activities under this Agreement on behalf of the Client:

Gregory J. Oravec
Village Manager

or

Maria T. Bassett
Finance Director

18. Counterparts.

This Agreement may be executed in counterparts, each of which shall be an original, but which taken together, shall constitute one and the same instrument.

RBC CAPITAL MARKETS, LLC

By 

Name Julie Santamaria

Title Director

Date 7/15/21

ACCEPTANCE

ACCEPTED this 6 day of July, 2021

By 

Name Gregory J. Oravec

Title Village Manager

Date July 6, 2021

Attest:

By 

Name Kelly S. Toth

Title Village Clerk

Date July 6, 2021

FEE SCHEDULE

In consideration for the services rendered by RBC CM, the Client agrees that our fee for each issue of Obligations will be as follows:

- a. RBC CM shall be paid the following hourly rates for all time expended by its personnel for specific projects requested in writing by the Issuer, as follows:

| | |
|--|----------------|
| Managing Directors and Principals | \$185 per hour |
| Vice Presidents | \$170 per hour |
| Assistant Vice President and Financial Analysts | \$150 per hour |
| Support Staff | no charge |

Alternatively, the City may wish to negotiate a fixed price for such special projects. The Issuer and RBC CM acknowledge that there may be special projects for which the services of the financial advisor may be requested which are not appropriately compensated for on an hourly rate and which do not result in the issuance of bonds as more specifically referenced below. Fees for these special services shall be negotiated on a case-by-case basis and shall be agreed to in writing by both parties.

- b. In connection with the issuance of debt, RBC CM shall be paid at closing in accordance with the following schedule with a minimum fee of \$15,000 per transaction:

| Par Amount of Bonds Issued | Fee Per \$1,000 |
|------------------------------|-----------------|
| First \$10,000,000 | \$1.50 |
| \$10,000,001 - \$25,000,000 | \$1.25 |
| \$25,000,001 - \$100,000,000 | \$1.00 |
| \$100,000,001 or more | \$.75 |

- c. For the preparation of the bid solicitation and review of bids received for securities to be purchased for escrow accounts, guaranteed investment agreements and other investments, RBC CM shall be paid a Placement Fee of the lesser of (A) \$35,000, and (B) 0.2 percent of the computational base (computational base shall mean (i) for guaranteed investment contract, the amount of gross proceeds the issuer reasonably expects, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract, and (ii) for investments (other than guaranteed investment contracts) to be deposited in a yield restricted defeasance escrow, the amount of gross proceeds initially invested in those investments) or, if more, \$4,000.
- d. For conduit financings proposed to be issued through the Issuer, RBC CM shall be paid on the same fee schedule as set forth above in paragraph (b) by the Borrower. In the event that no bonds are actually issued, RBC CM shall receive a fee from the Borrower, such fee subject to negotiation between RBC CM and the Borrower, but in no event less than the dollar amount for the hours expended on the project to compensate RBC CM for the preparation and presentation to the Issuer of a report analyzing the credit, the proposed marketing plan, and analyzing the Issuer's protection from any risk of default on the financing and making a recommendation regarding the issuance of the proposed bonds.

RBC CM shall be reimbursed for all out-of-pocket expenses, subject to Issuer approval. Travel expense reimbursement shall comply with the Insurer's policy for reimbursement of the Issuer's employees.



Capital
Markets

ATTACHMENT 2

RBC Capital Markets
100 2nd Avenue S, Suite 800
Saint Petersburg, FL 33701
Telephone: (727) 895-8871

MEMORANDUM

Date: June 4, 2021
To: Maria Bassett, Acting Village Manager/Finance Director
From: Julie Santamaria, RBC Capital Markets
Re: Refinancing Opportunities

RBC Capital Markets ("RBCCM") has identified several potential refinancing opportunities for the Village of Islamorada. RBCCM served as Financial Advisor to the Village for many years on numerous financings and the wastewater project, and is very knowledgeable on the Village's debt. Due to interest rates being near historical lows, we analyzed potential refinancings to achieve annual debt service savings. A refinancing of the Village's general government Series 2012 and Series 2013 loans and SRF loans provide savings based on current market conditions. These loans are summarized below.

| Refunding Candidates | | | |
|----------------------------|----------------|---------------|--------------------|
| Outstanding Debt | Maturity Dates | Interest Rate | Amount Outstanding |
| General Governmental | | | |
| Series 2012 | 2022 - 2026 | 2.210% | \$3,373,809 |
| Series 2013 | 2021 - 2028 | 3.130% | 3,385,000 |
| Total General Governmental | | | \$6,758,809 |
| Utility | | | |
| SRF Loan # 882020 | 2022 - 2036 | 2.891% | \$65,945,979 |
| SRF Loan # 882030 | 2022 - 2027 | 2.737% | 1,834,010 |
| Total Utility | | | \$67,779,989 |

The Village can execute the refundings through either a bank loan or a public offering of bonds. Based on the smaller size and short final maturity of the Series 2012 and Series 2013 loans, a refunding would be most economical through a bank placement. Bank loans have lower upfront costs of issuance than the public offering of bonds, and interest rates can be similar to the total cost of bond issues.

A refunding of the SRF loans through a public offering may provide greater savings through a public offering of bonds compared to bank loans. A public bond offering requires creating an in-depth offering document and annual continuing disclosure requirements through the life of the financing, both subject to the Securities and Exchange Commission's (SEC) regulations. The public issuance of bonds also requires obtaining ratings from rating agencies, and providing information to the rating agencies typically semi-annually for their surveillance of the rating until the bonds mature.

Given these considerations, RBCCM analyzed the estimated costs and savings associated with the financing alternatives, which are provided on the following page.

Village of Islamorada
Summary of Preliminary Refunding Analyses
Based on Market Conditions as of 06/03/2021

| | General Government - Series 2012 & 2013 | Wastewater State Revolving Fund Bond Issue - | |
|---|---|---|-------------------------------|
| | Bank Loan | Bank Loan | Public Offering ¹⁾ |
| Amount Refunded | \$6,758,809 | \$67,779,989 | \$67,779,989 |
| Existing Interest Rates | 2.21% | 2.737 - 2.891% | 2.737 - 2.891% |
| Refunding Amount | \$6,820,000 | \$67,885,000 | \$54,025,000 |
| Estimated All-Inclusive True Interest Cos | 1.49% | 2.12% | 1.66% |
| Average Life (Years) | 3.8 | 7.9 | 8.3 |
| Total Savings | \$295,394 | \$3,499,084 | \$6,174,018 |
| Net Present Value Savings (\$) | \$271,175 | \$3,558,769 | \$5,922,658 |
| Net Present Value Savings (%) | 4.01% | 5.25% | 8.74% |
| Annual Savings | | | |
| 2021 | \$8,057 | -\$320,141 | -\$543,383 |
| 2022 | 42,282 | 256,125 | 460,460 |
| 2023 | 41,827 | 257,247 | 461,487 |
| 2024 | 41,025 | 254,777 | 458,992 |
| 2025 | 39,936 | 258,815 | 458,470 |
| 2026 | 38,640 | 259,250 | 460,165 |
| 2027 | 42,703 | 256,180 | 459,320 |
| 2028 | 40,925 | 251,167 | 437,892 |
| 2029 | | 254,349 | 437,699 |
| 2030 | | 253,902 | 440,447 |
| 2031 | | 254,924 | 441,379 |
| 2032 | | 252,409 | 440,989 |
| 2033 | | 251,455 | 439,770 |
| 2034 | | 252,053 | 438,213 |
| 2035 | | 254,198 | 441,813 |
| 2036 | | 252,375 | 440,305 |
| Total | \$295,394 | \$3,499,084 | \$6,174,018 |

Note: Preliminary, estimated and subject to change based on market conditions and bank business practices. Actual interest rates and savings will vary.

1) Public offering provides sufficient proceeds for to refinance the SRF loans but the par amount of the financing is less as the bonds are priced at a premium.

Based on current market conditions, a bond issue provides an estimated \$2.3 million in additional net present value savings compared to a bank loan. However a bond issue takes additional time to complete and would increase interest rate risk by approximately 2 months. RBC Capital Markets would be pleased to discuss the considerations of each type of refunding in greater detail, and we would very much like to continue to serve as Financial Advisor to the Village.