

Addendum # 3



**North Miami  
Community Redevelopment Agency**

**Amended RFP # 2010-01**

**REQUEST FOR PROPOSALS**

**FOR Up To**

**\$27,100,000 Loan**

**Issue Date: August 19, 2010**

**Due Date: September 14, 2010**

# North Miami NMCRA Request for Proposals – \$27.1M Loan

## I. INTRODUCTION

### A. Objectives

The objective of this Request for Proposals (the "RFP") is to identify the institution that can provide the North Miami Community Redevelopment Agency (the "NMCRA") with a loan of up to \$27.1 Million at the lowest overall borrowing cost, pursuant to certain terms and conditions. The primary purpose for which the NMCRA is seeking this financing is to permit it to carry out certain capital projects as discussed herein. The loan will be secured by a pledge of the tax increment revenues of the NMCRA and will be ultimately be repaid by future NMCRA bonds.

### B. Proposal Instructions

#### 1. *Sealed Proposals*

One original and two (2) copies of the response to this RFP should be submitted on or before 2:00 P.M. EDT, Tuesday September 14, 2010 to:

Mr. Tony E. Crapp, Sr., Executive Director  
North Miami Community Redevelopment Agency  
615 N.E. 124 Street  
North Miami, Florida  
Phone (305) 899-0272

Proposals received after this date and time will not be considered.

In addition, one copy of the response to this RFP (which may be in electronic format) should be submitted to:

Edward Marquez, Financial Advisor  
First Southwest Company  
18851 NE 29<sup>th</sup> Avenue, Suite 520  
Aventura, Florida 33180  
(305) 819-8886  
Fax (305) 819-9992  
[edward.marquez@firstsw.com](mailto:edward.marquez@firstsw.com)

The NMCRA reserves the right to reject any and all proposals, to waive any informalities or irregularities not involving price in any proposals received, to solicit new proposals, or take any other such actions that may be deemed to be in the best interest of the NMCRA.

## 2. Proposal

Each proposal should address all pertinent areas and be specific. Any conditions should be clearly stated. The failure to disclose substantive terms, conditions and covenants may be considered cause for the proposal to be rejected by the NMCRA.

## 3. Questions, Additional Information

Respondents, their agents and/or associates are prohibited from contacting or soliciting, directly or indirectly, any member of the NMCRA Board, NMCRA Advisory Committee, the NMCRA Attorney, NMCRA Financial Advisor and the employees of the NMCRA regarding the RFP during the selection process, which process begins on the issue date and terminates following approval of the loan documents by the NMCRA Board. Failure to comply with this provision may result in disqualification of the respondent. All requests for clarifications or additional information must be made in writing and directed to:

Edward Marquez, Financial Advisor  
First Southwest Company  
18851 NE 29<sup>th</sup> Avenue, Suite 520  
Aventura, Florida 33180  
(305) 819-8886  
Fax (305) 819-9992  
[edward.marquez@firstsw.com](mailto:edward.marquez@firstsw.com)

**All such requests received as of July 30, 2010 and NMCRA responses have been posted to the CRA website and no further inquiries will be responded to by the NMCRA relative to this RFP.**

## C. Background Information

The NMCRA is an independent governmental agency that was fully created in accordance with Chapter 163 of Florida Statutes on June 7, 2005 by the City of North Miami and Miami-Dade County. The Mayor and City Council members serve as the Board of Commissioners for the NMCRA. Upon the execution of this financing, the NMCRA will be in existence through June 7, 2035 unless the City of North Miami and Miami-Dade County mutually agree to its earlier termination **and** the NMCRA has satisfied all outstanding debt obligations.

Since its inception and pursuant to an interlocal agreement between the City of North Miami and Miami-Dade County, the NMCRA has received, as its normal full revenues, all of the tax increments (as defined by State law) generated within the NMCRA district less an agreed-upon return to Miami-Dade County (at the end of each fiscal year) of the County generated increment attributable to the Westside (West of US 1) of the NMCRA district.

Exhibit I shows the history of taxable assessed valuation and the actual tax increment generation within the NMCRA district from inception to date. The audited financial statements for the NMCRA can be found at: <http://www.northmiamicra.org/docs/NMCRAFY2008-09AnnualActivityReportandIndependentAuditedFinancialStatement.pdf>.

#### **D. Use of Proceeds**

The NMCRA will use the proceeds from the loan to implement the redevelopment projects, programs and activities that are described on Exhibit II.

#### **E. Security for the Loan**

The repayment of the loan will be secured by a first-lien pledge of tax increment revenues accruing to the NMCRA and a future long-term revenue bond issue.

#### **F. Estimated Draw Schedule**

The project draw schedule has not as of yet been developed. The NMCRA is amenable to keeping loan proceeds on deposit with the lender until drawn down.

#### **G. Structure of the Financing**

The following describes the NMCRA's requirements in establishing the loan:

1. Amount: Not to exceed \$27,100,000 for project funds and costs of issuance.
2. Rate: Respondents should, *at minimum*, respond with a fixed rate for the entire term of the loan assuming no prepayment penalty. Variable rates, pegged to 1-month LIBOR, as well as annual fixed rates that preclude prepayments without penalty will also be considered as alternatives. Alternative rates, such as those with pre-payment penalties, may be presented so long as the respondent clearly describes how the penalties are calculated.
3. Terms: The loan will mature on October 1, 2013 (anticipated closing October 22, 2010) and will be interest only until maturity. The NMCRA will make interest payments on the loan semi-annually on March 1 and September 1, commencing on March 1, 2011. Principal payment will be at maturity.
4. Alternative Structures: The form of the loan facility can be a note, a bond anticipation note, a letter of credit or any other legal structure that provides the most benefit to the NMCRA. The NMCRA will also consider any other alternatives to the structure, such as lengthening the maturity of the loan, optional conversions to long-term debt, etc., so long as its payments during the initial three year period are not substantially increased.
5. To illustrate potential revenue coverage, Exhibit III shows an approximate debt service on a \$19,910,000 loan, over a three-year period, as well as a hypothetical take-out of the initial loan in FY 2013 through the issuance of NMCRA bonds. The initial loan is sized to allow payment from the expected FY 2011 tax increment after the provision of administrative costs (i.e. a maximum annual debt service of \$1.84 Million) and is assumed to be 100% tax exempt.

The CRA desires a facility that can be increased to a maximum of \$27.1 Million to provide for the complete funding of the projects described in Exhibit I in the event that future tax increments can support such additional draws upon the facility. Such additional borrowings/draws, after the initial loan, will be predominately taxable in nature.

Also, please note that the pledge of revenues for the repayment of the loan, to the maximum amount of \$27.1 Million, is the Gross Tax Increment accruing to the NMCRA which is estimated to be \$3.58 Million in FY 2011.

## **H. Risk Assessments**

There are a number of usual risk factors associated with tax incremental financing such as the risk of future lower tax assessments and/or lower tax millage rates and these risks do apply to the NMCRA's tax district. However, several mitigating factors also apply:

1. The proposed borrowings are using existing increments with no growth factors assumed;
2. The FY 2011 tax assessed valuation already reflects a significant reduction due to the recent economic downturn. The TAV for FY 2009 was \$1.645 Billion and for FY 2011, it has been preliminarily set by the County at \$1.144 Billion which represents a 30.45 % reduction over the two-year period;
3. Florida law provides significant protections for the collection of property taxes;
4. Debt service coverage is provided by the full gross tax increment (only adjusted by 95% per State law) therefore the lien as to revenues to support debt service is prior to return of any Westside tax increments to Miami-Dade County. For Fiscal Year 2011, this amount is estimated at \$3.58 Million; and
5. The proposed Note and subsequent takeout borrowing will have a first lien on the adjusted gross tax increment as the NMCRA will not have any other debt outstanding.

## **I. Provisos**

The NMCRA will not accept proposals with reserve requirements or other restrictions to revenues or requirements to maintain minimum balances in any bank account as a condition for the loan.

The NMCRA will not accept proposals that require the Respondent's approval before additional debt may be issued. Specification of an "Additional Bonds Test" as a condition to the loan is allowed.

The NMCRA will furnish, without charge to the successful bank, the opinion of GrayRobinson, P.A., counsel to the NMCRA, regarding the legality of all closing certificates and documents related to the transaction.

## **II. EVALUATION OF PROPOSALS - CRITERIA**

### **A. Evaluation and Award**

Proposals will be evaluated on the basis of the overall lowest borrowing costs, the conditional terms of the proposed loan and compliance with the proposed structure and terms of the loan as outlined in this RFP. The NMCRA will begin negotiations with the highest ranked institution and reserves the right to negotiate with other respondents should those negotiations not be successful.

## B. Proposal Format

In order to assist the NMCRA and First Southwest Company in reviewing the responses, each proposal should include the following information:

1. Legal name of the lending institution and primary contact person (include address, telephone, facsimile number, and e-mail address).
2. Please provide a Fixed Interest Rate for the full term of the loan. The rate should be stated as a fixed interest rate that will be held for a maximum of forty (40) days. The respondent should also provide an index, and a spread to the index, for a calculation of the rate should closing take place after October 22, 2010.
3. Fees and Expenses - Describe in detail all fees and expenses which the NMCRA will be responsible to pay to the lending institution and/or its Legal Counsel. The NMCRA's counsel will be available to draft the loan documents. The amounts stated in the proposal shall represent the maximum amounts payable to the lending institution by the NMCRA.
4. Conditions - Provide a listing of all conditions, covenants, terms or restrictions, other than those specified in this RFP, which would be included in your commitment to provide the loan. Also, please describe the procedures, if any, the Respondent may have in place to increase the amount of the loan in the future should the NMCRA request it.

## III. INSTRUCTIONS TO RESPONDENTS

- A. Respondents shall thoroughly examine and be familiar with the RFP specifications. Failure of any Respondent to receive or examine this document shall in no way relieve any Respondent of obligations pertaining to this RFP or the subsequent contract.
- B. Any modifications from the stated terms and conditions can result in the rejection of the proposal as not being responsive to this RFP.
- C. Delivering the proposal to the NMCRA on or before the specified date and time will be solely and strictly the responsibility of the Respondent. The NMCRA will in no way be responsible for delays caused by the United States Postal Service, or other courier services, or a delay caused by any other occurrence. Offers by telephone or fax will not be accepted.
- D. The response deadline shall be strictly observed. Under no circumstances will a proposal delivered after the time specified be considered. Such RFPs will be returned to the Respondent unopened.
- E. Respondents will not be allowed to withdraw or modify their proposal for a period of forty-five (45) days after the opening time and date.
- F. The NMCRA reserves the right to reject the proposal of any Respondent who has previously failed in the proper performance of a contract or to deliver on time other contracts similar in nature, or who in the opinion of the NMCRA, is not in the position to perform properly.

- G. Federal, state, county and local laws, ordinances, rules and regulations that in any manner affect the items covered herein apply. Lack of knowledge by the Respondent will in no way be a cause for relief from responsibility.
- H. No successful Respondent may assign any portion of the contractual agreement between the parties without prior written authorization by the NMCRA, which authorization may be withheld by the NMCRA in its sole discretion.
- I. Changes to the RFP may be made by and at the sole discretion of the NMCRA.
- J. Warranties - The Respondent, in submission of its proposal, warrants to the NMCRA that it will comply with all applicable federal, state and local laws, regulations and orders in providing the services under the proposed documents.

**IV. TENTATIVE SCHEDULE**

The NMCRA will attempt to adhere to the following schedule:

August 19, 2010	Amended RFP Issued
September 14, 2010	RFP responses due prior to 2:00 P.M. EDT
September 15, 2010	County Housing and Community Development Meeting
September 20, 2010	Determination of Proposal Rankings
September 28, 2010	Resolution before the NMCRA Board and Approval of Lending Institution
October 19, 2010	County Commission Meeting Approval of Loan
October 22, 2010	Loan Closing

The NMCRA reserves the right to alter scheduled dates if necessary.

**V. OTHER INFORMATION**

- A. The NMCRA reserves the right to accept or reject any and all proposals, to waive any irregularities or informalities in any proposal or in the RFP process, and to accept or reject any items or combination of items. The award will be to the institution whose response complies with all of the requirements set forth in this RFP and whose proposal, in the sole opinion of the NMCRA, is best taking into consideration all aspects of the Respondent's proposal.
- B. In the event that the successful Respondent does not execute a contract within a time frame acceptable to the NMCRA, the NMCRA may give notice of intent to negotiate with the next most qualified Respondent or to solicit new proposals and may proceed to act accordingly.

The successful respondent will, at the time of loan closing, be required to execute a "sophisticated investor letter" and affirmatively state that the loan will held for their own account.

**Exhibit I**

**Section I - Net Tax Increments from the City of North Miami**

	<u>Taxable Assessed Values (TAV)</u>	<u>TAV Difference from Base Year</u>	<u>City Millage</u>	<u>Gross Tax Increment to NMCRA (adjusted by .95)</u>
Base Year 2004	\$869,122,633			
Base Year adj.	879,399,850			
FY 2006	1,050,153,621	\$181,030,988	8.5000	\$1,461,825
FY 2007	1,375,439,542	506,316,909	8.3000	3,992,309
FY 2008	1,602,661,496	723,261,646	6.7943	4,668,354
FY 2009	1,662,825,105	783,425,255	6.9195	5,149,865
FY 2010	1,486,624,201	607,224,351	7.3390	4,233,599
FY 2011 Est	1,154,614,042	275,214,192	8.1955	2,142,742

**Section II - Net Tax Increments from Miami-Dade County**

	<u>Taxable Assessed Values (TAV)</u>	<u>TAV Difference from Base Year</u>	<u>County Millage</u>	<u>Gross Tax Increment to NMCRA (adjusted by .95)</u>	<u>Less Return of Westside Tax Increment</u>	<u>Net Adjustments for Final Roll Overpayments</u>	<u>Net Tax Increment to NMCRA</u>
Base Year 2004	\$869,122,633						
Base Year adj.	870,434,294						
FY 2006	1,050,153,621	\$181,030,988	5.8350	\$1,003,500	\$781,468		\$222,032
FY 2007	1,366,163,674	497,041,041	5.6150	2,651,341	2,437,680		213,661
FY 2008	1,586,871,505	716,437,211	4.5796	3,116,946	2,757,601	(271)	359,616
FY 2009	1,649,983,952	779,529,658	4.8379	3,582,722	2,600,955	(156,935)	1,138,702
FY 2010	1,473,859,324	603,425,030	4.8379	2,773,344	1,866,056	20,212	887,076
FY 2011 Est	1,144,222,516	273,788,222	5.5291	1,438,112	985,000	(76,194)	529,306

**Section III - Combined Tax Incremental Revenue to Benefit of NMCRA**

	<u>Net Tax Increment from</u>		<u>Total Net Available Increments</u>	<u>NMCRA Operating Budget</u>	<u>Net Amount Available for Debt or PAYGO</u>
	<u>City</u>	<u>County</u>			
FY 2006	\$1,461,825	\$222,032	\$1,683,857	\$1,166,805	\$517,052
FY 2007	\$3,992,309	213,661	4,205,970	1,220,919	2,985,051
FY 2008	\$4,668,354	359,616	5,027,970	1,355,000	3,672,970
FY 2009	\$5,149,865	1,138,702	6,288,568	1,401,000	4,887,568
FY 2010	\$4,233,599	887,076	5,120,675	901,500	4,219,175
FY 2011 Est	\$2,142,742	529,306	2,672,048	831,500	1,840,548

**Section IV - "Pledged Revenues"**

	<u>Gross Tax Increment to the NMCRA from:</u>		
	<u>City of North Miami</u>	<u>Miami-Dade County</u>	<u>Total Gross Tax Increment</u>
FY 2006	\$1,461,825	\$1,003,500	\$2,465,325
FY 2007	3,992,309	2,651,341	6,643,650
FY 2008	4,668,354	3,116,946	7,785,300
FY 2009	5,149,865	3,582,722	8,732,588
FY 2010	4,233,599	2,773,344	7,006,943
FY 2011 Est	2,142,742	1,438,112	3,580,854

## Exhibit II

### CRA DEBT FINANCING PLAN PRIORITIES AND FUNDING ALLOCATIONS AS APPROVED BY THE CRA BOARD ON APRIL 27, 2010

Uses of Funds (Not Listed In Any Order Of Priority)	\$ Funding Allocation
<b>Affordable Housing Subsidies for home purchase and home rehabilitation</b> (including the refunding of the CRA LOC in the amount of \$10,758,300 with Regions Bank for the Pioneer Gardens housing development)	Up to \$5 million
<b>Funding for new and/or existing commercial and business CRA projects and programs</b> (e.g. economic development grants and incentives, etc.)	Up to \$2 million
<b>Infrastructure, Road Construction, Landscape, etc. (e.g. roads, water &amp; sewage, drainage, streetscape); and Public Projects (e.g. parks &amp; recreation, parking facilities, misc. structures)</b> <ul style="list-style-type: none"> <li>• Community Policing Innovations – Police Substation on NW 7<sup>th</sup> Avenue or other location(s)</li> <li>• Park &amp; Recreation Facility Improvements – Interactive Water Features</li> <li>• Griffing Park Community Center Improvement/Expansion – Fully equipped health and exercise facility</li> </ul>	Up to \$7 million
<b>Land and/or Building Acquisition including demolition, site preparation, and relocation</b> (e.g. rental units, residential units, commercial units, vacant)	Up to \$4 million
<b>Museum of Contemporary Art (MOCA)Expansion</b>	Up to \$7 million
<b>New or Renovated City Library</b>	Up to \$2 million
<b>TOTAL AMOUNT</b>	Up to \$27 million

**Note: The debt financing priorities and funding allocations as indicated above were approved with the understanding that the CRA Board would have the ability to shift the approximate funding levels among the listed priorities.**

**EXHIBIT III**

**North Miami CRA**

Scenario	Note	Takeout Bonds			
<b>Assumptions</b>					
Issuance Date	10/22/2010	10/1/2013			
Principal Pmt Dates	1-Oct	1-Oct			
Maturity Date	10/1/2013	6/15/2035			
Term	2.9 yrs	21.7 yrs			
Tax Status (Tax/TE)	0 / 100	0 / 100			
Assumed Interest Rate	3.75%	6.00%			
<b>Scenario Results</b>					
Par Amount	19,910,000	22,130,000			
Issuance Costs	100,000	380,200			
Reserve Fund	-	1,839,800			
Net Proceeds	19,810,000	19,910,000			
Avg Life	3.00 yr	13.86 yr			
<b>Estimated Debt Service</b>					
Fiscal Year	Note	Takeout Bonds	Total	Revenues	Coverage
2011	684,406		684,406	3,580,854	5.23x
2012	746,625		746,625	3,580,854	4.80x
2013	746,625		746,625	3,580,854	4.80x
2014		1,838,438	1,838,438	3,580,854	1.95x
2015		1,838,125	1,838,125	3,580,854	1.95x
2016		1,835,938	1,835,938	3,580,854	1.95x
2017		1,836,875	1,836,875	3,580,854	1.95x
2018		1,835,625	1,835,625	3,580,854	1.95x
2019		1,837,188	1,837,188	3,580,854	1.95x
2020		1,836,250	1,836,250	3,580,854	1.95x
2021		1,837,813	1,837,813	3,580,854	1.95x
2022		1,836,563	1,836,563	3,580,854	1.95x
2023		1,837,500	1,837,500	3,580,854	1.95x
2024		1,835,313	1,835,313	3,580,854	1.95x
2025		1,835,000	1,835,000	3,580,854	1.95x
2026		1,836,250	1,836,250	3,580,854	1.95x
2027		1,838,750	1,838,750	3,580,854	1.95x
2028		1,837,188	1,837,188	3,580,854	1.95x
2029		1,836,563	1,836,563	3,580,854	1.95x
2030		1,836,563	1,836,563	3,580,854	1.95x
2031		1,836,875	1,836,875	3,580,854	1.95x
2032		1,837,188	1,837,188	3,580,854	1.95x
2033		1,837,188	1,837,188	3,580,854	1.95x
2034		1,836,563	1,836,563	3,580,854	1.95x
2035		1,837,611	1,837,611	3,580,854	1.95x
<b>Totals</b>	<b>2,177,656</b>	<b>40,411,361</b>	<b>42,589,017</b>	<b>89,521,350</b>	

- Analysis is preliminary and subject to change based upon interest rates and credit considerations in the future.
- Estimated Debt Service on Note represents interest portion only. Principal is assumed to be refinanced by Takeout Bonds.
- Estimated Debt Service on Takeout Bonds excludes Debt Service Reserve Fund and Interest earnings therein.