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RESOLUTION NO. 2012 - 013

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF SOUTHWEST RANCHES, FLORIDA, AUTHORIZING THE BORROWING OF AN AMOUNT NOT TO EXCEED \$2,500,000 FROM TD BANK, N.A. PURSUANT TO THE TERMS SET FORTH IN THE TERM SHEET; IN ORDER TO REFINANCE A LOAN PREVIOUSLY MADE TO FINANCE THE CONSTRUCTION OF A TOWN HALL AND THE ACQUISITION AND CONSTRUCTION OF PASSIVE PARKS AND RECREATION FACILITIES, INCLUDING THE REIMBURSEMENT OF CERTAIN COSTS INCURRED BY THE TOWN IN CONNECTION THEREWITH, IF ANY; AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT, LOAN NOTE AND SUCH OTHER LOAN DOCUMENTS DEEMED NECESSARY TO EVIDENCE SUCH BORROWING AND AGREEING TO SECURE SUCH BORROWING WITH A COVENANT TO BUDGET AND APPROPRIATE LEGALLY AVAILABLE NON-AD VALOREM REVENUES; AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH OTHER DOCUMENTS AS MAY BE NECESSARY TO EFFECT SUCH BORROWING; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town is seeking a loan in order to refinance a loan previously made to finance the construction of a town hall and the acquisition and construction of passive parks and recreation facilities, including the reimbursement of certain costs incurred by the town in connection therewith, which said loan matures on December 6, 2011; and

WHEREAS, the Town Council has reviewed the Loan Term Sheet from TD Bank, N.A. which is attached hereto and made a part hereof as Exhibit "A", authorized the borrowing of funds for the purposes stated herein, in an amount not to exceed \$2,500,000; and

WHEREAS, it is in the best interest of the Town of Southwest Ranches to proceed with the issuance of the proposed loan from TD Bank, N.A. in accordance with the terms set forth in the attached Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Southwest Ranches, Florida:

SECTION 1. The foregoing recitals are true and correct and are incorporated herein by this reference.

SECTION 2. The Town Council hereby approves the issuance of the Tax-Exempt Bank Qualified Loan from TD Bank, N.A. (the "Loan") in an amount not to exceed \$2,500,000 with a fixed interest rate of 2.73% for a term of 10 years.

SECTION 3. The Town Council hereby directs and authorizes the Mayor, Town Administrator and Town Attorney to proceed with the Loan in accordance with the Term Sheet (Exhibit "A") attached hereto and made a part hereof; and to do all acts and things required of them for the issuance of the Loan, including but not limited to the execution and delivery of any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution and the terms of the Loan.

SECTION 4. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof.

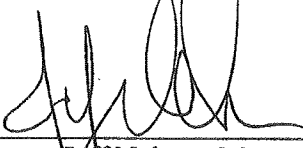
SECTION 5. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 6. This Resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED by the Town Council of the Town of Southwest Ranches, Florida, this 7th day of November, 2011, on a motion by Council Member McKay and seconded by Council Member Breitkreuz

Nelson	<u>yes</u>
Breitkreuz	<u>yes</u>
Fisikelli	<u>yes</u>
Jablonski	<u>yes</u>
McKay	<u>yes</u>

Ayes	<u>5</u>
Nays	
Absent	
Abstaining	



Jeff Nelson, Mayor

ATTEST:



Erika Gonzalez-Santamaria, CMC, Town Clerk

Approved as to Form and Correctness:



Keith M. Polioff, J.D., Town Attorney

ACTIVE: 3563678_1

(EXHIBIT A)

\$2,500,000 REFUNDING TAX EXEMPT BANK QUALIFIED LOAN, SERIES 2011

TERMS AND CONDITIONS OF LOAN DATED NOVEMBER 7TH, 2011

A. TAX-EXEMPT BANK LOAN.

- 1. BORROWER:** Town of Southwest Ranches (the "Town")
- 2. AGGREGATE CREDIT AMOUNT:** \$2,500,000 (Two Million Five Hundred Thousand)
- 3. TYPE OF CREDIT:** Tax-Exempt Bank Qualified Term Loan (the "Loan").
- 4. PURPOSE OF LOAN:** To refund the Town's existing debt with principal outstanding currently estimated at \$2,500,000 under the Town's Florida Local Government Finance Commission (FLGFC) pooled commercial paper loan program.
- 5. REPAYMENT TERMS:** Principal and interest shall be due quarterly commencing on March 1, 2012, per the attached Amortization Schedule. Interest shall accrue and be payable on a 30/360-day count basis.

Amortization will be based on a level annual debt service repayment schedule.
- 6. FINAL MATURITY:** December 1, 2021.
- 7. INTEREST RATES:** Indicative Fixed Rate as of 11/07/2011 is 2.73%.
- 8. DEFAULT RATE OF INTEREST:** The "default rate of interest" shall be four (4) percentage points in excess of the rate of interest charged prior to the occurrence of the event of default.
- 9. LATE CHARGES:** If any payment due the Bank is more than fifteen (15) days overdue, a late charge of six percent (6%) of the overdue payment shall be assessed.
- 10. PREPAYMENT PREMIUM:** No prepayment fee shall be applicable if such prepayment is made during the period after the first four (4) years of the Term Loan.

For full or partial prepayment at other times, a fee equal to a "Yield Maintenance Fee" in an amount computed as follows may be applicable:

The current cost of funds, specifically the bond equivalent yield for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent yield) with a maturity date closest to the "Remaining Term", shall be subtracted from the Note rate, or default rate if applicable. If the result is zero or a negative number, there shall be no Yield Maintenance Fee due and payable. If the result is a positive number, then the resulting percentage shall be multiplied by the scheduled outstanding principal balance for each remaining monthly period of the "Remaining Term." Each resulting amount shall be divided by 360 and multiplied by the number of days in the monthly period. Said amounts shall be reduced to present values calculated by using the above reference current costs of funds divided by 12. The resulting sum of present values shall be the yield maintenance fee due to the Bank upon prepayment of the principal of the loan plus any accrued interest due as of the prepayment date.

"Remaining Term" as used herein shall mean the shorter of (i) the remaining term of this Note, or (ii) the remaining term of the then current fixed interest rate period.

B. FEES AND EXPENSES.

No Bank Fee.

The Town is responsible for Bank Counsel's costs to document the transaction for a fee not to exceed \$12,000. The Town shall be obligated to pay Bank Counsel's fees and expenses related to this transaction even if the transaction fails to close, including without limitation, all reasonable fees and out-of-pocket expenses of Bank Counsel in connection with the preparation, negotiation and closing of this Loan.

C. SECURITY.

Term Loan shall be secured by a pledge of Town to budget and appropriate from non-ad valorem revenues for the ongoing debt service payment under the Loan.

D. LEGAL OPINIONS.

Prior to closing, there shall be delivered to the Bank an opinion of the Town's Attorney acceptable to the Bank covering matters customary for a transaction of this type and nature and which shall, without limitation, opine that: (1) the Town is duly formed; (2) all loan documents have been validly authorized and executed by and on behalf of the Town, if any; (3) all loan documents are valid, binding, enforceable in accordance with their terms and do not violate any legal requirements, including without limitation, organizational documents, laws and material agreements; and (4) and an opinion of Bond Counsel that the Term Loan is Bank Qualified/ Tax-Exempt.

E. **FINANCIAL REPORTING.** THE TOWN SHALL FURNISH THE FOLLOWING FINANCIAL REPORTS:

<u>TYPE OF REPORTS</u>	<u>FREQUENCY</u>	<u>DUE DATE</u>
FINANCIAL STATEMENTS – AUDITED	ANNUALLY	210 days after end of fiscal year.
APPROVED BUDGET	ANNUALLY	30 days after completion and approval

In addition, the Town shall furnish to the Bank such other reports as shall be required in the loan documents.

F. **FINANCIAL COVENANT.**

Anti-Dilution Test of 1.30x minimum to be tested annually using the City's comprehensive annual financial report. The Anti-Dilution Test shall be defined as: General Fund Non Ad-Valorem revenues less the portion of essential governmental services that is covered by non ad-valorem revenues as a percentage of overall General Fund revenues, shall provide a minimum annual debt service coverage of 1.30x on Borrower's debt secured by Non-Ad Valorem revenues. Essential services are defined as general governmental and public safety expenses. Additional bond test based on the same Anti-Dilution test shall be set at 1.50x.

G. **OTHER CONDITIONS.**

Other reasonable and customary conditions include, but are not limited to:

* The Loan payments shall be settled via Auto Debit from an account at TD Bank.

* The Town shall agree to keep its utility tax revenues unencumbered for debt purposes during the term of the Loan.

* The Town and TD Bank, N.A. mutually agree that the Town will maintain a depository relationship with the Bank with an average balance equal to the lesser of \$700,000 or 30% of the loan outstanding amount. TD Bank, N.A. agrees to remain a qualified public depository with the State of Florida while this depository requirement is in place.

TD Bank, N.A. agrees to allow the Town to withdraw funds from the required depository account maintained with the Bank under the Loan Agreement for certain emergency situations which have to be approved by the Town's Council but with the condition that the account be replenished back to the minimum required balance within a (6) six-month time period. TD Bank, N.A. also agrees to provide the Town with the option to move its primary depository accounts to the Bank at anytime during the term of loan in which case the minimum depository balance requirement under the Loan Agreement would be waived.

Amortization Table (Town of Southwest Ranches, Florida)**Initial Data (Refunded Loan Outstanding)****BOND DATA**

Bond amount: \$2,500,000.00
 Annual interest rate: 2.73%
 Term in years: 10
 Payments per year: 4
 First payment due: 3/1/2012

PERIODIC PAYMENT

Quarterly Payment: \$71,630.67

Table

Estimated Annual Payment on Loan:

\$286,523

No.	Payment Date	Beginning Balance	Interest	Principal	Ending Balance
1	3/1/2012	2,500,000.00	17,062.50	54,568.17	2,445,431.83
2	6/1/2012	2,445,431.83	16,690.07	54,940.59	2,390,491.24
3	9/1/2012	2,390,491.24	16,315.10	55,315.56	2,335,175.68
4	12/1/2012	2,335,175.68	15,937.57	55,693.09	2,279,482.58
5	3/1/2013	2,279,482.58	15,557.47	56,073.20	2,223,409.39
6	6/1/2013	2,223,409.39	15,174.77	56,455.90	2,166,953.49
7	9/1/2013	2,166,953.49	14,789.46	56,841.21	2,110,112.28
8	12/1/2013	2,110,112.28	14,401.52	57,229.15	2,052,883.13
9	3/1/2014	2,052,883.13	14,010.93	57,619.74	1,995,263.39
10	6/1/2014	1,995,263.39	13,617.67	58,012.98	1,937,250.40
11	9/1/2014	1,937,250.40	13,221.73	58,408.93	1,878,841.47
12	12/1/2014	1,878,841.47	12,823.09	58,807.57	1,820,033.89
13	3/1/2015	1,820,033.89	12,421.73	59,208.93	1,760,824.96
14	6/1/2015	1,760,824.96	12,017.63	59,613.04	1,701,211.92
15	9/1/2015	1,701,211.92	11,610.77	60,019.89	1,641,192.03
16	12/1/2015	1,641,192.03	11,201.14	60,429.53	1,580,762.50
17	3/1/2016	1,580,762.50	10,788.70	60,841.96	1,519,920.53
18	6/1/2016	1,519,920.53	10,373.46	61,257.21	1,458,663.32
19	9/1/2016	1,458,663.32	9,955.38	61,675.29	1,396,988.04
20	12/1/2016	1,396,988.04	9,534.44	62,096.22	1,334,891.81
21	3/1/2017	1,334,891.81	9,110.64	62,520.03	1,272,371.78
22	6/1/2017	1,272,371.78	8,683.94	62,946.73	1,209,425.05
23	9/1/2017	1,209,425.05	8,254.33	63,376.34	1,146,048.71
24	12/1/2017	1,146,048.71	7,821.78	63,808.88	1,082,239.83
25	3/1/2018	1,082,239.83	7,386.29	64,244.38	1,017,995.45
26	6/1/2018	1,017,995.45	6,947.82	64,682.85	953,312.60
27	9/1/2018	953,312.60	6,506.36	65,124.31	888,188.30
28	12/1/2018	888,188.30	6,061.89	65,568.78	822,619.51
29	3/1/2019	822,619.51	5,614.38	66,016.29	756,603.23
30	6/1/2019	756,603.23	5,163.82	66,466.85	690,136.38
31	9/1/2019	690,136.38	4,710.18	66,920.49	623,215.89
32	12/1/2019	623,215.89	4,253.45	67,377.22	555,838.67
33	3/1/2020	555,838.67	3,793.60	67,837.07	488,001.61
34	6/1/2020	488,001.61	3,330.61	68,300.06	419,701.55
35	9/1/2020	419,701.55	2,864.46	68,766.20	350,935.35
36	12/1/2020	350,935.35	2,395.13	69,235.53	281,699.82
37	3/1/2021	281,699.82	1,922.60	69,708.07	211,991.75
38	6/1/2021	211,991.75	1,446.84	70,183.82	141,807.93
39	9/1/2021	141,807.93	987.84	70,662.83	71,145.10
40	12/1/2021	71,145.10	485.57	71,145.10	0.00