



CITY COMMISSION ORDINANCE/RESOLUTION

TITLE: Resolution 22-44 (Finance)

DESCRIPTION: A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF COOPER CITY, FLORIDA, APPROVING AND AUTHORIZING THE EXTENSION OF THE MATURITY DATE ON THE NOTE ISSUED FOR AN EMERGENCY LINE OF CREDIT REVOLVING LOAN; FINDING THAT EXTENSION OF THE MATURITY DATE IS IN THE BEST INTERESTS OF THE CITY, IN ACCORDANCE WITH SECTION 2258(1) OF THE CITY'S CODE OF ORDINANCES; DIRECTING THE APPROPRIATE CITY OFFICIALS TO TAKE ANY AND ALL ACTION NECESSARY TO EFFECTUATE THE INTENT OF THIS RESOLUTION; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

CITY MANAGER RECOMMENDATION:

The City Manager recommends the approval of Resolution 22-44, approving the extension of the Line of Credit (LOC) for Emergencies (Hurricanes/Natural Disasters etc.), between The City of Cooper City and TD Bank N.A.

BACKGROUND OF ITEM:

Staff is requesting authorization to exercise the extension clause contained in the original Tax-exempt LOC agreement between The City of Cooper City and TD Bank N.A. for an additional two years. The LOC was initially acquired August 2019 to provide the City with the assurance of funding in the event of a hurricane or other forms of natural disasters striking the City.

The initial request for quotations was sent to five banks, of which, four submitted a response. The four responses were submitted to the Finance Advisory Board (FAB). At the July 24, 2019, meeting, the FAB recommended the Commission select TD Bank as the provider of the Hurricane/Disaster Line of Credit with the provision that certain terms were subject to revision.

The LOC is pledged with revenues received from Non-Ad Valorem Taxes, and Federal and State reimbursements of disaster expenses. The LOC matures five years from its original initiation, with accrued interest payable quarterly and principal due upon receipt of FEMA and other reimbursement funds, with an interest rate of 80.5% of Prime Rate less 1.25%.

At closing, the City will be required to pay the previous three years annual maintenance fee of \$4,000 for each year (12K total), as well as the Bank and Bond Counsel costs. Additionally, the City will have to draw an additional amount to ensure the initial draw on the LOC is large enough (\$50K) to meet the criteria to qualify the LOC for tax-exempt status. During the extension period

(Two years) the annual maintenance fee is waived if the average balance on the line of credit is \$2 million or more.

ANALYSIS:

Based on an assessment of the City’s financial position, debt tolerance, and needed ability to rapidly respond to events of Natural Disaster/Hurricanes etc. Staff believes it is in the best interest of the City to extend the LOC between the City and TD Bank N.A.

STRATEGIC PLAN:

The extension of the LOC will support the Financial Sustainability initiative of Cooper City’s Strategic Plan by ensuring the City can acquire funds in an emergency without undo delay. This will ensure the management of the City has the funds necessary to carry out its emergency plans and Commission Directives to restore and maintain a safe and thriving environment for the Cooper City Citizens.

FISCAL IMPACT:

Cost of issuance will be covered in the initial draw on the LOC. The amount of the initial draw being drawn down to ensure the Note meets the tax-exempt status will be repaid within 30 days of the initial draw. The remainder of the drawdown will be evaluated at fiscal year-end against remaining contingency funds for possible distinguishment.

Anticipated Closing Cost	
Bank Fee	\$ 2,500.00
Bond Counsel (BMO)	\$ 15,000.00
Previous three years maintenance fee	\$ 12,000.00
Additional draw for Tax-exempt status qualification	\$ 20,501.00
Total Cost at Closing	\$ 50,001.00

ALTERNATIVES:

There are currently no other alternatives that meet the City’s need to rapidly obtain funds in an emergency and satisfies its desire to forgo issuing debt prior to being needed.

ATTACHMENTS:

1. Resolution 22-44
2. Amended and Restated Note
3. Original Agreement

Workflow History



User	Task	Action	Date/Time
Allen, Tedra	NEW ITEM: Not Yet Routed	*FINANCIAL IMPACT: Forward to...	10/13/22 05:05 PM
Kendrick, Aaron	Assigned to Finance Director	COMPLETE: Forward to City Att...	10/13/22 05:09 PM
Horowitz, Jacob	Assigned to Attorney	COMPLETE: Forward to City Ma...	10/13/22 05:59 PM
Allen, Tedra	Assigned to City Manager	COMPLETE: Forward to City Clerk	10/14/22 09:58 AM
Allen, Tedra	Assigned to City Clerk	APPROVE ITEM: End Workflow	10/14/22 10:19 AM
Allen, Tedra	END WORKFLOW - APPROVED		10/14/22 10:20 AM