

MEMORANDUM

Agenda Item No. 7(K)

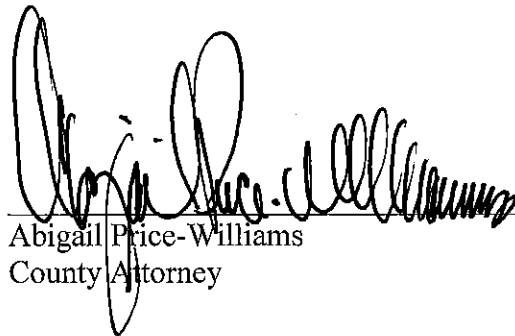
TO: Honorable Chairman Esteban L. Bovo, Jr.
and Members, Board of County Commissioners

DATE: (Second Reading 12-5-17)
July 6, 2017

FROM: Abigail Price-Williams
County Attorney

SUBJECT: Ordinance related to Bond Underwriters; amending section 2-10.6 of the Code; providing mechanism by which unfilled positions on initial teams for negotiated bond transactions may be filled at discretion of County Mayor; clarifying that each of the firms selected to the County's underwriting pool may serve as Senior Manager for any transaction with a par amount equal to or less than \$125 million

The accompanying ordinance was prepared by the Finance Department and placed on the agenda at the request of Prime Sponsor Government Operations Committee.

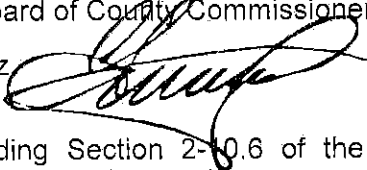


Abigail Price-Williams
County Attorney

APW/cp

Date: December 5, 2017

To: Honorable Chairman Esteban L. Bovo, Jr.
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Ordinance Amending Section 2-10.6 of the Code of Miami-Dade County, Florida,
Related to Bond Underwriting Pool

Recommendation

It is recommended that the Board of County Commissioners (Board) enact the accompanying Ordinance which amends Section 2-10.6 of the Code of Miami-Dade County, Florida, related to the County's bond underwriting pool to provide that:

1. In the event not enough firms have applied to the County's underwriting pool under a particular Segment, such that one or more of the three underwriting teams cannot be filled as currently provided in Section 2-10.6, the Mayor or the Mayor's designee may fill any remaining positions on a Team with other firms that have responded to the County's Request for Qualifications (RFQ), regardless of the Segment under which such firms have applied.
2. Any underwriter in the County's underwriting pool, regardless of Segment, may serve as Senior Manager on any transaction with a par amount equal to or less than \$125 million.

Scope

This Ordinance will have a countywide impact.


Fiscal Impact/Funding Source

The enactment of this Ordinance will not have a fiscal impact.

Background

On June 7, 2016, the Board enacted Ordinance No. 16-64 which amended Section 2-10.6 to provide for underwriters to apply to the County's underwriting pool under one of three (3) segments based on their net capital and to provide for the assignment of such firms to one of three (3) underwriting teams for the County's negotiated bond transactions.

The proposed amendments to Section 2-10.6 are essential to: (i) ensure that if a situation has occurred in which fewer than the anticipated number of firms have applied under a particular segment of the underwriting pool, the Mayor or his designee may fill any open slots on one of the three teams with any other firms that have responded to the RFQ, regardless of the segment under which such firms have applied; and (ii) clarify that each of the firms selected to participate in the County's underwriting pool may serve as Senior Manager for any transaction with a par amount equal to or less than \$125 million. An underwriting firm will only be chosen to underwrite a transaction with a par amount greater than \$125 million, if the firm's Eligible Amount, as defined in Section 2-10.6, is greater than or equal to 60 percent of the par amount of the transaction.


Edward Marquez
Deputy Mayor

Memorandum



Date: December 5, 2017

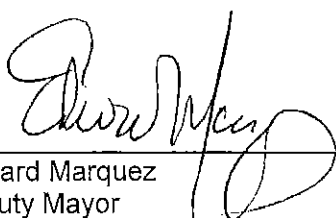
To: Honorable Chairman Esteban L. Boyo, Jr.
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Subject: Social Equity Statement for Ordinance amending Section 2-10.6 of the County Code
Relating to Underwriters

The proposed Ordinance amends Section 2-10.6 of the Code of Miami-Dade County, related to the County's Underwriters Pool. Section 2-10.6 of the Code will continue to require that all general obligation, special obligation and revenue bonds of the County be sold at a competitive public sale unless waived; the Mayor's Finance Committee will be maintained and underwriters will be selected through a new Request For Proposal; Senior Managers for unsolicited proposals will be assigned to the underwriting firm submitting the proposal regardless of membership in the Underwriting Pool, and the provisions of the Ordinance will not apply to the County's peripheral authorities. The proposed Ordinance will amend Section 2-10.6 of the Code to provide a means by which unfilled positions on initial underwriting teams may be filled at the discretion of the County Mayor or designee with other firms that have responded to the Request for Proposal; and any firm selected in the County's Underwriting Pool may serve as Senior Manager for any transaction with a par amount equal to or less than \$125 million.

Amending Section 2-10.6 of the Code will continue to benefit the County and enhance the County's goal of achieving the most competitive price in the marketplace by securing the lowest cost of funds to the citizens of Miami-Dade County.


Edward Marquez
Deputy Mayor



MEMORANDUM

(Revised)

TO: Honorable Chairman Esteban L. Bovo, Jr.
and Members, Board of County Commissioners

DATE: December 5, 2017

FROM: Abigail Price-Williams
County Attorney

SUBJECT: Agenda Item No. 7(K)

Please note any items checked.

- _____ **“3-Day Rule” for committees applicable if raised**
- _____ **6 weeks required between first reading and public hearing**
- _____ **4 weeks notification to municipal officials required prior to public hearing**
- _____ **Decreases revenues or increases expenditures without balancing budget**
- _____ **Budget required**
- _____ **Statement of fiscal impact required**
- _____ **Statement of social equity required**
- _____ **Ordinance creating a new board requires detailed County Mayor’s report for public hearing**
- _____ **No committee review**
- _____ **Applicable legislation requires more than a majority vote (i.e., 2/3’s ____, 3/5’s ____, unanimous ____) to approve**
- _____ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 7(K)
12-5-17

ORDINANCE NO. _____

ORDINANCE RELATED TO BOND UNDERWRITERS; AMENDING SECTION 2-10.6 OF THE CODE OF MIAMI-DADE COUNTY, FLORIDA; PROVIDING MECHANISM BY WHICH UNFILLED POSITIONS ON INITIAL TEAMS FOR NEGOTIATED BOND TRANSACTIONS MAY BE FILLED AT DISCRETION OF COUNTY MAYOR OR DESIGNEE; CLARIFYING THAT EACH OF THE FIRMS SELECTED TO THE COUNTY'S UNDERWRITING POOL MAY SERVE AS SENIOR MANAGER FOR ANY TRANSACTION WITH A PAR AMOUNT EQUAL TO OR LESS THAN \$125 MILLION; PROVIDING SEVERABILITY, INCLUSION IN THE CODE, AND AN EFFECTIVE DATE

WHEREAS, in furtherance of the County's goal to achieve the most aggressive price in the marketplace, on June 7, 2016 this Board adopted Ordinance No. 16-64 which created a new Section 2-10.6 of the Code of Miami-Dade County, Florida (the "Code") related to underwriters on County bond transactions; and

WHEREAS, Ordinance No. 16-64 was enacted to allow this Board to select a new pool of underwriting firms and to make assignments from such pool to negotiated bond transactions based solely on each firm's financial expertise and capabilities, specifically capital strength and ability to underwrite and market bonds effectively; and

WHEREAS, Ordinance No. 16-64 established, among other things, the criteria and process under which firms could apply for and be accepted to the County's underwriting pool, and the mechanism by which such firms would be assigned to initial underwriting teams to work on negotiated bond transactions; and

WHEREAS, this Board now desires to amend Section 2-10.6 of the Code to provide a means by which unfilled positions on such initial underwriting teams may be filled at the discretion of the County Mayor or designee; and

WHEREAS, this Board desires to accomplish the purposes outlined in the County Mayor's memorandum, a copy of which is attached hereto and incorporated by reference,

BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA:

Section 1. Section 2-10.6 of the Code of Miami-Dade County, Florida, is hereby amended to read as follows:¹

Sec. 2-10.6. Competitive bidding requirement for all County bond transactions.

* * *

(8) Assignment of Underwriting Firms to Teams.

- (a) All underwriting firms selected to the Pool will be assigned to one of three teams ("Team"), with each team comprised of eight underwriting firms: four firms from Segment 1, two firms from Segment 2, and two firms from Segment 3.
- (b) Individual underwriting firms in the Pool will be assigned to the three Teams based on their Segment and RFQ Rank, as follows:
 - (i) Team 1 shall consist of the first, sixth, seventh and twelfth ranked firms from Segment 1; the third and fourth ranked firms from Segment 2; and the first and sixth ranked firms from Segment 3.
 - (ii) Team 2 shall consist of the second, fifth, eighth and eleventh ranked firms from Segment 1; the second and fifth ranked firms from Segment 2; and the second and fifth ranked firms from Segment 3.

¹ Words stricken through and/or [[double bracketed]] shall be deleted. Words underscored and/or >>double arrowed<< constitute the amendment proposed. Remaining provisions are now in effect and remain unchanged.

6

- (iii) Team 3 shall consist of the third, fourth, ninth and tenth ranked firms from Segment 1; the first and sixth ranked firms from Segment 2; and the third and fourth ranked firms from Segment 3.

>>(c) In the event not enough firms have applied under a particular Segment such that one or more of the three teams cannot be filled as provided above, the Mayor or his designee may fill any remaining slots on the three teams with other firms that have responded to the RFQ regardless of the Segment under which such firms have applied.<<

[[e]]>>(d)<<The three Teams shall remain constant for the duration of the Term, unless a vacancy in one of the Teams occurs, in which case such vacancy shall be filled by the underwriting firm in the “batter’s box” (as defined in subsection 6(g) above) with the highest RFQ Rank that has applied under the same Segment as the firm it is replacing. If such vacancy cannot be filled with an underwriting firm from the “batter’s box,” the County Mayor shall issue a RFQ for the limited purpose of selecting an underwriting firm to fill such vacancy. An underwriting firm selected to fill a vacancy in a Team shall remain a member of the Team for the duration of the Term and shall receive the same number of Assignment Points (as defined below) as the firm it is replacing. In the event that a vacancy in a Team cannot be filled as provided above, any new Assignment Points resulting from such vacancy shall be reallocated to the remaining members of the Team as determined by the MFC.

(9) *Assignment of Underwriting Teams to Particular Bond Transaction.*

- (a) Until a new Pool is established pursuant to the terms of this section, the MFC shall continue to make assignments on negotiated transactions pursuant to the provisions of Section 2-10.6 of the County Code in the same manner as if such provisions were still in effect.
- (b) After a new Pool is established pursuant to the terms of this section, bond transactions will be assigned to the three Teams as follows:
 - (i) The first bond transaction shall be assigned to Team 1.
 - (ii) The second bond transaction shall be assigned to Team 2.
 - (iii) The third bond transaction shall be assigned to Team 3.
 - (iv) All subsequent bond transactions shall be assigned to the Team with the least par amount of Bonds previously assigned, with the intent of equalizing the par amount of Bonds sold by each Team.

- (c) A Senior Manager shall be assigned to each bond transaction as follows:
- (i) Once a Team is assigned a bond transaction, one Senior Manager shall be assigned from that Team.
 - (ii) A Segment 1 firm >> << ~~[[or]]~~ a Segment 2 firm >> or a Segment 3 firm << may be the Senior Manager ~~[[but must have an Eligible Amount greater than or equal to 60 percent of the par amount of the transaction. A Segment 3 firm may be the Senior Manager]]~~ on any transaction with a par amount equal to or less than \$125,000,000.00, or if the firm has an Eligible Amount greater than or equal to 60 percent of the par amount of the transaction.
 - (iii) The Senior Manager shall be assigned 35 percent of the par amount of the transaction as its assigned points (“Assignment Points”). Such Assignment Points shall have no relationship to the firm's compensation.
 - (iv) The Senior Manager for the first bond transaction assigned to a Team shall be the underwriting firm with the highest RFQ Rank in that Team. For each subsequent bond transaction assigned to that Team, the Senior Manager shall be the underwriting firm with the next highest RFQ Rank, until all members on the Team have served as Senior Manager on a transaction. Once all members on a Team have served as Senior Manager on a transaction, the Senior Manager for each subsequent transaction assigned to that Team shall be the member with the fewest Assignment Points, with the intent of equalizing Assignment Points across all Team members.
 - (v) For the first two bond transactions with a par amount less than or equal to \$125 million, the two Segment 3 firms on the assigned Team shall serve as Senior Manager, one for each transaction. Thereafter, the Senior Manager will be assigned in accordance with subsection 9(c)(iv) above.
- (d) Co-Senior Managers shall be assigned to each bond transaction as follows:
- (i) Once a Team is assigned a bond transaction, two Co-Senior Managers shall be assigned from that Team.
 - (ii) The two Co-Senior Managers shall be firms from the two Segments not represented by the Senior Manager.

- (iii) Each Co-Senior Manager shall be assigned 15 percent of the par amount of the transaction as its Assignment Points. Such Assignment Points shall have no relationship to the firm's compensation.
 - (iv) The Co-Senior Managers for the first bond transaction assigned to a Team shall be the underwriting firms with the highest RFQ Rank in that Team from the two Segments not represented by the Senior Manager. For each subsequent bond transaction assigned to that Team, the Co-Senior Managers shall be the underwriting firms with the next highest RFQ Rank in that Team from the two Segments not represented by the Senior Manager, until all Team members from the two Segments not represented by the Senior Manager have served as Co-Senior Manager on a transaction. Once all Team members from the two Segments not represented by the Senior Manager have served as Co-Senior Manager on a transaction, the Co-Senior Managers for each subsequent transaction assigned to that Team shall be the members with the fewest Assignment Points, with the intent of equalizing Assignment Points across all Team members.
- (e) Co-Managers shall be assigned to each bond transaction as follows:
- (i) Once a Team is assigned a bond transaction, the five remaining Team members not serving as either Senior Manager or Co-Senior Manager shall serve as Co-Managers on the transaction.
 - (ii) Each Co-Manager shall be assigned 7 percent of the par amount of the transaction as its Assignment Points. Such Assignment Points shall have no relationship to the firm's compensation.

Section 2. If any section, subsection, sentence, clause or provision of this Ordinance is held invalid, the remainder of this Ordinance shall not be affected by such invalidity.

Section 3. It is the intention of this Board, and it is hereby ordained that the provisions of this Ordinance, including any sunset provision, shall become and be made a part of the Code of Miami-Dade County, Florida. The sections of this Ordinance may be renumbered or relettered to accomplish such intention, and the word "ordinance" may be changed to "section," "article," or other appropriate word.

Section 4. This Ordinance shall become effective ten (10) days after the date of enactment unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

PASSED AND ADOPTED:

Approved by County Attorney as
to form and legal sufficiency:

APW

Prepared by:

MSM

Michael J. Mastrucci