

RESOLUTION NO. 405-87

RESOLUTION AUTHORIZING AND DIRECTING THE PROPER OFFICIALS OF THE TOWN OF GOLDEN BEACH, FLORIDA, TO EXECUTE AN AGREEMENT WITH NCNB NATIONAL BANK SET FORTH AS ATTACHED HERETO AND MADE A PART HEREOF; PROVIDING FOR FINANCING OF SEWER AND ROAD IMPROVEMENTS; IMPLEMENTING SPECIAL ASSESSMENT.

WHEREAS, at a Special Election held on December 16, 1986, the electorate of the Town of Golden Beach approved the financing for construction of a new sanitary sewer system with road improvements to be funded from a State grant and local property assessments, and

WHEREAS, the State of Florida, Department of Environmental Regulation have acknowledged the receipt of the Town's application for funds, construction drawings and specifications and have advised the Town that their project is eligible for funding, and

WHEREAS, the State requires assurance that construction funds are available to the Town to fund its local share of the cost.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF GOLDEN BEACH:

Section 1. That the Town Council of the Town of Golden Beach has reviewed bank financing proposals for borrowing money to finance their share of the construction cost of the sanitary sewer which will be repaid with special assessments of property owners.

Section 2. That the Town Council authorizes the Mayor to execute an agreement with NCNB NATIONAL BANK bank as outlined on the attached letter of commitment.

PASSED AND ADOPTED by the Town Council of the Town of Golden Beach, Florida this 2 day of November, 1987.

The motion to adopt the foregoing was offered by:

Councilman Sorota

seconded by:

Vice Mayor Tweddle

and on roll call the following vote ensued:

Mayor Tobin	<u>aye</u>
Vice Mayor Tweddle	<u>aye</u>
Councilman Duffner	<u>aye</u>
Councilman Fried	<u>aye</u>
Councilman Sorota	<u>aye</u>

Mayor Tweddle  
MAYOR

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

Town Attorney

ATTEST

Town Clerk  
TOWN CLERK

RESOLUTION NO. 405-87

RESOLUTION AUTHORIZING AND DIRECTING THE PROPER OFFICIALS OF THE TOWN OF GOLDEN BEACH, FLORIDA, TO EXECUTE AN AGREEMENT WITH NCNB NATIONAL BANK SET FORTH AS ATTACHED HERETO AND MADE A PART HEREOF; PROVIDING FOR FINANCING OF SEWER AND ROAD IMPROVEMENTS; IMPLEMENTING SPECIAL ASSESSMENT.

WHEREAS, at a Special Election held on December 16, 1986, the electorate of the Town of Golden Beach approved the financing for construction of a new sanitary sewer system with road improvements to be funded from a State grant and local property assessments, and

WHEREAS, the State of Florida, Department of Environmental Regulation have acknowledged the receipt of the Town's application for funds, construction drawings and specifications and have advised the Town that their project is eligible for funding, and

WHEREAS, the State requires assurance that construction funds are available to the Town to fund its local share of the cost.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF GOLDEN BEACH:

Section 1. That the Town Council of the Town of Golden Beach has reviewed bank financing proposals for borrowing money to finance their share of the construction cost of the sanitary sewer which will be repaid with special assessments of property owners.

Section 2. That the Town Council authorizes the Mayor to execute an agreement with NCNB NATIONAL BANK bank as outlined on the attached letter of commitment.

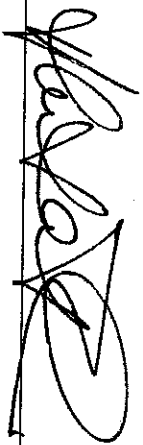
PASSED AND ADOPTED by the Town Council of the Town of Golden Beach, Florida this 2 day of November, 1987.

The motion to adopt the foregoing was offered by:

Councilman Sorota  
seconded by:

Vice Mayor Tweedle  
and on roll call the following vote ensued:

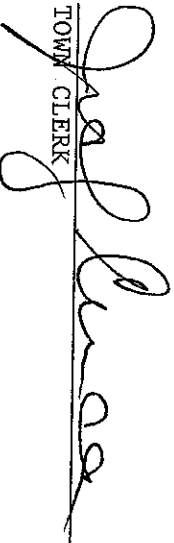
Mayor Tobin	aye
Vice Mayor Tweedle	aye
Councilman Duffner	aye
Councilman Fried	aye
Councilman Sorota	aye

Mayor  


APPROVED AS TO FORM AND LEGAL  
SUFFICIENCY

TOWN ATTORNEY

ATTEST

TOWN CLERK  


NCNB National Bank  
P.O. Box 530007  
Miami Shores, Florida 33153



October 23, 1987

Mayor Herbert Tobin  
Town of Golden Beach  
One Golden Beach Drive  
Golden Beach, Florida 33160

Dear Mayor Tobin:

Please be advised that NCNB National Bank of Florida (NCNB) is pleased to amend its commitment letter to the Town of Golden Beach (TGB), dated October 20, 1987, to include the following pricing options:

Option A) Term loan with equal consecutive quarterly amortization of principal. At the time of conversion to a term loan you have the option of fixing the interest rate at the tax free equivalent of NCNB's ten year cost of funds plus 200 basis points. Rate during construction at 65% of prime for 1987 and 70% of prime for 1988 and beyond.

Option B) Term loan with equal consecutive quarterly amortization of principal. At the time of conversion to a term loan you have the following options:

Years 1 through 5: Fixed at tax free equivalent of NCNB's five year cost of funds plus 200 basis points,

Years 6 through 10: Pricing to be fixed at that point in time based on NCNB's then prevailing five year cost of funds plus 200 basis points. Interest rate during construction at 65% of prime for 1987 and 70% of prime for 1988 and beyond.

Option C) Floating rate throughout life of loan as follows:

1987: 65% of prime  
1988 and beyond: 70% of prime rate to be adjusted qtrly. with an after tax floor of 5% and a ceiling of 12%.

Option D) Interest rate fixed at time of closing at 200 basis points over NCNB's cost of funds. Interest only during construction followed by forty (40) quarterly principal payments plus accrued interest.

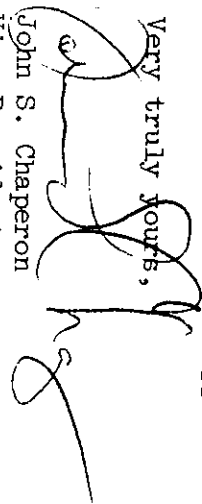
Page 2.  
October 23, 1987

Interest under all options to be paid quarterly as accrued. The term "cost of funds" shall be determined to mean NCNB's then prevailing certificate of deposit rate for a similar period of time adjusted for reserves and FDIC insurance.

Important to note is that the interest rate on the loan is set approximate a particular yield to NCNB based in part upon Federal and State tax laws and regulations in effect as of the date of closing, and reflects our understanding of the impact of the 1986 Tax Act. The Bank's policy is to include language in the documents which will accrue such yield. The required language will be provided to you upon request.

We would be pleased to answer any questions that you may have. Please note that all other terms and conditions contained in our letter of October 20, 1987 are applicable to this commitment.

Very truly yours,

  
John S. Chaperon  
Vice President

JSC/eb

ATTACHMENT

Below is an illustration of how the "Tax Free Rate" would be determined for Option A and Option B. This example assumes the conversion to a term loan will take place after Jan. 1, 1988.

Formula:

- Step #1  
COF x TEFFRA x TR x FTE factor = Adjustment
- Step #2  
COF + Spread + Adjustment = Fully Taxable Equivalent
- Step #3  
Fully Taxable Equivalent ÷ FTE Factor = Tax Free Rate

Definitions:

COF = Cost of Funds  
TEFFRA = Tax Reform Act Adjustment of 20%  
TR = Tax Rate of 34%  
FTE Factor = 1.5327

Illustration:

- Option A assuming a 9.50% ten year cost of funds:
- Step #1  
 $9.50\% \times .20 \times .34 \times 1.5327 = .99\%$
- Step #2  
 $9.50\% + 2.00\% + .99\% = 12.49\%$
- Step #3  
 $12.49\% \div 1.5327 = \underline{8.15\%}$

Option B assuming an 8.85% five year cost of funds:

- Step #1  
 $8.85\% \times .20 \times .34 \times 1.5327 = .92\%$
- Step #2  
 $8.85\% + 2.00\% + .92\% = 11.77\%$
- Step #3  
 $11.77\% \div 1.5327 = \underline{7.68\%}$

Please note that the above illustration is merely an example as to how a "Tax Free Rate" will be determined and is not an actual rate for your consideration.

NCNB National Bank  
P.O. Box 02-5337  
Miami, Florida 33102-5337



October 20, 1987

Mayor Herbert Tobin  
Town of Golden Beach  
One Golden Beach Drive  
Golden Beach, Florida 33160

Dear Mayor Tobin:

NCNB National Bank of Florida (NCNB) is pleased to advise that it will make available to the Town of Golden Beach (TGB) a \$1,900,000 credit facility under the following terms and conditions:

**BORROWER:** Town of Golden Beach

**LOAN AMOUNT:** \$1,900,000

**PURPOSE:** To provide funds for short and medium term financing needs for installation of a sewer system.

**COLLATERAL:** Assignment of Special Assessment Revenues resulting from the sewer project.

**TERMS:** Quarterly interest payments on the outstanding principal during the construction period, not to exceed twelve (12) months, followed by forty (40) equal quarterly principal payments of \$47,500 plus accrued interest.

**PRICING:**  
1987: 67% of NCNB Prime.  
1988: 73% of NCNB Prime.  
1989 and beyond: 73% of NCNB Prime.  
A) Rate adjusted quarterly  
B) Adjusted after tax floor of 5% and a ceiling of 12%.

C) The interest rate on the loan is set to approximate a particular percentage yield to NCNB based in part upon federal and state tax laws and regulations in effect as of the date of closing, and reflects our understanding of the impact of the 1986 Tax Act. The Bank's policy is to include language in the documents which will assure such yield. The required language will be provided to you upon request.

ORIGNATION FEES: None

COSTS: TGB will pay all closing costs in connection with this loan, which include but are not limited to documentary stamps, recording fees and our attorneys' fees.

REPAYMENT: This loan may be prepaid in whole or in part without penalty. Partial prepayments will be applied against principal installments in reverse order of maturity.

LOAN AGREEMENT: This loan will be governed by a mutually negotiated loan agreement, the major covenants of which follow:

1. Agreement on appropriate protective language for NCNB relative to interest rate adjustments required due to tax law changes.
2. This transaction qualifies and will continue to qualify as a tax exempt obligation of TGB as determined by legal counsel.
3. Legal opinion attesting to TGB that they presently meet IRS status as a Small Municipal Borrower and will not violate the 20% Qualified Tax Exempt Obligation requirements below:
  - a) Limited to \$10,000,000 per calendar year for the borrowers and subordinate entities;
  - b) The proceeds of the loan must be used for a public purpose of exempt facility;
  - c) The issuer must designate which loans are to qualify.
4. NCNB shall remain the primary bank of TGB.

Page three  
October 20, 1987  
Town of Golden Beach

FINANCIAL STATEMENTS: TGB will provide NCNB with annual audited financial statements and reports within 120 days of its fiscal year end; quarterly unaudited financial statements within 45 days of quarter end; and its annual operating budget.

LEGAL OPINION: This commitment is subject to receipt of a legal opinion satisfactory to NCNB that the above described transaction can be consummated as proposed herein or on terms which are mutually acceptable to both TGB and NCNB.

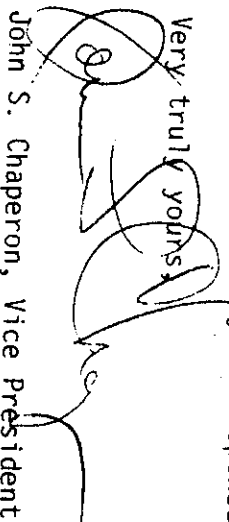
EXPIRATION DATE: This commitment expires 30 days from the date hereof.

This commitment letter is not intended to be all inclusive and is subject to a mutually negotiated loan agreement which will contain other terms and conditions.

NCNB is pleased to offer the Town of Golden Beach this credit facility and believes it offers the high level of financial flexibility it needs in the coming years.

We look forward to your response to our commitment.

Very truly yours,



John S. Chaperon, Vice President

ACCEPTANCE: Under the authority granted by and on behalf of the Town of Golden Beach, the undersigned hereby accepts the foregoing offer.

The Town of Golden Beach

BY: \_\_\_\_\_

As its: \_\_\_\_\_

Date: \_\_\_\_\_