

**TOWN OF GOLDEN BEACH, FLORIDA**

**RESOLUTION NO. 2453.16**

**A RESOLUTION OF THE TOWN OF GOLDEN BEACH, FLORIDA APPROVING PROFESSIONAL SERVICES CONTRACT BETWEEN THE TOWN OF GOLDEN BEACH AND ESTRADA HINOJOSA & COMPANY, INC., CONCERNING FINANCIAL ADVISORY SERVICES; PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the Town Council (the "Town Council" or "Council") of the Town of Golden Beach, Florida (the "Town"), hereby determines that it is in the best interest of the Town to retain the professional financial advisory services of Estrada Hinojosa & Company, Inc. (the "Consultant") in connection with the refinancing of the Town's General Obligation Bonds, Series 2008; and

**WHEREAS**, the Town Council finds that approval of the attached Letter of Engagement between Consultant and the Town (the "Contract") is in the best interest of the Town;

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

**Section 1. Recitals Adopted.** Each of the recitals stated above is hereby adopted and confirmed.

**Section 2. Agreement Approved.** The Contract, in substantially the form attached hereto as Exhibit "A", is hereby approved, and the Mayor and/or Town Manager are authorized to execute the Contract on behalf of the Town, after approval by the Town Attorney as to form and legal sufficiency.

**Section 3. Implementation.** The Mayor, Town Manager and Town Attorney are hereby authorized to take any necessary action to implement the Contract and this Resolution.

**Section 4. Effective Date.** This Resolution shall be effective immediately upon adoption.

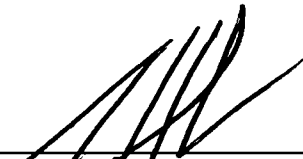
The Motion to adopt the foregoing Resolution was offered by Councilmember Lusskin, seconded by Councilmember Rojas, and on roll call the following vote ensued:

Mayor Glenn Singer	<u>Aye</u>
Vice Mayor Kenneth Bernstein	<u>Aye</u>
Councilmember Judy Lusskin	<u>Aye</u>
Councilmember Bernard Einstein	<u>Absent</u>
Councilmember Amy Isackson-Rojas	<u>Aye</u>

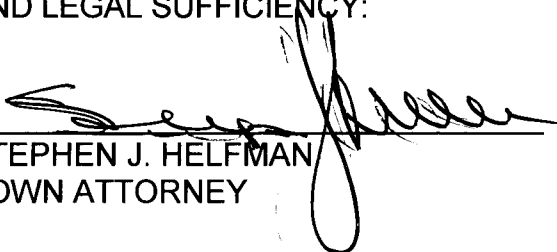
**PASSED AND ADOPTED** by the Town Council of the Town of Golden Beach, Florida this 16<sup>th</sup> day of August, 2016.

ATTEST:

  
\_\_\_\_\_  
LISSETTE PEREZ  
TOWN CLERK

  
\_\_\_\_\_  
MAYOR GLENN SINGER

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY:

  
\_\_\_\_\_  
STEPHEN J. HELFMAN  
TOWN ATTORNEY

**EXHIBIT "A"**  
**FORM OF CONTRACT**



**LETTER OF ENGAGEMENT**

Alexander Diaz  
Town Manager  
Town of Golden Beach  
1 Golden Beach Drive  
Golden Beach, FL 33160

**CONTRACT**

This Letter of Engagement (the "Contract") is entered into between Estrada Hinojosa & Company, Inc. ("EH"), a Texas corporation and investment banking firm, and the TOWN OF GOLDEN BEACH, FLORIDA ("TOWN"), effective as of the date executed by both parties as set forth on the signature page hereof.

**SCOPE OF SERVICES**

EH, in its capacity as Financial Consultant to the TOWN undertakes the scope of services described in Attachment "A" hereto.

**COMPENSATION**

The fees due to EH for the services set forth and described under SCOPE OF SERVICES of this Contract and the reimbursement of expenses incurred shall be considered in accordance with the guidelines set forth in Attachment "B" hereto.

**INDEMNITY**

EH covenants and agrees to fully indemnify and hold harmless the TOWN, from and against any and all costs, claims, liens, damages, losses, expenses, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature made upon EH directly or indirectly arising out of, resulting from or related to the work performed under this Contract, except in any case of sole negligence or gross negligence by the TOWN. EH shall promptly advise the TOWN in writing of any claim or demand related to or arising out of any activities under this Contract.

ESTRADA HINOJOSA & COMPANY, INC.  
1717 Main Street • Suite 4700, Lockbox 47 • Dallas, Texas 75201  
(214) 658-1670 • (800) 676-5352 • Fax (214) 658-1671

Member FINRA/SIPC

DALLAS      AUSTIN      CHICAGO      HOUSTON      LOS ANGELES      MIAMI      NEW YORK      SAN ANTONIO



## **ACCESS TO INFORMATION AND CONFIDENTIALITY**

To effectively perform the services outlined in this Contract, EH will need reasonable access to the previously completed and ongoing work of the TOWN, as well as its legal team and other consultants. EH agrees to treat as confidential and not disclose to other parties any and all information deemed to be proprietary and confidential.

## **TERM**

This Contract is intended to run from the effective date of execution by until the completion of services provided by EH as described in Attachment "A" or such time as the TOWN determines to cease implementing such project. This Contract may be terminated with or without cause by EH or the TOWN upon the giving of at least thirty (30) days prior written notice to the other party of its intention to terminate, specifying in such notice the effective date of such termination. In the event of such termination, it is understood and agreed that only the amounts due EH for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Contract.

## **ASSIGNMENT**

This Contract involves skilled professional services and shall not be assignable by EH.

## **PROHIBITION AGAINST CONTINGENT FEES; OTHER MATTERS**

EH warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for EH, to solicit or secure this Contract, and that it has not paid or agreed to pay any person(s), company, corporation, individual or firm, other than a bona fide employee working solely for EH any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.

## **NONEXCLUSIVE AGREEMENT**

The services to be provided by EH pursuant to this Contract shall be nonexclusive and nothing herein shall preclude the TOWN from engaging other firms to perform the same or similar services for the benefit of the TOWN within the TOWN'S sole and absolute discretion.

**RECORDS**

All original reports, documents, analysis and materials (the “Materials”) that result from the EH providing Scope of Services shall be the property of the TOWN. Upon termination of this Contract or upon request of the TOWN during the term of this Contract, any and all such Materials shall be delivered to the TOWN by EH.

**MISCELLANEOUS**

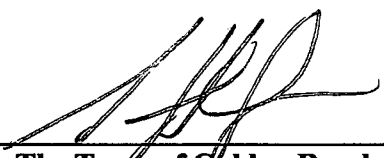
1. Choice of Law. This Contract shall be construed and given effect in accordance with the laws of the State of Florida.
2. Binding Effect: Assignment. This Contract shall be binding upon and, inure to the benefit of EH and the TOWN, their respective successors and assigns; provided however, neither party hereto may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.
3. MSRB Rule G-42 Disclosure. In compliance with recently adopted securities regulations promulgated by the U. S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board (“MSRB”), EH includes in this Contract the disclosure provided in Attachment “C” hereto, which all municipal advisors are now required to provide to clients.
4. Entire Agreement. This instrument contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. Any oral or written representations or modifications concerning this Contract shall be of no force or effect except for a subsequent modification in writing signed by all parties hereto.

COPY

Executed and Agreed to this 12<sup>th</sup> Day of September, 2016,

By:

  
\_\_\_\_\_  
For Estrada Hinojosa & Company, Inc.

  
\_\_\_\_\_  
For The Town of Golden Beach, FL

## Attachment "A"

### SCOPE OF SERVICES:

Estrada Hinojosa & Company, Inc. ("EH" or "Consultant") will work closely with the finance professionals of the TOWN to ensure a successful bond issue that produces the lowest cost of borrowing with the most flexibility for the TOWN's debt management obligations. Working with the professionals on the Trading Desk of EH, who are accessing the capital markets on a daily basis, the EH bankers will provide guidance to the TOWN with regard to the timing, terms, and ultimate execution of the refinancing of the General Obligation Bonds, Series 2008.

EH will review all financing documents and bring to the attention of the TOWN any provisions which warrant reconsideration or amendment. EH will also assist the TOWN in filing all necessary notices at the State and national level and ensure that the bonds are issued in accordance with all requirements of the U. S. Securities and Exchange Commission.

EH will also work with the TOWN in the most efficient disposition of bond proceeds and assist with financial planning for future projects.

### **Below, please find the scope of services in more detail:**

1. Consultant will recommend the method of sale of the Debt Instruments that, in its opinion, is in the best interest of the TOWN and will proceed, as directed by the TOWN, with one of the following methods:
  - a. **Competitive Sale:** Consultant will advise the TOWN regarding the sale of the Debt Instrument whereby we coordinate the submission of competitive bids from prospective buyers for the Debt Instruments in accordance with established procedures.
  - b. **Negotiated Sale:** Consultant will recommend one or more investment banking firms as members of an underwriting syndicate for the purposes of negotiating the purchase of Debt Instruments and in no event will Consultant participate either directly or indirectly in the underwriting of the Debt Instruments. Consultant will collaborate with any senior managing underwriter selected and Counsel to the underwriters in the preparation of the Official Statement or Offering Memorandum. Consultant will cooperate with the underwriters in obtaining any Blue Sky Memorandum and Legal Investment Survey, preparing the Bond Purchase Contract, Underwriters' Agreement and any other related



documents. The costs thereof, including the printing of the documents, will be paid by the underwriters.

2. Consultant will, after consulting the TOWN, arrange for such reports and opinions of recognized independent consultants that Consultant deems necessary and required for the successful marketing of the Debt Instruments.
3. Subject to the approval of the TOWN, Consultant will organize and make arrangements for such information meetings as, in its judgment, may be necessary.
4. When appropriate, Consultant will work with the TOWN Clerk to advise financial publications of the forthcoming sale of the Debt Instruments and provide them with all pertinent information.
5. Consultant will coordinate the preparation of the Notice of Sale and Bidding Instructions, Official Statement, Official Bid Form and such other documents as may be required. Consultant will submit to the TOWN all such documents for examination, approval and certification. After such examination, approval and certification, Consultant will provide the TOWN with a supply of all such documents sufficient to its needs and will distribute by mail sets of the same to prospective bidders and to banks, life, fire and casualty insurance companies, investment counselors and other prospective purchasers of the Debt Instruments. Consultant also provides sufficient copies of the Official Statement to the purchaser of the debt Instruments in accordance with the Notice of Sale and Bidding Instructions. The expenses associated with printing and distribution of these documents will be paid by the TOWN.
6. Consultant will make recommendations to the TOWN as to the advisability of obtaining a credit rating, or ratings, for the Debt Instruments as, in its opinion, is required for submission to the appropriate company, institution or institutions. In those cases where the advisability of personal presentation of information to the rating agency, or agencies, may be indicated, Consultant will arrange for such personal presentations. The expenses associated with the preparation of information and personal presentations will be paid by the TOWN.
7. Consultant will make recommendations to the TOWN as to the advisability of obtaining municipal bond insurance or other credit enhancement, or qualifications for same, for the Debt Instruments and, when directed by the TOWN, Consultant will coordinate the preparation of such information as, in its opinion, is required for submission to the appropriate company, institution or institutions. In those cases where the advisability of personal presentation of information to the appropriate

company, institution or institutions may be indicated, Consultant will arrange for such personal presentations. The expenses associated with the preparation of information and personal presentations will be paid by the TOWN.

8. Consultant will assist the staff of the TOWN at any advertised sale of Debt Instruments in coordinating the receipt, tabulation and comparison of bids and Consultant will advise the TOWN as to the best bid. Consultant will provide the TOWN with its recommendations as to acceptance or rejection of such bid.
9. As soon as a bid for the Debt Instruments is accepted by the TOWN, Consultant will proceed to coordinate the efforts of all concerned to the end that the Debt Instruments may be delivered and paid for as expeditiously as possible. Consultant will assist the TOWN in the preparation or verification of final closing figures incident to the delivery of the Debt Instruments.
10. Consultant will maintain liaison with Bond Counsel in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments. Bond Counsel will provide an unqualified legal opinion as to the legality of the issuance of the Debt Instruments at the time of delivery.
11. If requested, Consultant will work with the TOWN in the selection of a Paying Agent/Registrar for the Debt Instruments, and will assist in the preparation of agreements pertinent to these services and the fees incident thereto.
12. In the event formal verification by an independent auditor or any calculations incident to the Debt Instruments is required, Consultant will make arrangements for such services.
13. Consultant agrees to do, or cause to be done, all work pertaining to the Debt Instruments, obtaining approval, as may be required by law, registration, and delivery to the purchaser. The expenses associated with the printing of the debt instruments will be paid by the TOWN.
14. After the closing of the sale and delivery of the Debt Instruments, Consultant will deliver to the TOWN a schedule of annual debt service requirements on the Debt Instruments. In coordination with Bond Counsel, Consultant will assure that the Paying Agent/Registrar has been provided with a copy of the authorizing ordinance, order or resolution.



### **Attachment "B"**

The fee for financial consulting services provided hereunder shall be a minimum of \$35,000 for the first \$10,000,000 in par amount plus \$1.75 per \$1,000 of Bonds thereafter. With the prior approval of the TOWN, Consultant retains the right to seek reimbursement for quantitative analysis services, the acquisition of open market securities for any escrow, the preparation of disclosure documents required to offer the TOWN's securities, and direct out of pocket expenses incurred in the course of performing these duties, including, but not limited to, out of State travel to secure ratings and/or offers of bond insurance.



**Attachment "C"**

**DISCLOSURE STATEMENT REQUIRED**

**BY**

**MUNICIPAL SECURITIES RULEMAKING BOARD**

This Disclosure Statement is provided by Estrada Hinojosa & Co., Inc. ("Municipal Advisor") to Town of Golden Beach, Florida ("Client") in connection with this financial consultant Contract and is dated as of the same date. This Disclosure Statement provides information regarding conflicts of interest pursuant to MSRB Rule G-42(b) and the events required to be disclosed to Client pursuant to MSRB Rule G-42 (c)(ii).

**Part A (Disclosures of Conflicts of Interest)**

MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable.

Accordingly, Municipal Advisor makes the following disclosures with respect to material conflicts of interest in connection with the Scope of Services under the Agreement, together with explanations of how Municipal Advisor addresses or intends to manage or mitigate each conflict. To that end, with respect to all of the conflicts disclosed below, Municipal Advisor mitigates such conflicts through its adherence to its fiduciary duty to Client, which includes a duty of loyalty to Client in performing all municipal advisory activities for Client. This duty of loyalty obligates Municipal Advisor to deal honestly and with the utmost good faith with Client and to act in Client's best interests without regard to Municipal Advisor's financial or other interests.

In addition, because Municipal Advisor is a broker-dealer with significant capital due to the nature of its overall business, the success and profitability of Municipal Advisor is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitability built on a foundation of integrity, quality of service, and strict adherence to its fiduciary duty. Furthermore, Municipal Advisor's supervisory structure, leveraging our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of Municipal Advisor potentially departing from their regulatory



duties due to personal interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

1. **Compensation-Based Conflicts.** If fees due under this Agreement are partially based on the size of a bond Issue and contingent upon the delivery of the bonds, this form of compensation has the potential to create a conflict of interest. While customary in the municipal securities market, the potential conflict of interest arises from the incentive for a Municipal Advisor to recommend unnecessary financings or financings that are disadvantageous to Client, or to advise Client to increase the size of the issue. This conflict of interest is mitigated by the general mitigations described above.
2. **Other Municipal Advisor or Underwriting Relationships.** Municipal Advisor serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of Client. For example, Municipal Advisor serves as municipal advisor to other municipal advisory clients and, in such cases, owes a duty to such other clients just as it does to Client under this Agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering.

In acting in the interests of its various clients, Municipal Advisor could potentially face a conflict of interest arising from these competing client interests. In other cases (such as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities), the interests of Municipal Advisor to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that Municipal Advisor serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair Municipal Advisor's ability to fulfill its duties to Client.

3. **Broker-Dealer Business.** Municipal Advisor is a broker-dealer that provides underwriting services to its clients, in addition to serving as a municipal advisor. Such underwriting activities may be undertaken on behalf of, or as counterparty to, current or potential investors in the securities of Client. These other clients may, from time to time and depending on the specific

circumstances, have interests in conflict with those of Client, such as when their buying or selling of Client's securities may have an adverse effect on the market for Client's securities, and the interests of such other clients could create the incentive for Municipal Advisor to make recommendations to Client that could result in more advantageous pricing for the other clients. Any potential conflict arising from Municipal Advisor effecting or otherwise assisting such other clients in connection with underwriting transactions is mitigated by means of such activities being engaged in on customary terms under an active and long-standing regulatory structure, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by Municipal Advisor to Client under this Agreement.

At this time, there are no *actual* material conflicts of interest known to Municipal Advisor in connection with the current Agreement. Municipal Advisor has listed the *potential* conflicts of interest to comply with MSRB Rule G-42.

**Part B (Disclosures of Information Regarding Legal Events and Disciplinary History)**

MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel. The following legal or disciplinary events may be material to Client's evaluation of Municipal Advisor or the integrity of Municipal Advisor's management or advisory personnel:

1. In March 2012, the Municipal Advisor paid a \$10,000 fine to settle a FINRA enforcement matter arising from the late filing of Final Official Statements.
2. In July 2015, the Municipal Advisor paid a \$17,500 fine to settle a FINRA enforcement matter arising from the late and/or inaccurate reporting of municipal bond trades.
3. In September 2015, the Municipal Advisor settled an enforcement action brought by the United States Securities and Exchange Commission as a result of their Municipal Continuing Disclosure Initiative (MCDC). As part of the settlement, the Municipal Advisor paid a \$40,000 fine.



A full report of the Municipal Advisor's disciplinary history, including the events summarized above, can be found on the Municipal Advisor's Form MA and Form MA-I filings. These filings are available online in the EDGAR database maintained by the United States Securities and Exchange Commission at this location: <https://www.sec.gov/cgi-bin/browse-edgar?company=estrada+hinojosa&owner=exclude&action=getcompany>

The SEC permits certain items of information required on Form MA or MA-I to be provided by reference to such required information already filed by Municipal Advisor in its capacity as a broker-dealer on Form BD or Form U4 as applicable. The disclosures filed on Form MA and Form MA-I were all filed on Form BD or U4 for the applicable event. Detailed information provided by Municipal Advisor on Form BD or Form U4 is publicly accessible through reports generated by FINRA's BrokerCheck at <http://brokercheck.finra.org>. For purposes of accessing such BrokerCheck reports, Municipal Advisor's CRD number is 19299.

The disclosure items listed above were all related to the Underwriting business segment of Estrada Hinojosa & Co., Inc.; not from any activity relating to our Municipal Advisory business segment. The events themselves were technical in nature and did not involve any investor harm or market disruption. The Municipal Advisor last updated Form MA on May 4, 2016.

### **Part C Future Supplemental Disclosures**

As required by MSRB Rule G-42, this Disclosure Statement may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of Municipal Advisor. Municipal Advisor will provide Client with any such supplement or amendment as it becomes available throughout the term of the Agreement.

Sincerely,

*Estrada Hinojosa & Company, Inc.*

Estrada Hinojosa & Company, Inc.