

DAILY BUSINESS REVIEW

DEALMAKERS

Attorneys complete rare IPO for bank with acquisition plans

Dealmakers: Michael Mitrione, David Scileppi and Marybeth Bosko

The Deal: The Gunster attorneys represented 1st United Bancorp in helping the Boca Raton-based parent of 1st United Bank complete an \$80.5 million public offering of common stock.

Details: "Obviously, in the banking environment right now, it's very hard to raise capital," Scileppi said. "It's one of the first IPOs for a bank, we believe, in about two years in the country. The industry itself has had such a long run of bad news that this is a great story of a bank that has actually been kept clean with a good loan portfolio."

With many less financially healthy banks, underwriters would have had a much harder time selling such a deal, he said.

The proceeds from the IPO will be used for acquisitions, allowing the bank to expand its footprint while taking advantage of less fortunate institutions that can be purchased at a discounted price.

Mitrione said Florida is among the hardest hit states in the real estate meltdown, which in turn nullified investor interest in the state's financial institutions.

That 1st United was an exception, he said, is a credit to the company's management team, their track record and business strategy.

"If you look at the backgrounds for Warren Orlando, Rudy Schupp and John Marino, the three of them have a history of having done 31 merger and acquisition deals in their lives," Mitrione said. "They obviously had a track record of being able to capitalize in leveraging this additional capital. That's part of the story as well."

The deal took about two months to complete, or about half the time such deals normally take, Mitrione said, because the Securities and Exchange Commission decided not to review the registration statement and the underwriters "were able to garner a lot of interest very quickly."

A lot of interest came from institutional investors, he said.

"More than half of the stock was purchased by institutional funds from around the country," Mitrione said.



MELANIE BELL

Gunster attorneys Marybeth Bosko, Michael Mitrione and David Scileppi helped 1st United Bancorp complete an \$80.5 million public offering of common stock.

Flush with its new capital, Scileppi said one of the first orders of business is to repay TARP funds. Earlier this year, the company accepted about \$10 million from the federal Troubled Asset Relief Program through its Capital Purchase Program.

"That's the first thing they're planning to do with it, provided Treasury gives them permission to repay it," Scileppi said. "But the biggest reason for the capital is to acquire other institutions."

He said the company is in a good position to take advantage of the acquisition market for distressed institutions.

"Pricing right now is really attractive for acquirers and that's really what the impetus was for all of this — to go ahead and potentially buy other institutions," Mitrione said. "Let's not lose sight also of having the capital to support additional lending, which obviously the economy sorely needs right now."

Why the IPO route?

Mitrione said 1st United had done private offerings in the past couple of years to raise capital and to get to the growth levels it has already achieved.

"But the thought was the stock was not fully liquid, was not trading on a regular basis," Mitrione said. "The thought was, if you go to the public capital markets you can then get listed on the Nasdaq global market, which is what we did as a result of this public offering. Now, the stock is quoted in the paper every day, it's traded every day."

The company now can use the stock, the cash or a combination of the two to make acquisitions.

"It just gives the company a lot more flexibility in structuring acquisitions when you have a liquid stock to use as currency," Mitrione said.

Background: Mitrione, a West Palm Beach shareholder, serves on Gunster's board of directors, and led the corporate practice for more than 20 years. Bosko is a Fort Lauderdale shareholder who joined the firm in 2005. Scileppi is a Fort Lauderdale associate who joined the firm in 2003.