

City of Fellsmere, Florida

REQUEST FOR BANK LOAN PROPOSALS:
IN AN AMOUNT NOT TO EXCEED \$3,000,000
TAX-EXEMPT (BQ) BANK LOAN

RFP Issue Date: April 14, 2022
Proposal Due Date: April 29, 2022 @ 3:00 pm Eastern

TABLE OF CONTENTS

A. REQUEST FOR LOAN.....1

B. STRUCTURE OF FINANCING.....1

C. SECURITY FOR THE LOAN.....2

D. ADDITIONAL PARITY DEBT.....2

E. CAPITAL ADEQUACY & YIELD MAINTENANCE COVENANTS2

F. NO ACCELERATION.....2

G. TAX-EXEMPT OBLIGATION.....2

H. DOCUMENTATION.....2

I. PROPOSAL FORMAT – SELECTION CRITERIA4

J. MISCELLANEOUS.....4

K. TENTATIVE SCHEDULE*5

L. RFP INSTRUCTIONS.....6

APPENDICES

Appendix A: Preliminary Loan Principal Amortization

Appendix B: Historical Pledged Revenues

LINKS

City Audited Financials:

<https://www.cityoffellsmere.org/finance/page/audited-financials-0>

City Annual Budgets:

<https://www.cityoffellsmere.org/finance/page/budgets>

A. REQUEST FOR LOAN

The City of Fellsmere, Florida (the “City”) is seeking proposals from qualified financial institutions to provide a tax-exempt fixed rate bank loan (the “Loan” or the “Note”), at the lowest overall borrowing cost, pursuant to certain conditions. The proceeds of the Loan, along with other available funds of the City, if any, will be used to (i) refund the City’s outstanding Capital Improvement Revenue Bond, Series 2008, (ii) refund the City’s outstanding Water Revenue Bond, Series 1993, and (ii) fund the cost of issuance associated with the Loan.

The City shall accept and review proposals from qualified banking institutions. Proposals for a bank-qualified, tax-exempt fixed rate loan should be submitted based upon the proposed financing structure below. The City will select the bank financing that provides the lowest overall borrowing cost to the City and meets the financing requirements of the City. Hilltop Securities Inc. (“HilltopSecurities”), Orlando, Florida, as the City’s Financial Advisor, will be assisting the City with respect to the Loan.

B. STRUCTURE OF FINANCING

| | |
|----------------------------|---|
| Amount: | Not-to-Exceed \$3,000,000 |
| Closing Date: | Expected on or about May 27, 2022 |
| Rate: | Bank Qualified (BQ), Tax-Exempt fixed rate for the entire term of the Loan. |
| Prepayment: | The City requests the ability to prepay the Loan without penalty in whole or in part during the term of the Loan. Alternative prepayment options may be considered. |
| Final Maturity: | December 1, 2038 |
| Interest Payment Dates: | Quarterly on March 1 st , June 1 st , September 1 st , and December 1 st , commencing September 1, 2022. |
| Interest Compounding: | None |
| Interest Day Count Method: | Please specify in proposal |
| Principal Payment Dates: | Quarterly on March 1 st , June 1 st , September 1 st , and December 1 st , commencing September 1, 2022. |
| Debt Service Structure: | See preliminary principal amortization schedule in Appendix A. |

C. SECURITY FOR THE LOAN

The Loan will be secured solely by Pledged Revenues, which include (i) Half-Cent Sales Tax Revenues and (ii) Public Service Tax Revenues (levied on the sale of electricity, potable water, and metered natural or bottled gas within the corporate limits of the City). The Loan will not be secured by a debt service reserve fund.

Upon the closing of the Loan, and the refunding of the Series 2008 and Series 1993 Bonds, the Loan will be the only obligation outstanding secured by the Pledged Revenues.

See Appendix B for historical Pledged Revenues.

D. ADDITIONAL PARITY DEBT

The City will not accept proposals that require the Bank's approval before additional debt may be issued. Additional parity debt may be issued if the Pledged Revenues during the most recent fiscal year in which audited financial statements are available are not less than 125% of the maximum annual debt service on all parity debt including the debt to be issued.

E. CAPITAL ADEQUACY & YIELD MAINTENANCE COVENANTS

The City's preference is not to include these provisions within the Loan. Should the Bank require any provisions whatsoever that would create the ability for the Bank to increase the rate on the Loan to the City, please provide the required provisions. Any provisions that allow for an increase of the rate on the Loan due to a determination of taxability shall only be as a result of action or inaction of the City.

F. NO ACCELERATION

The Loan will not be subject to acceleration of principal under an event of default.

G. TAX-EXEMPT OBLIGATION

The City will agree to take such actions as may be required by Treasury regulations in order to maintain the status of the Note as a tax-exempt obligation.

H. DOCUMENTATION

Nabors, Giblin & Nickerson, P.A. ("Note Counsel") shall prepare the Note, loan agreement, and other documents to close the Loan. The selected bank will be furnished, without charge to the bank, the opinion of the City's Note Counsel, approving the legality of the Loan together with the closing certificates and documents related to the transaction. HilltopSecurities will also assist the City in meeting its financing objectives.

At the closing of the Loan, the financial institution will be required to make certain certifications, including, but not limited to, signing a closing certificate that:

- a. It is making the Loan for its own account, does not currently intend to syndicate the Loan, will take no action to cause the Loan to be characterized as a security, and will not treat the Loan as a municipal security for purposes of the securities law;
- b. it is not acting as a broker or other intermediary, and is funding the Loan from its own capital for its own account and not with a present view to a resale or other distribution to the public, and currently intends to hold the Loan to the earlier of maturity or redemption;
- c. the Loan will not be used in the future on a securitized transaction and is not a municipal security;
- d. it understands that the Loan is evidenced by a note and the note is issued in a single denomination equal to the aggregate principal amount of the Loan and may not be transferred except in whole and will not be transferred to any kind of trust under any circumstances;
- e. the Loan will only be transferred to a Permitted Lender in whole, in a denomination of not less than \$100,000 (even in whole), with the City's consent. A "Permitted Lender" means any bank, trust company, savings institution or insurance company that is engaged as a regular part of its business in making loans and is authorized to do business in the State of Florida;
- f. the Lender is a bank, trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes, and is an "accredited investor";
- g. It has in its possession or has had access to all material information concerning the security and sources of payment of the Note, and, as a result thereof, is thoroughly familiar with the nature and risks of making the Loan and purchasing the Note. It has been afforded access to all material information and has had sufficient opportunity to discuss the business of the City and the projects financed with the proceeds of the Note, with its officers, employees and others, and has been permitted to make an investigation of the City and its operations. It does not require any further information or data concerning the City. In making the Loan and purchasing the Note, it has relied solely upon its own investigation, examination, and evaluation of the City and other relevant matters, and has not relied upon any statement or materials which have not been supported by its own investigation and examination. It has knowledge and experience in financial and business matters, particularly in tax-exempt obligations, and is capable of evaluating the merits and risks of making the Loan and purchasing the Note and has determined that it can bear the economic risk of making the Loan and purchasing the Note.
- h. it is not funding the Loan for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes;
- i. understands that the Loan is not a municipal security and that, unless otherwise required, no filing may be made with respect to the Loan with EMMA, the Municipal Securities Rulemaking Board continuing disclosure site;
- j. there will be no CUSIPs obtained on the Loan; and
- k. there will be no credit rating obtained on the Loan.

I. PROPOSAL FORMAT – SELECTION CRITERIA

Proposals will be evaluated on the basis of cost and the structure that best meets the financing requirements of the City. Further, the City will accept proposals that provide for the ability to prepay the Loan in whole or in part at any time without penalty, but alternative prepayment options may be considered.

In order to assist the City and HilltopSecurities in reviewing the responses, each proposal should include the following information.

- (1) The legal name of the Bank and the primary Bank contact person(s) (include address, telephone number, and e-mail address).
- (2) A tax-exempt, bank qualified (BQ) fixed interest rate for the full term of the Loan. The proposal shall give a stated time in which the proposed rate will be held as well as the index in which the rate shall be calculated should the stated time elapse. The proposal should acknowledge the preliminary Loan amortization schedule provided in Appendix A, and acknowledge there may be adjustments to the preliminary amortization schedule in order to achieve the desired debt service structure based upon the final interest rate and Loan size.
- (3) Describe in detail all fees and expenses which the City will be responsible to pay to the Bank including its legal counsel. The City has retained the law firm of Nabors, Giblin & Nickerson, P.A. to prepare the Loan documents. The amounts stated in the proposal shall represent the maximum amounts payable to the Bank by the City. All fees and expenses, with the exception of those of Note Counsel and HilltopSecurities, in excess of those stated in the proposal shall be the sole responsibility of the Bank and will not be paid or reimbursed by the City.
- (4) A listing of all conditions, covenants, terms or restrictions, other than those specified in this RFP, which would be included in your commitment to provide the Loan. Certain covenant requirements, including but not limited to cross-default with other City debt, or those that create notice defaults not subject to a cure period, may be deemed non-responsive to this request.

J. MISCELLANEOUS

- (1) The City will not accept proposals with reserve requirements or other restrictions to revenues or requirements to maintain minimum balances in any bank account as a condition for the Loan.
- (2) The City reserves the right, in its sole discretion, to accept or reject any and all proposals, to waive any irregularities or informalities in any proposal or in the proposal process, and to accept or reject any items or combination of items. If the City determines to move forward with the Loan, the award will be to the financial institution whose proposal best complies with the requirements set forth in this RFP and whose proposal, in the opinion of the City and Financial Advisor, is best, taking into consideration all aspects of the offeror's response.
- (3) Changes to this RFP may be made by and at the sole discretion of the City.

(4) The City will not be liable for any expenses incurred in connection with the preparation of a response to this RFP.

(5) All requests for clarification or additional information should be directed to:

City of Fellsmere
Mr. Putnam Moreman, Finance Director,
(772) 646-6304 | financedirector@cityoffellsmere.org

-AND-

Hilltop Securities Inc. | (407) 426-9611
Mr. Joel Tindal, Managing Director, joel.tindal@hilltopsecurities.com

(6) Federal, State, and local laws, ordinances, rules and regulations that in any manner affect the items covered herein apply. Lack of knowledge by the Bank will in no way be a cause for relief from responsibility.

(7) No successful proposer may assign any portion of the contractual agreement between the parties without prior written authorization by the City.

(8) Warranties – The proposer, in submission of its proposal, warrants to the City that it will comply with all applicable federal, state and local laws, regulations and orders in providing the services under the proposed documents.

(9) Public Entity Crime; Florida Statutes, 287.133(2)(a): A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in s. 287.017 for CATEGORY TWO for a period of 36 months following the date of being placed on the convicted vendor list.

K. TENTATIVE SCHEDULE*

| | |
|----------------|---|
| April 14, 2022 | Issue Request for Bank Loan Proposal (RFP) |
| April 29, 2022 | Bank Proposals Due Prior to 3:00 P.M. Eastern |
| May 19, 2022 | City Council Meeting & Recommendation for Loan Approval |
| May 27, 2022 | Closing of the Loan |

*Preliminary/subject to change.

L. RFP INSTRUCTIONS

All bids must be submitted via e-mail (in PDF format) directly to the City with a copy to HilltopSecurities at the e-mail addresses below for receipt no later than 3:00 PM Eastern Time on April 29, 2022:

City of Fellsmere

Mr. Putnam Moreman, Finance Director, financedirector@cityoffellsmere.org

- *With a copy to* -

HilltopSecurities

Mr. Joel Tindal, Managing Director, joel.tindal@hilltopsecurities.com

APPENDIX A
Preliminary Loan Principal Amortization*

| Payment Date | Principal* |
|---------------------|-------------------|
| 9/1/2022 | \$25,000 |
| 12/1/2022 | 36,000 |
| 3/1/2023 | 37,000 |
| 6/1/2023 | 37,000 |
| 9/1/2023 | 38,000 |
| 12/1/2023 | 38,000 |
| 3/1/2024 | 38,000 |
| 6/1/2024 | 38,000 |
| 9/1/2024 | 38,000 |
| 12/1/2024 | 39,000 |
| 3/1/2025 | 39,000 |
| 6/1/2025 | 39,000 |
| 9/1/2025 | 39,000 |
| 12/1/2025 | 41,000 |
| 3/1/2026 | 41,000 |
| 6/1/2026 | 41,000 |
| 9/1/2026 | 41,000 |
| 12/1/2026 | 42,000 |
| 3/1/2027 | 42,000 |
| 6/1/2027 | 42,000 |
| 9/1/2027 | 42,000 |
| 12/1/2027 | 43,000 |
| 3/1/2028 | 43,000 |
| 6/1/2028 | 43,000 |
| 9/1/2028 | 44,000 |
| 12/1/2028 | 45,000 |
| 3/1/2029 | 45,000 |
| 6/1/2029 | 45,000 |
| 9/1/2029 | 45,000 |
| 12/1/2029 | 46,000 |
| 3/1/2030 | 46,000 |
| 6/1/2030 | 46,000 |
| 9/1/2030 | 46,000 |
| 12/1/2030 | 48,000 |

| Payment Date | Principal* |
|---------------------|--------------------|
| 3/1/2031 | \$48,000 |
| 6/1/2031 | 48,000 |
| 9/1/2031 | 48,000 |
| 12/1/2031 | 49,000 |
| 3/1/2032 | 49,000 |
| 6/1/2032 | 49,000 |
| 9/1/2032 | 50,000 |
| 12/1/2032 | 50,000 |
| 3/1/2033 | 51,000 |
| 6/1/2033 | 51,000 |
| 9/1/2033 | 52,000 |
| 12/1/2033 | 37,000 |
| 3/1/2034 | 37,000 |
| 6/1/2034 | 38,000 |
| 9/1/2034 | 38,000 |
| 12/1/2034 | 38,000 |
| 3/1/2035 | 39,000 |
| 6/1/2035 | 39,000 |
| 9/1/2035 | 39,000 |
| 12/1/2035 | 40,000 |
| 3/1/2036 | 40,000 |
| 6/1/2036 | 40,000 |
| 9/1/2036 | 40,000 |
| 12/1/2036 | 41,000 |
| 3/1/2037 | 41,000 |
| 6/1/2037 | 41,000 |
| 9/1/2037 | 42,000 |
| 12/1/2037 | 42,000 |
| 3/1/2038 | 42,000 |
| 6/1/2038 | 43,000 |
| 9/1/2038 | 43,000 |
| 12/1/2038 | 44,000 |
| TOTAL | \$2,787,000 |

*Preliminary and subject to change.

APPENDIX B
Historical Pledged Revenues

| Fiscal Year | Half-Cent Sales Tax | Public Services Tax | Total |
|--------------------|----------------------------|----------------------------|------------------|
| 2017 | \$398,373 | \$365,280 | \$763,653 |
| 2018 | 415,107 | 399,197 | 814,304 |
| 2019 | 423,876 | 432,049 | 855,925 |
| 2020 | 422,165 | 441,384 | 863,549 |
| 2021 | 493,274 | 452,946 | 946,220 |
| 2022 (B) | 463,127 | 456,964 | 920,091 |

Source: City of Fellsmere, Florida
(B) Budgeted