

# **City of Fort Lauderdale, Florida**

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## **Summary of the Responses to the Request for Proposals**

### **Parking Garage Line of Credit, Series 2017**

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## **REPORT OF THE FINANCIAL ADVISOR**

FirstSouthwest, a Division of Hilltop Securities Inc., as Financial Advisor, assisted the City of Fort Lauderdale, Florida (the "City") in issuing a Request for Proposals ("RFP") for a Non-Bank Qualified Tax-Exempt line of credit in an amount not to exceed \$13 million at the lowest overall borrowing cost, pursuant to certain conditions.

The goal was to obtain the lowest cost of financing to provide partial interim funding for the design and construction of the Las Olas North Parking Structure, a single parking deck with a capacity for 660 plus spaces (including approximately 8,100 square feet of amenities space at the fifth level) to be located on the north side of Las Olas Boulevard. The City is also requesting the ability to prepay the amount drawn in whole or in part, at any time, without penalty or premium. Other prepayment terms may be considered.

On October 25, 2017, the City received a total of eight (8) responses determined to be responsive to the RFP solicitation. The firms that were determined to be initially responsive by the City and are eligible for consideration are:

- Bank United, N.A.
- City National Bank of Florida
- Florida Community Bank, N.A.
- JPMorgan Chase Bank, N.A.
- PNC Bank, N.A.
- Regions Capital Advantage, Inc.
- STI Institutional & Governmental, Inc.
- Wells Fargo Bank, N.A.

Financial Institution	Proposed Floating/Fixed Rate	Closing Costs	Prepay Penalty?	Conditions/Comments
Bank United, N.A.	Fixed ((2 yr. Treasury plus 200 bps) x 0.65) through the draw period ending 9/30/2018; then ((2 yr. Treasury plus 250 bps) x 0.65) from 10/1/2018 to the final maturity in 2020	\$7,500	No	<ol style="list-style-type: none"> <li>1. Fixed rate provided at a rate equal to the 2 yr. Treasury plus 200 bps, multiplied by .65 through the draw period ending 9/30/2018; then 2 yr. Treasury plus 250 bps, multiplied by .65 from 10/1/2018 to the final maturity in 2020.</li> <li>2. Interest calculated on a 30/360 day count basis.</li> <li>3. Pre-payable in whole or in part without penalty or premium with a 7- day written notice to the Bank.</li> <li>4. Event of default shall be the interest rate on the 2017 plus 3% per annum.</li> <li>5. Audited financials due within 180 days of FYE.</li> <li>6. Subject to final credit approval</li> </ol>
City National Bank, N.A.	Variable 1 month LIBOR + 0.555	\$5,000	No	<ol style="list-style-type: none"> <li>1. Variable rate of 1-month LIBOR plus 0.55%</li> <li>2. Loan may be prepaid at any time without penalty.</li> <li>3. Non Utilization Fee of 0.25% annually on unused portion, paid quarterly in arrears.</li> <li>4. Default rate of the higher of the Note Rate + 3% or Prime Rate + 3%.</li> <li>5. Term sheet shall expire on 11/22/17 if not accepted by the Issuer or extended</li> <li>6. Subject to final credit approval</li> <li>7. Anti-dilution test of 1.10x</li> </ol>
Florida Community Bank, N.A.	Fixed Rate 2.81%  Variable 2.09%  85 bps over 1 month LIBOR rate	None	No	<ol style="list-style-type: none"> <li>1. Fixed rate option held until 11/30/17. Variable rate option is indicative as of 10/25/17.</li> <li>2. May prepay and redeem in whole or in part at any time without penalty or premium.</li> <li>3. Audited financial statements due 210 days of FYE. Annual budget within 45 days</li> <li>4. Default rate of interest shall be the lesser of 5% points of the Bank's Prime Rate or interest or the maximum legal rate at the time of the Monetary Default.</li> </ol>
JPMorgan Chase Bank, NA	Variable 70% of 1 month LIBOR + 85 bps	\$6,600	No	<ol style="list-style-type: none"> <li>1. May be prepaid in whole or in part, without premium or penalty, on any LIBOR Contract Renewal Date. Any payment date other than provided is subject to breakage costs.</li> <li>2. Unused fee of 25 bps, based on Actual/360 day.</li> <li>3. Claw back provisions for protection against the possibly of the interest rate payable on the Facility exceeding the maximum rate permitted or the maximum rate provided for the Facility.</li> <li>4. Default rate of Base Rate + 4.00%</li> <li>5. Rate Covenant of 1.25x on parking revenues</li> <li>6. Audited financial statements within 210 days of FYE.</li> <li>7. Tax Gross up provisions</li> <li>8. Subject to final credit approval.</li> </ol>
PNC Bank, N.A.	3 yr. & 1 yr. Line of Credit Option  Variable 3-yr. Option 70% of 1 month LIBOR + 48 bps  1-yr. Option 70% of 1 month LIBOR + 32 bps	\$9,500	No	<ol style="list-style-type: none"> <li>1. Prepayment at any time without penalty - 5 days notice, must be made on a reset date.</li> <li>2. Unutilized fee will be paid quarterly in arrears at 12 bps on a 30/360 basis</li> <li>3. Default rate of Prime + 3.00%</li> <li>4. Yield protection provision</li> <li>5. Annual audited financial statements due within 210 days of FYE</li> <li>6. Proposal expires on 11/22/17</li> <li>7. Subject to final credit approval</li> <li>8. City must provide Bank with mathematical demo of anti-dilution test</li> </ol>

<b>Regions Capital Advantage, Inc.</b>	<p><b>Fixed</b> <b>1.74%</b> <b>(Indicative as of 10/24/17)</b> <b>65.001% x 3 yr. Swap Rate + 48 bps</b></p> <p><b>Variable</b> <b>1.27%</b> <b>(Indicative as of 10/24/17)</b> <b>65.001% x 30 day LIBOR + 46 bps</b></p>	\$8,500	No	<ol style="list-style-type: none"> <li>1. Fixed rate may be locked in for 30 days upon the receipt by the Lender of a signed formal commitment by the Borrower.</li> <li>2. Subsequent draws will be limited to a maximum of one per month at a minimum of \$250,000.</li> <li>3. Unused fee is waived.</li> <li>4. Default rate of Interest Rate + 6%</li> <li>5. Interest calculated on a 30/360 basis</li> <li>6. Term out option may be discussed as an addition to the term sheet.</li> <li>7. May be prepaid in whole or in part, without premium or penalty.</li> <li>8. An additional \$1,000 in fees will apply if legal work is needed for each draw.</li> <li>9. Determination of Taxability</li> <li>10. Annual audited financial statements due within 180 days of FYE.</li> <li>11. Subject to final credit approval</li> </ol>
<b>STI Institutional &amp; Government Inc.</b>	<p><b>Variable</b> <b>1.251%</b> <b>(Indicative as of 10/20/17)</b> <b>1 month LIBOR + Credit Spread x 67%</b></p>	\$9,500	No	<ol style="list-style-type: none"> <li>1. Unused facility fee equal to 15 bps of the unfunded amount of the Loan, calculated on the basis of actual number of days elapsed and 360 days year payable in arrears.</li> <li>2. Draw minimum of \$250,000 limited to two advances per month.</li> <li>3. Annual audited financial statements within 270 days of FYE.</li> <li>4. Default rate shall be the lesser of Prime plus 8% of the maximum rate allowed by law.</li> <li>5. Yield Maintenance and Taxable Event provisions</li> <li>6. Subject to restrictions on additional parking revenue debt and an anti-dilution test</li> <li>7. Subject to final credit approval.</li> </ol>
<b>Wells Fargo Bank, N.A.</b>	<p><b>Variable</b> <b>67% of 1 month LIBOR + 56 bps</b></p>	\$20,000	Possible – See #8	<ol style="list-style-type: none"> <li>1. Minimum draw amount of \$250,000 with no more than 4 draws during any 30 day period.</li> <li>2. Undrawn fee if waived.</li> <li>3. Corporate Tax Rate provisions</li> <li>4. Actual/360 day count</li> <li>5. Default rate of the greatest of Bank's prime rate + 4.00%; Fed Funds rate + 5.00% or 10.00%.</li> <li>6. Rates increase upon downgrade from current ratings, but they have the wrong Moody's rating listed</li> <li>7. Claw back provisions</li> <li>8. May be prepaid in whole or in part, without premium or penalty, on any LIBOR Contract Renewal Date. Any payment date other than provided is subject to breakage costs.</li> <li>9. Additional bonds test and rate covenant of 1.75x of parking system net revenues</li> <li>10. Subject to final credit approval</li> </ol>

## **ANALYSIS**

An analysis was completed using the proposed interest rates, unused fees and attorney fees contained in each of the eight (8) RFP proposal responses and the following assumptions:

1. Draw Schedule provided by the City
2. Projected 1 month LIBOR interest rates that are based upon the Bloomberg Survey of approximately 70 of the nation's top economists for their most recent opinions on the U.S. economy and interest rates during the first part of October.

Projected Interest Costs							
<u>Financial Institution</u>	<u>12/1/17 to 3/1/18</u>	<u>12/1/17 to 3/1/18</u>	<u>6/1 to 9/1/18</u>	<u>9/1/18 to Maturity</u>	<u>Attorney Fees</u>	<u>Unused Fees</u>	<u>Total</u>
BankUnited	\$13,717	\$31,548	\$49,075	\$147,453	\$7,500	\$0	\$249,292
City National	\$10,662	\$24,524	\$48,816	\$162,704	\$5,000	\$14,339	\$266,046
Florida Community	\$12,452	\$32,068	\$55,217	\$181,937	\$0	\$0	\$281,673
JPMorgan	\$10,237	\$25,945	\$44,093	\$143,704	\$6,600	\$14,339	\$244,918
PNC	\$8,030	\$20,870	\$36,198	\$119,983	\$9,500	\$6,883	\$201,465
Regions Capital Adv	\$7,542	\$19,575	\$33,918	\$112,330	\$8,500	\$0	\$181,865
SunTrust	\$7,464	\$19,464	\$33,851	\$112,448	\$9,500	\$8,604	\$191,329
Wells Fargo	\$8,286	\$21,355	\$36,793	\$121,288	\$20,000	\$0	\$207,722

## **RECOMMENDATION**

Based upon our review of the eligible proposals received in response to the RFP solicitation, FirstSouthwest recommends the proposal from Regions Capital Advantage, Inc. to be the top ranked proposal as it provides the lowest overall costs and the most acceptable terms and conditions. FirstSouthwest would recommend that the City select the parking revenue additional debt covenant (instead of the anti-dilution test covenant) and seek to modify the 180 day audited annual financial statements covenant (change to 210 or 240 days).