



CITY OF FORT LAUDERDALE



November 22, 2019

City of Ft. Lauderdale  
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**Re: City of Ft. Lauderdale, Florida – 2019 Stormwater Line of Credit Financing Request for Proposals for \$70,500,000.**

Good afternoon,

On behalf of The PNC Financial Services Group ("PNC"), attached please find PNC Bank, N.A.'s ("PNC Bank") response to City of Fort Lauderdale, Florida (the "City") Request for Proposals for a Tax-Exempt Floating Rate Bank Line of Credit (the "Line") in an amount not to exceed \$70,500,000. PNC Bank is excited for the opportunity to show support and assist the City in the completion of this transaction.

PNC brings a team-oriented approach to each financing, offering deep industry experience and sound technical expertise. Furthermore, PNC Bank believes in developing full relationships with its clients. We work hard to comprehensively understand our clients' unique financial needs, and leverage the complete capabilities of the bank to respond with thorough, thoughtful solutions.

Once again, PNC is pleased to be able to support the City in this credit financing solution and aims to have the transaction completed in a timely fashion. If you have any questions or need any additional information, please do not hesitate to contact me.

Regards,

Nick Ayotte  
Vice President, Public Finance  
The PNC Financial Services Group  
16740 San Carlos, Blvd  
Ft. Myers, FL 33908  
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## Proposal

### **City of Fort Lauderdale – 2019 Stormwater Line of Credit Financing**

The Lender hereby agrees to extend a Line of Credit (the "Line"), to the City of Fort Lauderdale, Florida (the "City") subject to the terms and conditions set forth in the Request for Proposals (the "RFP") dated November 1, 2019, which is attached hereto and incorporated herein by this reference. By submitting this proposal, the Lender agrees to be legally bound to such terms from the date of this Proposal to the Closing Date of the Line.

#### Interest Rate

The City shall only consider proposals which clearly express the rate of interest and the method of setting such rate of interest and the maximum rate of interest to be charged during the full term of the Line.

#### Interest Rate and Index

A variable, non-bank qualified, tax-exempt rate of interest **during the draw period** equal to \_\_\_\_\_% per annum for the draw period of the Line. Explain the index and formula.

Please refer to the enclosed Summary of Terms and Conditions.

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A fixed, non-bank qualified, tax-exempt rate of interest **during the term period** equal to \_\_\_\_\_% per annum for the term period of the Line. Explain the index and formula.

Please refer to the enclosed Summary of Terms and Conditions.

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#### Cost & Expenses

The Lender shall request the reimbursement of its legal fees in an amount not to exceed \$\_\_\_\_\_.

Please refer to the enclosed Summary of Terms and Conditions.

#### Lender Counsel

The Lender is requested to list the name of at least two firms who may represent it as Lender's counsel.

Please refer to the enclosed Summary of Terms and Conditions.

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The Lender acknowledges that the City reserves the right to reject any and all proposals received in connection with the RFP. The Lender also acknowledges that the City has no responsibility and has no liability whatsoever for any costs incurred by the Lender in preparing or submitting this response.

Respectfully submitted,

PNC Bank, National Association  
[Name of Lender]

By:   
Authorized Officer

Nick Ayotte  
[typed or printed name of officer]

Date: Nov 22, 2019

Address:

PNC Bank  
16740 San Carlos Blvd  
Ft. Myers, FL 33908  
[Address for Correspondence]

Tel.No. 239.437.3736  
[Telephone Number]

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[Fax Number]

Email [nicholas.ayotte@pnc.com](mailto:nicholas.ayotte@pnc.com)

ACCEPTED this \_\_\_\_ day of \_\_\_\_\_,  
2019

CITY OF FORT LAUDERDALE

By: \_\_\_\_\_  
Authorized Officer

This Summary of Terms and Conditions is not a commitment or an offer to lend and does not create any obligation on the part of the Bank. The Bank will not be deemed to extend any commitment to the Borrower unless and until a formal commitment letter is issued. This outline is only a brief description of the principal terms of the suggested loan and is intended for discussion purposes only.

**CITY OF FT. LAUDERDALE, FLORIDA**

**SUMMARY OF TERMS AND CONDITIONS**

**November 22, 2019**

<b>Borrower</b>	City of Ft. Lauderdale, Florida (the "City" or the "Borrower")
<b>Bank</b>	PNC Bank, National Association (the "Bank")
<b>Amount</b>	<p>Subject to formal credit approval and documentation, PNC proposes to provide a:</p> <p><b>Non-Bank Qualified Tax Exempt Floating Rate Line of Credit:</b> Tax-Exempt (NBQ) Floating Rate Non-Revolving Line of Credit for up to \$70,500,000 (the "Line" or "Credit Facility")</p>
<b>Purpose</b>	The proceeds of the Credit Facility will be used to fund borrowing needs of certain storm water improvements of the City and to pay the cost of issuance. This offering is for a private placement on the Bank's balance sheet (no CUSIP number).
<b>Collateral</b>	Security will be a senior lien on Net Revenues from the City's Stormwater System and on senior parity with all other Stormwater System bonds, notes and credit facilities.
<b>Amortization, Interest &amp; Maturity</b>	<p><b>Five-Year Floating Rate Line of Credit:</b></p> <p>The Non-Revolving Draw Period will be 60 months from the Closing Date. During the 60-month Non-Revolving Draw Period, the Five-Year Line will have semi-annual interest-only payments every January 1 and July 1, based on the drawn amounts commencing on the next available interest payment date after the Closing Date (Act/360) which is expected to be Jan 1, 2020. If the first interest payment date preference is July 1, 2020, this can be discussed with the Bank.</p>



**City of Ft. Lauderdale, Florida – Up to \$70,500,000 NBQ Tax Exempt Non-Revolving Line of Credit**  
**Summary of Terms and Conditions**

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Minimum draws amounts will be in no less than \$5,000,000 and in denominations of \$1,000,000 thereafter via a Draw Certificate. Draws are also limited to one draw per month.

**Term Out Period:** At the end of the 60-month Non-Revolver Draw Down Period the outstanding balance will amortize over the succeeding ten (10) years with level debt service at Term Out Pricing (see below). Semi-annual interest payments will remain on January 1 and July 1 and annual principal payments will be on either January 1 or July 1 each year, subject to mutual agreement between the City and the Bank.

**Non-Utilized Fee:** During the Non-Revolver Draw Down Period, the Credit Facility will incorporate a Non-Utilized Fee. Unless at least 50% of the Credit Facility is drawn a non-utilized fee of 10 basis points for unutilized amounts (based on average balances outstanding) will be paid quarterly in arrears.

**Variable NBQ Tax-Exempt Interest Rates (Act/360)**

To provide for optionality, the City can elect either a SIFMA or Effective Federal Funds index for the Line which will remain effective during the entire 60-month draw period.

**Five Year NBQ Tax-Exempt Variable Rate:**  
**SIFMA + 111 basis points**

(or)

**Five Year NBQ Tax-Exempt Variable Rate:**  
**(79% x Effective Federal Funds) + 76 basis points**

**Term Out Pricing**

**Bank Prime Rate + 1.00%.** This formula will remain in effect for the full 10-year Term-Out Period.

**Yield Protection**

If an event of taxability occurs due to action (or inaction) caused by the Borrower, the interest rate charged on the outstanding principal balance of the Line shall, effective as of and after the date of the occurrence of such event of taxability, be increased to, calculated and recalculated at the taxable equivalent rate from the date of the determination of taxability, together with any penalties and other costs incurred by the Bank related thereto.

**Index Floor**

Both SIFMA and Effective Federal Funds indices will have a floor rate of 0.00%.

**Default Rate**

Prime + 3.00% or maximum allowable by law, whichever is less.

**City of Ft. Lauderdale, Florida – Up to \$70,500,000 NBQ Tax Exempt Non-Revolving Line of Credit**  
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**Prepayment** During the Non-Revolving Draw Period, prepayment can be made without penalty. The City must give the Bank written prepayment notice no less than five (5) business days prior to a repayment.

**Covenants** Affirmative and negative covenants will be specified by the Bank for inclusion in the Credit Facility Agreement or Resolution. These include, but are not limited to:

**Rate Covenant:** City must maintain rates and charges of the Stormwater System in amounts sufficient to produce Net Revenues adequate to pay 110% of the annual debt service requirement for each fiscal year.

**Mandatory Take Out:** The City covenants to fully repay all outstanding principal and accrued interest and close the Line if the City issues additional stormwater debt in any capacity.

**Expenses** All expenses incurred by the Bank shall be paid by the Borrower. These include, but are not limited to, fees and expenses of legal counsel (inside and outside) and any other expenses in connection with documenting, closing, monitoring or enforcing the Credit Facility and shall be payable at closing or otherwise on demand. Payment by Borrower of expenses described above shall not be contingent upon the closing of the Credit Facility. Legal fees will be for the account of the Borrower after documentation of the transaction has started. If the City Attorney is comfortable, Mr. Mike Williams of Akerman will serve as bank counsel and review-only fees for the Credit Facility will be no greater than \$12,000. If the City is not comfortable or has conflicts with this request, the Bank will provide an alternative Bank Counsel which may or may not exceed \$12,000.

**Representations And Warranties** The Borrower shall make representations and warranties standard for this type of transaction, in form and substance satisfactory to the Bank.

**Conditions Precedent** Including, but not limited to, the following all of which shall be in form and substance satisfactory to the Bank:

- 1) All documentation relating to the Credit Facility in form and substance satisfactory to the Bank.
- 2) Satisfactory review of other agreements relating to the Credit Facility.
- 3) Evidence that Borrower is authorized to enter into this transaction.
- 4) No material adverse change in the condition, financial or otherwise, operations, properties, assets or prospects of the Borrower.

**City of Ft. Lauderdale, Florida – Up to \$70,500,000 NBQ Tax Exempt Non-Revolving Line of Credit**  
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- 5) No material threatened or pending litigation against the Borrower or additional material contingent obligations of the Borrower.
- 6) Delivery of initial opinions of counsel will be required. It is assumed that future draws of the Credit Facility will not be considered new issuances for tax purposes. If this is correct, subsequent opinions will not be required for each draw. If future draws are deemed to be new issuances for tax purposes, opinions will be required and additional fees paid by the Borrower may apply.
- 7) Payment of all legal fees.
- 8) Via certification of the CFO, the City must provide the Bank with mathematical demonstration of the Rate Covenant annually and based on audited FYE numbers.

**Reporting Requirements**

Annual audited financial statements for the borrower within 210 days of the Borrower's fiscal year end.

Budgets, forecasts and other items as may be reasonably requested by the Bank which are prepared by the Borrower and submitted to the Bank no later than the first day of each Fiscal Year.

**Events of Default**

- 1) Payment default.
- 2) Breach of Representations or Warranties.
- 3) Violation of covenant(s).
- 4) Bankruptcy, insolvency.
- 5) Line documents unenforceable.
- 6) Adverse judgments.
- 7) Change of control.
- 8) Cessation of business.
- 9) Default under Master Bond Resolution and other governing bond documents

Other Events of Default as appropriate. The Borrower shall notify the Bank within 10 days of its knowledge of an Event of Default.

**Documentation**

Resolution and other loan documents in form and substance satisfactory to the Bank must be executed and delivered containing representations, warranties, covenants, indemnities, conditions to

**City of Ft. Lauderdale, Florida – Up to \$70,500,000 NBQ Tax Exempt Non-Revolver Line of Credit**  
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lending, events of default and other provisions as are appropriate in the Bank's opinion and specified by the Bank.

**Governing Law** State of Florida. Consent to Florida Jurisdiction. Waiver of jury trial.

**Indemnification** Standard indemnification of the Bank by the Borrower will apply.

**Underwriting** Should PNC be awarded with this Credit Facility, the Bank requires a minimum of 2 weeks for the formal underwriting process from the appointed date.

**Expiration** This proposal expires December 20, 2019 and the Credit Facility must close no later than this date unless otherwise extended by the Bank in writing.