



TD Bank, N.A.
301 East Pine Street, Suite 1000
Orlando, FL 32801
Tel: 407-622-3563
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Sterling.Harrell@td.com

April 2, 2021

Mr. James Hemphill
Assistant Manager Procurement and Contracts
City of Fort Lauderdale
100 N. Andrews Avenue
Fort Lauderdale, FL 33301

Mr. Sergio Masvidal
Managing Director
PFM Financial Advisors LLC
2222 Ponce De Leon Blvd, 3rd Floor
Coral Gables, FL 33134

Ms. Mara Lugo
Senior Analyst
PFM Financial Advisors LLC
2222 Ponce De Leon Blvd, 3rd Floor
Coral Gables, FL 33134

RE: Request for Proposal for Direct Bank Loan

Dear Mr. Hemphill, Mr. Masvidal, and Ms. Lugo,

In response to the Request for Proposal for the City of Fort Lauderdale, TD Bank, N.A. (the "Bank") is pleased to submit the following proposal to the City of Fort Lauderdale, Florida (the "City").

The structure of the proposed Credit Accommodation is outlined in the attached term sheet which provides a statement of suggested terms, but under no circumstance shall such statement be construed as a complete summarization of terms necessary for consummation of the proposed Credit Accommodation. PLEASE NOTE THIS PROPOSAL IS SUBJECT TO FORMAL CREDIT REVIEW AND UNDERWRITING IN ACCORDANCE WITH THE BANK'S INTERNAL POLICY AND NOTHING HEREIN SHALL CONSTITUTE A BINDING COMMITMENT TO LEND. Further, we expressly advise you that TD Bank, N.A. has not approved the Credit Accommodation. The Bank shall not be liable to the Borrower or any other person for any losses, damages or consequential damages which may result from the Borrower's reliance upon this proposal letter, the proposed Credit Accommodation, the proposed term sheet or any transaction contemplated hereby.

The Bank's Loan Proposal is subject to receipt by the City prior to 1:00 pm eastern standard time on April 2, 2021 and is contingent upon a Loan Closing with mutually acceptable documents between the City and Bank on or before June 3, 2021, unless otherwise negotiated between the Parties.

This letter, including the terms contained within the proposed Credit Accommodation, is delivered to you on the condition that its existence and its contents will not be disclosed without our prior written approval, except (i) as may be required to be disclosed in any legal proceeding or as may otherwise be required by law and on a confidential and "need to know" basis, to your directors, officers, employees, advisors and agents.

We appreciate this opportunity and are delighted to provide this Proposal. We look forward to working with you to successfully complete this transaction. My contact information is noted above.

Very truly yours,

TD BANK, N.A.

By: 
Sterling Harrell
Director

TD Bank, N.A.

TERMS AND CONDITIONS OF CREDIT ACCOMMODATION DATED April 2, 2021 ("Loan")

THIS IS A STATEMENT OF TERMS AND CONDITIONS AND NOT A COMMITMENT TO LEND. ALL CREDIT ACCOMMODATIONS ARE SUBJECT TO FORMAL CREDIT UNDERWRITING AND APPROVAL.

1. Loan

- a) **Borrower:** City of Fort Lauderdale, FL (the "Borrower")
- b) **Facility:** Series 2021: Non-Bank Qualified Tax-Exempt Bank Loan (the "2021 Note")
- c) **Purpose:** The 2021 Note will be issued to (a) provide for a current refunding of the City's outstanding Water and Sewer Revenue Refunding Bonds, Series 2012 (the "2012 Bonds"), and (b) pay the costs of issuance related to the 2021 Note.
- d) **Amount:** Not to exceed \$42,500,000.00 USD
- e) **Security:** The 2021 Note will be a limited obligation of the City, payable solely from and secured by a lien upon and pledge of all Net Revenues of the Water and Sewer System and certain other moneys held under the Resolution. The 2021 Note will be issued on a parity basis with the City's outstanding Water and Sewer Revenue Refunding Bonds, Series 2014; Water and Sewer Revenue and Revenue Refunding Bonds, Series 2016; Water and Sewer Revenue Bonds, Series 2018; and any other Bonds or Alternative Parity Debt hereafter issued.
- f) **Settlement Date:** Estimated June 3, 2021
- g) **Maturity:** September 1, 2031
- h) **Repayment Terms:**

Interest on the 2021 Note will be calculated on a 30/360-day basis and paid semi-annually on March 1 and September 1, commencing September 1, 2021.

Principal on the 2021 Note will be paid semi-annually on March 1 and September 1, commencing March 1, 2022, with final maturity of September 1, 2031 in accordance with the Amortization Schedule attached in Appendix A.
- i) **Interest Rate:** Tax Exempt Non-Bank Qualified (NBQ) Fixed Rate: 1.44%

This rate will be held until a settlement date no later than June 3, 2020 so long as the Bank receives notification that it will be recommended Lender

on or before 1:00PM EST on April 7, 2020.

In the event the selection or closing goes beyond the dates noted above, the fixed interest rate will be determined by mutual agreement between the parties.

j) **Prepayment Provision:**

Option A: At the time of any full or partial prepayment, (i) A "Yield Maintenance Fee" in an amount computed as follows shall apply:

This Note may be prepaid on any Business Day in whole or in part upon thirty (30) days prior written notice to the Bank. In the event of any prepayment of the 2021 Note, whether by voluntary prepayment, acceleration or otherwise, the Borrower shall, at the option of the Bank, pay a "fixed rate prepayment charge" equal to the greater of (i) 1.00% of the principal balance being prepaid multiplied by the "Remaining Term," as hereinafter defined, in years or (ii) a "Yield Maintenance Fee" in an amount computed as follows:

The current cost of funds, specifically the bond equivalent yield for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent yield) with a maturity date closest to the "Remaining Term", shall be subtracted from the "Stated Interest Rate" in effect at the time of prepayment. If the result is zero or a negative number, there shall be no Yield Maintenance Fee due and payable. If the result is a positive number, then the resulting percentage shall be multiplied by the amount being prepaid times the number of days in the "Remaining Term" and divided by 360. The resulting amount is the "fixed prepayment charge" due to the Bank upon prepayment of the principal of this Loan plus any accrued interest due as of the prepayment date and is expressed in the following calculation:

Yield Maintenance Fee = [Amount Being Prepaid x (Stated Interest Rate - Current Cost of Funds) x Days in the Remaining Term/360 days] + any accrued interest due "Remaining Term."

"Remaining Term" as used herein shall mean the remaining term of the 2021 Note.

Option B: Borrower can elect to have a "No Prepayment" penalty associated with 2021 Note by accepting a rate of 1.43%.

Partial prepayments shall be applied in inverse order of maturity, treating scheduled amortization installments as maturities.

k) **Default Rate of Interest:**

The "default rate of interest" shall be six (6) percentage points in excess of the Prime Rate as quoted in the Wall Street Journal. Prime Rate shall have a floor of 3%.

Events of Default: Will include, but not be limited to:

- (1) Violation of covenants.
- (2) Bankruptcy or insolvency
- (3) Payment default.

l) **Late Charges:**

If any payment due the Bank is more than fifteen (15) days overdue, a late charge of six percent (6%) of the overdue payment shall be assessed.

2. **Fees and Expenses:** The Borrower shall pay to the Bank on demand any and all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, court costs, litigation and other expenses) incurred or paid by the Bank in connection with the loan. The City's bond counsel will provide documentation associated with this transaction. Documentation will be subject to the review and approval of the Bank and the Bank's counsel. The City agrees to pay all legal fees and expenses of the Bank associated with the review and closing of this transaction, which costs may be paid with proceeds of the Loan with a maximum amount not to exceed \$12,500. Bank's counsel shall be the following:

Michael Wiener
Holland & Knight LLP
2115 Harden Blvd.
Lakeland, FL 33803
(863) 499-5362

3. **Financial Reporting:**

a) ***Borrower(s) shall furnish the following financial reports:***

<u>Type of Report(s)</u>	<u>Frequency</u>	<u>Due Date</u>
<i>Audited Financial Statements</i>	Annually	Within 270 days after the end of the fiscal year
<i>Annual Budget</i>	Annually	Within 60 days after its adoption

The Bank reserves the right to request reasonable additional financial information to supplement or verify certain financial assumptions or verify the creditworthiness of the Borrower.

4. **Legal Opinion:**

Prior to closing, there shall be delivered to the Bank: (A) an opinion of Bond Counsel acceptable to the Bank covering matters customary for a transaction of this type and nature and which shall, without limitation, opine that: (1) the Borrower is duly formed; (2) all loan documents have been validly authorized and executed by and on behalf of the Borrower, if any; (3) all loan documents are valid, binding, enforceable in accordance with their terms and do not violate any legal requirements, including without limitation, organizational documents, laws and material agreements; (4) the loan and loan documents are exempt from registration and qualification under the Securities Act of 1933 and Trust Indenture Act of 1939, and (5) the interest on the 2021 Note is excludable from the gross income of the Bank. (B) An opinion of counsel to the Borrower in form and substance satisfactory to the Bank.

5. **Financial Covenants:**

All standard covenants and provisions shall be applicable to the Loans, including but not limited to:

Rate Covenant: As fully detailed in the Water and Sewer Revenue Bond Resolution, the Issuer shall fix, establish and maintain such rates, fees, charges and collect such fees, rates or other charges for the product,

services and facilities of its System, and revise the same from time to time, whenever necessary, as always provide in each Fiscal Year, either:

- (A) Net Revenues adequate at all times to pay in each Fiscal Year (1) at least one hundred twenty five percent (125%) of the Annual Debt Service on all Outstanding Bonds becoming due in such Fiscal Year, plus one hundred fifteen percent (100%) of all amounts to be deposited to the Accounts pursuant to clauses (c), (d), (e) and (f) of Section 505 of this Resolution for such Fiscal Year.
- (B) Net Revenues, Impact Fees and Special Assessment Proceeds in such Fiscal Year adequate to pay at least one hundred thirty percent (130%) of the Annual Debt Service on all Outstanding Bonds becoming due in such Fiscal Year plus one hundred fifteen percent (100%) of all amounts to be deposited to the Accounts pursuant to clauses (c), (d), (e) and (f) of Section 505 of this Resolution for such Fiscal Year.

The foregoing covenant may not be amended without the written consent of the Bank.

Additional Bonds Test:

The City may in the future issue one or more series of additional bonds pursuant to the Bond Ordinance on a parity basis, provided that net revenues generated from the System during any 12 consecutive months within the 24 months immediately preceding the date of delivery of such additional bonds are equal to at least 1.25 times the maximum annual debt service on an aggregate basis, or provided that net revenues, impact fees, and special assessment proceeds generated from the System during any 12 consecutive months within the 24 months immediately preceding the date of delivery of such additional bonds are equal to at least 1.30 times the maximum annual debt service on an aggregate basis.

The foregoing covenant may not be amended without the written consent of the Bank.

6. Other Conditions:

- a. No Material Adverse Change to the Borrower.
- b. This Facility shall be on parity with all Senior Bonds without preference to any debt issuance.
- c. If any of the Lender accelerates, Bank will have right to accelerate as well.
- d. The implementation of certain terms, conditions, covenants or other non-material changes to the proposed Credit Accommodation required as part of the Bank's formal credit approval shall be deemed an approval in substantially the form outlined in this proposed Credit Accommodation.
- e. All standard representations, warranties, rights and remedies in the event of default that are acceptable to the Bank.
- f. The loan documents will include determination of taxability language (including retroactive interest, penalties and other fees and costs associated therewith) allowing for a higher taxable loan rate should the IRS deem the Loan to be a taxable facility due to events associated with action or inaction of Borrower.
- g. All legal matters and documentation to be executed in connection with the contemplated proposed Credit Accommodation shall be satisfactory in form and substance to the Bank and counsel to the Bank.
- h. The Bank shall not be required to enter into the proposed Credit Accommodation until the completion of all due diligence inquiries, receipt of approvals from all requisite parties and the execution and receipt of all necessary documentation reasonably acceptable to the Bank and its counsel. Furthermore, certain assumptions are made for this proposal which, if altered, could affect the overall credit approval and or terms of the proposed Credit Accommodation.

Patriot Act Notice. Lender is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56) (signed into law October 26, 2001)) (the "Act") and hereby notifies the Borrower and Guarantor that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower and Guarantor, which information includes the name and address of the Borrower and Guarantor and other information that will allow Lender to identify the Borrower and Guarantor in accordance with the Act.

THIS PROPOSAL IS NOT AND SHOULD NOT BE CONSTRUED AS A COMMITMENT BY THE BANK OR ANY AFFILIATE TO ENTER INTO ANY CREDIT ACCOMMODATION.

Appendix A: Amortization Schedule

3/1/2022	\$1,946,000
9/1/2022	\$1,946,000
3/1/2023	\$1,982,000
9/1/2023	\$1,981,000
3/1/2024	\$2,022,000
9/1/2024	\$2,023,000
3/1/2025	\$2,063,000
9/1/2025	\$2,062,000
3/1/2026	\$2,100,000
9/1/2026	\$2,100,000
3/1/2027	\$2,141,000
9/1/2027	\$2,140,000
3/1/2028	\$2,183,000
9/1/2028	\$2,184,000
3/1/2029	\$2,228,000
9/1/2029	\$2,227,000
3/1/2030	\$2,272,000
9/1/2030	\$2,273,000
3/1/2031	\$2,313,000
9/1/2031	\$2,314,000