



## PROPOSAL LETTER

June 19, 2014

Ms. Gloria Johnson  
Director  
City of Fort Pierce  
100 N US Highway One  
Fort Pierce, FL 34954

Re: Term Loan to The City of Fort Pierce, FI

Dear Ms. Johnson

SunTrust Bank ("*the Bank*") is pleased to consider establishing a taxable term loan in an amount of \$179,229 (one hundred seventy nine thousand two hundred twenty nine dollars) and a tax-exempt term loan in the principal amount of \$3,920,771 (three million nine hundred twenty thousand seven hundred seventy one dollars) to the City of Fort Pierce, Florida (the "*Borrower*") based substantially on the proposed summary of terms and conditions set forth on Annex I attached hereto (Annex I, together with this letter, this "*Proposal Letter*").

**This Proposal Letter is an expression of interest by the Bank in the proposed facilities and should not be construed to be, expressly or by implication, a commitment, an offer, an agreement in principle or an agreement by the Bank to provide the proposed Facility. After the Bank has conducted further due diligence, we may decide to modify the proposed terms and conditions, or we may decide not to provide the proposed Facility.**

This Proposal Letter is not intended to, and shall not create a legally binding obligation on the part of the Bank or the Borrower. This Proposal Letter constitutes the entire understanding between The Bank and the Borrower in connection with the proposed facilities as of the date hereof and supersedes any prior written or oral communications or understandings.

This Proposal Letter shall be governed by the laws of the State of Florida.

If you would like to proceed with this financing, please contact me with your intention by June 20, 2014. If you have any questions in connection with this Proposal Letter or any of the proposed terms and conditions, please do not hesitate to contact me.

Yours sincerely,

Leslie L. Downs  
First Vice President  
SunTrust Bank

ANNEX I

**SunTrust Bank  
Proposed Terms and Conditions**

**THIS TERM SHEET:**

- IS FOR DISCUSSION PURPOSES ONLY**
- IS NOT AN OFFER TO EXTEND CREDIT**
- IS NOT A COMMITMENT TO LEND**
- IS NOT AN AGREEMENT TO ISSUE A COMMITMENT**

**Borrower:** City of Fort Pierce, Florida

**Lender:** SunTrust Bank, or a subsidiary

**Contact:** Leslie L. Downs, First Vice President  
[Leslie.Downs@suntrust.com](mailto:Leslie.Downs@suntrust.com)  
SunTrust Bank  
501 S Flagler Drive Suite 200  
West Palm Beach, FL 33401

**Facilities:** A. Bank Qualified Term Loan in the form of a tax-exempt note (the "Note") issued by a qualifying governmental issuer (the "Issuer"). The Note must be a "qualified tax exempt obligation" under Section 265(b) (3) of the Internal Revenue Code.

B. Taxable Term Loan

**Purpose:** The loans will be used to finish phase 2 of the marina redevelopment project.

**Amount:** A. \$3,920,771  
B. \$179,229

**Terms:** A. Interest shall be payable semi-annually based upon a mortgage style amortization on February 1 and August 1, commencing February 1, 2015 and principal shall be payable semi-annually on February 1 and August 1, commencing August 1, 2017, calculated on the basis of a 30/360 day basis.

B. Interest shall be payable semi-annually on February 1 and August 1, commencing February 1, 2015 calculated on the basis of a 30/360 day basis. Principal payments of \$59,743 shall be payable semi-annually on February 1 and August 1, commencing February 1, 2015

***Security:***

The loans will be secured by a first lien position on revenues of the marina with a back up senior pledge of sales and use tax revenues, collectively, the "Pledged Revenues". Sales and use tax revenues that may be pledged must be in an amount sufficient to the Lender.

**Loan Fee:**

\$1,500

***Interest Rate:***

**A. A fixed rate equal to 3.19%**, the offer of which rate may be locked for no longer than July 27, 2014.

**B. A fixed rate equal to 2.21%**, the offer of which rate may be locked for no longer than July 27, 2014.

If the Facilities are not funded for any reason on or before the expiration of the Rate Lock Period, Lender may, in its sole discretion, offer a new fixed rate and a revised closing date, provided, however, that if the revised interest rate is unacceptable to the Borrower, the Borrower shall not be obligated to proceed with the Facility. Notwithstanding the foregoing, in the event the Facility is not funded for any reason, the Borrower shall be obligated to reimburse any fees and expenses incurred by Lender in connection with the Facility including, without limitation, attorney's fees.

***Maturity Date:***

A. August 1, 2029  
B. February 1, 2016

**Acceptance of Rate:**

To maintain this rate quote, the Borrower must notify the Lender of its acceptance of the general terms and conditions of this Term Sheet before close of business on June 20, 2014 and this transaction must close and fund by July 27, 2014.

**Prepayment  
Alternatives:**

Borrower may prepay the Notes in whole or in part at anytime upon two Business Days' prior written notice to the Lender. Such prepayment notice shall specify the amount of the prepayment which is to be made. In the event of a prepayment of the Note under this paragraph, the Borrower may be required to pay the Lender an additional fee (a prepayment charge or premium) determined by Lender's make whole compensation provision in the loan documents, to compensate the Lender for all losses, costs and expenses incurred in connection with such prepayment. Any partial prepayment shall be applied as determined by Lender in its sole discretion.

At the borrower's discretion the prepayment penalty language may be omitted for an additional 16 basis points added to the loan rate.

**Yield Maintenance**

- 1) The interest rate on the Tax Exempt Note is determined to approximate a particular percentage yield to Lender based in part (among other reasons) upon Federal and State tax laws and regulations currently in effect and assumes that interest on the Note will be fully exempt from Federal and State income taxes. It is the Lender's policy to include language in the loan documents that will assure maintenance of such yield.
- 2) If it is determined that the Tax Exempt Note does not qualify as BQ, the rate will be adjusted to a fixed rate (non-BQ) determined by lender as of the date it is determined that the loan does not qualify as BQ.

**Opinion of Borrower/Note Counsel  
Legal Fees:**

Our proposed Lender's counsel is Michael Wiener and Wanda Wigham at Holland and Knight Law firm in Lakeland and West Palm Beach, Florida.

Fee for borrower's counsel to review documentation prepared by the counsel to the issuer shall not exceed \$8,000.

Borrower agrees to pay all other reasonable fees, charges, expenses and costs in connection with the transaction.

**Governing Law and**

**Jurisdiction:** State of Florida

**Covenants and Conditions**

- A) All matters relating to this loan, including all instruments and documents required, are subject to the Lender's policies and procedures in effect, applicable governmental regulations and /or statutes, and approval by the Lender and the Lender's Counsel.
- B) Borrower shall submit to the Lender annual audited financial statements within 270 days of fiscal year end and an annual budget within 30 days of adoption, together with any other information the Lender may reasonably request.
- C) Borrower shall be required to deliver a written opinion from Borrower's Counsel, in form and substance acceptable to the Lender and Lender's Counsel that all documents are valid, binding, and enforceable in accordance with their terms, that execution and delivery of said documents has been duly authorized, and addressing such other matters as the Lender and Lender's Counsel deem appropriate.
- D) The provisions, terms and conditions contained herein are not inclusive of all the anticipated terms that will be applicable to the credit and do not purport to summarize all of the conditions, covenants, definitions, representations, warranties, but shall include but not be limited to the waiver of jury trial, submission to jurisdiction and venue, events of default, or other provisions that may be contained in documents required to consummate this financing. A payment or covenant default shall be subject to a default rate of the lesser of 18% or the maximum rate allowed by law and not additional draws shall be allowed. All of such terms will be set forth in the final, definitive loan documents, and all such terms must be acceptable to the Lender and its counsel. All matters relating to this loan are subject to Lender's policies and procedures in effect and applicable government statutes and regulations.
- E) Receipt of opinion from Note Counsel in form and substance satisfactory to the Lender, which shall include, without limitation, an opinion that the interest on the Tax Exempt Note is excludable from gross income of the owners thereof for Federal income tax purposes and that the Note is a qualified tax-exempt obligation under Section 265(b)(3) of the Internal Revenue Code.
- F) The Borrower agrees to have the interest payments collected via ACH Direct Debit.
- G) Parity:  
This debt will carry a senior pledge of marina revenues and sales and use tax revenues.

H) Additional Debt

In order to issue additional parity debt secured by sales and use tax, the average net pledged sales tax revenues for the two most recent fiscal years must equal at least 1.25x the projected maximum annual debt service on the existing and proposed debt.

No other debt may be secured by Marina Revenues without the permission of the Lender.

- I) To the extent that the City becomes aware, or the Lender notifies City, that a tax law change is forthcoming that will adversely affect the excludability of interest on the Line from gross income of the Lender, City will draw the remaining amount of the Line as needed to complete the Project. However, if the line is determined to be taxable, no additional advances will be allowed under the line.
- J) The Note would be purchased for the account of the Lender for investment and not with a present view to the distribution, transfer or resale thereof. The Purchaser intends to hold and book the Note as a loan in its loan portfolio. The Lender shall maintain the right to transfer and assign the Bond in whole or in part to accredited investors. Notwithstanding any terms or conditions the Lender will have the right to assign all or a portion of the bond or loan to an affiliate of the Lender in its sole discretion.