

## TERM SHEET

### TERMS AND CONDITIONS OF CREDIT ACCOMMODATION DATED 9/14/2015 ("DIRECT PURCHASE LOAN")

THIS TERM SHEET 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(s): City of Fort Pierce Redevelopment Agency, Florida (the "Agency")
- (b) Guarantor: None
- (c) Facility: Non-Bank Qualified, Tax Exempt Term Loan.
- (d) Purpose: Borrower will use the loan proceeds to refund a portion of its Series 2005 and 2006 Bonds which were issued to acquire and construct community developments including: a Parking Garage, a Human Development Resources Center, Moore's Creek Linear Park, Design of Veteran's Memorial Park, 7th Street Reconstruction, 17th Street Design, Public Road Improvements, Design of 13th Street, Avenue I, Avenue D Community Center & Lincoln Theater (the "Project").
- (e) Amount: Up to \$20,000,000.
- (f) Collateral: The Facility shall be secured by a pledge of the Borrower's gross Tax Increment Revenues for the ongoing debt service payment under the Loan (Gross Pledge of TIF Revenues).
- (g) Maturity: **May 1st, 2031.**
- (h) Repayment Terms: Semiannual interest payments will be payable May 1<sup>st</sup> and November 1<sup>st</sup>, beginning May 1st, 2016 based on a 30/360 basis and annual principal payments on May 1<sup>st</sup> of each year, commencing May 1<sup>st</sup>, 2016, based upon a level payment amortization schedule.
- (i) Interest Rate: **Indicative Tax Exempt Non-Bank Qualified (NBQ) Fixed Rate is 3.20%.**

**Rate Hold Option:** Bank will hold the interest rate for the Loan Facility for Borrower, subject to Borrower's signing of a Rate Lock Agreement, through the expected Closing Date of November 6, 2015. Borrower will be required to sign a Rate Lock Agreement with the Bank.

The quoted fixed rate of interest is based upon the greater of (70% of the prevailing ten (10) year H-15 Swap Rate) plus 165 basis points, or (70% of the prevailing ten (10) year Treasury Rate) plus 167 basis points

as publicized in the following website for September 8th, 2015:

H-15 Source: <http://www.federalreserve.gov/release/h15/update/>

- (j) Prepayment Premium: At the time of any full or partial prepayment, a fee equal to the greater of (i) 1.00% of the principal balance multiplied by the number of years remaining 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 Note rate, or default rate if applicable. 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 scheduled outstanding principal balance for each remaining monthly period of the "Remaining Term." Each resulting amount shall be divided by 360 and multiplied by the number of days in the monthly period. Said amounts shall be reduced to present values calculated by using the above reference current costs of funds divided by 12. The resulting sum of present values shall be the yield maintenance fee due to the Bank upon prepayment of the principal of the loan plus any accrued interest due as of the prepayment date.

"Remaining Term" as used herein shall mean the shorter of (i) the remaining term of this Note, or (ii) the remaining term of the then current fixed interest rate period.

- (k) Late Charge: 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.

- (l) Events of Default: Will include but not be limited to:
- (1) Breach of representation or warranties.
  - (2) Violation of covenants.
  - (3) Bankruptcy or insolvency.
  - (4) Final, non-appealable judgments against the Agency in excess of \$1,000,000
  - (5) Payment default.
  - (6) Long term public debt issuer ratings assigned by Moody's, S&P or Fitch for the City of Fort Pierce falls below Baa2/BBB at any time during the term of the Loan Facility.
  - (7) The Borrower fails to approve a budget in accordance with State law, which levies TIF revenues annually.

- (m) Default Rate of Interest: The "default rate of interest" shall be eight (8) percentage points in excess of the Bank's Prime Rate of interest charged at the time of the event of default.

Bank shall have the right to accelerate for Events of Defaults as a result of i) payment defaults ii) failure to maintain the minimum public debt rating as required under Section (l) above or iii) defaults relating to failure to meet the Financial Covenants under Section 5 hereunder.

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 Borrower's bond counsel will provide documentation associated with this transaction. Documentation will be subject to the review and approval of the Lender and the Lender's counsel. The Borrower agrees to pay all legal fees and expenses of the lender associated with the review and closing of this transaction, which costs may be paid with proceeds of the Loan. Legal costs shall be capped at no more than \$15,000.

Bank Loan Origination Commitment Fee: **10 basis points** of the Commitment Amount.

3. Legal Opinions.

Prior to closing, there shall be delivered to the Bank an opinion of Bond Counsel and /or District 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; and (4) Facility is Non-Bank Qualified Tax Exempt.

4. Financial Reporting:

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

<u>Type of Report(s)</u>	<u>Frequency</u>	<u>Due Date</u>
Audited Financial Statement	Annually	Within 210 days of fiscal year end
Approved Budget	Annually	Within 30 days of approval by City Commission
City of Fort Pierce Public Debt Rating Report	Bi-Annually	Within 210 days of fiscal year end

b) The Bank reserves the right to request additional financial information to supplement or verify certain financial assumptions or verify the creditworthiness of the Borrower and if applicable.

5. Financial Covenants:

A) Agency's Tax Incremental Revenues shall cover the required annual debt service at **1.10x** to be tested annually.

B) Additional Bond Test of **1.50x** for additional debt to be secured by the pledged revenue source.

6. Other Conditions:

- a. No Material Adverse Change to the Borrower prior to closing.
- b. Required loan payments shall be settled via auto debit or via an assigned Trustee.
- c. Borrower shall comply with its Master Original Bond Indenture (wherever applicable).
- d. Documents will include taxability language allowing for a higher taxable loan rate should the IRS

Internal

- deem the Loan to be a taxable facility.
- e. Subject to Borrower providing the Bank with a Certificate at closing attesting that the savings under this refunding will be redeployed to support Borrower's Redevelopment Plan.
  - f. The Borrower shall covenant and agrees that if the Borrower grants to any lender or holder of any indebtedness secured by its TIF Revenues (i) any rights or (ii) any event of default or remedy, that is not already contained in this Agreement, such right, event of default or remedy shall be deemed to apply hereunder as if expressly set forth herein.
  - g. The Facility shall be cross defaulted with all other future Borrower debt secured by Borrower's TIF revenues.
  - h. Borrower to also agree to allocate legally available funds from Unrestricted Funds of the Agency to satisfy Loan Payments in the event that TIF Revenues within the Redevelopment Trust Fund are not available for the timely payment of Debt Service.
  - i. Borrower to agree that TIF Revenues, as being collected, will be set aside immediately within the Redevelopment Trust Fund to service the annual debt repayment of the Bank Loan. Only after sufficient funds have been collected for the annual debt repayment can any surplus fund be used by the Agency for other purposes.
  - j. 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.
  - k. 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.
  - l. 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. The Bank complies with the US Patriot Act of 2001 (the "Act"), including, but not limited to, those sections relating to customer identification, monitoring and reporting of suspicious activities, and the prevention of money laundering. This Act mandates that we verify certain information about the borrower and any guarantor while processing the Credit Accommodation request. Furthermore, certain assumptions are made for this proposal which, if altered, could affect the overall credit approval and or the terms of the proposed Credit Accommodation.
  - m. All other standard terms & conditions

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