

Rebecca Grohall, Planning Director
City of Fort Pierce, Florida
100 N. U. S. Highway 1
Fort Pierce, Florida 34950

Dear Rebecca,

There has not been any public information, at least none that I am aware of, as to how the study committee on the re-location of the waste water treatment facility is progressing.

I would be interested in any progress that can be available to the public as to their progress.

I have been providing, what I hope is, valuable and credible information to you, your department and committee in their quest to find answers and possible solutions as to how to finance this proposed project.

My present interest is as a **citizen** of St. Lucie County to be able to provide decades of experience in the area of municipal and government financing to help, in this case, the City of Fort Pierce with vital information and suggestions as to how to most efficiently and cost effectively manage this project.

I am fully aware of the fact that if the project goes forward that DMFC will need to participate with others in submitting viable proposals for the city's consideration on a competitive nature should the city follow traditional methods for such a development project. However, should the city desire to use our considerable expertise and experience without using the bidding process, that can also be arranged since private investment capitol would be in play and in accordance with the IRS rules and regulations could be set up on a tax exempt basis without the bidding process and a developer/contractor could be selected without the bidding process coming into play. These are, of course, the choices which the city can ponder and decide upon. The more options which the city has to contemplate, we believe, is a plus for the city.

Also, the demolition of the present waste water treatment facility can certainly be included in the total financing package of the entire project.

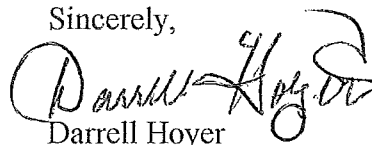
I trust that the vast experience of DMFC has been of great assistance to the committee's investigation. We look forward to their significant findings and the possible use of our financial expertise and assistance in the near future.

Darrell Hoyer

Diversified Municipal Finance Corporation
"Serving the leasing needs of government for over 40 years"

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Indianapolis, IN 46260
(317) 223-1828
E-mail: hoyerata@aol.com

Sincerely,


Darrell Hoyer

that the feasibility study indicates the availability of those funds.

At funding, 100% of funds are deposited with a Bank Trustee or Escrow Agent

provided that the feasibility study indicates the availability of those funds

At funding, 100% of funds are deposited with a Bank Trustee or Escrow Agent

AT THIS POINT BEGINS A DIVERGENCE IN THE PROCESS

How the funds are disbursed in order to complete the facilities needs to be carefully considered

The government entity seldom will have the experience to direct and control a project of this type from start to finish. They are totally reliant on the contractor/Construction Manager, and the Architect/Engineer for guidance as to how and when funds should be disbursed.

Although these professionals have an excellent background in their field, only the contractor can be held accountable for the final costs and completion date.

It is the rare professional that can state "I have acted as a developer on similar projects that have been successfully completed within budget and on time."

The bond buyers have no input into the disbursement process.

By assuming the position of a developer/landlord, DMFC also assumes the responsibility to complete the project on time and in budget.

For over 50 years DMFC has acted as the landlord/developer on many projects structured under the 'build to suit' or lease/rental scenario. DMFC controls the flow of funds and makes certain that the contractor does not draw funds beyond those actually earned. Because we have lengthy experience in this process we have no qualms in exercising the old adage: "He who has the gold makes the rules".

A government entity is unable to take that position.

IN SUMMARY: The Revenue Bond process and the lease/rental process are parallel in their outcome until it comes to the point of disbursing the funds and completing the project on time and within budget.

It is at that juncture that DMFC's many years of experience of funding and managing these types of projects becomes the real asset and a paramount reason to use our lease/rental approach to this project.

A NEW AND RELOCATED SEWAGE DISPOSAL FACILITY

REVENUE BONDS

Government entity has a study done to determine the availability of usage fees to support debt payments, or, in the process, determines what usage fees would be required to retire the debt issue.

Entity selects a design-engineering firm to design an environmentally compliant facility to meet not only current needs, but some reasonable future needs by ready expansion of the base facilities. Design would also include needed underground lines needed to redirect effluent to the new facilities.

Entity complies with state laws as relates to the acquisition of public-use projects which usually involves the publicly advertised construction bidding process with an award to the lowest and best bidder or a selected Construction Manager. Recently, some consideration can be properly given to Construction Management.

Entity negotiates the size and terms for the purchase of the revenue bonds by a municipal bond buyer. All fees and charges are divulged that go into the sizing of the bond issue. What may not be disclosed is that the bond buyer may resell the bonds at a premium of 1% or 2% which reduces the yield to the end buyer and increases the profitability to the initial municipal bond buyer.

Often the entity can be aware that such a premium has been charged by carefully considering the premium that will be charged for paying off the bonds as well as the length of time a premium will be applied.

Interest paid on bonds is tax exempt to the bond purchasers.

No debt is created. Any requirements for payment on the bonds is limited to the revenues derived from the project provided.

LEASE

Government entity has a study done to determine the availability of usage fees to support debt payments, or, in the process, determines what usage fees would be required to retire the debt issue.

Entity selects a design-engineering firm to design an environmentally compliant facility to meet not only current needs, but some reasonable future needs by ready expansion of the base facilities. Design would also include needed underground lines needed to redirect effluent to the new facilities.

Entity complies with state laws as relates to the acquisition of public-use projects which usually involves the publicly advertised construction bidding process with an award to the lowest and best bidder. DMFC will consider a qualified Construction Manager if they are 'at risk' for the total cost of construction and will also guarantee a fixed delivery date along with providing a 100% performance and payment bond.

Entity negotiates the size and terms for a rental/lease agreement between the entity and Diversified. All fees and charges are divulged and the recovery rate used is based entirely on the market rate for the bonds without consideration of a premium when paid.

DMFC option to purchase carries no pay off premium, can be exercised after the 3rd year, and is based on a straight amortization schedule as though a mortgage were involved.

Interest paid on lease participation certificates issued by Diversified are tax exempt.

No debt is created. Any requirements for annual rental/lease payments is limited to the revenues derived from the project.

Rebecca Grohall, Planning Director
City of Fort Pierce, FL.
100 N. U.S. 1
P. O. Box 1480
Fort Pierce, FL. 34954-1480

Dear Rebecca,

In the news this last week or so, a story regarding the relocation of the Fort Pierce Waste Water Treatment Facility seems to be moving toward a possible resolution with the appointment of a committee to develop an estimate of expenses, establishing general financing policies, updating and adjusting relocation cost, and exploring and pursuing different funding mechanisms.

I represent a company which has been developing and financing government (municipal) projects for over 50 years. In the succeeding communication herein you will find information about P-3's, a draft of an RFP, and a partial company brochure.

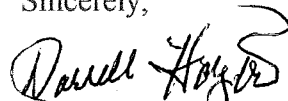
Diversified Municipal Finance Corporation is delighted to share this information which may assist the ad hoc working committee in its efforts to arrive at working solutions to relocate the waste water treatment facility.

Within this communication is a P-3 plan of how to proceed with a "design build" facility using a tax exempt financing plan. Today's financing interest rates for tax exempt funding is 3.5% or thereabout. If that interest rate is applied to the anticipated cost of the project (which I saw in the article at about \$108,000,000) over a 30 year period, an annual debt service figure could be calculated.

DMFC would be very interested in assisting Fort Pierce in this endeavor. DMFC, as you will see in the attending communication, would secure the total amount for the project prior to the beginning of the construction, place the funds in escrow to generate whatever interest was available, guarantee a maximum project price, and oversee that the project was completed on budget and within the time frame scheduled for the project.

DMFC has present commitment from its investment partners that funds for this project are available whenever that moment arrives.

Sincerely,



Darrell Hoyer, Associate
Diversified Municipal Finance Corp.

P.S. Joe Vaughn, President of DMFC, is also an SEC Registered Municipal Advisor-#866-00970-00 and would be available to assist the ad hoc committee and others.

February 2, 2016

USING PUBLIC-PRIVATE PARTNERSHIPS (P3) FOR PUBLIC USE
PROJECTS

If you are a 'public body' as we have defined it on the following pages, and have an outstanding Request for Proposals, a Request for qualifications, or are considering soliciting responses for a facility to be used by you exclusively, or combined with commercial development, then the following information could assist in securing the most transparent and cost effective project for your use.

The suggestions and techniques found in the following paragraphs have been developed over the more than 50 years that Diversified Municipal Finance Corporation has been providing 'off-ledger' financing to government bodies. The process predates, but is now included, in most P3 legislation.

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Definition of a 'Public Body'

Our definition of a public body would be an entity that has been created under the codes and statutes of the state jurisdiction where they are domiciled or an authorized subdivision of such a described entity. Villages, Towns, Counties, States, School Corporations, Port Authorities, Library Districts, Airport Authorities, Redevelopment Authorities and other similar agencies would be considered 'public bodies'. If they are authorized by the documents establishing their existence, to issue debt for their purposes, then IRS would consider the interest on those financing instruments issued for their own purposes as tax exempt.

Projects generating income like parking garages, student housing projects, marinas, and certain airport projects may also be considered public use projects and when there is sufficient net income, annual payments on the transaction may be limited to only project revenues without any financial commitment from the acquiring public body.

Why use P3 instead of a Traditional Project Acquisition Process?

A process for acquiring public-use projects, not necessarily known as a P3, has been in use for at least the 50 years that we have been in business. If the use of the P3 process is only to avoid creating a 'debt' then an annual lease with the proper verbiage will accomplish the same 'debt' avoidance with the option to include both the design and build aspects without some of the shortcomings of the P3 process.

A careful reading of P3 enabling legislation would suggest that the process was not specifically designed for acquiring public use projects. Although

using a P3 for that purpose is not illegal, it does not provide the transparency, lower tax exempt rate applications, and the positive control over a project that the traditional method would accomplish.

The traditional method of acquiring a public use project provided the most transparent process because it begins with the public entity engaging an Architect, and after approved plans and specifications are available, publicly advertise for a construction contract, and then awarding it to the 'lowest and best bidder'. Once the construction costs were known the bond issue can be sized and tax exempt bonds issued to provide the needed funding.

Pressure from various professional organizations has allowed modification of the traditional project delivery system. The use of a 'design-build' process allows an Architect and Contractor team to be selected through a request for qualifications process. ***The process does not require public bidding of the construction.** Design-build has evolved further into the P3 process where a developer is selected often without knowing the full project parameters or the actual costs to the entity. Another modification is the use of 'Construction Managers'. That process can be effective but unless the construction manager is 'at risk' for a guaranteed amount, there are almost always cost overruns.

The costs of a P3 are not usually known until the fiscal body of the entity is asked to approve the terms and conditions of the transaction.

Published instances exist where projects were rejected during the final analysis of the transaction terms and conditions. At that point it was determined that the projected costs and a

and a decided lack of transparency were not acceptable to the fiscal body.

A great deal of time and effort can be expended by all parties before the final decision point is reached.

Appropriate use of a Public-Private-Partnership

It is our opinion that the best application of the developer driven P3 process is to provide public bodies with a means of developing their unused lands without the necessity of entering into a separate land disposition process. The intent of that P3 process should be to select the most qualified developer who would propose the most suitable commercial project that benefits the community by providing a productive use of unused lands.

The land owning entity should expect to receive an ongoing cash flow from one, or more, of these sources: ie. ground rental, real estate taxes, income participation agreements, or in some cases, a limited partnership with a qualified developer where the land is made available in return for the partnership interests.

Certain projects that will use taxpayer generated funds are better financed by using tax-exempt rates because it results in lowered costs for the funding and a resulting lower cost to the taxpayer. Clearly, those facilities would be: City Halls, Libraries, Schools, etc.

Some projects that develop a cash flow might also be considered 'public use projects' even though charges might be made for their use. Those projects include, Marinas, Parking Garages, and even Student Housing.

For instance, a private developer of student housing would need to pass through the additional taxable interest cost and in many cases, the additional cost of real estate taxes. If a leasing

or rental program involving the school is used, it would not be necessary to charge somewhere between \$150 and \$250 per month in order to cover the taxable rates and the real estate taxes.

Even with other revenue projects the private developer P3 must charge revenues adequate to meet his debt service and operating expenses. Again, those charges must be reflected in the increased user charges.

Over its lengthy time in business, DMFC has developed, or financed through the use of leasing agreements, all types of public use projects. We use a process that allows the cost recovery payments to be calculated using interest rates comparable to tax exempt rates and can use legal language that restricts the rental payments to 'project revenues', 'annually appropriated fund', 'availability payments', as well as some other language limiting the payments to specified sources.

Are there cost savings to using a P3?

If a P3 is used for a public use only project, it is doubtful that any savings will be accrued if for no other reason than the cost differential between conventional and tax exempt rates that must reflect in an increased annual cost.

The P3 could also be more costly because of developer profits, both at inception and during the life of the transaction. Another consideration would be if the developer envisioned project actually meets the requirements of the government entity.

When eventually approved, will there be a competitive amount charged for the construction? Is there a termination charge if in the future the entity was not satisfied with the facility man-

agement? The many open-ended aspects of a private developer P3 raises questions about any perceived savings to the entity, and ultimately, to the taxpayers of the jurisdiction.

If the P3 is used for developing a project other than a public use project, cost savings would be the least of the considerations. A properly crafted RFP/RFQ will allow the government entity to select a well qualified and experienced developer to own, design, construct, finance and operate a commercial project. It is in the best interest of the developer to propose a project that would be competitive in the market since he would have to make a profit and recoup his costs from the project revenues without any government funding or guarantees.

The public entity should reserve the right to review and approve all plans, specifications, and establish covenants that restrict the use of the land to the proposed development.

What P3 structure meets the expected requirements?

The most basic structure would be a long term rental/lease agreement with payments subject to the 'availability of legally appropriated funds', 'availability payments', or a one year lease with numerous options to renew each year on the same terms and rental amount for up to 30 years.

The rental agreement must provide an option to purchase any improvements during the term of the agreement with an amount based on an amortized balance of the original, approved, recovery costs with no penalties.

If a Ground Lease is used to make the land available, it should be made clear that the leased lands are not subordinated to the Facilities Lease or pledged to any financing agreements. The Ground Lease should also clarify that

the improvements become the free and clear property of the entity upon expiration of the Ground Lease term or upon exercise of the Option to Purchase with no additional payments required for the transfer of ownership. .

Differing arrangements can be considered and negotiated if the proposed transaction is a private use, commercial project.

Are there reasons other than 'debt avoidance' to use a P3?

It is our opinion that the only reason to use a developer driven P3 approach is to create a financing mechanism that avoids a transaction being considered as a 'debt' for accounting purposes.

Using the previously discussed lease or a year to year rental agreement, with appropriate language, the transaction should be treated as a 'current obligation' rather than a 'debt'. A knowledgeable landlord should be able to apply the tax-exempt benefits and the entity would not lose control over the facilities.

What would be the Recommended Approach that would best benefit us?

During the early planning stages of a project, consideration needs to be given to; 1) will this project be a public use project as defined above; or, 2) will it be a commercial project. **Our following guidance is given solely for the acquisition of a public use project.**

We believe that a modest modification to the traditional approach to acquiring a project provides the most transparent and cost effective method of project acquisition.

First, either through a published Request for Qualifications, or through the

negotiations, select a potential Landlord who has extensive experience dealing with providing government facilities.

Second: The response, or negotiations, should clarify their position on; 1) the willingness to provide 100% of the financing needed for the project even if the design and construction elements are selected by the entity; 2) the need to use an unsubordinated Ground Lease; 3) Select a Designer/Architect either through a Request for Qualifications or by negotiations with a person, or company, having an established reputation for cooperating with government bodies in providing planning and design meeting all of the building requirements established by the entity.

Third: After the plans and specifications have been approved by the entity, advertise for bids on the construction of the facilities. There are questions in addition to the cost that should be answered in the bidding process. 1) The ability of the bidder to provide a 100% Performance and Payment Bond' 2) The ability of the bidder to provide, and maintain during the construction period, Builder's Risk Insurance, Liability Insurance, and Workmen's Compensation Insurance; 3) agree that 10% will be held back each month based on a requested construction requisition; 4) provide a comprehensive plan utilizing Historically Underutilized Businesses (HUB) committed to at least 22% of the contract dollars to subcontractors and suppliers; and, **5) expressly agree to enter in to a guaranteed maximum price contract that precludes contractor change orders and guarantees a delivery date certain.**

The Architectural and Construction Contract would be entered into with the selected Landlord who will fulfill the terms of the contracts.

DMFC is a well qualified and experienced Landlord that can provide all of the needed funding and, if desired, assemble a team that would include the design team as well as a contractor with the ability to construct and deliver the completed project.

The '*turnkey*' approach, as herein described, closely resembles a **design-build** which has been used for a number of years. Although the project delivery time might be compressed by using the turnkey process, there can be a resulting loss in transparency.

Can the Potential Annual Costs be Estimated?

Although actual costs cannot be determined until the parameters of the project have been determined, an indication of how a Landlord/Developer would develop his basis for recovering the project costs can be determined by requiring a process used when sizing a municipal bond issued.

The sizing of a bond issue would normally include the cost of design, construction, land (if not owned), bond and marketing fees, bond counsel and other legal costs, interest during construction, and any other costs associated with completing the project for use.

A developer/landlord might use different categories that would include: mortgage payments, return and recovery of invested equities, landlord fees and profits, lender construction, permanent loan fees, interest accrued during the construction period, security deposits, advance rental payments, legal, accounting, and any other costs.

In order to develop a point of comparison, we will establish an arbitrary 'base' cost of the land, design, construction of \$20MM to be used as a guide. The responder could be required to use that basis and provide a

listing and the calculated amounts needed to develop his Cost of Recovery (CRA).

The response would also include what the respondent expects to apply as the recovery rate over a 30 year term.

□

For instance, the calculated CRA might be \$23.2MM using the base of \$20MM. If a taxable rate of 5.5%, and a term of 30 years were applied, an annual payment amount would be estimated at \$1.6MM. The current tax exempt rate for "AA" rated municipal bond issue is about 3.4%.

A simple computation of applying 2% to the CRA shows the annual cost differential between using taxable and tax exempt rate at about \$465K per year which must be made up by the taxpayers.

The calculation of estimated payments would disclose the expected CRA recovery rate and allow a comparison between other respondents as well as provide a checkpoint when compared to current tax exempt bond rates.

Usually an RFQ/RFP is worded in such a way that the public use project secured through the process can not benefit from tax exempt funding.

What can be done if we have already published an RFQ/RFP?

If responses to a published RFP/RFQ for a mixed-use project are pending receipt you can Issue an Addendum to the RFP/RFQ that would clearly separate the public use project from the commercial sections of the project.

Language in the Addendum should allow a respondent to reply only on the public use portion, only on the commercial portion, but if they elected to do so, respond on both projects. This would allow a developer/landlord to respond on the projects where they believe themselves to be best qualified.

Initial responses do not disclose anticipated annual costs because the scope of the project has not been determined and no costing information is requested by language in the RFP/RFQ. However, there is no reason that a respondent to a RFQ/RFP cannot be asked to provide the answer to the CRA determination and the rate he would currently use so that a response can be compared with other respondents and current tax exempt rates.

A response can be required that provides the CRA, rate, and projected payment requested in the previous section

Diversified Municipal Finance is able to provide qualified and effective Landlord services anywhere in the United State.

We welcome your inquiries and request which you either place us on your listing for future projects, or if you have projects pending, or provide us with a copy of your Request for Proposal or Request for Qualifications. We are prepared to serve your needs promptly and efficiently.

By request we can provide a sample Request for Proposals enabling the Landlord selection. We can also provide you with a sample Addendum for either separating mixed-use projects or for obtaining the expanded response from selected finalists so that potential costs can be compared and evaluated. Please contact us so we can be of service:

Darrell Hoyer
Regional Vice President
1528 Mockingbird Circle
Port St. Lucie, FL 34986
Tel. (317) 223-1828
email: divmunifinance@gmail.com

DRAFT OF: AN “RFP” PROPOSAL

The following format in the succeeding pages would be used by an entity who would be contemplating a “P-3” public use only project that would normally be eligible for tax exempt funding if done in the traditional manner.....

Diversified Municipal Finance Corporation
H. J. Vaughn, President
Email: divmunicfinance@gmail.com
Cell: 317-733-3694

Darrell Hoyer, Associate
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1528 S. W. Mockingbird Circle
Port St. Lucie, FL 34986

REQUEST FOR QUALIFICATIONS AND PROPOSALS FOR A LONG TERM RENTAL/LEASE AGREEMENT

DEVELOPMENT OF A NEW _____

_____, 201__

(A) PURPOSE

_____ (the "Tenant") is seeking proposals from a qualified individual or firm (*or team of firms lead by a qualified Landlord --If the entity desires a design-build-lease response*) acting as the Landlord on a long term (as long as 30 years) net rental/lease agreement to be structured in conformity with current state laws regarding P3 (Public-Private-Partnership) and codes and statutes. The Tenant reserves the option to select the design firm and the contractor. The Landlord will be expected to honor those agreement and expend the necessary funds for all financing, design, and the construction amount approved in order to provide the Tenant with a new _____ Facility on the proscribed lands (together, the "Project").

The Project is to be located on the lands described on the attached Exhibit "A" (the "Land") which are presently owned by the Tenant, or under option to purchase by the Tenant, that If under option, the Landlord shall pay the option price for the lands and will take fee title. If the lands are owned by the Tenant, the prospective Landlord will be required to enter into a long term unsubordinated net Ground Lease. The Project to be developed will be utilized by the Tenant for its _____. It is expected to be designed to accommodate (# of employees) _____. The square footage requirements is estimated to at _____ square feet. The amounts are subject to change after the plans and specifications are fully developed.

At this time, the Tenant expects to select and guide the Architects and Engineers for the Project and then publicly bid the construction. The Tenant reserves the right to issue a timely Addendum to this Request for Proposals that would allow the use of a design-build team proposed as a portion of the Landlord response. The contractor selected by either method must enter into a Guaranteed Maximum Price Contract and provide a 100% Performance and Payment Bond issued to the benefit of agencies designated by the Landlord.

Semi-annual payments from the Tenant as payments for the improvements will be paid solely from funds to be annually appropriated and legally available to the Tenant. No installment payments on the Project shall be due and payable from the Tenant until the 1st of the ____ month from the date the Landlord funds the project unless construction is not completed. If there is a construction delay, the first payment will be extended for a period equal to the delay so that it is no less than ____ months from the date the improvements are accepted by the Tenant.

IMPORTANT: Please note that the Tenant's financial commitment to this project will be based on annual appropriation action by the Tenant and only from legally available funds. There can be no guarantee that such funding would be available in the future. The Landlord must provide its own financing arrangements and provide evidence that such funding is available. The Tenant will not issue any type of bonds or financing to assist in financing this project, however, they will, if appropriate, execute Ground and Lease Agreement with a term of up to Thirty (30) years.

(B) **ISSUING AND RECEIVING OFFICE**

Copies of this Request for Proposal may be obtained from the following address:

Qualified individuals, firms, teams of firms are encouraged to submit five printed copies of responses to this Request for Proposals, along with an electronic copy, to the Purchasing Department before 3:00 p.m. E.D.T on _____, 2016.

(C) **INTENT AND PROJECT SCOPE**

The funding to be provided by the Landlord for the project shall include the finalized costs of design, construction and financing that provides the Project to the Tenant in a ready to occupy and utilize condition. The design to be obtained, or approved, by the Tenant shall meet all requirements of the ADA (Americans with Disabilities Act), (*any other known codes or conditions would be inserted here*) and all other building and environmental requirements of the Tenant, County, and State. The Tenant shall provide a Phase #1 Environmental Review. If remediation is required, that cost shall also be included in the Landlord's Recovery Costs. The Landlord, through the Contractor and various vendors, will provide the normal warranties expected on similar projects.

If the Land is currently owned by the Tenant, it will be made available to the Landlord through an unsubordinated Ground Lease and upon either exercising an agreed upon Option to Purchase or the fulfillment of all of the rental/lease terms, the ground lease will terminate and the Tenant will own the Improvements free and clear of any liens or encumbrances other than possible easements.

If the Tenant assumes a land Option to Purchase and takes fee simple title, then either upon the exercise of an agreed upon Option to Purchase, or fulfillment of the rental/lease agreement terms, the Land and the Improvements shall be conveyed in fee simple title to the Tenant with payment of \$1.00. The Lease Agreement must include an Option to Purchase at any scheduled semi-annual payment any time after the 3 full years of lease payments have been made. In your response provide the methodology you will propose using for determining the Option price

(D) **OPERATIONS AND MAINTENANCE OF THE FACILITY**

The Tenant will operate, maintain, staff and manage the facility. All operational costs, taxes, maintenance, repairs, replacements and management shall be the responsibility of the Tenant after acceptance of the improvements.

(E) **RFP SCHEDULE**

The following are key dates related to RFP advertisement, deadline for submission of responses, evaluation and selection process:

Publication of RFP Notice	_____	20__
RFP available from Purchasing Department	_____	20__
Deadline for submission of RFP	_____	20__
Evaluation and selection process completed and contract negotiated	_____	20__

(F) **PROJECT SCHEDULE**

The following are target related to the completion of the project:

Schematic Design _____, 20__

Cost Projections _____, 20__

Present to _____
For: Approval of Lease Agreement and
& other Documents _____, 20__

Execute and fund Agreement _____, 20__

(G) **SUBMISSION REQUIREMENTS**

The Tenant is not interested in lengthy or elaborate proposals. Your response should be concise, and if possible, vitae should be limited to two pages for the Landlord plus two pages for other firms if use of a team is proposed. However, submissions should be sufficiently detailed to insure that you convey the strengths of the Offeror. A draft of your proposed Ground and Facilities Lease agreements must be a part of the response documentation.

Each Offeror should provide the following information regarding qualifications to perform the project: Provide the relevant experience of the Responder. The minimum requirements for submission are:

(1) The prospective Landlord shall be on record as the Landlord of a minimum of five (5) public-use projects similar to the one sought through this RFP in which the payments have been limited to annual appropriation action and where an unsubordinated Ground Lease was used.

******Optional*****If the Tenant desires a 'turnkey' design-build-finance -- enter a requirement that the responding design firm show that they have successfully designed at least 5 public use projects; and, also require that a responding contractor have successfully completed at least 5 public use projects)*

(2) List any additional qualifying projects that may have been successfully completed that

will further clarify your experience.

- (3) Include a statement summarizing your understanding of the basic program and scope of work
- (4) A detailed description of the timing and methodology for interacting with the Tenant during the entire design and construction process.
- (5) Submit a description of program information, research, technical studies, existing plans and other information that will need to be provided to you.
- (6) Submit a detailed description of the legal structures for this project
- (7) The Offeror shall provide the source of funds for completing the Project by providing evidence of cash available, source of equity funds (if needed), a preliminary commitment letter from a bank, insurance company, underwriter, or investment banking firm indicating their willingness to participate in financing the Project and the expected percentage the financing will cover. The letter should include the expected interest rate and other terms of the financing.
- (8) Include with your response your estimated annual cost recovery payment amount using a 30 year transaction term. First semi-annual payment the 1st of the 24th month from funding, using the following arbitrary figure as the basis for your computations.

Land Acquisition, Construction, demolition, and Architect - \$50,000,000

To this figure disclose and add any Landlord's profit, loan or lender's fees, legal or accounting fees, interest due until the first payment, insurance during construction, security deposits, prepaid rentals, and any other costs needed for calculating the semi-annual amount needed to recover the projected costs. Using those accumulated figures as your cost recovery basis, show through a format similar to Attachment", all of your calculations and entries for determining the annual payments indicating the interest rate used for recovery of your costs over the term. If you will be the contributing equity, show the amount of equity to be contributed, the equity recovery rate, and the expected term for equity recovery. Finally, state the total amount to be paid by the Tenant for a 30 year term.

The estimated semi-annual payment is: \$ _____

This information will be used to compare the costs to the Tenant by requiring that all respondents use the same base figure.

The Tenant recognizes that interest rates can be subject to adjustment up to 30 days prior to the funding and start of project's construction and the Offerors shall provide the index as to how the adjusted rate would be determined at least 30 days prior to the closing date. Should the Tenant determine that any increased rate established prior to the actual closing and funding of the transaction would exceed its anticipated annually available funds, the Tenant reserves the right to either negotiate modifications in the proposed agreement or cancel any prospective agreement without any penalty or charge to the Tenant.

(H) **EVALUATION, SELECTION & CONTRACT NEGOTIATION PROCESS**

The Tenant shall compile a list of Offerors that have submitted complete responses to the Request for Proposals before the deadline.

The Tenant will appoint a Committee consisting of at least three persons to evaluate the responses to the Request for Proposals and conduct investigations and interviews (if deemed necessary).

The Committee will review the following information as part of the evaluation, interview and selection process:

- Advertised notice for Request for Proposals
- The Request for Proposals
- Responses to the Request for Proposals
- Blank evaluation sheets (see Appendix A)

The Tenant will use staff resources to the extent necessary to secure any other information deemed important by the Committee. The Tenant will be responsible for all correspondence, notification, and contract negotiations.

The Committee shall conduct the evaluation, investigation, interview and selection process in the following manner:

- (1) Each member of the Committee shall be provided with the information shown above.
- (2) The Committee shall meet in executive session to evaluate the responses to the Request for Proposals and to select and rank three finalists.
- (3) The Tenant shall send a letter to each Offeror to the Request for Proposals with the following information:
 - Identification of the three finalists; and,
 - Summary of the remaining procedures leading to awarding the contract. If two or less than two qualified applicants are identified, they shall all be notified in writing.
- (4) The Committee may request in person interviews, but they are not required to have such interviews. If held, the finalists shall be interviewed one at a time on the same day.
- (5) The Tenant shall send a letter to each finalist with the following information:
 - Notice of final ranking; and,
 - Summary of then remaining procedures leading to awarding the contract.
- (6) The representative, as designated by the Committee, shall then endeavor to negotiate a contract with the top ranked Offeror. Should the representative be unable to negotiate a satisfactory contract with the top ranked Offeror, negotiations will be initiated with the second rated Offeror and then the third rated Offeror.
- (7) Upon successfully negotiating the contract, the Tenant shall send a letter to the other finalists that:

- Identifies the Offeror which has successfully negotiated a contract.

(I) **ORAL PRESENTATIONS**

The Tenant reserves the right during the initial evaluation of proposals to request additional information to clarify any point in any of the proposals and to conduct interviews with any or all Offerors.

(J) **REJECTION OF PROPOSAL**

The Tenant reserves the right to reject any and all proposals received. The Tenant will evaluate all proposals based on the capabilities and experience of each Offeror and does not intend to award a contract solely on the basis of apparent lowest dollars relative to design, construction and/or rental agreement rates.

(K) **PROPOSAL CONFIDENTIALITY**

This proposal shall include data that will not be disclosed outside of the Tenant offices and will not be duplicated, used or disclosed in whole or in part for any purpose other than to evaluate this proposal. If, however, a contract is awarded to an Offeror as a result of or in connection with the submission of this data, the Tenant will not be limited in its right to duplicate, use in any way, or disclose the data. This restriction does not limit the Tenant's right to use information contained in this proposal if it is obtained from another source without restriction.

Information areas which normally might be considered proprietary must be limited to; individual personnel data, customer references, selected financial data, formulae, and financial audits, which if disclosed would permit an unfair advantage to competitors. If a proposal contains information in these areas that an Offeror declares proprietary in nature and not available for public disclosure, each sheet containing such information must be clearly designated as proprietary at the top and bottom of the page and must be submitted under separate cover marked "Proprietary Data".

The Tenant shall have the right to use all system ideas, or adaptations of those ideas, contained in any proposal received in response to this RFP. Selection or rejection of the proposal will not affect this right.

EXHIBIT "A"

Legal Description and description of any existing improvements

EXHIBIT B
EVALUATION AND INTERVIEW SHEETS

EVALUATION OF RESPONSES

OFFEROR _____

*Rating value: 1 (lowest) to 5 (highest)

	<u>*Rating</u>	<u>Weight</u>	<u>Total</u>
(1) Evaluation of personnel	____X	10	= ____
(2) Experience and ability to perform required services	____X	20	= ____
(3) Past performance	____X	15	= ____
(4) Analysis of statements applicable to the project as requested on the Request for proposals	____X	10	= ____
(5) Understanding of project	____X	10	= ____
(6) Financial and legal structure for project	____X	20	= ____
GRAND TOTAL			_____
Projected annual cost recovery payment based on the illustration set out in the RFQ/P			\$ _____

ATTACHMENT "C"
REQUEST FOR PROPOSAL RESPONSE

Requesting Entity:
Project Identification:
Date:

Design/Construction/ and site development costs \$ 50,000,000

Developer fees

Total Development costs

Financing, deposits, and other soft costs

Int. until 1st monthly Pmt. 24th mo.

Lease payment security deposit

Lender construction/permanent loan fees

Trustee initial set up[

Legal/Recording/Accounting

All other recovery costs

Total financing, deposit, and other soft costs

TOTAL COST RECOVERY

Lease recovery calculations

Amortization in years -1st pmt. - 24th mo. after funding

Average annual Interest rate

Est. annual lease payment

Equity Recovery

Estimated equity required

Expected percentage of return on equity

Expected equity recovery term

Estimated annual equity recovery amount

Total annual payment

\$

DIVERSIFIED MUNICIPAL FINANCE CORPORATION

H.J. "Joe" Vaughn

Diversified Municipal Finance Corporation

9425 N. Meridian St. #187

Indianapolis, Indiana 46260

Tel. (317) 733-3694

Email: divmunifinance@gmail.com

Web site:

www.diversifiedmunicipalfinance.com



DMFC arranges for financing for various types of projects and frequently acts as the Lessor on real estate development projects by providing complete build-to-suit projects, fully financed, using lease purchase agreements. When working with a qualified governmental body, tax exempt rates can be used for determining the lease rates. When acting as the Lessee, DMF assumes full responsibility for the completion of the project; on time and within budget. Joe initially studied Architectural Engineering at Ohio State University and later received an MBA in Finance from Northwestern University. His many involvements led him to become a Registered Professional Engineer, licensed Real Estate Broker, Member of the American Institute of Appraisals, Senior Appraiser-Society of Real Estate Appraisers, and Licensed General Contractor in five states.

After being in business for over 50 years, there is not adequate space to list all of the projects that have been completed. Some of the more interesting projects have been; hospitals, marinas (up to 1100 slips), jails, prisons, airport facilities, day care centers, parking garages, university dormitories, various university facilities, private dormitories, military dormitories, apartments, condominiums, warehouses, industrial properties, commercial properties, and subdivisions.

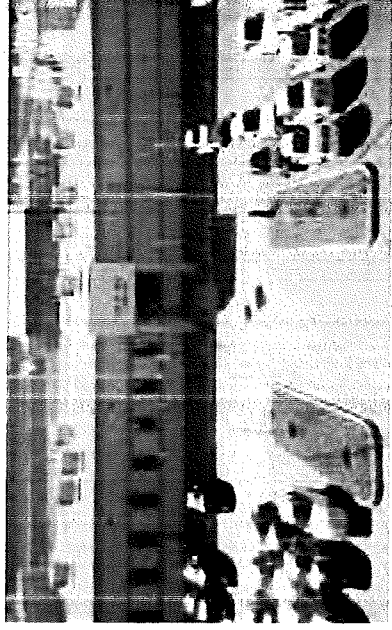
Specializing in Public Private Partnerships

DIVERSIFIED MUNICIPAL FINANCE CORPORATION

COMPANY BACKGROUND

Since 1964, DMFC has developed and financed over 250 projects in 82 cities and 14 states by assisting in providing the facility needs of public entities and qualified non-profit organizations. We specialize in the privatized and tax-exempt financing of facilities for public entities. We provide full development services including 100% off-balance sheet financing at tax-exempt rates. We can either take full charge of the project including design and construction using independent contractors and architects, or we can work with those professional selected by the public entity. We foster a spirit of teamwork, trust, and cooperation to meet your objectives. Our experience with public-private partnerships is the foundation that allows us to address your concerns and goals, efficiently manage the development process, and create a project of which the community can be proud.

Generally, our program speeds up the development process and can reduce the project's cost since time is money.



Specializing in Public Private Partnerships

DMFC's Background continued..

- Studies for tax rates for determining a current value and appropriate rate have been done for: hospitals, airport authorities and commissions. Detailed studies of the real estate market have allowed several Cities and Counties to totally re-evaluate their leasing and real estate acquisition programs with substantial resultant savings to the entity.
- DMFC has worked with insurance companies, banks and other lending institutions to evaluate new projects and to assist in the disposal of foreclosed or delinquent commercial facilities and apartments. In a number of instances, DMFC actually purchased the property and accomplished whatever redevelopment was necessary.
- DMFC is now entering a new era of providing financing, development and construction of solar and wind energy projects for governmental entities and private corporations.

DIVERSIFIED MUNICIPAL FINANCE CORPORATION

Single Source Development

Financing

PROGRAM MANAGEMENT

- Responsible for design, construction & financing
- Fixed Budget and Schedule

PREDEVELOPMENT:

- Master Planning
- Needs Assessment
- Feasibility Studies
- Budgeting/Estimating
- Site Selection
- Tax Rate Studies

DEVELOPMENT

- Architectural & Engineering Design
- Construction
- Value Engineering

Leasing provides a flexible and cost effective funding alternative to bonded indebtedness. Since our lease does not usually require voter approval, the development process is expedited and facilities can be built quickly at competitive interest rates. Utilizing this creative method of financing, lease payments are current fiscal period expenditures, which may avoid state debt limits on financing restrictions.

In addition to providing a flexible financial structure, tax-exempt leasing also affords the client with complete control of the process. The Public entity is the effective owner of the land and the facilities at all time. At the end of the lease term, the title to the facility reverts to the Public entity.

Specializing in Public Private Partnerships

DIVERSIFIED MUNICIPAL FINANCE CORPORATION

PARTIAL PROJECT LISTINGS

MARINAS:

- Alton, Illinois
- Chicago, Illinois
- Hammond, Indiana
- Dunedin, Florida
- Clearwater, Florida
- Venice, Florida

HOUSING FOR THE ELDERLY:

- Cincinnati, Ohio
- Indianapolis, Indiana (4 projects)
- Valdosta, Georgia
- Anderson, Indiana
- Savannah, Georgia

APARTMENTS & COMMERCIAL

- Dunedin, Florida (2 projects)
- Alexandria, Virginia
- St. Louis, Missouri
- West Lafayette, Indiana
- Clearwater, Florida
- Savannah, Georgia

PARKING GARAGES:

- El Paso, Texas
- Charlottesville, Virginia
- Cleveland, Ohio
- Houston, Texas

Specializing in Public Private Partnerships

DIVERSIFIED MUNICIPAL FINANCE CORPORATION

Private Partnerships Offer a Creative and Cost Effective Solution to Meet All of Your Facility Needs. Privatized Developments and Tax-Exempt Financing for the Public Sector

As the developer, Diversified Municipal Finance Corporation offers a full range of comprehensive services that satisfy every aspect of development. Our public sector work covers virtually all facility types such as:

MUNICIPAL BUILDINGS

- ~ Government Offices
- ~ Courthouses
- ~ Schools
- ~ Libraries
- ~ Community Recreation Centers ~ Parking Structures

PUBLIC SAFETY BUILDINGS

- ~ Jails & Prisons
- ~ Police & Fire Stations
- ~ Hospitals

INFRASTRUCTURE

- ~ Roads
- ~ Bridges & Tunnels
- ~ Water Treatments Plants

PUBLIC AND PRIVATE UNIVERSITY PROJECTS

- Classrooms and Offices
- Laboratory
- Field House
- Dormitories

Headquarters:

9425 N. Meridian St. Ste. 187
Indianapolis, Indiana 46032
(317) 733-3694

email: divmunifinance@gmail.com
www.diversifiedmunicipalfinance.com

Southwest Region:

Jack Simonson, Regional Vice President
8441 Millbridge Rd
Huntington Beach, CA 92646
(714) 322-7422

Southeast Region:

Darrell Hoyer, Regional Vice President
1528 S.W. Mockingbird Circle
Port St. Lucie, FL 34986
(317)223-1828

Privatized Development and Tax-Exempt Financing for the

Public Sector

Private Partnerships Offer a Creative and Cost Effective Solution to Meet All of Your Facility Needs

Specializing in Public Private Partnerships

The History of DMFC

- H.J. “Joe” Vaughn is the President of Diversified Municipal Finance Corporation. Joe holds degrees from: Ohio State University in Architectural Engineering and Northwestern University in Banking and an MBA.
- Joe held licenses as a: Registered Professional Engineer in Ohio and Indiana; Contractor’s License in Florida, Virginia, and Missouri; Real Estate Broker in Indiana; DUNS #067001328; and Diversified Municipal Finance is an **SEC Registered Municipal Advisor-#866-00970-00**.
- Joe’s past professional affiliations are numerous which include, but are not limited to: the Indianapolis, Indiana, and National Real Estate Association; a member of the American Institute of Appraisers; a member of the Society of Real Estate Appraisers; a member of the Indianapolis and Indiana Builder’s Association; and a member of the Indianapolis and Indiana Mortgage Banker’s Association.

Continue-History of DMFC

- Joe's profession experience is extensive marked with "50" years in real estate development and lease-purchase financing.
- Diversified Municipal Finance Corporation was started by Joe in 1962 on a "dare"! Joe was a member of a local school board in Indiana that was in the process of building a new elementary school. When the bids were opened, the cost of construction and the resulting cost of financing were over the budget. After he commented rather strongly about the prices, one of the other board members said: "If you are so sure of yourself and the costs, why don't you resign from the board and submit us a proposal yourself?" Joe did just that and it saved hundreds of thousands of dollars for the school corporation.
- So began a 50 year career of providing development services and lease-purchase financing to various government agencies. The lessons learned over these many years allows Joe, through his company, Diversified Municipal Finance Corporation, to provide the "best" in lease-financing for almost any project.

Previous Projects....

- **Hospitals:**
- **Marion County Health and Hospital Corporation-Indianapolis, Indiana**
 - 286 bed acute care, emergency and trauma center, burn center, and surgical capability.
- **Winona Memorial Hospital –Indianapolis, Indiana**
 - Privately owned and operated acute care hospital, emergency room and surgical capability
- **Westview Osteopathic Center-Indianapolis, Indiana**
 - Privately owned 92 bed hospital and rehabilitation center
- **Pearland Community Hospital-Pearland, Texas**
 - Evaluated project, secured necessary financing, but city support for the project was withheld and the facilities have not been built
- **Wadley General Hospital-Texarkana, Arkansas**
 - Defeased an existing bond issue and provided additional funding at lower rates than the the outstanding issue
- **Liberty County Community Hospital-Hinesville, Georgia**
 - Defeased and existing bond issue and provided additional funding at lower rates than the outstanding issue

Continue Previous Projects...

- **University Projects**
- Ohio State University-Dormitory renovation
- Ohio State University-Employee day care center
- Ohio State University-Aircraft hangar project
- Brown University-Dormitory renovation
- Savannah State College-Dormitory
- Indiana University-Owned and operated a private dormitory
- Purdue University-Owned and operated a private dormitory
- Butler University-Dormitory
- **Military Projects**
- Bachelor Officer's Quarters-Ft. Knox, Kentucky
- Senior Enlisted Men's Quarters-Ft. Knox, Kentucky
- Trainee's Dormitory-Ft. Benning, Georgia
- Enlisted Men's Dormitory-Ft. Stewart, Georgia
- Army Reserve Center-Ottumwa, Iowa
- Air Force and City of Columbus, Ohio-Airport development project
- Navy and City of Northridge-Airport development project
- Navy and City of Orlando-Airport development project

Continue Previous Projects

- **Other Housing Projects (partial listing)**
- **Mediterranean Manors-Condominiums**
- **Governor's Square-Condominiums and single family homes-Florida**
- **Sycamore Garden Apartments-Indianapolis**
- **Arlington Garden's Apartments-Indianapolis**
- **Housing for the Elderly-Indianapolis Housing Authority**
- **Mt. Zion Apartment-501(C)(3) sponsored apartments-Indianapolis**
- **Southeast Side Community Development-501 (C)(3) sponsored apartments-Indianapolis**
- **Alpha and Omega-501(C)(3) sponsored apartments-Indianapolis**
- **Housing for the Elderly-Cincinnati Housing Authority**
- **Governor's Square-Condominiums and single family homes-Virginia**
- ******Over 1,700 other multi-family units developed in various cities**
- **Eagle Creek Airpark-Indianapolis Airport Authority**
- **Mt. Comfort Airport-Indianapolis Airport Authority**
- **Dekalb Airport Hanger Projects-City of Dekalb, Illinois**
- **Greenwood Airport Hanger Project-City of Greenwood, Indiana**
- **Venice Airport Hanger Project-City of Venice, Florida**
- **Municipal Marina-City of Venice, Florida**
- **Municipal Marina-City of Hammond, Indiana**
-

Continue Previous Projects

- **Other Housing Projects continued....(partial listing)**

- **Municipal Marina-City of Alton**
- **Municipal Marina-City of Dunedin, Florida**
- **Municipal Marina-City of Clearwater, Florida**
- **Community Park and Campground-Pinellas County Florida**
- **Detention Center-Newton County Texas**
- **Detention Center-Bent County Colorado**
- **Detention Center=Owen County Georgia**
- **County Jail-Zavala County Texas**
- **County Jail-Howard County Indiana**
- **High School-Howard County Indiana**
- **Elementary School-Mooresville, Indiana**
-