

PNC BANK, NATIONAL ASSOCIATION
Preliminary Summary of Terms and Conditions for Loan Facilities
City of Coconut Creek, Florida
January 25, 2021
RFP NO. 01-21-21-02 - BANK QUALIFIED TAX-EXEMPT BANK TERM LOAN

This Term Sheet is not a commitment or an offer to lend and does not create any obligation on the part of the Bank or any affiliate thereof. Neither the Bank nor any affiliate thereof will be deemed to have extended any commitment to the Borrower unless and until a formal commitment letter is issued and has been executed, delivered and accepted. This outline is only a brief description of the principal terms of suggested loan facilities and is intended for discussion purposes only.

This Term Sheet is delivered to you on the understanding that any of the terms of substance hereunder shall not be disclosed, directly or indirectly, to any other person except your officers, agents and advisors who are directly involved in the consideration of this matter unless required to do so by applicable law or prior written consent has been given by the Bank.

The indicative pricing provided herein is for discussion purposes only, is as of the date of this non-binding proposal and is subject to change daily between now through acceptance and date of close given the extraordinary and rapidly evolving market conditions.

I. PARTIES

BORROWER / ISSUER: City of Coconut Creek, Florida (the "*Borrower*", "*City*" or "*Issuer*")

LENDER: PNC Bank, National Association (the "*Bank*").

PRIMARY CONTACT:
Nick Ayotte
Relationship Manager, Vice President
16740 San Carlos Boulevard
Fort Myers, FL 33908
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nicholas.ayotte@pnc.com

II. CREDIT FACILITY, SECURITY AND FINANCING DOCUMENTS

CREDIT FACILITY: PNC will provide a tax-exempt Bank Qualified ("BQ") non-ad valorem fixed rate term loan totaling up to \$8,500,000 (the "*Term Loan*") pursuant to the terms of a Term Loan Agreement between the Borrower and the Bank (the "*Loan Agreement*" or the "*Credit Facility*").

PURPOSE: The proceeds of the Term Loan under the Credit Facility shall be used to provide funds to refund the Capital Improvement Revenue Note, Series 2018 and for the associated costs of issuance as per the description in the RFP.

MATURITY DATE: October 1, 2028

AMORTIZATION: The Term Loan shall amortize in accordance with or similar to the amortization schedule set forth within the RFP. Principal shall be payable annually every October 1 with the first payment due on October 1, 2021.

INTEREST PAYMENTS: Semiannually on April 1 and October 1 commencing on October 1, 2021 (30/360).

SECURITY: The payment of the principal and interest on the Note will be limited obligations of the City payable solely from and secured by the Pledged Revenues. Pledged Revenues consist of amounts budgeted, appropriated and deposited into the debt service funds to be established under the Loan Agreement. The City will covenant to budget and appropriate (CB&A) Non-Ad Valorem revenues for such purpose, subject to the limitations set forth in the Loan Agreement.

FINANCING DOCUMENTATION: The Credit Facility shall include standard conditions precedent to purchase and closing, representations and warranties, indemnities standard for a loan of this nature, covenants, events of default and remedies. The Loan Agreement, the Note, governing documentation and the other documents required for closing are herein collectively referred to as the “*Financing Documents*.”

TAX STATUS OF INTEREST ON THE NOTE: Interest on the Note shall be excludable from gross income for federal income and state income tax purposes. The Borrower shall take all steps necessary to maintain such tax-exempt status. The Bank shall be provided an opinion of tax counsel satisfactory to the Bank which concludes that interest on the Note is excludable from gross income for federal income tax purposes and that the Note is a “qualified tax-exempt obligation” under Section 265(b)(3) of the Code.

CLOSING DATE: The closing date is expected to occur on or about March 18, 2021 (the “*Closing Date*”) and shall be subject to the satisfaction of the conditions precedent set forth in the Loan Agreement and the conditions precedent described herein.

III. INTEREST RATES AND OTHER KEY PROVISIONS

INDICATIVE FIXED RATES: For illustrative purposes only, the fixed rate below is indicative (“Indicative Fixed Rate”) as of 1.25.2021 and the Final Fixed Rate(s) will be set, based on the Banks Cost of Funds, two (2) days prior to the funding date.

*At the request of the Borrower and/or the Financial Advisor, the Bank will update these Indicative Fixed Rates at any time. If the Borrower wishes to lock an Indicative Fixed Rate, the Bank is willing to engage the Issuer with a discussion to lock the rate via a Rate Lock Agreement, together with an approving Resolution.

Indicative BQ Tax-Exempt Term Loan Rate: .879%

PREPAYMENT: For the first two years the Note is outstanding, the Note is not subject to prepayment. The City has the choice of selecting one of the two options as shown below:

1) 2-year call option at 101% of par with an Indicative BQ Tax-Exempt Term Loan Rate of:
.879%

(OR)

2) 2-year call option at 100% of par with an Indicative BQ Tax-Exempt Term Loan Rate of:
1.079%

EVENT OF TAXABILITY: If an event of taxability occurs due to action (or inaction) caused by the Borrower or the Note loses its status as a bank qualified obligation, in addition to the amounts required to be paid with respect to the Note, the Borrower shall be obligated to pay to the Bank an amount equal to the positive difference, if any, between the amount of interest that would have been paid during the period of taxability, or loss of bank qualified status, as applicable, if the Bonds had borne interest at a taxable rate or bank qualification, as applicable and the interest actually received by the Bank with respect to the Note.

COMPUTATION BASIS: Fixed Rates - Computations of interest shall be calculated on a 30/360 day basis.

DEFAULT RATE: The Default Rate equals the greatest of (i) the PNC Prime Rate plus 3.0%; (ii) the Overnight Bank Funding Rate plus 3.5%; and (iii) 7.0% provided, however, in no event will the Default Rate exceed the maximum rate permitted by law.

IV. OTHER FEES AND EXPENSES

COMMITMENT/CLOSING FEE: Waived

COSTS AND EXPENSES: All expenses incurred by the Bank, including security interests, if applicable, and audit and reasonable legal fees (inside and outside), and any other expenses in reference to structuring, documenting, closing, monitoring or enforcing the Financing Documents, if applicable, shall be for the account of the Borrower and payable at closing and otherwise on demand. The Bank will be utilizing Holland & Knight LLP as Bank Counsel. Bank Counsel legal fees (review-only / no opinion) will not exceed \$8,000 if awarded the bank loan. All expenses (including counsel fees) shall be paid by the Borrower regardless of whether the transaction is closed.

V. FINANCIAL/NEGATIVE COVENANTS AND FINANCIAL REPORTING

General Covenants expected to be generally consistent with those in the Capital Improvement Revenue Note, Series 2018 (including the Anti-Dilution Test).

Financial Reporting expected to be generally consistent with those in the Capital Improvement Revenue Note, Series 2018 including:

- Annual audited financial statements for the Borrower and its affiliates within 270 days of fiscal year end;
- Anti-Dilution Test as per Section 10 (G) of the Series 2018 Note based on audited numbers

Incorporation of Covenants by Reference. The Borrower agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the respective Loan Agreements and the other Financing Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety.

VI. CONDITIONS PRECEDENT TO CLOSING

The Financing Documents shall include conditions precedent customary for transactions of this nature including, without limitation, the following:

Documentation satisfactory to Bank Counsel; delivery of enforceability and approving opinions; authorizing resolutions (which may be an existing authorizing resolution); financial statements; bring-down of representations and warranties; and certification as to no default or event of default.

VII. EVENTS OF DEFAULT/ REMEDIES:

The Loan Agreement shall include events of default customary for transactions of this nature, including, without limitation: payment default, covenant defaults, breach of representations, cross defaults to CB&A debt, cross acceleration of CB&A debt, invalidity or repudiation of any Financing Document or any material provision thereof, judgment default, and bankruptcy or insolvency.

Upon the occurrence of an Event of Default, in addition to all other customary remedies, all payment obligations shall bear interest at the Default Rate.

**VIII. CHOICE OF LAW / JURY TRIAL /
OTHER PROVISIONS**

GOVERNING LAW: The Loan Agreement, and any other documents to which the Bank shall become a party will be governed by the laws of the State of Florida.

USA PATRIOT ACT NOTICE: Pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. 107 56), the Bank is required to obtain, verify and record information that identifies the Borrower and, potentially, other loan parties, which information may include, without limitation, the name and address of the Borrower and any such loan parties and other information that will allow the Bank to identify the Borrower and other loan parties in accordance with the USA PATRIOT Act.

JURY TRIAL: EACH OF THE CITY AND THE BANK IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE CITY AND THE BANK ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

TRANSFERS/ASSIGNMENTS: While the Bank is providing the Credit Facility for its own account without a present intent to transfer the Credit Facility, the Bank reserves the right in its sole discretion to assign, sell, pledge or participate interests in the Credit Facility without the consent of the Borrower.

ADDITIONAL TERMS: The terms and conditions contained in this proposal are not intended to be comprehensive. The definitive Financing Documents may include additional terms and conditions required by the Bank, subject to mutual agreement of the parties, which are not included herein.

UNDERWRITING: Should PNC be appointed the winner of this RFP, the Bank requires a minimum of 2 weeks for the formal underwriting process from the appointed date.

NO ADVISORY OR FIDUCIARY ROLE: The Borrower acknowledges and agrees that: (i) the Bank has not assumed any advisory or fiduciary responsibility to the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the Borrower on other matters); (ii) the only obligations the Bank has to the Borrower with respect to the transaction contemplated hereby are expressly set forth in this term sheet; and (iii) the Borrower has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

EXPIRATION: This proposal expires March 18, 2020 and the Credit Facility must close no later than this date unless otherwise extended by the Bank in writing.

AGREEMENT BY THE ISSUER / BORROWER: The Borrower hereby desires to engage the Bank in the origination of the Credit Facility pursuant to the terms and conditions stated herein.

Recognizing that this Term Sheet is non-binding on the Bank unless and until a commitment is issued, please evidence your interest in proceeding on the foregoing terms and conditions by signing and returning a copy of the document to the Bank on or prior to February 5th, 2021 at which point the Bank will continue with due diligence and credit underwriting for the foregoing transaction.

ACCEPTED AND AGREED TO:

CITY OF COCONUT CREEK, FLORIDA

By: _____

Print Name: _____

Title: _____

Date: _____