

REQUEST FOR PROPOSAL

CB 19 - 006



SPECIAL OBLIGATION REVENUE NOTE,

SERIES 2019

**CITY OF COCOA BEACH, FLORIDA - REQUEST FOR PROPOSALS (“RFP”)
SPECIAL OBLIGATION REVENUE NOTE, SERIES 2019
(Not to Exceed \$9,995,000)
RFP DATED: JUNE 28, 2019**

The City of Cocoa Beach, Florida (“City”) is seeking proposals to provide a fixed rate, bank qualified term loan at the lowest overall borrowing cost, pursuant to certain conditions as determined by the City, in a principal amount not to exceed \$9,995,000. The City’s Special Obligation Revenue Note, Series 2019 (the “2019 Note”) will be a direct loan and the City is not preparing any disclosure documents. The Lender will be selected based on overall borrowing cost and terms most favorable to the City, based on the City’s sole discretion.

A tentative calendar for the review of responses is as follows:

June 28, 2019	RFP circulated
July 19, 2019	Responses due (1:00 p.m. ET)
July 22-23, 2019	City staff reviews responses and selects Lender for approval
August 15, 2019	City Commission Meeting – Approval of 2019 Note and Lender
Week of August 19, 2019	Tentative Closing Date (subject to change)

SUBMISSION REQUIREMENTS:

Each proposal shall include the interest rate, prepayment provisions, fees, financial reporting requirements, default rate, and other terms/conditions. **No later than 1:00 p.m. eastern time on July 19, 2019**, an electronic copy of each proposal must be emailed to **Eileen Clark** at eclark@cityofcocoabeach.com at the City with a copy to **Jay Glover** gloverj@pfm.com at PFM Financial Advisors LLC (“PFM”).

Any inquiries or requests for clarification or additional information shall be submitted in writing to the City’s Financial Advisor: **Jay Glover** gloverj@pfm.com

1. Term: The 2019 Note shall have a stated maturity of approximately 19.4 years with final principal payment to be due on January 15, 2039. While the preference is for a locked interest rate through maturity, the City will consider proposals that require a lender put option.
2. Purpose: The 2019 Note proceeds will be used to finance the cost of (i) construction of a new 26,500 square feet, 3-story Police Station facility, (ii) municipal facilities energy and equipment improvements project to include; control enhancements, HVAC armor, LED lighting, tightening of building envelopes, and roofs and (iii) pay for the related 2019 Note costs of issuance.
3. Principal Payments: The principal related to the 2019 Note shall be fully amortized over the term of the loan as set forth in **Exhibit A**.
4. Interest Rate: Interest on the 2019 Note shall be calculated on the basis of a 360-day year comprised of twelve 30-day months, payable semiannually on January 15 and July 15, commencing on January 15, 2020.

5. Drawdown Option: While not required, the City is interested in receiving proposals that allow the City to draw funds down over a period of up to 18 months. Please specify in your submission if the City would be allowed to draw funds down, and if there is a minimum amount that must be drawn at closing.

6. Prepayment Options: Describe any prepayment options available to the City. If a prepayment penalty is required, state the terms of the penalty. The City requests proposals include an option for prepayment without a penalty.

7. Security: The payment of the principal of and interest on the 2019 Note shall be secured by a covenant to budget and appropriate from all legally available non-ad valorem revenues of the City not derived from ad valorem taxation and which are lawfully available to be used to pay debt service on amounts due under the 2019 Note.

8. Interest To Be Tax-Exempt: The City will enter into such covenants as necessary in the opinion of Bond Counsel to ensure compliance by the City with the Internal Revenue Code of 1986, as amended ("Code"), and to qualify interest on the 2019 Note for exclusion from gross income for federal income tax purposes as set forth in the opinion of Bond Counsel. The City will not accept any offer with capital adequacy or other interest rate adjustment language with respect to changes to tax law. The only interest rate adjustment provision the City will consider is one imposed by final judgment of the IRS and due from the holder which results solely from the City's actions or inactions.

9. Anti-Dilution Test: The 2019 Note will feature an Anti-Dilution Test requiring as outlined in **Exhibit B**.

10. Loan Documents: All loan documents shall be prepared by Nabors Giblin & Nickerson P.A., Bond Counsel for the City, who shall provide the Lender and its Counsel with drafts thereof for review and comment at least one week prior to loan closing. PFM will serve in the sole capacity as financial advisor to the City and not as a placement agent for the 2019 Note.

11. Closing: It is anticipated that closing for the 2019 Note shall occur during the week of August 19. Closing shall occur at a time and place mutually acceptable to the City and the Lender.

12. Costs and Fees: The City shall pay all costs relating to financing, preparing and printing the loan documents, and filing all required financing statements. The City shall also pay the Lender's reasonable Bank Counsel Fees, which should be clearly stated as part of the proposal.

13. Rejection of Proposals/Negotiations: THE CITY EXPRESSLY RESERVES THE RIGHT TO REJECT ANY AND ALL PROPOSALS RECEIVED IN CONNECTION WITH THIS REQUEST FOR PROPOSALS AND THEREAFTER TO NEGOTIATE WITH ANY PROPOSER. AS PERMITTED BY LAW, THE CITY RESERVES THE RIGHT TO WAIVE ANY IRREGULARITY OR INFORMALITY IN ANY PROPOSAL. THE BASIS FOR ACCEPTANCE OF ANY PROPOSAL SHALL BE THAT WHICH IS IN THE BEST INTEREST OF THE CITY AS DETERMINED SOLELY BY THE CITY. THE CITY ALSO RESERVES THE RIGHT TO NEGOTIATE TERMS AND CONDITIONS WITH ANY PROPOSERS.

14. Instructions to Proposers:

- A. Proposers shall thoroughly examine and be familiar with the proposal specifications. Failure of any proposer to receive or examine this document shall in no way relieve any proposer of obligations pertaining to this RFP or the subsequent contract.
- B. Any changes or modifications to the proposal specifications can result in the rejection of the proposal as not being responsive to this RFP.
- C. The responsibility for delivering the proposal on or before the specified date and time will be solely and strictly the responsibility of the proposer. The City will in no way be responsible for delays.
- D. The response deadline shall be strictly observed. Under no circumstances will a proposal delivered after the time specified be considered.
- E. Proposers will not be allowed to withdraw or modify their proposals without approval by the City for a period of sixty (60) days after the opening time and date.
- F. The City reserves the right to reject the proposal of any proposer who has previously failed in the proper performance of a contract or to deliver on time other contracts similar in nature, or who is not in a position to perform properly under this contract.
- G. Federal, state, City, and local laws, ordinances, rules and regulations that in any manner affect the items covered herein apply. Lack of knowledge by the Proposer will in no way be a cause for relief from responsibility.
- H. No successful Proposer may assign any portion of the contractual agreement between the parties without prior written authorization by the City.
- I. Changes to the RFP may be made by and at the sole discretion of the City.
- J. Warranties - The proposer, in submission of its proposal, warrants to the City that it will comply with all applicable federal, state and local laws, regulations and orders in providing the services under the proposed documents.
- K. Collusion - The Proposer, by affixing its signature to this proposal, certifies that its proposal is made without previous understanding, agreement, or connection either with any previous firms or corporations offering a Proposal for the same items, or with the City. The Proposer also certifies that its proposal is in all respects fair, without outside control, collusion, fraud or otherwise illegal action.
- L. Discrimination – Pursuant to Section 287.134(2)(a), Florida Statutes, an entity or affiliate who has been placed on the discriminatory vendor list may not submit a bid or proposal on a contract to provide any goods or services to a public entity, may not submit a bid or proposal on a contract with a public entity for the construction or repair of a public building or public work, may not submit bid or proposal on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity.
- M. By submitting a proposal in response to this RFP, the Proposer/Purchaser acknowledges the following statement: Purchaser has a present intent to hold the 2019 Note subject to this transaction to maturity, earlier redemption, or mandatory tender for its loan

portfolio, and has no present intention of reselling or otherwise disposing of all or a part of such the 2019 Note. Purchaser acknowledges that PFM is relying on the foregoing representation and based on this representation this transaction meets the requirements for being a qualifying exception for purposes of MSRB Rule G-34, and PFM is released from the requirement to request a CUSIP assignment on behalf of the City pursuant to MSRB Rule G-34 for the 2019 Note.

15. Amendment: The City reserves the right to amend or modify this RFP via email.

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Exhibit A
Preliminary Loan Amortization Schedule*

Date	Amount
1/ 15/2020	155,000
1/15/2021	405,000
1/15/2022	415,000
1/15/2023	430,000
1/15/2024	440,000
1/15/2025	460,000
1/15/2026	475,000
1/15/2027	490,000
1/15/2028	510,000
1/15/2029	530,000
1/15/2030	550,000
1/15/2031	565,000
1/15/2032	585,000
1/15/2033	605,000
1/15/2034	625,000
1/15/2035	515,000
1/15/2036	530,000
1/15/2037	550,000
1/15/2038	570,000
1/15/2039	590,000
Total	9,995,000

*Final amortization shall be set when the actual interest rate has been determined. The City reserves the right to amend the amortization schedule and size of the 2019 Note (within the not to exceed amount). Final maturity of the 2019 Note shall not be later than 1/15/2039.

Exhibit B
Anti-Dilution Test

- A) While the 2019 Note is outstanding, as a condition to the City issuing any additional Non-Ad Valorem Revenue Debt, the City shall certify that (i) the Non-Ad Valorem Revenues less the Adjusted Essential Expenditures shall cover projected Maximum Annual Non-Ad Valorem Debt Service on the Non-Ad Valorem Revenue Debt (including the proposed Non-Ad Valorem Revenue Debt) by at least 1.75x; and (ii) the Maximum Annual Governmental Debt Service on the Governmental Revenue Debt (including the proposed Non-Ad Valorem Revenue Debt) shall not exceed 20% of the Governmental Funds Revenues.
- B) The calculations shall be determined using the average of actual Non-Ad Valorem Revenues and Governmental Funds Revenues, respectively, for the prior two Fiscal Years based on the audited financial statements of the City.
- C) For purposes of the calculations, the Maximum Annual Non-Ad Valorem Debt Service and the Maximum Annual Governmental Debt Service shall be done on an aggregate basis whereby the annual debt service for each is combined and the overall maximum is determined.
- D) For purposes of calculating, the Maximum Annual Non-Ad Valorem Debt Service and the Maximum Annual Governmental Debt Service the following shall apply: (i) with respect to the Debt (including Balloon Indebtedness) that bears interest at a fixed interest rate, the maximum annual debt service on such Debt shall be the actual maximum annual debt service; and (ii) with respect to the Debt (including Balloon Indebtedness) that bears interest at a variable rate, maximum annual debt service on such Debt shall be determined assuming that interest accrues on such Debt at the average annual interest rate paid over the last three years plus 150 basis points, or, if such Debt has not been outstanding for at least three years, the average annual interest rate paid for the period such Debt has been outstanding plus 150 basis points.
- E) For purposes of the calculation, if the Non-Ad Valorem Revenue Debt also includes a pledge of additional revenues, the Maximum Annual Non-Ad Valorem Debt Service shall be discounted by the amount that will be covered by such additional revenues.
- F) The following words and terms shall have the following meanings:

"Adjusted Essential Expenditures" means Essential Expenditures less any revenues derived from ad valorem taxation on real and personal property that are legally available to pay for such expenditures.

"Balloon Indebtedness" means Debt, 25% or more of the original principal of which matures during any one Fiscal Year.

"Debt" means, collectively, the Non-Ad Valorem Revenue Debt and the Governmental Revenue Debt.

"Essential Expenditures" means essential expenditures for general government and public safety as shown in the City's audited financial statements.

"Governmental Funds Revenues" shall mean total revenues of the City derived from any source whatsoever and that are allocated to and accounted for in the City's general fund, special funds, debt service funds, capital projects funds, or any other funds described and identified in the audited financial statements of the City as a government fund; provided, however, (a) grants and other onetime items, including, but not limited to, insurance proceeds, and (b) the proceeds of any Governmental Revenue Debt, do not constitute Governmental Funds Revenues.

"Governmental Revenue Debt" means at any date (without duplication) all of the following to the extent that they are secured by or payable in whole or in part from any Governmental Funds Revenues: (a) all obligations of the City for borrowed money or evidenced by bonds, debentures, notes, or other similar instruments; (b) all obligations of the City to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (c) all obligations of the City as lessee under capitalized leases; and (d) all indebtedness of other Persons to the extent guaranteed by, or secured by, the Governmental Funds Revenues.

"Maximum Annual Governmental Debt Service" means the maximum annual debt service on all existing and additional Governmental Revenue Debt.

"Maximum Annual Non-Ad Valorem Debt Service" means the maximum annual debt service on all existing and additional Non-Ad Valorem Revenue Debt.

"Non-Ad Valorem Revenue Debt" means at any date (without duplication) all of the following to the extent that they are secured by or payable in whole or in part from any Non-Ad Valorem Revenues: (a) all obligations of the City for borrowed money or evidenced by bonds, debentures, notes, or other similar instruments; (b) all obligations of the City to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (c) all obligations of the City as lessee under capitalized leases; and (d) all indebtedness of other Persons to the extent guaranteed by, or secured by, the Non-Ad Valorem Revenues. Unless the City has actually used the Non-Ad Valorem Revenues to satisfy such obligation during the immediately preceding Fiscal Year or reasonably expects to use the Non-Ad Valorem Revenues to satisfy such obligation in the current or immediately succeeding Fiscal Year, the following shall not be considered "Non-Ad Valorem Revenue Debt" for purposes of this Loan Agreement: (i) any obligation contemplated in (a), (b), or (c) above, if the City has covenanted to budget and appropriate sufficient Non-Ad Valorem Revenues to satisfy such obligation, but has not secured such obligation with a lien on or pledge of any Non-Ad Valorem Revenues; or (ii) any obligation contemplated in (d) above. After an obligation is considered "Non-Ad Valorem Revenue Debt" as a result of (a), (b), (c), and (d) set forth above, it shall continue to be considered "Non-Ad Valorem Revenue Debt" until the City has not used any Non-Ad Valorem Revenues to satisfy such obligation for two consecutive Fiscal Years.

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