

Joel Tindal

Managing Director

Date: November 14, 2024

To: Bridgette Vaissiere, Finance Director
City of Edgewater, Florida

Subject: City of Edgewater, Florida
Utility System Revenue Note, Series 2024 – Bank Loan RFP

Hilltop Securities Inc. (“HilltopSecurities”), as Financial Advisor to the City of Edgewater, Florida (the “City”), assisted the City with its request for bank loan proposals (the “RFBLP”) to financial institutions for a fixed-rate, tax-exempt loan in an amount not-to-exceed \$20,000,000 with a final term of October 2044. The City posted the RFBLP on its website and through DemandStar. Proceeds of the loan will be used to (a) fund a portion of the City’s public works facility project and (b) to fund the costs of issuance associated with the loan. The loan will be secured by and payable from net revenues of the City’s water and sewer and stormwater utilities.

By the stated RFBLP deadline on November 12, 2024, the City received a total of three (3) responses. Proposals were received from 1) Capital One Public Funding, 2) Truist Commercial Equity, and 3) Webster Bank. In reviewing the responses, special attention was given to a) the proposed interest rate, b) whether the rate was locked through the anticipated closing date, 3) prepayment provisions, and 4) required covenants and conditions.

Recommendation. After reviewing the RFBLP responses, and after discussion with City Staff, it is our opinion that Truist Commercial Equity, Inc.’s proposal - Option B (“Truist Proposal”) is the best overall proposal. The Truist Proposal provides for a competitive fixed interest rate for the 20-year term requested (4.30%), the ability to prepay prior to maturity without penalty (after 10-years), and they have agreed to hold the interest rate through the anticipated closing date of the loan.

Attachment(s): Proposal Response Summary Table

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City of Edgewater, Florida
Summary of Bank Loan Proposals | Due November 12, 2024
 (Utility System Revenue)
 Not-to-Exceed \$20,000,000 | Tax Exempt (Non-BQ) | October 1, 2044 Final Maturity

Financial Institution	Proposed Interest Rate	Bank Costs	Prepay Penalty?	Conditions/Comments
Capital One Public Funding, LLC	4.69%* <i>*Indicative</i>	None	Not prepayable until 10/1/2029, thereafter in whole with no penalty. Partial prepayment on any interest payment date from other than refunding sources once per calendar year between \$500k and \$2M.	<ol style="list-style-type: none"> Interest rate may change if not closed by 12/10/2024. Interest rate shall be locked on "lock date" when lender receives final debt service schedule and firm closing date. Collar of 3.88% to 3.93%; loan rate to be adjusted one basis point for every basis point USOSFR10 is outside of this collar compared to rate 11/12/2024. Borrower must give 30 days notice of intent to prepay. 95% of principal amount to be prepaid must be prepaid on or after 10/1/2029, and 5% must be prepaid at least 60 days following the first prepayment date Borrower shall send COPF copy of audited financial statements as of the end of fiscal year upon request Term sheet expires on 11/20/2024 if not accepted by borrower; closing to occur by 12/10/2024 unless extended by bank Subject to final credit approval
Truist Commercial Equity, Inc.	<u>Option A</u> 4.15% <u>Option B</u> 4.30% <u>Option C</u> 4.24%	Lender's counsel \$9,500	<u>Option A</u> Make-whole <u>Option B</u> Prepayable without penalty after 10-years <u>Option C</u> Prepayable without penalty after 12-years	<ol style="list-style-type: none"> Rates valid through 12/31/24 30/360 day count May prepay on an annual basis up to 10% of the outstanding balance of the Loan on 1/1 of said year without make-whole Default rate lesser of Prime + 8.00% and maximum lawful rate Gross-up for event of taxability. Annual financial statements provided within 270 days of end of fiscal year Operating budget provided annually within 30 days of adoption Rate Covenant and Additional debt test of 110% Estimated fees shall be paid whether or not the loan closes. Proposal shall expire 12/31/2024 unless form commitment letter issued or City has notice of intent to recommend Subject to final credit approval
Webster Bank, N.A.	4.53%	Lender's counsel and fees not to exceed \$17,500	Not prepayable through 9/30/2028, at 102% from 10/1/2028 through 9/30/2030, at 101% from 10/1/2030 through 9/30/2032, and thereafter without penalty on a payment date	<ol style="list-style-type: none"> Interest rate valid through 12/12/2024 Proceeds may be funded into an escrow account at a bank of borrower's choice 30 days' notice of prepayment required Bank reserves the right to assign, transfer, or convey the Note in whole City to provide financial statements on an annual basis on agreed upon dates For due diligence, Lender requires borrower's three most recent audited financial statements and most recent adopted budget Term sheet expires on 11/15/2024 unless extended by bank or accepted by borrower 30/360 day count method Subject to final credit approval