



## Request for Proposals



### **Tax-Exempt Bank Loan in the amount of up to \$2,600,000 for the City of Belle Isle, FL**

**RFP Date:** July 31, 2020  
**Response Due Date:** August 21, 2020 (3pm ET)



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**Request for Proposals to  
Provide a Fixed Rate Bank Loan  
City of Belle Isle, Florida**

**Introduction**

Public Resources Advisory Group (“PRAG”), working as advisor to the City of Belle Isle (the “City”), is seeking proposals from banks to make a fixed rate loan (the “2020 Loan”) in the amount up to \$2,600,000 to the City. The City will use the proceeds of the 2020 Loan to finance the acquisition of one or more parcels of land and the improvements thereon and/or capital projects including but not limited to stormwater improvements (collectively, the “Project”) along with the costs of issuance related to the 2020 Loan. The 2020 Loan will be secured by a Covenant to Budget and Appropriate from Non-Ad Valorem Revenues. The 2020 Loan will not be a general obligation of the City.

**I. Description of the City of Belle Isle**

The City is located in Orange County, Florida approximately six miles southeast of Orlando, FL and is part of the Orlando-Kissimmee-Sanford Metropolitan Statistical Area. The City’s estimated population is 7,240 and the median household income is estimated at \$85,973, or 142.6% of the national median household income (data.census.gov).

**Financial Information**

Copies of the City’s Annual Budgets and Comprehensive Annual Financial Reports are available on the City’s website at the following URL:

<https://www.cityofbelleislefl.org/finance>

**II. Description of Pledged Revenues**

The 2020 Loan will be a limited obligation of the City secured and payable from a Covenant to Budget and Appropriate legally available Non-Ad Valorem Revenues.

**Outstanding Parity Debt** The City has one (1) outstanding debt obligation secured and payable from its Covenant to Budget and Appropriate legally available Non-Ad Valorem Revenues. The City’s portion of the FMLC Refunding and Improvement Revenue Bonds, Series 2016 was originally issued at a par amount equal to \$935,000; these existing bonds will mature on October 1, 2026 and \$685,000 is currently outstanding. See Appendix B of this RFP for a detailed debt service schedule.

**Anti-Dilution** The Anti-Dilution Test for the 2020 Loan is expected to require non-ad valorem revenues (prior two year average) to cover projected maximum annual debt service on non-ad valorem revenue debt by at least 1.5x and projected maximum annual debt service for all debt secured by and/or payable solely from non-ad valorem revenues will not exceed 20% of Governmental Fund Revenues (prior two year average).





### III. Description of the Project

On July 21, 2020, the City Council approved the City’s purchase of real property located at 6300 Hansel Avenue (the “Property”) for \$2,000,000. The City expects to finalize and sign the Purchase and Sale Agreement with Bank of America (the “Seller”) in early August 2020. The City has committed to pay a \$150,000 escrow deposit toward the purchase of the Property, \$60,000 of which will be non-refundable upon execution of contract except for Seller default. The City’s preliminary plans for the Property include converting the existing building into a police station or an educational facility. Separately, the City seeks to finance the acquisition of additional parcel(s) and/or fund capital improvements including, but not limited to, stormwater improvements in the amount of \$500,000.

### IV. Loan Request Terms

<b>Loan Amount</b>	Up to \$2,600,000.
<b>Purpose</b>	To fund (i) acquisition of the Property in the City, ii) additional property acquisition and/or capital improvements including but not limited to stormwater improvements (ii) the costs of issuance related to the 2020 Loan.
<b>Rate</b>	Fixed rate for entire term of the 2020 Loan.
<b>Term</b>	The City encourages proposals for each of the following final maturities: 1) October 1, 2035 and 2) October 1, 2040.
<b>Amortization</b>	Preliminary loan principal amortizations for each option noted above are shown in Appendix A. Annual debt service will be substantially level.
<b>Repayment Provisions</b>	Principal payable annually beginning on October 1, 2021. Interest payments, to commence April 1, 2021, may be monthly, quarterly or semiannually at the preference of the Bank.
<b>Prepayment Options</b>	Options for 5-year par call, non-callable and any other alternatives proposed by bidder.
<b>Security</b>	Covenant to Budget and Appropriate from Non-Ad Valorem Revenues.
<b>Bank Qualified</b>	Loan is anticipated to be “bank-qualified” under Section 265(b)(3) of IRS code.





## **V. Documentation and Other Matters**

Documentation for the 2020 Loan will be provided by Bryant Miller Olive P.A. (“BMO”), bond counsel to the Florida Municipal Loan Council, and their fees will be paid by the City. PRAG is acting as financial advisor to the City in connection with this loan and is not acting as a placement agent for the 2020 Loan.

The successful bidder will be required to deliver certain certificates at closing including:

- That it is a qualified institutional investor having knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of lending funds to the City;
- That it has had access to and has reviewed such information concerning the City as it has deemed necessary;
- That it understands the 2020 Loan is not a general obligation of the City, but is payable solely by the revenues described in the 2020 Loan agreement;
- That it is not relying on disclosures from the City and that it is making the 2020 Loan for its own accounts and not with a view to resale or redistribution.

The 2020 Loan may be transferred in whole but not in part and only to qualified institutional investors who will provide the same certification at the time of transfer. The successful bidder must fund the 2020 Loan from its own capital and must agree not to place the 2020 Loan in any type of trust or other derivative financial product. No CUSIP numbers will be obtained and the 2020 Loan will be evidenced by a certificated promissory note registered in the successful bidder’s legal name (i.e., no “street name” and no book-entry registration or registration to “Cede & Co.”).

## **VI. Terms and Conditions of Bank Proposals**

Please provide a proposal which includes the terms and conditions of each of the proposed bank loans. All proposals must include, but are not limited to, the information listed below:

1. The Bank's name, address, telephone number and fax number
2. Primary contact(s) concerning your proposal
3. Not to exceed loan amount
4. Loan Terms
  - a. Proposed interest rates and prepayment options
  - b. Rate Lock Period
  - c. Formula for determining rate if closing extends beyond Rate Lock Period
5. Debt service schedules
6. Covenants
7. Proposed upfront and annual fees
8. Bank’s current long and short-term ratings, including outlooks





9. Borrower's Counsel will prepare loan documentation. Please list your proposed Bank Counsel and a not-to-exceed amount for their fees.
10. Maximum time allowed between date of proposal and loan closing date.

Only proposals including fixed interest rates will be considered. Terms requiring principal acceleration, depository requirements, regulatory fee reimbursement, yield protection for reasons other than for taxable events caused by the action or inaction of the City, will not be considered. Any gross up provision for taxable events must include a statement of the maximum taxable rate that would be charged.

The City reserves the right, in its sole discretion, to accept or reject any and all proposals, to waive any irregularities or informalities in any proposal or in the proposal process, and to accept or reject any items or combination of items. If the City determines to move forward with the 2020 Loan and select a bank financing proposal, the award will be to the financial institution whose proposal best complies with the requirements set forth in this RFP and whose proposal, in the opinion of the City and PRAG is best, taking into consideration all aspects of the offeror's response and City's determination of its best interest. Changes to this RFP may be made by, and at the sole discretion of, the City. The City is not obligated to accept the lowest interest rate or proposal. If the City rejects all proposals, the City reserves the right at any time, including after the opening and review of the proposals, to ask proposers questions and seek clarification and additional information regarding the proposals submitted. The award is subject to approval by the City Council and contingent upon execution of a note, loan agreement and other closing documents acceptable to the City. The City reserves the right to rescind the award at any time prior to execution and closing of the note and loan agreement.

The City shall not be liable for any expenses incurred in connection with the preparation of a response or proposal to this RFP. By submitting a proposal in response to this RFP, proposers waive and release any and all right to make claims for reimbursement of proposal preparation costs against the City and its officers, officials, employees, attorneys and agents.

In accordance with Chapter 119, Florida Statutes, the Public Records Act, all proposers should be aware that this Request for Proposals and proposals submitted in response thereto are made in the public domain and are subject to disclosure, except to the extent expressly exempted or made confidential under the Public Records Act. If your proposal contains information that you assert is exempt or confidential from public disclosure, you are required to advise the City with specificity the applicable law making those provisions exempt or confidential from disclosure. A generic notation that information is "exempt" or "confidential" will not suffice. Failure to provide a detailed explanation and justification including statutory cites and specific reference to your proposal detailing what provisions, if any, you believe are exempt from disclosure, may result in your proposal or any portion thereof, being subject to disclosure in accordance with Chapter 119 of the Florida Statutes. If the City determines that the cited provisions of law are inapplicable or otherwise do not justify exemption or confidentiality, the City shall have the right to release such information and records for public inspection and copy in accordance with the Public Records Act. By submitting a proposal, the proposer holds the City and its officers, employees, attorneys and agents harmless concerning the disclosure of information contained within the proposal.





## VII. COVID-19

The outbreak of COVID-19, a respiratory disease caused by a novel strain of coronavirus, has been declared a pandemic by the World Health Organization. On March 9, 2020, Florida's Governor Ron DeSantis declared a state of emergency due to COVID-19. The extent of the impact resulting from COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on citizens, employees, vendors, and economical mitigation measures to be taken by federal and state government, all of which are uncertain and cannot be predicted. The City has been proactive in dealing with the economic effects of COVID-19. The City formed a Budget Committee to review the FY2020 budget to see where reductions in expenses were necessary to meet a reduction in state shared revenues (e.g. Sales Tax, Gas Fax, Franchise Fees) resulting from the COVID-19 disruption. The City submitted requests for \$67,600 in CARES Act reimbursements and received 100% of the amount requested. In addition, the City received a grant in the amount of \$50,000 to pay first responders. The City plans to continue to apply for COVID-19 related reimbursements as expenses are incurred. For the FY2021 budget, the City "froze" all pay and benefits for employees and instituted a hiring freeze for new and vacant positions. The City will also reduce capital improvement projects such as pavement resurfacing and traffic projects and will delay the purchase of capital equipment including vehicles. Throughout next year, the Budget Committee will meet monthly to determine future reductions in revenues and expenses. For FY2021, the City projects to have a reserve of \$3,039,000 available at its discretion.

## VIII. Submission of Proposal

Please e-mail your written proposal by 3pm (ET), Friday, August 21, 2020 to the following contacts:

**Marianne Edmonds**

Senior Managing Director

PRAG

medmonds@pragadvisors.com

727-822-3339

**Mickey Johnston**

Vice President

PRAG

mjohnston@pragadvisors.com

727-822-3339

**Molly Button**

Assistant to the Comptroller

Florida Municipal Loan Council

mbutton@flcities.com

850-701-3681

All questions and requests for additional information should be directed to Marianne Edmonds, Mickey Johnston or Molly Button at the email addresses and phone numbers shown above.



**IX. Tentative Timeline**

Date	Action
Friday, July 31	Distribute RFP for Bank Loan to Lenders
Friday, August 21	Written Proposals due from Lenders
Tuesday, August 25	Staff selection of Lender; begin document negotiation
Tuesday, September 8	Agenda deadline for documents
Tuesday, September 15	City Commission Meeting; Approval of Lender and Resolution; pre-closing (tentative)
Tuesday, September 22	Closing (tentative/ to follow the completion of Property purchase due diligence period)





Appendix A

Preliminary\* Loan Principal Amortization

Payment Date	Option 1 (15-yr)	Option 2 (20-yr)
10/1/2021	\$146,048	\$100,857
10/1/2022	150,242	104,559
10/1/2023	153,247	106,911
10/1/2024	156,312	109,317
10/1/2025	159,438	111,776
10/1/2026	162,626	114,291
10/1/2027	165,879	116,863
10/1/2028	169,197	119,492
10/1/2029	172,581	122,181
10/1/2030	176,032	124,930
10/1/2031	179,553	127,741
10/1/2032	183,144	130,615
10/1/2033	186,807	133,554
10/1/2034	190,543	136,559
10/1/2035	194,351	139,632
10/1/2036	-	142,773
10/1/2037	-	145,986
10/1/2038	-	149,270
10/1/2039	-	152,629
10/1/2040	-	156,064
<b>Total</b>	<b>\$2,546,000</b>	<b>\$2,546,000</b>
Average Life	8.4 years	11.3 years

\*Preliminary, subject to change





**Appendix B**

**Outstanding Parity Debt Service (CB&A)**

FMLC Revenue Refunding Bonds, Series 2016 (Belle Isle Portion Only)

Period Ending	Principal	Interest	Total Debt Service
10/1/2020	\$90,000	\$17,975.00	\$107,975.00
10/1/2021	95,000	15,275.00	110,275.00
10/1/2022	95,000	12,425.00	107,425.00
10/1/2023	95,000	8,625.00	103,625.00
10/1/2024	100,000	6,725.00	106,725.00
10/1/2025	105,000	4,725.00	109,725.00
10/1/2026	105,000	2,362.50	107,362.50
	<b>\$685,000</b>	<b>\$68,112.50</b>	<b>\$753,112.50</b>

