

SYNOVUS[®]

Government Banking Solutions

May 21, 2021

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RE: City of Green Cove Springs, Florida Electric Utility Revenue Refunding Note, Series 2021

We truly appreciate the opportunity to be your partner in this endeavor. As you will see, Synovus Bank understands the complex issues encountered by governmental entities. Having an experienced Government Banking Solutions team, coupled with the approach of local community relationships, we are positioned to not only provide the attached proposal, but also to assist in future needs of the District.

With a history dating back to 1888 based on a single act of kindness, Synovus Bank has grown into a full-service financial services company that's proud to meet the banking needs of families, individuals, businesses, and governmental entities across the Southeast. Through our family of companies spanning commercial and retail banking, mortgage and investments, we're committed to building long-term relationships and providing responsive, caring service. We remain committed to the philosophies that have made us unique and successful in the markets we serve. The key to our success has been, and always will be, our service culture. Our people believe in honesty and treating people right – keeping the customer first. Our goal extends beyond solely offering products. It includes taking an advisory role and collaborating with our clients to achieve higher performance.

Our name, like our company, is unique, a word formation composed of synergy and novus. Synergy means working together – the interaction of separate components in such a way that the total is greater than the sum of the individual efforts. Novus, a Latin word, means new – usually of superior quality and different from others in the same category.

Once again, we look forward to the opportunity to be your partner. If after review, you have any questions or need additional information please feel free to contact either of us at the numbers listed below.

Respectfully,



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RE: City of Green Cove Springs, Florida Electric Utility Revenue Refunding Note, Series 2021

Synovus Bank ("Bank" and/or "Synovus") is pleased to have the opportunity to respond to your loan request for the City of Green Springs Cove, Florida (the "City"), the basic terms and conditions of which are set forth below.

Borrower: City of Green Springs Cove, Florida (the "City")

Purpose: The proceeds of the Note will be used to, i) refund, on a current basis, the electric Utility Revenue Note, Series 2018, and ii) pay the costs of issuance.

Facility: **Option 1: Tax Exempt Bank Qualified Term Note** in an amount not to exceed \$9,800,00, fully funded at closing.
Option 1: Tax Exempt Bank Qualified Term Note in an amount not to exceed \$9,800,00. The city shall draw down \$8,300,000 upon closing and shall have the availability to drawdown the remaining \$1,500,000 during the first 12 months of the Note.

Security: The payment of the principal of and interest on the Note shall be secured solely by a first lien upon and a pledge of the net Revenues of the Electric Utility System. Net Revenues of the Electric Utility System shall be defined as the revenues after deducting therefrom the operating expenses.

Term: The term of the Note will be approximately 12 years from the date of closing with a final stated maturity of July 1, 2033.

Repayment: Semi-Annual interest payments on the 1st of each January and July, commencing on July 1, 2021. Principal will be due annually on the 1st of each July, commencing July 1, 2021. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Interest Rate: **Option 1:** The interest rate will be fixed at 1.84 percent. This rate will be held until June 27, 2021. In the event the closing is delayed past that date, the rate will be reset three days prior to the scheduled closing and will include 79 percent of the then prevailing Ten (10) Year Treasury Constant Maturity plus 54 basis points with a floor of 1.84 percent.
Option 2: The interest rate will be fixed at 1.86 percent. This rate will be held until June 27, 2021. In the event the closing is delayed past that date, the rate will be reset three days prior to the scheduled closing and will include 79 percent of the then prevailing Ten (10) Year Treasury Constant Maturity plus 56 basis points with a floor of 1.86 percent.

The Treasury Constant Maturity will be as published by the Federal Reserve. (<http://www.federalreserve.gov/releases/h15/update/>)

Pre-payment: The City may prepay and redeem the Note, in whole or part, at any time or from time to time, without penalty or premium, by paying to the Bank all or a part of the principal amount of the Note to be repaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment. Each prepayment and redemption of such Note shall be made on such date and in such principal amount as shall be specified by the City in a written notice delivered to the Bank not less than ten days prior thereto specifying the principal amount to be prepaid and the date of such prepayment.

Fees: The City's counsel will provide documentation associated with this transaction. Documentation will be subject to the review and approval of the Bank and the Bank's counsel. The City agrees to pay all legal fees and expenses of the Bank associated with the review and closing of this transaction, which costs may be paid with proceeds of the Loan. Legal costs shall be capped at no more than \$7,500. The Bank's legal counsel for proposed transaction will be Greenspoon Marder Law.

Covenants: For so long as any of the principal amount of or interest on the proposed Note is outstanding or any duty or obligation of the City contemplated under the proposed Note remains unpaid or unperformed, the Bank shall be entitled to those covenants defined in Resolution No. R-08-2018, including but not limited to the following:

- 1) *Debt Service Coverage* – The City will fix, maintain, and collect fees, rentals, or other charges for the services of the system as will always provide Net Revenues equal to at least 120 percent of the principal and interest on the Note and any other debt obligations payable from the Net Revenues.
- 2) *Additional Parity Obligations*- The City may incur no obligations payable from the Net Revenues unless such obligations are expressly made payable on a junior basis to the payment of the Note. Parity debt obligations payable on a parity basis to the Note may be issued upon a certificate of the Finance Director being filed with the City Clerk stating that the audited books and records of the City relative to the Net Revenues for the most recently audited fiscal year have been reviewed by the Finance Director and the amount of Net Revenues is equal to not less than 1.20 percent of the maximum debt service due in any year on all debt payable for the Net Revenues and on the parity obligations, if any.
- 3) *Financial Reporting* – Not later than 270 days following the end of each fiscal year, the City will provide the Bank a printed copy of the audited of the financial statements of the City, and if prepared, the Comprehensive Annual Financial Report.
- 4) *Annual Audit and Other Information* – The City will prepare its annual budget in accordance with the Act and will provide to the Bank (1) a printed copy of its annual budget for each fiscal year within 60 days of adoption and (2) such other financial information as the bank may request.

Events of Default:

An "Event of Default" shall be deemed to have occurred under the Bond if:

- 1) the City shall fail to make any payment of the principal of or interest on the Note after the same shall become due and payable. Upon the occurrence of and during the continuation of a payment default, the Bank may at its option and in its discretion, by notice to the City, declare the entire debt then remaining unpaid under the Note due and payable,
- 2) the City shall default in the performance of or compliance with any term or covenant contained in the Note Documents, which default, or noncompliance shall continue and not be cured within thirty (30) days after (i) notice thereof to the City by the Bank; or (ii) the Bank is notified of such noncompliance or should have been so notified, whichever is earlier,
- 3) any representation or warranty made in writing by or on behalf of the City in any Note Document shall prove to have been false or incorrect in any material respect on the date made or reaffirmed,
- 4) the City admits in writing its inability to pay its debts generally as they become due or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself,
- 5) the City is adjudged insolvent by a court of competent jurisdiction, or it is adjudged a bankrupt on a petition in bankruptcy filed by or against the City, or an order, judgment or

decree is entered by any court of competent jurisdiction appointing, without the consent of the City, a receiver or trustee of the City or of the whole or any part of its property, and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 90 days from the date of entry thereof,

- 6) the City shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or the State of Florida,


Default Rate: The “default rate of interest” shall be the lesser of five percentage points in excess of the Bank’s Prime Rate of interest or the maximum interest rate allowed by law, charged at the time of the event of default. Right of acceleration is limited to payment defaults.


Interest Rate Adjustments: In the event the interest on the Bond becomes subject to federal income tax in any period due to actions or inactions of the City, the interest rate will convert to the taxable rate during that period. The taxable rate will be calculated by dividing the tax-exempt rate by 1 minus the maximum federal tax rate at the time the Bond becomes taxable. In addition, the District shall make the Bank whole for any interest, penalties, and additions to tax suffered by the Bank.

Conditions of Lending: The obligations of the Bank to lend hereunder are subject to the following conditions precedent:

- 1) Documents are and shall be true and correct to the best of the City’s knowledge at the time of closing.
- 2) On the closing date the City shall be in compliance with all the terms and provisions set forth in the Note Documents on its part to be observed or performed, and no Event of Default nor any event that, upon notice or lapse of time or both, would constitute such an Event of Default, shall have occurred and be continuing at such time.
- 3) Prior to the closing date, the Bank shall have received the following supporting documents, all of which shall be satisfactory in form and substance to the Bank; the opinion of bond counsel to the City, regarding the due authorization, execution, delivery, validity and enforceability of the Agreement and Note, the City’s power to incur the debt evidenced by the Note, the due adoption and enforceability of the Note Resolution and the due creation and existence of the City and to the effect that the interest on the Note is excluded from gross income for federal income tax purposes.
- 4) No material and adverse changes shall have occurred in the financial condition of the City.
- 5) The Bank shall not be required to enter into the proposed Credit Accommodation until the completion of all due diligence inquiries, receipt of approvals from all requisite parties and the execution and receipt of all necessary documentation reasonably acceptable to the Bank and its counsel. The Bank complies with the US Patriot Act of 2001 (the “Act”), including, but not limited to; those sections relating to customer identification, monitoring and reporting of suspicious activities, and the prevention of money laundering. This Act mandates that we verify certain information about the borrower and any guarantor while processing the Credit Accommodation request. Furthermore, certain assumptions are made for this proposal which, if altered, could affect the overall credit approval and or the terms of the proposed Credit Accommodation.

Waiver of Jury Trial: City and Bank knowingly, intentionally, and voluntarily waive any right which any of them may have to a trial by jury in connection with any matter directly or indirectly relating to any Note document executed in connection herewith or any other matter arising from the relationship between Bank and City.


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Agreed to and accepted this ____ day of _____, 2021.

BORROWER: City of Green Springs Cove, Florida

Signature: _____

Name: _____

Title: _____