

May 21, 2021

Marlena Guthrie, Finance Director  
City of Green Cove Springs, FL  
321 Walnut Street  
Green Cove Springs, FL 32043

Jeremy Niedfeldt, Director and Aurora Pavlish-Carpenter, Analyst  
PFM Financial Advisors, LLC  
300 S. Orange Avenue, Suite #1170  
Orlando, FL 32801

**Reference:** Up to \$9,800,000 Tax-Exempt, Bank Qualified, Loan to be evidenced by a promissory note, bond, or debt instrument (the "Debt Instrument").

Dear Messrs. Guthrie, Niedfeldt, and Pavlish-Carpenter:

Regions Equipment Finance Corporation (the "Lender") is pleased to furnish this Term Sheet (this "Term Sheet") to the City of Green Cove Springs, Florida (the "Borrower") for a \$9,800,000 Tax Exempt, Bank Qualified Loan (the "Loan") for the purposes set forth below. We understand that the Borrower intends to close the Loan on or before June 21, 2021 (the "Anticipated Closing Date").

This Term Sheet contains an outline of suggested terms only, and it does not represent a commitment by Lender or create any obligation whatsoever on Lender's part. It is for discussion purposes only, and the outlined terms have not received final approval by the appropriate lending authorities within Regions Equipment Finance Corporation.

Below you will find the proposed set of terms and conditions associated with this Term Sheet:

**Lender:** Regions Equipment Finance Corporation

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**Role of Lender:** The Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to this Term Sheet and any other information, materials or communications provided by the Lender: (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Term Sheet, information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the Borrower has been informed that the Borrower should discuss this Term Sheet and any such other information, materials or communications with any and all internal and external advisors and experts that the Borrower deems appropriate before acting on this Term Sheet or any such other information, materials or communications.

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**Privately Negotiated Loan:** The Borrower acknowledges and agrees that the Lender is purchasing the Debt Instrument in evidence of a privately negotiated loan and in that connection the Debt Instrument shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

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**Purpose:** The proceeds of the Loan will be used to current refund the City's Electric Utility Revenue Note, Series 2018, and pay for associated costs of issuance (collectively, the "Project").

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**Loan Amount:** Up to \$9,800,000.

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- Structure:**
- **Option A:** A Bank Qualified, Fixed-Rate, Tax-Exempt, Revenue Backed, Term Loan *fully funded at Closing*; or,
  - **Option B:** A Bank Qualified, Fixed-Rate, Tax-Exempt, Revenue Backed, Draw-Down Loan *with loan amounts funded per the following schedule:*
    - At Closing (June 21, 2021): \$8,300,000
    - October 1, 2021: \$375,000
    - January 1, 2021: \$375,000
    - April 1, 2021: \$375,000
    - July 1, 2022: \$375,000

**Total Draws: \$9,800,000**

The Lender is willing to provide additional pricing for any different schedule suggested by the Borrower.

Loan evidenced by a promissory note, bond or other debt instrument (the "**Debt Instrument**")

**Interest Rate:** The Loan is a Tax-Exempt, Bank Qualified Loan.

- **Option A (Fully Funded at Closing):** The Loan will bear interest at a fixed rate per annum for twelve (12) years. The indicative rate as of May 20, 2021 is 1.79%.
- **Option B (Fixed-Rate Draw Down):** The Loan will bear interest at a fixed rate per annum for twelve (12) years. The indicative rate as of May 20, 2021 is 1.84%.

These rates are offered for illustrative purposes only and do not constitute a commitment by the Lender to lend at the indicative rates. The actual initial fixed rate for the Loan may be higher or lower depending on market conditions at the time the Loan is closed. Upon notification by the Borrower of its intent to engage the Lender as the provider of the Loan, the Lender would be willing to lock the updated indicative rate from that point through the Closing Date, provided that the Loan closes within 30 days of the engagement. Should the Loan not close within 30 days of the engagement, the Lender reserves the right to adjust the interest rate based upon then prevailing market conditions.

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**Default Rate:** The interest rate otherwise applicable to the Debt Instrument plus 6.00%.

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**Repayment:** For either Loan Option, Interest will be payable semi-annually (calculated on the basis of a 30 day month and a 360 day year) on each January 1 and July 1, commencing July 1, 2021.

For Option A (Fully Funded at Closing), annual principal payments will be payable each July 1, commencing July 1, 2021, on an amortization substantially similar to that of Appendix A: Preliminary Amortization Schedule included in the Request for Proposals. For Option B (Fixed-Rate Draw Down), the loan amortization would be adjusted to solve for level annual principal and interest payments starting in 2022, instead of 2021 as shown in Appendix A.

All payments are due on the same calendar day of the month.

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**Maturity Date:** July 1, 2033. The Maturity Date must fall on a payment due date.

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- Prepayment:**
- **Option A (Fully Funded at Closing):** The Borrower may not prepay any part of the principal balance of the Debt Instrument within seven (7) years of the Closing Date. After the seventh anniversary from the Closing Date, the Borrower may prepay all or a portion of the remaining outstanding principal of the Debt Instrument without penalty. All partial prepayments of principal shall be applied in the inverse order of maturities.
  - **Option B (Fixed-Rate Draw Down):** The Borrower may not prepay any part of the principal balance of the Debt Instrument within eight (8) years of the Closing Date. After the eighth anniversary from the Closing Date, the Borrower may prepay all or a portion of the remaining outstanding principal of the Debt Instrument without penalty. All partial prepayments of principal shall be applied in the inverse order of maturities.
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**Facility Fee:** None.

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**Other Fees, Costs and Expenses:** The Borrower will be responsible for all out-of-pocket fees, costs and expenses of the Lender (including, without limitation, counsel fees and expenses) incurred in connection with the negotiation, execution, delivery, administration and enforcement of the Loan Documents. In consideration of the undertakings of the Lender hereunder, and recognizing that in connection herewith the Lender will be incurring such fees, costs and expenses, the Borrower agrees to reimburse the Lender for all such fees, costs and expenses, regardless of whether, or to what extent, any of the transactions contemplated hereby are consummated.

The Lender has chosen to use Nabors, Giblin & Nickerson, P.A. as Lender's Counsel, and fees are not expected to exceed \$8,000, provided that Lender's Counsel is only reviewing documentation.

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**Security:** Pursuant to the Loan Documents, as security for all amounts payable to the Lender or any affiliate thereof in connection with the Loan, the Borrower will provide the following a pledge of and a perfected first lien upon Net Revenues of the City's Electric Utility System.

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**Taxability and Changes in Tax Rate:** Upon the occurrence of a Determination of Taxability of the Loan, the Borrower agrees to pay to the Lender a rate of interest from the date of Loan funding that would provide the Lender with an after-tax yield on the then outstanding principal amount of this Loan at least equal to the after-tax yield the Lender could have received if a Determination of Taxability had not occurred.

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**Representations and Warranties:** Usual and customary for this type of financing. Additionally, as a condition precedent to funding the Loan, the Borrower agrees to provide to the Lender copies of:

- 1) The current Bond Resolution;
- 2) The City's All Requirements Power Supply Agreement with the Florida Municipal Power Agency ("FMPPA"); and,
- 3) The City's Supplemental Power Supply Agreement with FMPPA.

**Covenants:** Usual and customary for this type of financing, including but not limited to the following:

- (1) The Borrower shall deliver to the Lender each of the following, in form and substance satisfactory to the Lender:
  - (i.) Audited financial statements within 270 days after the end of the each of the Borrower's fiscal years (in accordance with FL law);
  - (ii.) With delivery of the audit, the City's calculation of the Rate Covenant, annually;
  - (iii.) Annual budget of the Borrower within 30 days of adoption (but no later than 30 days after the start of each Fiscal Year);
  - (iv.) Updated capital improvement plans of the Borrower as amended and approved; and,
  - (v.) Such other information as reasonably requested from time to time by the Lender.
- (2) The Borrower shall achieve and observe certain financial covenants to include, without limitation, the following:
  - (i.) A Rate Covenant of 1.20x.
  - (ii.) An Anti-Dilution Test of 1.20x.

The Lender may elect to use the definitions of the Rate Covenant and Anti-Dilution Test of the current Bond Resolution, subject to review of the Resolution upon its availability.

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**Defaults:** Usual and customary for this type of financing.

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**Remedies:** The Lender shall have all of the rights and remedies set forth in the Loan Documents, and available at law and in equity, for the enforcement thereof.

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**Legal Opinions:** As an additional condition precedent to the Lender making the Loan, the Borrower shall provide, among other things, the following opinions to the Lender:

- (i.) an opinion of bond counsel in form and substance satisfactory to the Lender and its counsel in all respects, which shall include opinions to the effect that (a) the Borrower has the authority under the laws of the State of Florida to issue the Debt Instrument and execute and deliver the Loan Documents, (b) that the Debt Instrument has been duly issued and each of the Debt Instrument and the other Loan Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower, (c) that each of the Debt Instrument and the other Loan Documents to which the Borrower is a party is a valid and binding obligation of the Borrower, duly enforceable in accordance with its terms, (d) that interest on the Debt Instrument is excludable from gross income of the holders thereof for federal income tax purposes; and,
- (ii.) a standard opinion of the Borrower's Attorney in form and substance satisfactory to the Lender and its counsel.

**Transfer Provisions:** The Lender shall maintain the right to transfer and/or assign, in whole or in part, its rights hereunder, the Debt Instrument and/or the Loan, or, in either case, any interest therein, to any person or entity in its sole and absolute discretion. The Borrower may not assign its rights hereunder or under any of the Loan Documents to any person without the prior written consent of the Lender.

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**Disclaimer:** This Term Sheet describes some of the basic terms and conditions proposed to be included in the documents between the Lender and the Borrower. This Term Sheet does not purport to summarize all the conditions, covenants, representations, warranties, assignments, events of default, cross default, acceleration events, remedies or other provisions that may be contained in documents required to consummate this financing.

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**US Patriot Act:** The Borrower represents and warrants to the Lender that neither it nor any of its principals, shareholders, members, partners, or Affiliates, as applicable, is a Person named as a Specially Designated National and Blocked Person (as defined in Presidential Executive Order 13224) and that it is not acting, directly or indirectly, for or on behalf of any such person. The Borrower further represents and warrants to the Lender that the borrower and its principals, shareholders, members, partners, or Affiliates, as applicable, are not directly or indirectly, engaged in, nor facilitating, the transactions contemplated by this transaction on behalf of any Person named as a Specially Designated National and Blocked Person.

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**Confidentiality:** The Borrower acknowledges and agrees that this Term Sheet and the information set forth herein is confidential and proprietary, and further agrees to keep this Term Sheet and the information set forth herein **CONFIDENTIAL**. The Borrower shall not disclose this Term Sheet or any of its material terms to anyone, without the prior written consent of the Lender in each instance, except as such disclosure is required by law or regulation or as a result of any legal or administrative procedure.

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**Governing Law:** State of Florida

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**Waiver of Jury Trial:** To the extent permitted by applicable law, each of the Borrower and the Lender irrevocably and voluntarily waives any right it may have to a trial by jury with respect to any controversy or claim between the Borrower and the Lender, whether arising in contract or tort or by statute, including but not limited to any controversy or claim that arises out of or relates to this Term Sheet, the Debt Instrument or any of the other Loan Documents. This provision is a material inducement for the Lender's determination to make the Loan and for the parties to enter into the Loan Documents.

Thank you for providing the Lender with this opportunity to be involved in a financial partnership with the Borrower. The Lender is willing to discuss the terms reflected herein through June 30, 2021. After such date, terms, conditions and pricing may change based on prevailing market conditions and further discussion will be at Lender's sole discretion. We are grateful for your consideration and remain available to promptly respond to any questions that you may have regarding this document. We look forward to hearing from you.

EXHIBIT A

In the event Borrower requests Lender to move forward with the approval process after discussion of the aforementioned terms and conditions contained in the Term Sheet, Borrower agrees to reimburse Lender on demand for all out of pocket expenses incurred by Lender if the transaction fails to close for any reason other than Lender's decision not to approve the transaction. Such expenses shall include, but not be limited to, legal expenses incurred by Lender.

**ACCEPTANCE:**

Borrower does hereby agree to all provisions contained in Exhibit A.

Borrower Signature:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_