



City of Green Cove Springs, Florida
Electric Utility Revenue Refunding Note, Series 2021
Summary of Terms and Conditions
May 20, 2021

This Financing proposal is provided for discussion purposes only and does not represent a commitment from Key Government Finance, Inc. (“KGF”). This proposal and its terms are submitted on a confidential basis and shall not be disclosed to third parties (other than the Borrower’s officers, directors, employees and advisors charged with reviewing and/or implementing the transactions contemplated hereby) without KGF’s consent. This proposal is intended as an outline of certain material terms of the Facility and does not purport to summarize all the conditions, covenants, representations, warranties and other provisions which would be contained in definitive documentation for the Facility contemplated hereby.

Key Government Finance, Inc., (“Lender”) is pleased to provide the following term sheet for a direct purchase financing structure to the City of Green Cove Springs, Florida.

- Lender:** Key Government Finance, Inc. (“KGF”).
- Borrower/Issuer:** City of Green Cove Springs, Florida (the “City”).
- Issue:** Electric Utility Revenue Refunding Note, Series 2021 (the “2021 Note” or the “Note”).
- Facility:** Tax-Exempt Bank Qualified Direct Purchase of the Note by the Lender.
- Amount:** \$9,800,000. The full amount of the Facility shall be advanced on the closing date.
- Use of Proceeds:** The 2021 Note is being issued by the City for the purpose of (i) refunding, on a current basis, the Electric Utility Revenue Note, Series 2018 and (ii) paying the related costs of issuance of the 2021 Note.
- Facility Terms:** The anticipated closing date for this Facility is June 21, 2021 (“Anticipated Closing Date”). The final maturity date for this Facility is July 1, 2033 (“Final Maturity”). KGF will purchase the Facility through Final Maturity.
- Repayment:** Annual principal payments commencing July 1, 2021 through Final Maturity. Semi-annual interest payments commencing July 1, 2021 through Final Maturity. Any amortization that differs from the debt service schedule in the RFP and increases the average life of the financing for the option below may result in an adjustment to the interest rate provided.
- Interest Rate:** Based on market conditions as of May 20, 2021, the interest rate is 1.712%. This interest rate needs to be accepted by the Borrower no later than May 27, 2021 and would be valid for closing on or before the Anticipated Closing Date.
- Interest Day Count:** 30/360
- Costs of Issuance:** Borrower will be responsible for costs related to this financing including but not limited to Bond, Issuer’s, Trustee’s, and Borrower’s Counsel fees. Lender plans to use Kutak Rock LLP as outside legal counsel (***Lender to pay their fee***). Attorney contact information is provided below:

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- Prepayment:** The Facility may be prepaid in whole, but not in part, anytime at par plus accrued interest.
- Security:** The 2021 Note is payable solely from and secured solely by a senior pledge of the net revenues of the City's Electric Utility System.
- Financial Reporting:** Borrower shall provide to the Lender or post on EMMA:
1. Annual audited financial statements including operating statistics within 270 days of Borrower's fiscal year end or if the audit has not been completed, a copy of the unaudited financial statements, and the annual audited financial statements within 30 days of availability.
 2. Other financial reports as Lender may reasonably request.
- Default Rate:** 3% above the current interest rate for any outstanding payments in default (the "Default Rate"), upon the occurrence of a default that is not cured within 90 days, the Default Rate shall apply to all outstanding principal, until the default has been cured.
- Financial Covenants:** Additional Bonds Test: 1.20X as currently defined.
Rate Covenant: 1.20X as currently defined.
- Any amendment, modification and/or waiver will require the consent in writing by the Lender.
- Documents:** All documents shall be attorney prepared and in form and substance acceptable to the Lender and its legal counsel, including legal opinions customary for transactions of this nature. Documentation must include the following: "No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under this Facility shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation". Bond counsel will provide a Validity Opinion regarding the legality, validity, and enforceability of the Facility and a Tax Opinion regarding the tax-exempt nature of the interest earnings on the financing.
- Credit Approval:** The Facility has been credit approved.

Conditions Precedent to Closing: Borrower's obligation will be subject to such terms and conditions that Lender may require with respect to this transaction, or as are customarily required with respect to similar credits and as set forth in the Facility documents. Without limitation, such terms and conditions shall include:

1. Absence of Default.
2. Accuracy of Representations and Warranties.
3. Negotiation and Execution of satisfactory closing documents.
4. Absence of material adverse change in financial condition of Borrower during the period from the date hereof to the Closing Date.
5. Receipt of the top 10 taxpayers.

Firm Experience: The Lender is a subsidiary of KeyBank, N.A. KGF's portfolio consists of over \$5.3 billion of tax-exempt leases, loans, and bonds for municipalities, not-for-profits, and manufacturers across the United States.

Other: The Lender will make a loan by purchasing the Facility under the following additional conditions: (i) the Facility is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) the Lender will hold the Facility as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Facility; (iv) no final official Statement has been prepared in connection with the private placement of the Facility; (v) the Facility will not close through the DTC or any similar repository and will not be in book entry form; and (vi) the Facility will not be listed on any stock or other securities exchange.

Paying Agent: While Lender can provide billing and servicing, Lender is unable to act as Paying Agent.

Proposal Acceptance/Expiration

This proposal is issued in reliance upon the accuracy of all information presented by you to us and is contingent upon the absence of any material adverse change in your condition, financial or otherwise, from the condition as it was represented to us at the time of this proposal. This proposal is subject to our formal approval and the execution of documentation acceptable to each of us. **IT IS NOT A COMMITMENT BY US TO ENGAGE IN THIS TRANSACTION.**

“(a) Key Government Finance (“KGF”) is not recommending an action to you as the municipal entity or obligated person; (b) KGF is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (c) KGF is acting for its own interests; and (d) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.”

Key Government Finance, Inc. (i) is an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the Key Government Finance, Inc., is to hold the municipal securities to maturity or earlier redemption or mandatory tender. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

Lender notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, as amended and supplemented) (the “Patriot Act”), that Lender is required to obtain, verify and record all information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Patriot Act.

Lender acknowledges that, in connection with Borrower’s compliance with any continuing disclosure undertakings (each, a “Continuing Disclosure Agreement”) entered into by Borrower pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the “Rule”), Borrower may be required to file with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system, or its successor (“EMMA”), notice of its incurrence of its obligations under this Facility and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with this Facility, in each case including a description of the material terms thereof (each such notice, an “EMMA Notice”). Borrower shall not file or submit or permit the filing or submission of any EMMA Notice that includes any of the following unredacted information regarding Lender or any Escrow Agent: physical or mailing addresses, account information, e-mail addresses, telephone numbers, fax numbers, tax identification numbers, or titles or signatures of officers, employees or other signatories. Borrower acknowledges and agrees that Lender is not responsible in connection with any EMMA Notice relating to this Facility for Borrower’s compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities laws, including but not limited to those relating to the Rule.

If the outlined foregoing proposal is satisfactory, reflects an arrangement that suits the need of your organization and you would like Key to commence its due diligence process, please sign and return this proposal. The terms described in this proposal will expire in ten (10) business days if we have not received an authorized signed copy on or before such date.

Thank you for allowing us the opportunity to present this Proposal. If you have any questions, please call me at 720-904-4262.

Sincerely,

Danny Bild

Danny Bild
Vice President
Key Government Finance, Inc.
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Superior, CO 80027
Daniel.Bild@Key.Com

APPROVED THIS ____ DAY OF _____, 2021

City of Green Cove Springs, Florida

By: _____

Print Name: _____

Title: _____