



NON-BINDING PROPOSAL

May 21, 2021

City of Green Cove Springs, Florida
Attention: Ms. Marlena Guthrie, Mr. Jeremy Niedfeldt, and Ms. Aurora Pavlish-Carpenter
321 Walnut Street
Green Cove Springs, FL 32043

Dear Ms. Guthrie, Mr. Niedfeldt, and Ms. Pavlish-Carpenter:

CenterState Bank, N.A. ("the Bank") is pleased to have the opportunity to consider your loan request on behalf of the City of Green Cove Springs, Florida. This letter is a Non-Binding Proposal.

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

Purpose: The 2021 Note is being issued by the City for the purpose of providing funds to (i) refund, on a current basis, the Electric Utility Revenue Note, Series 2018 with our Bank, and (ii) pay the related costs of issuance.

Loan Amount and Type: Not to exceed \$9,800,000.00 (Nine Million Eight Hundred Thousand Dollars). The loan is anticipated to close on or about June 21, 2021 and is considered a Bank Qualified Tax-Exempt term loan. The Borrower shall also retain the option to structure this loan as a draw note for a maximum of 12 months, with a minimum draw at closing of \$8,150,000 (Eight Million One Hundred Fifty Thousand Dollars), with the remaining balance not to exceed \$1,650,000 to be funded within 12 months of closing. The City shall retain the option to draw the remaining funds in one draw, or multiple draws (not to exceed four draws) over the initial 12 months of the term of this note. Should the Borrower exercise this option, the loan amortization schedule may be adjusted, subject to Bank approval to solve for level annual Principal and Interest payments starting in 2022, instead of 2021 as shown in Appendix A.

NOTE: The current loan balance of \$9,611,000 will need to be paid down to \$8,150,000 prior to closing if the City wishes to exercise the draw option.

Collateral: The payment of the principal of and interest on the 2021 Note shall be payable solely from and secured solely by a pledge of the Net Revenues of the City's Electric Utility System.

It is further understood that consistent with the above referenced 2018 Revenue Note, the City will fix, establish and maintain such rates and will collect such fees, rentals or other charges for the services of the System and revise the same from time to time, whenever necessary, as will always provide Net Revenues sufficient to pay one hundred twenty percent (120%) of the principal and interest on the Note and any obligations payable from the Net Revenues.

Additional Parity Obligations: Except as provided below, the City may issue no obligations payable from the Net Revenues. Parity obligations payable on a parity basis to the Note (the "Parity Obligations") may be issued upon satisfaction of the following conditions:

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(1) There shall have been obtained and filed with the Clerk a certificate of the Finance Director stating: (1) That the audited books and records of the City relative to the Net Revenues for the most recently audited fiscal year (the "Test Period") have been reviewed by the Finance Director and that the amount of the Net Revenues adjusted as provided in paragraph (2) below, is equal to or not less than 120% of the maximum debt service becoming due in any year thereafter on all debt payable from the Net Revenues and on the Parity Obligations.

(2) Upon recommendation of the Qualified Independent Consultants, the Net Revenues certified pursuant in the previous paragraph may be adjusted for purposes of this Section by including: (a) 100% of the additional Net Revenues which in the opinion of the Qualified Independent Consultant would have been derived by the City from rate increases adopted and in effect before the issuance of the Parity Obligations, if such approved rate increases had been implemented during the Test Period, and (b) 100% of the additional Net Revenues estimated by the Qualified Independent Consultant to be derived during the first full twelve month period after the facilities financed with proceeds of the Parity Obligations are placed in service.

- Maturity Date:** July 1, 2033
- Interest Rate:** The interest rate shall be a Bank Qualified Tax-Exempt fixed rate of 1.85%, provided the loan is closed by June 25, 2021. Interest will be calculated on a 30/360 day count basis.
- Repayment Terms:** Interest payments on the outstanding principal balance will be paid semi-annually on January 1 and July 1 of each year for the term of the loan commencing July 1, 2021. Principal shall be payable as stated within Appendix A (see attached).
- Prepayment Penalty:** The City will incur a 1.00% prepayment penalty of the outstanding principal balance if the Series 2021 loan is paid in full during the first 3 years of the loan. Principal reductions in excess of the determined amortization schedule will also be subject to the 1.00% prepayment penalty for the first 3 years of the loan.
- Late Fees:** Bank may, at its option collect from the Borrower a late charge of five percent (5.00%) of any payment not received by Bank within ten (10) days after the payment is due.
- Event of Default:** Upon an event of default as described in the bond resolution, the holder may recover from the Borrower all expenses incurred including without limitation reasonable attorney's fees, at all levels of the proceedings, whether incurred in connection with collection, bankruptcy, proceedings, trial, appeal or otherwise. Remedies shall include acceleration in the event of payment default.
- Default Rate:** 6% above the note rate.
- Bank Fees:** Bank fees including its bond counsel review shall not exceed \$5,000. It is understood that Bryant Miller Olive P.A. will prepare the documents on behalf of the Borrower with the Borrower bearing all closing costs. This shall include delivering an opinion by Bond Counsel to ensure compliance by the City with the Internal Revenue Code of 1986, as amended ("Code"), and to qualify interest on the 2018 Bond for exclusion from gross income



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for federal income tax purposes as set forth in the opinion of Bond Counsel on the Series 2018 Bond, which shall be satisfactorily reviewed by Bank's bond counsel.

Warranties:

The Bank warrants to the City that it will comply with all applicable federal, state and local laws, regulations and orders in providing the services under the proposed documents.

Covenants:

- 1) Comprehensive annual financial report (CAFR) within 270 days of fiscal year end and the City's Budget within 60 days of adoption shall be provided to the Bank by the Borrower.
- 2) Borrower shall provide such other financial information from time to time as is reasonably requested by the Bank.
- 3) The City shall fix, establish and maintain such rates and will collect such fees, rentals or other charges for the services of the System and revise the same from time to time, whenever necessary, as will always provide Net Revenues sufficient to pay one hundred twenty percent (120%) of the principal and interest on the Note and any obligations payable from the Net Revenues. Covenant calculation to be provided to the Bank on an annual basis.

Additional Parity Obligations: Except as provided below, the City may issue no obligations payable from the Net Revenues. Parity obligations payable on a parity basis to the Note (the "Parity Obligations") may be issued upon satisfaction of the following conditions:

(A) There shall have been obtained and filed with the Clerk a certificate of the Finance Director stating: (1) That the audited books and records of the City relative to the Net Revenues for the most recently audited fiscal year (the "Test Period") have been reviewed by the Finance Director and that the amount of the Net Revenues adjusted as provided in paragraph (2) below, is equal to not less than 120% of the maximum debt service becoming due in any year thereafter on all debt payable from the Net Revenues and on the Parity Obligations.

(B) Upon recommendation of the Qualified Independent Consultants, the Net Revenues certified pursuant in the previous paragraph may be adjusted for purposes of this Section by including: (i) 100% of the additional Net Revenues which in the opinion of the Qualified Independent Consultant would have been derived by the City from rate increases adopted and in effect before the issuance of tire Parity Obligations, if such approved rate increases had been implemented during the Test Period, and (ii) 100% of the additional Net Revenues estimated by the Qualified Independent Consultant to be derived during the first full twelve month period after the facilities financed with proceeds of the Parity Obligations are placed in service.

4) The City agrees to take such actions as may be required by Treasury regulations in order to maintain the status of the loan as a tax-exempt obligation. In the event the loan is not considered Tax Exempt as a result of any action or inaction of the City, the Bank reserves the right to increase the interest rate on the bond rate (see "Interest Rate" above) to the taxable rate equivalent (Note Rate divided by 0.79).

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Conditions:

- 1) Note documents to be satisfactorily reviewed and approved by Bank's bond counsel.
- 2) Formal approval and authorization from the City of Green Cove Springs, Florida City Commission for the Series 2021 Note.

This Non-Binding Proposal is solely and exclusively intended to serve as a summary of potential credit facility terms and conditions as a basis for preliminary discussion purposes only and to demonstrate CenterState Bank's interest in reviewing your loan request and, subject to CenterState Bank's underwriting requirements, and submission of your request for approval. This proposal may not include all of the terms and provisions that may be contained in any binding commitment letter which may later be offered to you. No oral communications between the parties shall be deemed to supersede this Non-Binding Proposal or indicate any commitment to extend credit in any form.

Please also note that effective June 8, 2020 South State Bank and CenterState Bank, N.A. have merged to become South State Bank, N.A.

We appreciate this opportunity to submit our proposal to the City of Green Cove Springs, Florida for consideration, and if you have any questions, please do not hesitate to call me at 386.569.0643, or email at glubi@centerstatebank.com.

Sincerely,



Garry Lubi
Senior Vice President & Commercial Lender



Date

Acceptance:

By accepting this Non-Binding Proposal you acknowledge and agree to the terms hereof, including without limitation the non-binding nature of this Proposal.

Authorized Signor

Date

Print Name: _____



Appendix A

***Preliminary Amortization Schedule**

Maturity Date	Amount
7/1/2021	740,000
7/1/2022	685,000
7/1/2023	695,000
7/1/2024	710,000
7/1/2025	720,000
7/1/2026	735,000
7/1/2027	750,000
7/1/2028	760,000
7/1/2029	775,000
7/1/2030	785,000
7/1/2031	800,000
7/1/2032	815,000
7/1/2033	830,000
	9,800,000

* Final amortization shall be set when the actual bank-qualified interest rate has been determined. The City reserves the right to amend the amortization schedule and size of the 2021 Note (within the not to exceed amounts). Final maturity of the 2021 Note shall not be later than July 1, 2033.



Appendix B: Lender's Certificate

This is to certify that _____ (the "Lender") has not required the City of Green Cove Springs, Florida (the "Issuer") to deliver any offering document and has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the Issuer in connection with the issuance of the \$_____ City of Green Cove Springs, Florida Electric Utility Revenue Refunding Note, Series 2021 (the "Note"), and no inference should be drawn that the Lender, in the acceptance of the Note, is relying on Bond Counsel or Issuer's Counsel as to any such matters other than the legal opinion rendered by Bond Counsel, Bryant Miller Olive P.A. and by Issuer's Counsel, L. J. Arnold, III. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in a resolution adopted by the Issuer on June 15, 2021 (the "Resolution").

We are aware that investment in the Note involves various risks, that the Note is not a general obligation of the Issuer or payable from ad valorem tax revenues, and that the payment of the Note is secured solely from the sources described in the Resolution (the "Note Security").

We have made such independent investigation of the Note Security as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances. In making our investment decision, we have relied upon the accuracy of information which has been provided to us by the Issuer.

We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of our investment in the Note and can bear the economic risk of our investment in the Note.

We acknowledge and understand that the Issuer has determined that the Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended, and that the Note is not required to be registered in reliance upon the exemption from registration under Section 3(a)(2) of the Securities Act of 1933, Section 517.051(1), Florida Statutes, and/or Section 517.061(7), Florida Statutes, and that the Issuer has further determined that neither the Issuer, Bond Counsel nor Issuer's Counsel shall have any obligation to effect any such registration or qualification.

We are not acting as a broker or other intermediary, and are purchasing the Note as an investment for our own account and not with a present view to a resale or other distribution to the public. We understand that the Note may be transferred only in Authorized Denominations.

We are a bank, trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes. We are not purchasing the Note for direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes.

DATED this ___ of June, 2021.

[BANK]

By: _____