

May 21, 2021

**VIA Electronic Mail**

Mr. Jeremy Niedfeldt  
PFM Financial Advisors LLC

Ms. Aurora Pavlish-Carpenter  
PFM Financial Advisors LLC

**RE: Request for Proposals – City of Green Cove Springs, Florida  
Electric Utility Revenue Refunding Note, Series 2021**

Dear Mr. Niedfeldt and Ms. Pavlish-Carpenter,

Pinnacle Public Finance, Inc., a BankUnited Company, is pleased to provide this response to the Request for Proposals for the City of Green Cove Springs, Florida distributed by PFM Financial Advisors LLC acting as municipal advisor to the City.

**Corporate Overview:** In October 2010, BankUnited acquired the public finance business from Koch Financial Corporation and now operates it under the name Pinnacle Public Finance, Inc. Pinnacle is headquartered in Scottsdale, Arizona and is a market leader in providing financing directly to its state and local government clients and through its vendor programs and alliances.

Since beginning as Pinnacle, our group has funded over 2,100 municipal transactions nationwide totaling more than \$3.1 billion. Pinnacle has the knowledge and the resources to fund complex programs that require innovative and flexible financing solutions. In 2013, Pinnacle funded the loan that the City is contemplating refunding through this request.

Given that BankUnited is based in Florida, Pinnacle is strongly committed to meeting the needs of our Florida clients. Members of our team have successfully funded more than 45 transactions totaling over \$530 million in Florida.

Our proposed terms and conditions are as follows:

**Borrower:** City of Green Cove Springs, Florida (“City” or “Borrower”)

**Lender:** Pinnacle Public Finance, Inc., a BankUnited Company (“Lender” or “Pinnacle”)

**Municipal  
Advisor:** PFM Financial Advisors LLC (“Advisor”)

**Bond Counsel:** Bryant Mille Olive PA (“Bond Counsel”)

**Lender’s  
Counsel:** Chapman and Cutler LLP (“Lender’s Counsel”)

<b>Issue Type:</b>	Municipal loan in the form of a note (the “Loan”). The registered owner will be Pinnacle Public Finance, Inc. and Pinnacle requests physical delivery of the note, printed on safety paper, with no CUSIP and no reference to DTC or book-entry only system.
<b>Transaction Amount:</b>	\$9,800,000 ( <i>preliminary and subject to change</i> )
<b>Purpose:</b>	Loan proceeds will be used to refund, on a current basis, the City’s Electric Utility Revenue Note, Series 2018 and pay the costs of issuance.
<b>Security:</b>	The Loan will be secured by and payable solely from the net revenues of the City’s Electric Utility System.
<b>Term:</b>	The Loan will have a final maturity of July 1, 2033 with an average life of approximately 6.2 years.
<b>Interest Rate:</b>	2.20%
<b>Draw-Down Flexibility:</b>	Pinnacle will work with the City to make the draw-down of \$1.5 million of unspent proceeds included in this transaction. Pinnacle understands the potential challenges the City faced to spend all of the 2018 proceeds over the last year so no adjustment to the Interest Rate will be necessary provided the final maturity and average life are not affected. Pinnacle will require Bond Counsel opine on including the unspent proceeds to the satisfaction of Pinnacle and Lender’s Counsel.
<b>Interest Rate Expiration:</b>	The Interest Rate is valid through June 21, 2021.
<b>Projected Funding Date:</b>	It is assumed the Loan will fund on or before June 21, 2021.
<b>Payment Frequency:</b>	Principal will be paid annually each July 1, commencing July 1, 2022. Interest will be paid semi-annually each July 1 and January 1, commencing July 1, 2022.
<b>Debt Service Requirements:</b>	Please see the attached Preliminary Debt Service Schedule.
<b>Prepayment Terms:</b>	<b>Prepayment in Whole</b> Prior to July 1, 2027, the Loan is not subject to prepayment. Beginning July 1, 2027, the Loan is subject to prepayment in whole any time at a price equal to 102% of par plus accrued interest.

**Prepayment**

**Terms cont.:**

**Prepayment in Part**

Prior to July 1, 2027, the Loan is not subject to prepayment. Beginning July 1, 2027, the Loan is subject to prepayment in part one-time per year on a payment date in a minimum amount of \$500,000 at a price equal to 102% of par. Prior to closing, the Lender and the Borrower will agree to the method of applying the partial prepayment, i.e. pro rata or inverse order of maturity.

*Subject to negotiation*

**Documentation:**

The Lender assumes all financing documentation will be prepared by Bond Counsel in form and content acceptable to the Lender and Lender's Counsel. Further, it is assumed Bond Counsel will provide a validity and tax opinion at no cost to the Lender.

This proposal is subject to review and acceptance of all documents by the Lender and Lender's Counsel.

**Gross Up for**

**Taxability:**

The Lender will require a gross up provision in the event the Loan becomes taxable due to actions or omissions of the City. If the Loan becomes taxable the taxable rate of interest will be calculated using the formula below:

$$\text{Interest Rate} / (1.00 - \text{Maximum Current Corporate Tax Rate}^*) = \text{Taxable Rate}$$

\*Such Corporate Tax Rate being expressed as a decimal.

Maximum Federal Corporate Tax Rate means, for any day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of such day (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Lender, the maximum statutory rate of federal income taxation which could apply to the Lender as of such day).

The taxable interest rate will be effective as of the date of a final determination of the Internal Revenue Service or a court of competent jurisdiction or an opinion of a nationally recognized bond counsel selected by the Lender.

**Requested**

**Provisions:**

The Lender assumes the City will be subject to an Additional Bonds Test and Rate Covenant requiring minimum coverage of 1.20X as long as the Loan is outstanding. *Subject to negotiation.*

The Lender requires the Loan documents make no reference to any Uniform Commercial Code Section relating to Investment Securities (i.e. UCC Article 8).

The Lender requires the ability to transfer the Loan as stated below in Assignment.

**Reporting:** The Lender will request that the Borrower agrees to provide its CAFR within 210 days of the close of each fiscal year. Additionally, the Lender will request that the Borrower agree to provide such other financial information as the Lender may reasonably request, including but not limited to, its annual budget for any prior or current fiscal year or subsequent fiscal years. *Subject to negotiation.*

**Assignment:** It is our present intention to hold the Loan to maturity; however, the Lender will require that it reserves the right to assign, transfer or convey the Loan (or any interest therein or portion thereof) only to any of its affiliates or to banks, insurance companies or similar financial institutions or their affiliates, including participation arrangements with such entities.

**Fees/Closing Costs:** The Lender proposes the inclusion of actual expenses up to \$8,000 for Lender's Counsel in costs of issuance. The Borrower will be responsible for any fees or expenses with respect to its (i) issuing costs, (ii) legal counsel (iii) Bond Counsel, and (iv) title/registration fees, if any.

**Pre-Close Requirements:** The Lender will require a complete executed copy of the transcript by noon the day prior to funding (a scanned copy is acceptable). Ultimately, the Lender will require a complete transcript with original signatures.

**Borrower Covid-19 Impact Representation:** Pinnacle will ask the Borrower to provide a signed copy of a Certificate of Director of Finance Regarding Covid-19 Impact. A form of the certificate has been included with this proposal.

**IRMA Representation:** The Lender requests the Borrower provide a letter confirming the Advisor is acting as Independent Registered Municipal Advisor under the SEC Municipal Advisor Rule. A copy of the requested letter is included with this proposal

**Pinnacle's Role As Lender:** The transaction described in this document is an arm's length, commercial transaction between the Borrower and Pinnacle in which: (a) Pinnacle is acting solely as a principal (*i.e.*, as a lender) and for its own interest; (b) Pinnacle is not acting as a municipal advisor or financial advisor to the Borrower; (c) Pinnacle has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Borrower with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether Pinnacle has provided other services or is currently providing other services to the Borrower on other matters); (d) the only obligations Pinnacle has to the Borrower with respect to this transaction are set forth in the definitive transaction agreements between Pinnacle and the Borrower; and (e) Pinnacle is not recommending that the Borrower take an action with respect to the transaction described in this document, and before taking any action with respect to this transaction, the Borrower should discuss the information contained herein with its own legal, accounting, tax, financial and other advisors, as it deems appropriate.

**Credit Approval:** This proposal is subject to credit approval.

Please feel free to call me at **480.688.4064** with any questions or further clarification.

Thank you for the opportunity to present this proposal.

Sincerely,

*Blair Swain*

Blair Swain  
Senior Vice President, Direct Markets

CC: Marlena Guthrie, City of Green Cove Springs

### Preliminary Debt Service Schedule

Totals:		\$11,142,928.89	\$1,342,928.89	\$9,800,000.00	Rate 2.2000%	\$11,142,928.89	
Pmt #	Payment Date	Payment Amount	Interest	Principal	Purchase Price	Outstanding Balance	Annual Total
	6/21/2021					\$9,800,000.00	
1	7/1/2021	\$745,988.89	\$5,988.89	\$740,000.00	Non-Callable	\$9,060,000.00	\$745,988.89
2	1/1/2022	\$99,660.00	\$99,660.00	\$0.00	Non-Callable	\$9,060,000.00	
3	7/1/2022	\$784,660.00	\$99,660.00	\$685,000.00	Non-Callable	\$8,375,000.00	\$884,320.00
4	1/1/2023	\$92,125.00	\$92,125.00	\$0.00	Non-Callable	\$8,375,000.00	
5	7/1/2023	\$787,125.00	\$92,125.00	\$695,000.00	Non-Callable	\$7,680,000.00	\$879,250.00
6	1/1/2024	\$84,480.00	\$84,480.00	\$0.00	Non-Callable	\$7,680,000.00	
7	7/1/2024	\$794,480.00	\$84,480.00	\$710,000.00	Non-Callable	\$6,970,000.00	\$878,960.00
8	1/1/2025	\$76,670.00	\$76,670.00	\$0.00	Non-Callable	\$6,970,000.00	
9	7/1/2025	\$796,670.00	\$76,670.00	\$720,000.00	Non-Callable	\$6,250,000.00	\$873,340.00
10	1/1/2026	\$68,750.00	\$68,750.00	\$0.00	Non-Callable	\$6,250,000.00	
11	7/1/2026	\$803,750.00	\$68,750.00	\$735,000.00	Non-Callable	\$5,515,000.00	\$872,500.00
12	1/1/2027	\$60,665.00	\$60,665.00	\$0.00	Non-Callable	\$5,515,000.00	
13	7/1/2027	\$810,665.00	\$60,665.00	\$750,000.00	\$4,860,300.00	\$4,765,000.00	\$871,330.00
14	1/1/2028	\$52,415.00	\$52,415.00	\$0.00	\$4,860,300.00	\$4,765,000.00	
15	7/1/2028	\$812,415.00	\$52,415.00	\$760,000.00	\$4,085,100.00	\$4,005,000.00	\$864,830.00
16	1/1/2029	\$44,055.00	\$44,055.00	\$0.00	\$4,085,100.00	\$4,005,000.00	
17	7/1/2029	\$819,055.00	\$44,055.00	\$775,000.00	\$3,294,600.00	\$3,230,000.00	\$863,110.00
18	1/1/2030	\$35,530.00	\$35,530.00	\$0.00	\$3,294,600.00	\$3,230,000.00	
19	7/1/2030	\$820,530.00	\$35,530.00	\$785,000.00	\$2,493,900.00	\$2,445,000.00	\$856,060.00
20	1/1/2031	\$26,895.00	\$26,895.00	\$0.00	\$2,493,900.00	\$2,445,000.00	
21	7/1/2031	\$826,895.00	\$26,895.00	\$800,000.00	\$1,677,900.00	\$1,645,000.00	\$853,790.00
22	1/1/2032	\$18,095.00	\$18,095.00	\$0.00	\$1,677,900.00	\$1,645,000.00	
23	7/1/2032	\$833,095.00	\$18,095.00	\$815,000.00	\$846,600.00	\$830,000.00	\$851,190.00
24	1/1/2033	\$9,130.00	\$9,130.00	\$0.00	\$846,600.00	\$830,000.00	
25	7/1/2033	\$839,130.00	\$9,130.00	\$830,000.00	\$0.00	\$0.00	\$848,260.00

