



Adam L. Horn  
Senior Vice President

STI Institutional & Government, Inc.  
401 East Jackson Street, 20th Floor  
Tampa, Florida 33602  
Tel 813.224.2552  
Fax 813.209.9643  
Adam.Horn@SunTrust.com

March 26, 2020

Ms. Kimberly Ferrell, Finance Director  
Finance Department  
City of North Port  
City Hall, Third Floor  
North Port, Florida 34286  
[kferrell@cityofnorthport.com](mailto:kferrell@cityofnorthport.com)

Jeremy Niedfeldt and Mara Lugo  
PFM Financial Advisors LLC  
Public Financial Management, Inc.  
300 S. Orange Ave, Suite 1170  
Orlando, FL 32801  
[niedfeldtj@pfm.com](mailto:niedfeldtj@pfm.com)  
[lugom@pfm.com](mailto:lugom@pfm.com)

Re: **RFP for Capital Improvement Refunding Revenue Bond, Series 2020** Up to \$33,000,000 issued as either a (1) Taxable Fixed Rate Term Loan to Maturity or (2) a Taxable Fixed Rate Term Loan with the option to convert into a Tax Exempt Non-Bank Qualified Fixed Rate Term Loan as described in Annex I ("Loan") to City of North Port, Florida ("Borrower") with Truist Bank or its designated affiliate (Lender).

Dear Ms. Ferrell, Mr. Niedfeldt, and Ms. Lugo:

On behalf of Truist Bank or a designated affiliate as applicable ("Lender"), I am pleased to consider making the Loan to Borrower based substantially on the proposed summary of terms and conditions set forth on Annex I attached hereto and incorporated herein by this reference (this "Letter")

This Letter is provided for discussion purposes as an expression of interest by Lender in the proposed financing, does not contain all required terms and conditions and should not be construed to be a commitment, offer, or agreement by Lender to issue a commitment or provide the proposed financing and, as such, Borrower shall be deemed to place no reliance on this Letter. The proposed financing is subject to standard credit underwriting and approval by Lender, which may not be forthcoming. This Letter is not assignable, not intended to benefit any third party, subject to such other terms and conditions as Lender may require, confidential, and not an offer or recommendation to enter into any "swap" transaction per Section 1a(47) of the Commodity Exchange Act.

Evaluation of the proposed financing would require and remain conditioned on, inter alia, Lender' receipt of all documentation and information Lender may require. Lender may determine that other information and/or documentation is needed to underwrite the proposed financing. Pursuant to the requirements of the Patriot Act, Lender and their affiliates are required to obtain, verify and record information that identifies Loan obligors, which information includes the name, address, tax identification number and other information regarding obligors that will allow Lender to identify obligors in accordance with the Patriot Act, and Lender are hereby so authorized. This notice is given in accordance with the requirements of the Patriot Act and is effective for Truist and its affiliates.

Upon the Borrower beginning document negotiation, all costs incurred by Lender in connection with the proposed financing, including but not limited to, Lender' legal fees and expenses, appraisals, searches, reports and other third party costs (collectively "Costs"), shall be paid and/or reimbursed by Borrower, whether or not the proposed financing closes, and your acknowledgement below authorizes Lender to proceed with same at your expense and in reliance on this understanding. Borrower shall be responsible for all fees and expenses including, without limitation, legal fees and expenses, incurred by Lender in enforcing its rights under this Letter. Borrower's obligation in respect of the costs and expenses referenced in this paragraph is in consideration, inter alia, for Lender' undertaking to underwrite the proposed financing and incur such Costs and shall survive the cancellation or termination of this Letter.

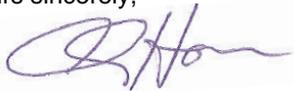
This Letter constitutes the entire understanding between Lender and Borrower in connection with the proposed Loan as of the date hereof, supersedes any prior written or oral communications or understandings, and may be amended only by a writing signed by Lender. This Letter is unconditionally cancellable by Lender at any time, neither party shall have an express or implied duty to negotiate and either party may terminate negotiations at any time in their sole discretion, and partial performance or efforts to carry out other acts in contemplation of consummating the proposed Loan shall not, in isolation or in aggregate, be deemed evidence of intent by either party to be bound by the terms of this Letter. Neither Lender nor Borrower shall be deemed to have entered into, signed or executed binding documents evidencing the Loan by virtue of this or any other communication at any time prior to Lender' express acceptance of

Loan documents prepared by Lender or its counsel. If Lender and Borrower enter into the proposed Loan, this Letter shall not survive any closing of the proposed Loan, and if there is a conflict between the terms of this Letter and any documents evidencing the Loan, the terms of the documents evidencing the Loan shall be controlling.

This Letter is governed by the laws of the State of Florida. To the extent permitted by applicable law, Borrower and Lender waive trial by jury in connection with any action arising under or related to this Letter and submit to exclusive jurisdiction in the foregoing state of governing law.

Except as expressly set forth herein with regard to confidentiality, choice of law, waiver of jury trial and Borrower's obligation to pay Costs, this Letter is not intended to, and shall not, create a legally binding obligation on the part of Lender or Borrower, and your signature below confirms your understanding of this. Subject to the foregoing sentence, if you would like Lender to begin its underwriting and review process and to seek the appropriate credit approvals (which may not be forthcoming), please so advise by executing and returning a copy of this Letter to the address below (delivery of this Letter by the parties via electronic transmission shall be permissible) by April 30<sup>th</sup>, 2020, or this Letter will be deemed withdrawn. This Letter may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same instrument. A signed counterpart of this Letter transmitted via facsimile, pdf or some other electronic means shall be as fully enforceable as the counterpart containing the original signature(s). If you have any questions in connection with this Letter, please contact me.

Yours sincerely,



The terms and conditions of this Letter are hereby acknowledged and agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 2020.<sup>1</sup>

City of North Port, Florida:

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

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

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

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<sup>1</sup> Note: Execution of this Letter will signify Borrower's request for credit. If Lender does not timely receive the information or documentation outlined herein or subsequently requested by Lender, Borrower's request for credit will be deemed withdrawn by Borrower. You should inquire about the status of Borrower's request for credit at Lender's address listed above. If the requested financing is denied, you have the right to request a written explanation by writing to Lender at the above address within 60 days of Lender's notice of denial. The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Reserve Bank of Atlanta. Any questions concerning this creditor should be directed to the Federal Reserve Consumer Help Center, P.O. Box 1200, Minneapolis, MN 55480, toll-free number: (888) 851-1920, fax number: (877) 888-2520, TTY number: (877) 766-8533.

**ANNEX I**

**SUMMARY OF TERMS AND CONDITIONS**

**Municipal Advisor  
Rule Disclosure:**

Truist Bank or its designated affiliate (Lender) is an institutional buyer and makes direct purchase loans to Municipal Entities and Obligated Persons as defined under the Municipal Advisor Regulation, and in this term sheet is providing information regarding the terms under which it would make such a purchase for its own account.

- (a) Lender is not recommending an action to Borrower, the Guarantors or the issuer of the debt;
- (b) Lender is not acting as an advisor to Borrower, the Guarantors or the issuer of the debt and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to Borrower, the Guarantors or the issuer of the debt with respect to the information and material contained in this communication;
- (c) Lender is acting for its own interests; and
- (d) Borrower, the Guarantors and the issuer of the debt should discuss any information and material contained in this communication with any and all internal or external advisors and experts that the municipal entity or obligated person deems appropriate before acting on this information or material.

**Borrower:** City of North Port, Florida ("*Borrower*")

**Lender:** Truist Bank or its designated affiliate ("*Lender*")

**Facility:** Initially Taxable Fixed Rate Term Loan to be converted to a Tax Exempt Non-Bank Qualified Fixed Rate Term Loan ("Loan")

The Loan or Loans will be funded on a single drawdown on the closing date.

Borrower may determine whether the Loan shall be issued as either (1) a taxable loan for the life of the Loan, or (2) a taxable loan with the option to convert into a tax-exempt loan upon meeting the conditions described here.

**Loan Amount:** Up to \$33,000,000

**Purpose:** Loan is being issued by the City for the purpose of (i) refunding the City's outstanding Transportation Improvement Assessment Bonds, Series 2013 and paying the related costs of issuance.

**Maturity Date:** July 1, 2037.

**Interest Rate:** The following rate options will be held through closing provided that Lender is notified of intent to recommend Lender's Proposal for award and which pricing option chosen by April 28<sup>th</sup>, 2020, and the loan closes by May 5<sup>th</sup>, 2020. All fixed rates quoted below are calculated on the basis of a 30-day month and 360-day year. Such taxable rates are convertible to the Fixed Tax-Exempt rates shown on or before the call date of the Series 2013 Bonds (July 1, 2023), subject to receipt of a favorable opinion of

counsel (See “Opinion of Counsel” below), and the reissuance of the Loan.

The Borrower understands that the Rate will become the effective interest rate for the Facility even if market interest rates are lower than the Rate at the time the Facility is funded.

Rate Option	Prepayment Provision	Taxable Rate	Tax-Exempt Rate
1	Standard "Make Whole" prepayment provision	2.87%	2.27%
2	Prepay without penalty on or after 7/1/2033	2.89%	2.28%
3	Prepay without penalty on or after 7/1/2030	2.91%	2.30%
4	Prepay without penalty on or after 7/1/2028	3.08%	2.43%
5	Prepay without penalty on or after 7/1/2025	3.25%	2.57%
6	Prepay without penalty on or after 7/1/2023	3.33%	2.63%
7	Prepay without penalty anytime	3.47%	2.74%

If the Facility is not funded for any reason on or before the expiration of the Rate Lock Period, Lender may, in its sole discretion, offer a new fixed rate and a revised closing date, provided, however, that if the revised interest rate is unacceptable to the Borrower, the Borrower shall not be obligated to proceed with the Facility. Notwithstanding the foregoing, in the event the Facility is not funded for any reason, upon the start of negotiating documents the Borrower shall be obligated to reimburse any fees and expenses incurred by Lender in connection with the Facility including, without limitation, attorney’s fees.

**Repayments:** Interest shall be payable semi-annually (calculated on the basis of a 30-day month and 360-day year) due January 1 and July 1 beginning July 1, 2020. Principal shall be payable annually on July 1 beginning July 1, 2020 with a final maturity date of July 1, 2037, based on the amortization schedule –Appendix B in the RFP.

**Security:** The Loan is secured by a covenant to budget and appropriate (“CB&A”) and payable from all non-ad valorem revenues of the City not derived from ad valorem taxation and which are lawfully available to be used to pay debt service on amounts due under the 2020 Bond.

**Prepayment:** The Lender will allow prepayment in whole and in part, but only if the partial prepayment is applied as determined by Lender in its sole discretion at par plus accrued interest. The following prepayment options apply based on the Interest Rate Option selected.

**Make Whole Provision:** Applies to Rate Option 1, and prepayment prior to the “Prepayment without Penalty” period stated in Rate Options 2-6. Borrower may prepay the Loan in whole or in part on any Business Day upon two Business Days’ prior written notice to Lender. Such prepayment notice shall specify the amount of the prepayment which is to be made. Borrower may be required to pay Lender an additional fee (a prepayment charge or premium) determined by Lender’s make

whole compensation provision in the loan documents, to compensate Lender for all losses, costs and expenses incurred in connection with such prepayment. Any partial prepayment shall be applied as determined by Lender in its sole discretion. This option also allows for up to 15% of each year's starting principal balance, as determined on January 1<sup>st</sup>, to be prepaid without penalty.

**Prepayment without Penalty Provision:** Applies to Rate Options 2-7. The Lender will allow prepayment of the Loan in whole or in part on any Business Day on or after the "Prepayment without Penalty" period stated in the Rate Option selected upon two Business Days' prior written notice to Lender without penalty. Any partial prepayment shall be applied as determined by Lender in its sole discretion.

**Payments by  
Auto Debit:**

Borrower agrees to execute an agreement authorizing Lender to debit a deposit account maintained by Borrower with bank of its choice approved by Lender for all amounts due under the Loan.

**Representations  
and Warranties:**

Usual and customary for Lender in transactions of this type.

**Affirmative  
Covenants:**

In addition to the covenants expressly set forth herein, other affirmative covenants usual and customary for Lender in transactions of this type, including without limitation: Borrower shall submit to the Lender annual audited financial statements within 270 days of fiscal year end and an annual budget within 30 days of adoption, together with any other information the Lender may reasonably request, in form satisfactory to Lender, and other additional information, reports or schedules (financial or otherwise), all as Lender may request.

**Negative  
Covenants:**

Usual and customary of Lender in transactions of this type.

**Events of  
Default:**

Usual and customary for transactions of this type (with customary notice and cure periods), and usual and customary remedies pursuant to the resolution. If acceleration is not a remedy the restated default rate shall be equal to the lesser of 18% or the maximum allowed rate by law and the documents shall contain a covenant assuring Lender that if other bondholders secured by a covenant to budget and appropriate non-ad valorem revenues have acceleration rights Lender will have the same acceleration rights.

**Anti-Dilution:**

Borrower may incur additional debt payable from or secured by non-ad valorem revenues only if the average of the Borrower's total non-ad valorem revenues for the two most recently completed fiscal years less the number resulting from dividing the average of the two most recently completed years of the total non-ad valorem revenues (exclusive of enterprise fund revenues) by such average of total revenues (exclusive of enterprise fund revenues) and multiplying that result by average of the cost of essential services for the two most recently completed fiscal years, is at least 1.50 times Borrower's maximum annual debt service on all debt to be paid from non-ad valorem revenues including any such debt payable from one or several specific sources of non-ad valorem revenues (including governmental fund and enterprise fund debt secured through a covenant to budget and appropriate non-ad valorem revenues), including the proposed debt.

**Taxable Event:** **(Applicable to tax-exempt loan)** Upon the occurrence of a Taxable Event, the interest rate on the Loan shall be adjusted in order to maintain the same after tax yield on the Loan. "Taxable Event" means the occurrence after the date hereof of a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on all or a portion of any Bond is or was includable in the gross income of a Lender for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Borrower has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Lender, and until the conclusion of any appellate review, if sought. A Taxable Event does not include and is not triggered by a change in law by Congress that causes the interest to be includable under Lender's gross income. Upon the occurrence of a Taxable Event the Interest Rate on the Bond shall be adjusted to assure maintenance of the yield.

**Opinion of Counsel:** (a) Borrower shall be required to deliver a written opinion from Borrower's Counsel, in form and substance acceptable to the Lender and Lender's Counsel.

(b) Receipt of opinion from Note Counsel in form and substance satisfactory to the Lender, which shall include, without limitation, an opinion that the interest on the Note is not excludable from gross income of the owners thereof for Federal income tax purposes. In order to convert the taxable interest rate to the tax-exempt interest rate there shall be delivered to the Lender an opinion from Note Counsel in form and substance satisfactory to the Lender, which shall include, without limitation, an opinion that the interest on the Note is excludable from gross income of the owners thereof for Federal income tax purposes. A form of such opinion shall be delivered to Lender in connection with the closing of the taxable loan.

**Legal Fee Quote:** Our proposed Lender's counsel is Michael Wiener of Holland & Knight LLP. Fees for Lender's counsel will be:

- (a) \$12,500 if taxable only loan chosen. Otherwise, \$17,500 if Lender's counsel closes the transaction and reviews documentation prepared by the Note counsel or counsel to the Borrower and \$5,000 upon conversion from taxable to the tax-exempt interest rate.
- (b) Borrower agrees to pay the agreed fees for Lender's counsel and all other reasonable fees, charges, expenses and costs in connection with the transaction.
- (c) Payment by borrower of expenses described herein shall not be contingent upon closing and legal fees on account of borrower after documentation has started are payable regardless of whether the transaction closes.
- (d) If the loan has extraordinary negotiations, unexpected issues arise or the loan does not close before the closing date set in the commitment the legal fee will be increased to reflect any extra work performed and Borrower agrees to pay such fee.

**Closing Conditions:** The closing of the Loan shall be conditioned upon satisfaction (or valid waiver) of conditions precedent usual and customary for transactions of this type, including, without limitation, the following conditions (all of the items to be delivered in form and substance satisfactory to Lender): (1) receipt and review of (a) all financial, formation and other information required by Lender on Borrower) and their constituent entities and other entities specified by Lender, including all due diligence materials to verify authority, identity and background information for regulatory purposes under applicable "know your customer" and anti-money laundering laws, as deemed

necessary by Lender in its sole and absolute discretion and (b) such other information and due diligence deliveries as are requested by and acceptable to Lender, including, but not limited to, confirmation of terms in regard to tenant leases, legal documentation and attorney opinion letters; (2) authorization, execution and delivery of such documentation as is standard and customary for this type of transaction or otherwise deemed necessary or appropriate by Lender,; and (3) there shall not have occurred, in the opinion of Lender, any material adverse change in the business or financial condition of Borrower or in any other state of facts submitted to Lender in connection with the Loan, from that which existed at the time Lender initially considered the proposed Loan.

The funding of the Loan shall be subject to accuracy of representations and warranties as of the date of such Loan and no event of default or incipient default under the Loan shall have occurred and be continuing as of the date of such Loan or would result from making the Loan.

**Expenses and  
Indemnification:**

Borrower will pay all costs and expenses of Lender in connection with the administration and enforcement of all documentation executed in connection with the Loan [including, without limitation, the fees, charges and disbursements of Lender's counsel (including in-house counsel) subject to the limitations above regarding the loan closing counsel fees].

**Governing Law and  
Jurisdiction:**

State of FL

**Swap Disclaimer:**

Nothing herein constitutes an offer or recommendation to enter into any "swap" or trading strategy involving a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act. Any such offer or recommendation, if any, will only occur after we have received appropriate documentation from you regarding whether you are qualified to enter into a swap under applicable law.

**This Summary of Terms and Conditions is intended as an outline of certain material terms and conditions applicable to the Loan and does not purport to describe all of the terms and conditions, representations and warranties, covenants and other provisions that could be contained in the definitive loan and collateral documentation relating to the Loan.**

**Independent Registered Municipal Advisor Certificate**

To: the below named client

Cc: the below named independent registered municipal advisor (“**IRMA**”)

Each of Truist Bank, STI Institutional & Government, Inc., SunTrust Equipment Finance & Leasing Corp. and SunTrust Robinson Humphrey, Inc. (collectively, the “**Truist Entities**”)<sup>1</sup> hereby discloses to the undersigned that, based on the below representation from you, none of the Truist Entities is a municipal advisor and none of the Truist Entities is subject to the fiduciary duty established in Section 15B(c) (1) of the Securities Exchange Act of 1934, as amended. In the context of a potential transaction between one of the Truist Entities and you, and/or a potential engagement between one of the Truist Entities and you, in any discussions, communications, conferences, negotiations and undertakings, (a) each of the Truist Entities will act as a principal and not in a fiduciary capacity; (b) none of the Truist Entities has assumed an advisory or fiduciary responsibility in favor of you; and (c) none of the Truist Entities is acting as your financial advisor. The Truist Entities have financial and other interests that may differ from yours. Further, the Truist Entities advise you to consult your own legal, financial and other advisors to the extent you deem appropriate.

**IRMA Certification:**

The undersigned state or local government or obligated person has retained an independent registered municipal advisor (“**IRMA**”). The undersigned is represented by and will rely on the below listed IRMA to provide advice on proposals from any of the Truist Entities concerning the making of loans or the purchase of municipal securities for its own account, and/or proposals concerning municipal financial products. The representatives of the IRMA who will advise the undersigned on such matters have represented to the undersigned that they have not been associated with the Trust Entities within the two years prior to the date of this certificate.

This certificate may be relied upon until it is withdrawn.

City of North Port, Florida

\_\_\_\_\_  
CLIENT LEGAL NAME

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

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

Date: \_\_\_\_\_

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

Name of IRMA: \_\_\_\_\_

IRMA Email Address: \_\_\_\_\_

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<sup>1</sup> The Truist Bank tax exempt loan program and other direct purchase municipal financings are offered by Truist Bank or its affiliate, ST Institutional & Government, Inc. Risk management and derivative products are offered by Truist Bank. SunTrust Robinson Humphrey is the trade name used in connection with corporate and investment banking services of Truist Financial Corporation and its subsidiaries, including SunTrust Robinson Humphrey, Inc., member, FINRA and SIPC. Debt and equity underwriting, trading, research and sales, loan syndications, municipal securities trading and sales, and mergers and acquisitions advisory services are offered by SunTrust Robinson Humphrey, Inc.