

Mark P. Galvin

Director

Date: March 13, 2017

To: Mr. Jonathan C. McKinney, CGFO,
Assistant City Manager / Finance Director

Subject: City of Edgewater, Florida
Series 2017 General Obligation Notes

FirstSouthwest, a Division of Hilltop Securities Inc. (“FirstSouthwest”) in our role as Financial Advisor, assisted the City of Edgewater, Florida (the “City”), in issuing a Request for Proposals (“RFP”) for a bank loan in an amount not to exceed \$3,500,000. The City, under purchasing guidelines, posted the RFP on its web site, advertised the RFP, and made it available to bidders on www.demandstar.com on February 24, 2017. The purpose of the RFP is to provide “Bank Qualified” financing to fund the construction, expansion and renovation of City recreational areas, facilities and parks including walking trails, playgrounds and skate and splash parks (the “Recreation Projects”).

The objective of the RFP was to obtain financing at the lowest overall interest cost while providing maximum flexibility to the City. The RFP asked for proposals that would provide the City with a 20 year loan with a preferred option to prepay the loan at any time without a prepayment penalty along with other requested requirements. The General Obligation Notes will be payable from ad valorem tax receipts levied to pay the principal and interest on the Notes

On March 13, 2017 the City received a total of four (4) responsive bids. Proposals were received from the entities listed below and summarized in the attached table:

- Ameris Bank
- Capital One Public Funding LLC
- City National Bank
- Sterling National Bank

The City also received one non responsive bid from TD Bank, N.A.

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Recommendation

Based upon our review of the proposals we feel the Ameris Bank proposal has the best overall proposal. Their proposal had the lowest fixed interest rate (3.06%) for the full 19.25 years. This rate is being held through April 5, 2017 closing date. Their proposal also provides the City the flexibility to prepay the loan at any time without a penalty. As part of this review process the Ameris Bank proposal was also reviewed by City Staff, and Bond Counsel (Broad and Cassel). Based on their comments it is FirstSouthwest's recommendation that the City Council select Ameris Bank proposal for the proposed Series 2017 General Obligation Note and authorize staff and the financing team to finalize the necessary documents for the City to approve at the April 3rd Council meeting.

If you have any questions or comments please feel free to contact me.

Mark Galvin
Director

City of Edgewater, Florida
General Obligation Note, Series 2017

	Ameris Bank	Capital One	Sterling National Bank*	City National Bank**
Fixed Interest Rate	3.06%	3.87%	3.32%	3.15%
Lender's Counsel Fee	7,500	-	-	-
Prepayment Penalty	No Prepayment Penalty	7/1/2027 on any interest payment date	Years 1-5 No Call; Years 6-10 @102%; Years 10+ @100	Years 1-5 No Call; Years 6-10 @100
Final Maturity	7/1/2036	7/1/2036	7/1/2036	7/1/2036
All-In TIC	3.213%	4.003%	3.452%	3.290%
Average Life	11.035	11.272	11.109	10.113
Max Annual Debt Service	243,868	261,752	249,446	290,896
Total Debt Service	4,681,867	5,026,797	4,791,649	4,615,009

- Assumes closing of Series 2017 Note issue on April 5, 2017.

*Sterling Bank need clarification on 14 day interest rate quote requirement from term sheet.

** City National Bank's bid was not in compliance with bid requirements.

City of Edgewater, Florida
 General Obligation Note, Series 2017
 Proposal Responses
 March 13, 2017

Bank:	Ameris Bank	Capital One Public Funding	City National Bank	Sterling National Bank
Size	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000
Final Maturity	July 1, 2036	July 1, 2036	July 1, 2036	July 1, 2036
Tax Status	Bank Qualified	Bank Qualified	Bank Qualified	Bank Qualified
Call Feature / Penalty	No Prepayment Penalty	Not callable until 7/1/2027, then in whole at par, plus accrued interest.	Pre-payable in whole, but not in part after year 5 at par. Not callable for the first 5 years.	Not callable for the first 5 years; Callable at 102% during years 6-10 and callable at par thereafter
Fixed Rate	3.06%	3.87%	3.15%	3.32%
Date Rate held until	Rate held with the exception the loan closing occurs on or before April 10, 2017.	Rate held until a loan closing of April 12, 2017	Rate held for a closing on or before April 5, 2017.	Rate held for a closing within 14 days from the date of the Term Sheet
Other Covenant Requirements	<p>Interest calculated on a 30/360 day basis</p> <p>--</p> <p>Audited financial statements at FYE</p> <p>--</p> <p>Acceptance of commitment provided by April 5, 2017</p> <p>--</p> <p>Subject to credit approval</p>	<p>Audited financial statements with 270 days of FYE</p> <p>--</p> <p>Term sheet will expire if not accepted by the Borrower by March 20, 2017</p> <p>--</p> <p>Subject to final credit approval</p>	<p>Rate provided based on level principal; not level debt. Not provided in conformance of the RFP</p> <p>--</p> <p>Borrower must establish an account with City National Bank for purposes of loan payments</p> <p>--</p> <p>Lender will provide documentation subject to the review and approval of Borrower</p> <p>--</p> <p>Lender reserves the right to assign, sell, or otherwise transfer the loan</p> <p>--</p> <p>Subject to credit approval</p>	<p>Proceeds may be funded into an escrow account with disbursements made to the Contractor as equipment is delivered. Escrow set-up and maintenance fees will be paid by the Borrower.</p> <p>--</p> <p>Lender reserves the right to obtain confidential or public ratings prior to or after closing.</p> <p>--</p> <p>Subject to credit approval</p>
Legal Expense	\$7,500	\$0	No response	\$0
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