

Riviera Beach Community Redevelopment Agency

REQUEST FOR BANK LOAN PROPOSALS:
IN AN AMOUNT NOT TO EXCEED \$9,000,000
TAX-EXEMPT, BANK QUALIFIED BANK LOAN

RFP Issue Date: October 2, 2018
Proposal Due Date: October 18, 2018 @ 1:00 pm Eastern

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LINKS

- Audited Financial Statements – FYE 2017
- Annual Budget – FYE 2018
- Annual Budget – FYE 2019

The above financial statements and budgets can be found at the following link:
<http://www.rbcra.com/about-the-cra/budget/>

A. REQUEST FOR LOAN

The Riviera Beach Community Redevelopment Agency (the “CRA”) is seeking proposals from qualified financial institutions to provide a tax-exempt, bank qualified fixed rate bank loan (the “Loan” or the “Note”), at the lowest overall borrowing cost, pursuant to certain conditions. The proceeds of the Loan will be used to fund approximately \$8.5 million in CRA projects, capitalized interest on the Loan through FY 2019, and fund cost of issuance for the Loan. The CRA projects include the acquisition and renovation of certain property within the CRA (\$4mm), marina infrastructure (\$1.5mm), street improvements (\$2mm), and affordable housing projects (\$1mm), including but not limited to, grants to low income homeowners, rehabilitation and improvement of existing properties, and infrastructure improvements.

The CRA shall accept and review proposals from qualified banking institutions. Proposals for a tax-exempt fixed rate loan should be submitted based upon the proposed financing structure below. The CRA will select the bank financing that provides the lowest overall borrowing cost to the CRA and meets the financing requirements of the CRA. Hilltop Securities Inc. (“HilltopSecurities”), Orlando, Florida, as the CRA’s Financial Advisor, will be assisting the CRA with respect to the Loan.

B. STRUCTURE OF FINANCING

- Amount: Up to \$9,000,000
- Closing Date: Expected November 5, 2018
- Rate: Bank Qualified, Tax-Exempt fixed rate for the entire term of the Loan based upon Option A and/or Option B.
- Prepayment: The CRA requests the ability to prepay the Loan without penalty. Other prepayment provisions may be considered.
- Final Maturity: August 1, 2033
- Interest Payments Dates: Semiannually on February 1st and August 1st, commencing February 1st, 2019.
- Interest Compounding: None
- Interest Day Count Method: Please specify in proposal
- Principal Payment Dates: **Option A:** Annually, beginning August 1, 2020.
Option B: Annually, beginning August 1, 2026. If the Lender requires some minimum annual principal repayment prior to August 1, 2026 please specify minimum annual amount.
- Debt Service Structure: See Appendix A for the preliminary principal amortization schedules.

C. SECURITY FOR THE LOAN

The Loan will be secured equally and ratably by an irrevocable lien on the Pledged Revenues and the Issuer will pledge such Pledged Revenues to the payment of the principal and interest on the Loan.

“Pledged Revenues” means the revenues generated from the tax increment as described in section 163.387, Florida Statutes, received annually by the Issuer and deposited into the Trust Fund, and until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established hereunder. “Trust Fund” means the redevelopment trust fund established by City Ordinance No. 2241.

The Loan will not be secured by a debt service reserve fund. The Loan will be on parity with the CRA’s outstanding Redevelopment Revenue Note, Series 2011, which is currently outstanding in the principal amount of \$8,785,000, Redevelopment Revenue Note, Series 2013A, which is currently outstanding in the principal amount of \$2,480,000, and Redevelopment Taxable Refunding Revenue Note, Series 2013B, which is currently outstanding in the principal amount of \$5,615,000, (see Appendix A for debt service schedules for the outstanding Parity debt).

D. ADDITIONAL PARITY DEBT

The CRA will not accept proposals that require the Bank’s approval directly or indirectly before additional debt may be issued secured by or payable from the Pledged Funds. Additional parity debt may be issued if the amount of Pledged Revenues received by the CRA in the Trust Fund during the twelve (12) consecutive months immediately preceding the date of sale of the additional parity debt equals at least 1.5x coverage on maximum annual debt service of the outstanding and proposed parity debt.

E. CAPITAL ADEQUACY / YIELD MAINTENANCE COVENANTS / ACCELERATION

The CRA’s preference is not to include these provisions within the Loan. Should the Bank require any provisions whatsoever that would create the ability for the Bank to increase the rate on the Loan to the CRA, please provide the required provisions. The CRA will not accept proposals that provide for acceleration of principal repayment on the Loan.

F. TAX-EXEMPT OBLIGATION

The CRA will agree to take such actions as may be required by Treasury regulations in order to maintain the status of the Note as a tax-exempt obligation.

G. DOCUMENTATION

Bryant Miller Olive, P.A. (“Bond Counsel”) shall prepare the Note and other documents to close the Loan. The selected bank will be furnished, without charge to the bank, the opinion of the CRA’s Bond Counsel, approving the legality of the Loan together with the closing certificates and documents related to the transaction. HilltopSecurities will also assist the CRA in meeting its financing objectives.

At the closing of the Loan, the financial institution will be required to make certain certifications, including, but not limited to, signing a closing certificate that:

- a. It is making the Loan for its own account, does not currently intend to syndicate the Loan, will take no action to cause the Loan to be characterized as a security, and will not treat the Loan as a municipal security for purposes of the securities law;
- b. it is not acting as a broker or other intermediary, and is funding the Loan from its own capital for its own account and not with a present view to a resale or other distribution to the public,
- c. the Loan will not be used in the future on a securitized transaction and is not a municipal security;
- d. it understands that the Loan is evidenced by a note and the note is issued in a single denomination equal to the aggregate principal amount of the Loan and may not be transferred except in whole and will not be transferred to any kind of trust under any circumstances, and confirming that it understands the Loan may not be transferred in a denomination less than \$100,000 even in whole;
- e. the Loan will only be transferred to a Permitted Lender in whole, in a denomination of not less than \$100,000, with the CRA's consent. A "Permitted Lender" means any bank, trust company, savings institution or insurance company that is engaged as a regular part of its business in making loans and is authorized to do business in the State of Florida;
- f. the Lender is 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;
- g. It has in its possession or has had access to all material information concerning the security and sources of payment of the Note, and, as a result thereof, is thoroughly familiar with the nature and risks of making the Loan and purchasing the Note. It has been afforded access to all material information and has had sufficient opportunity to discuss the business of the CRA and the projects financed with the proceeds of the Note, with its officers, employees and others, and has been permitted to make an investigation of the CRA and its operations. It does not require any further information or data concerning the CRA. In making the Loan and purchasing the Note, it has relied solely upon its own investigation, examination, and evaluation of the CRA and other relevant matters, and has not relied upon any statement or materials which have not been supported by its own investigation and examination. It has knowledge and experience in financial and business matters, particularly in tax-exempt obligations, and is capable of evaluating the merits and risks of making the Loan and purchasing the Note and has determined that it can bear the economic risk of making the Loan and purchasing the Note.
- h. it is not funding the Loan for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes;
- i. understands that the Loan is not a municipal security and that no filing may be made with respect to the Loan with on the MSRB's EMMA website;
- j. there will be no CUSIPs obtained on the Loan; and
- k. there will be no credit rating obtained on the Loan.

H. PROPOSAL FORMAT – SELECTION CRITERIA

Proposals will be evaluated on the basis of cost and the structure that best meets the financing requirements of the CRA. Further, the CRA will accept proposals that provide for the ability to prepay the Loan in whole or in part at any time without penalty; prepayment penalties may be considered.

In order to assist the CRA and HilltopSecurities in reviewing the responses, each proposal should include the following information.

- (1) The legal name of the Bank and the primary Bank contact person(s) (include address, telephone number, facsimile number, and e-mail address).
- (2) A tax-exempt, bank qualified fixed interest rate for the full term of the Loan for Option A and/or Option B. The proposal shall give a stated time in which the proposed rate will be held as well as the index in which the rate shall be calculated should the stated time elapse. The proposal should acknowledge the preliminary Loan amortization schedule provided in Appendix A, and acknowledge there may be adjustments to the preliminary amortization schedule in order to achieve the desired debt service structure based upon the final interest rate and Loan size.
- (3) Describe in detail all fees and expenses which the CRA will be responsible to pay to the Bank including its legal counsel. The CRA has retained the law firm of Bryant Miller Olive, P.A. to prepare the Loan documents. The amounts stated in the proposal shall represent the maximum amounts payable to the Bank by the CRA. All fees and expenses, with the exception of those of Bond Counsel and HilltopSecurities, in excess of those stated in the proposal shall be the sole responsibility of the Bank and will not be paid or reimbursed by the CRA.
- (4) A listing of all conditions, covenants, terms or restrictions, other than those specified in this RFP, which would be included in your commitment to provide the Loan. Certain covenant requirements, including but not limited to cross-default with other CRA debt, or those that create notice defaults not subject to a cure period, may be deemed non-responsive to this request.

I. MISCELLANEOUS

- (1) The CRA will not accept proposals with reserve requirements or other restrictions to revenues or requirements to maintain minimum balances in any bank account as a condition for the Loan.
- (2) The CRA reserves the right, in its sole discretion, to accept or reject any and all proposals, to waive any irregularities or informalities in any proposal or in the proposal process, and to accept or reject any items or combination of items. If the CRA determines to move forward with the Loan, the award will be to the financial institution whose proposal best complies with the requirements set forth in this RFP and whose proposal, in the opinion of the CRA and Financial Advisor, is best, taking into consideration all aspects of the offeror's response.
- (3) Changes to this RFP may be made by and at the sole discretion of the CRA.

(4) The CRA will not be liable for any expenses incurred in connection with the preparation of a response to this RFP.

(5) All requests for clarification or additional information should be directed to:

Mr. Scott Evans, Interim Executive Director, Riviera Beach CRA
(561) 844-3408 | sevans@rbcr.com
2001 Broadway #300, Riviera Beach, FL 33404

-AND-

Mr. Joel Tindal, Director, Hilltop Securities Inc.
(407) 426-9611 | joel.tindal@hilltopsecurities.com
450 S. Orange Avenue, Suite 460, Orlando, FL 32801

(6) Federal, State, and local laws, ordinances, rules and regulations that in any manner affect the items covered herein apply. Lack of knowledge by the Bank will in no way be a cause for relief from responsibility.

(7) No successful proposer may assign any portion of the contractual agreement between the parties without prior written authorization by the CRA.

(8) Warranties – The proposer, in submission of its proposal, warrants to the CRA that it will comply with all applicable federal, state and local laws, regulations and orders in providing the services under the proposed documents.

(9) Public Entity Crime; Florida Statutes, 287.133(2)(a): A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in s. 287.017 for CATEGORY TWO for a period of 36 months following the date of being placed on the convicted vendor list.

J. TENTATIVE SCHEDULE*

October 2, 2018	Issue Bank Loan Request for Proposals (RFP)
October 18, 2018	Bank Proposals Due Prior to 1:00 P.M.
October 30, 2018	Governing Body Meeting - Approval of Loan
November 5, 2018	Closing of the Loan

*Preliminary/subject to change.

K. RFP INSTRUCTIONS

All proposals must be submitted via e-mail (in PDF or Word format) directly the CRA with a copy to HilltopSecurities at the e-mail addresses below for receipt no later than 1:00 PM Eastern Time on October 18, 2018:

Riviera Beach Community Redevelopment Agency

Mr. Scott Evans, Interim Executive Director at: sevans@rbkra.com

with a copy to:

HilltopSecurities

Mr. Joel Tindal, Director at: joel.tindal@hilltopsecurities.com

APPENDIX A

Preliminary Loan Principal Amortizations

Principal Payment Date	Option A	Option B
	Loan Principal*	Loan Principal*
8/1/2020	\$475,000	\$0
8/1/2021	495,000	0
8/1/2022	520,000	0
8/1/2023	540,000	0
8/1/2024	565,000	0
8/1/2025	585,000	0
8/1/2026	610,000	945,000
8/1/2027	635,000	990,000
8/1/2028	665,000	1,035,000
8/1/2029	690,000	1,080,000
8/1/2030	720,000	1,125,000
8/1/2031	750,000	1,180,000
8/1/2032	785,000	1,230,000
8/1/2033	820,000	1,285,000
Total	\$8,855,000	\$8,870,000

*Preliminary and subject to change. Under Option B, if the proposer requires any minimum level of annual principal repayment in years 2020-2025 please specify in proposal.

Outstanding Parity Debt Service

Year Ending	Redevelopment Revenue Note, Series 2011			Redevelopment Revenue Note, Series 2013A			Redevelopment Refunding Revenue Note, Series 2013B			Aggregate		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
8/1/2019	\$935,000	\$390,054	\$1,325,054	\$290,000	\$74,648	\$364,648	\$645,000	\$252,675	\$897,675	\$1,870,000	\$717,377	\$2,587,377
8/1/2020	975,000	348,540	1,323,540	295,000	65,919	360,919	675,000	223,650	898,650	1,945,000	638,109	2,583,109
8/1/2021	1,015,000	305,250	1,320,250	305,000	57,040	362,040	700,000	193,275	893,275	2,020,000	555,565	2,575,565
8/1/2022	1,060,000	260,184	1,320,184	325,000	47,859	372,859	720,000	161,775	881,775	2,105,000	469,818	2,574,818
8/1/2023	1,530,000	213,120	1,743,120	405,000	38,077	443,077	920,000	129,375	1,049,375	2,855,000	380,572	3,235,572
8/1/2024	1,600,000	145,188	1,745,188	420,000	25,886	445,886	960,000	87,975	1,047,975	2,980,000	259,049	3,239,049
8/1/2025	1,670,000	74,148	1,744,148	440,000	13,244	453,244	995,000	44,775	1,039,775	3,105,000	132,167	3,237,167
Total	\$8,785,000	\$1,736,484	\$10,521,484	\$2,480,000	\$322,672	\$2,802,672	\$5,615,000	\$1,093,500	\$6,708,500	\$16,880,000	\$3,152,656	\$20,032,656

APPENDIX B

Historical Tax Increment Revenues⁽¹⁾

Fiscal Year	Tax Increment Revenue
2011	\$5,113,203
2012	5,110,866
2013	5,438,501
2014	5,992,858
2015	6,445,947
2016	7,117,647
2017	7,706,541
2018 ⁽²⁾	8,464,532
2019 ⁽³⁾	8,534,135

(1) Source: Riviera Beach CRA

(2) Unaudited.

(3) Budgeted.

Historical Net Tax Increment Value⁽¹⁾

Fiscal Year	Taxable Value	TIF Base Value	Net Tax Increment Value
2011	\$524,390,358	\$132,767,499	\$391,622,859
2012	526,870,544	132,767,499	394,103,045
2013	521,681,072	132,767,499	388,913,573
2014	591,873,989	132,767,499	459,106,490
2015	628,270,892	132,767,499	495,503,393
2016	699,330,308	132,767,499	566,562,809
2017	746,596,794	132,767,499	613,829,295
2018 ⁽²⁾	806,061,279	132,767,499	673,293,780
2019 ⁽³⁾	811,597,789	132,767,499	678,830,290

(1) Source: Riviera Beach CRA

(2) Unaudited

(3) Budgeted