



May 10, 2017

Ms. Shawn Burgess  
Division Director, Treasury  
City of Hollywood  
2600 Hollywood Blvd  
P.O. Box 229045  
Hollywood, FL 33022

Via Email: [SBURGESS@hollywoodfl.org](mailto:SBURGESS@hollywoodfl.org)

RE: City of Hollywood Emergency Line of Credit

Dear Ms. Burgess:

City National Capital Finance is pleased to present this proposal (the "Term Sheet") to the City of Hollywood, Florida in connection with the above referenced:

**TERM SHEET**

<b>BORROWER:</b>	City of Hollywood, FL
<b>AMOUNT:</b>	Not to exceed \$10,000,000.00
<b>FACILITY:</b>	Non-revolving line of credit / Revenue Anticipation Note
<b>PURPOSE:</b>	To provide financing to meet hurricane and/or other natural disaster recovery costs relating to a declared natural disaster affecting the City (the Project).
<b>LINE EXPIRATION:</b>	May 31, 2018 (renewable annually upon mutual consent)  Any draws under the Line of Credit Agreement will mature two (2) years from the initial draw.
<b>AMORTIZATION:</b>	Principal on any draws under the Line of Credit will mature two (2) years from the initial draw. Interest on any draws will be due and payable semi-annually from the initial draw date. Interest will be calculated based on a 30/360-day basis.
<b>INTEREST RATE:</b>	Option 1: Bank Qualified Tax Exempt Variable Rate of 70% of 1-month LIBOR plus 100 basis points.  Option 2: Taxable Variable Rate of 1-month LIBOR plus 155 basis points.  The Rate Option will be determined at the time a Note is funded.
<b>PREPAYMENT:</b>	The loan may be prepaid at anytime without penalty.

**FEE:** \$35,000 due at Line of Credit closing.

**ANTICIPATED CLOSE DATE:** June 8, 2017

**SECURITY:** The City shall secure the facility with the proceeds of any grants received from the Federal Emergency Management Agency (FEMA) and/or other State or Federal Agencies to pay costs and expenses associated with the Project and a Covenant to Budget and Appropriate from legally available Non-Ad Valorem Revenues.

**TERMS AND CONDITIONS:** A Line of Credit Agreement will establish the parameters under which draws may be funded. The initial Line of Credit Agreement will expire 05/31/2018. The City may request an extension for one (1) year in writing at least 60 days prior to the expiration date. The Bank will respond in writing within 10 days of receipt of a written request. The Bank's determination to accept or reject any such request shall be within the Bank's sole and absolute discretion. The failure of the Bank to respond to a request within the foregoing time period shall be deemed a denial of a request.

The total amount of the draws under the Line of Credit may never exceed \$10,000,000.00. Bank will not be obligated to fund any draws unless:

1. The City has provided loan documentation acceptable to the Bank and its counsel including, but not limited to, such information and documentation as may be required for the interest on the draw to be excludable from gross income and federal income tax purposes for Interest Rate Option 1;
2. Prior to funding a draw, the City must be declared in a Federal Natural Disaster Area and/or a state of emergency must have been declared by Broward County, the Governor of Florida, or the President of the United States;
3. The City has provided the Bank with updated information regarding any debt secured by or payable from legally available Non-Ad Valorem revenues not accounted for in the City's most recent CAFR;
4. The City has provided the Bank with an Anti-Dilution Test in the form of Exhibit B, attached, that evidences the City's compliance with the Covenant B below;
5. The financial condition of the City is acceptable to the Bank, in its sole discretion.

The City will acknowledge that the Line of Credit Agreement simply sets for the terms and conditions under which the City

may request a draw, but that it does not obligate the Bank to fund any draw.

**COVENANTS:**

Covenants customarily required for credit facilities of this type including but not limited to:

- A. All legally available Non-Ad Valorem Revenues shall mean all revenues of the City derived from any source whatsoever other than Ad Valorem taxation on real and personal property and are legally available to make the loan repayments required under this proposal, but only after provision has been made by the City for payment of services and programs which are for essential public purpose affecting the health welfare and safety of the inhabitants of the City or which are legally mandated by applicable law. So long as there are legally available Non-Ad Valorem Revenues, the City may fail to budget and appropriate debt service in order to balance its budget. The foregoing covenant to budget and appropriate shall be deemed to require appropriation, in the manner set forth above, of Non-Ad Valorem Revenues ratably to pay the obligations hereunder and all other Additional Covenant Debt. The Issuer will not enter into any covenant to budget and appropriate debt from Non-Ad Valorem Revenues which is in any manner prior or senior to its obligations hereunder. Additional Covenant Debt shall mean indebtedness of the Issuer heretofore or hereafter issued which contains a covenant by the Issuer to budget and appropriate from Non-Ad Valorem Revenues amount sufficient to pay the principal, interest and premium, if any, on such debt as same becomes due and payable, all in a form similar to the covenant described herein.
- B. For each fiscal year during the term of the loan, and prior to the incurrence of additional debt secured by a Covenant to Budget and Appropriate from all legally available Non-Ad Valorem Revenues, the average of the prior two years legally available Non-Ad Valorem Revenues, as defined above, must cover the existing and projected maximum annual debt service on debt secured by and/or payable from such Revenues by at least 1.5x. For purposes of calculating maximum annual debt service, variable rate debt shall be assumed to bear an interest at the higher of 6% per annum or the actual interest rate borne by the loan for the month preceding the date of calculation. For purposes of this test, Maximum Annual Debt Service on the subject loan will be calculated based on the outstanding balance plus any unfunded amount on the subject Line of Credit, bearing an interest at 6% and amortizing over 5 years.

The preceding terms and conditions are not exhaustive. Any final documents will include other covenants, terms and closing conditions as are customarily required by the Bank for similar transactions including but not limited to a Cross Default with other like secured debt, Default Rate of the higher of the Note Rate + 3% or Prime rate + 3%, Events of Default, Acceleration upon Default, and waiver of jury trial, most favored nation provision, such that more restrictive covenants, ratios and tests, and greater remedies under the Obligor's other like secured debt instruments shall be automatically deemed incorporated, mutatis mutandis, into the loan documents, and prohibitions on the use of bond proceeds for leveraged or margined investments and on speculative derivative transactions, in each case without the prior written consent of the Bank. To the extent permitted by law, the loan documents will include customary interest rate recapture ("clawback") language allowing the Bank to recover interest in excess of any maximum interest rate imposed by law.

The City covenants to apply for FEMA or other grants within six months of the closing of any draws and provide evidence of such to the Bank.

The City covenants to apply all FEMA proceeds and State or other Local, State or Federal proceeds to the repayment of any draws within 30 days of the City's receipt thereof.

The City may not issue any debt or obligation secured by or payable from the FEMA Proceeds or the Local, State or Federal proceeds without the written consent of the Bank, which the Bank may grant or withhold in its sole discretion. The City may not issue any additional Non-Ad Valorem Debt secured by or payable from a covenant to budget legally available Non-Ad Valorem Revenues unless after the issuance of such Non-Ad Valorem Debt, the City meets the requirements set forth in Covenant B above, evidenced by an Anti-Dilution Test in the form of Exhibit B attached.

**ATTORNEY FEES:**

Bank will pay attorney costs for the Line of Credit Agreement and preparation. City will pay attorney fees for Line Agreement renewals and document preparation at time of the initial draw.

**IRS CIRCULAR 230 DISCLOSURE:**

Bank and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not written or intended to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with Bank of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

**ADVISORY DISCLOSURE:**

Bank is not a registered municipal advisor as defined under the Dodd-Frank Wall Street Reform and Consumer Protection Act and its related rules and regulations. In providing this Term Sheet, Bank is not providing any advice, advisory services, or recommendations with respect to the structure, timing, terms, or similar matters concerning an issuance of municipal securities. This Term Sheet is a commercial, arms-length proposal that does not create a fiduciary duty by Bank to the Issuer. The Issuer may engage, separately and at its own cost, an advisor to review this Term Sheet and the proposed transaction on the Issuer's behalf.

**CREDIT APPROVAL:**

This Term Sheet is subject to formal credit approval by Bank and the negotiation of mutually acceptable documentation. For due diligence, Bank will require Issuer's three (3) most recent audited financial statements, its most recently adopted budget, covenant compliance certificate(s), and any other information that Bank may reasonably require.

**PROPOSAL EXPIRATION:**

Unless accepted by the Issuer or extended in writing by Bank at its sole discretion, this Term Sheet shall expire on June 10, 2017. Once accepted, this Term Sheet shall expire if the Line of Credit has not closed by June 30, 2017 unless extended in writing by Bank at its sole discretion.

Upon receipt of the signed Term Sheet, we will endeavor to provide you with a timely commitment and use good faith efforts to negotiate and finance the Loans based on the terms herein. It is a pleasure to offer this financing proposal to the City.

Very truly yours,



Lance Aylsworth  
Senior Vice President  
City National Bank of Florida  
[Lance.aylsworth@citynational.com](mailto:Lance.aylsworth@citynational.com)

**Agreed to and Accepted by authorized signatory for  
City of Hollywood: (Please note this acceptance is subject  
final City Commission approval.)**

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George R. Keller, Jr.

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Assistant City Manager for Finance & Administration /  
Interim Director of Financial Services Department

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Date