

CITY OF KEY WEST, FLORIDA



RFP# 16-004 PEARY COURT FINANCING

**AFFORDABLE WORKFORCE HOUSING REVENUE BOND, SERIES 2016
(PEARY COURT PROJECT)**

TERM LOAN

Due Date: January 27, 2016

Due Time: 3:30 P.M. ET

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AFFORDABLE WORKFORCE HOUSING REVENUE BOND, SERIES 2016 (PEARY COURT PROJECT)
TERM LOAN
CITY OF KEY WEST, FLORIDA**

I. INTRODUCTION

A. Objectives

Public Financial Management, Inc. (PFM) distributes RFP # 16-004 on behalf of the City of Key West, Florida (the "City") to identify the institution that can provide the City with a fixed rate, non-bank qualified term loan in the form of an Affordable Workforce Housing Revenue Bond, Series 2016 (Peary Court Project) (the "Term Loan" or "2016 Bond") at the lowest overall borrowing cost, pursuant to certain conditions as determined by the City in an amount not to exceed \$55,000,000. This debt will be a private placement and the City does not anticipate preparing any disclosure documents.

The proposed Term Loan will be used to: (1) finance the cost of acquiring, improving and equipping of the Peary Court Housing Project, and (2) to pay the associated cost of issuance. The principal of and interest on the proposed 2016 Bond will be secured by and payable from a mortgage lien with right of foreclosure and a lien on all of the rental revenues of the housing complex located at 541 White Street and commonly referred to as Peary Court.

B. Proposal Instructions

1. Proposal Submission

Notice is hereby given to prospective proposers that sealed proposals will be received by the City of Key West until 3:30 pm on January 27, 2016 for RFP #16-004 Peary Court Financing, and then will be publicly opened and read. Any proposals received after the time and date specified will not be considered.

Please submit one (1) original printed copy and two (2) flash drives with one single PDF file of the entire proposal package. Proposal package is to be enclosed in two (2) sealed envelopes, one within the other, each clearly marked on the outside: "RFP #16-004 PEARY COURT FINANCING" with the due date and the respondent's name, addressed and delivered to the City Clerk at:

CITY CLERK
CITY OF KEY WEST, FLORIDA
3126 FLAGLER AVENUE
KEY WEST, FLORIDA 33040

The full Request for Proposal may be obtained from Demand Star by Onvia or the City of Key West. Please contact Demand Star at www.demandstar.com, or call toll-free at 1-800-711-1712 or visit www.cityofkeywest-fl.gov.

The Proposer will be required to furnish documentation with their proposal showing that they are in compliance with any and all licensing requirements of the State. At the time of the proposal submittal, the Proposer must provide satisfactory documentation of State Licenses.

The Proposer shall furnish documentation showing they are in compliance with the licensing requirements of the provisions of Chapter 66 Section 87 of the Code of Ordinances of the City of Key West; and within 10 days following the Notice of Award, demonstrate that they hold at a minimum, the following license/certificate:

- A. City of Key West Business Tax License Receipt (only required if respondent has a branch/office located within the City of Key West)

THE CITY RESERVES THE RIGHT TO REJECT ANY AND ALL PROPOSALS, TO WAIVE ANY INFORMALITIES OR IRREGULARITIES IN ANY PROPOSALS RECEIVED, OR TAKE ANY OTHER ACTIONS THAT MAY BE DEEMED TO BE IN THE BEST INTEREST OF THE CITY.

2. Proposal Response

Each proposal should address all pertinent areas and be specific. All conditions should be clearly stated.

Failure to disclose substantive terms, conditions and covenants may be considered cause for the proposer's proposal to be rejected by the City.

3. Questions, Additional Information

For information concerning the proposed work please contact David Moore and Nicklas Rocca, Public Financial Management, Inc. (PFM), by email at moored@pfm.com and roccan@pfm.com. Verbal communications, per the City's "Cone of Silence" ordinance are not allowed.

Contact with City's personnel or consultants other than PFM, the City's Financial Advisor, regarding this Request for Proposals may be grounds for elimination from the selection process.

4. Tentative Schedule

The City will attempt to adhere to the following schedule*:
December 23, 2015 RFP Issued

January 27, 2016	Responses due prior to 3:30 P.M. ET
February 3, 2016	Term Loan Provider Selection (pending Commission approval)
February 16, 2016	Award of the Term Loan by City Commission
March 15, 2016	Referendum Approval Date
September 30, 2016	Approximate closing on Term Loan

*The City reserves the right to alter scheduled dates if necessary.

C. Security for Term Loan

The principal of and interest on the proposed 2016 Bond will be secured by a mortgage lien with right of foreclosure and a lien on all of the rental revenues of the Peary Court Housing Project as further described in the Ordinance Resolution, Loan Agreement, and/or mortgage and security agreement (collectively, the "Bond Contract").

The City will covenant to maintain a minimum coverage of 1.30x (subject to negotiation). In addition to the coverage, the City will establish an Operating Reserve Fund with an initial deposit of \$500,000. The City has a strong preference to maintain rental rates at an affordable level. Therefore, the City may increase the amount on deposit in the operating reserve in an amount to be negotiated from rental revenues received in any year. If the operating reserve is funded to the negotiated level, the required debt service coverage will be reduced to 1.10x coverage (subject to negotiation).

D. Structure of the Financing

The following describes the City's requirements in establishing the Term Loan:

1. Amount: Not to exceed \$55,000,000.
2. Term: The City is requesting proposals that provide for a 30-year amortization with options for puts after no less than 5 years. Proposals should provide an interest rate proposal to multiple put scenarios (5-year, 7-year, 10-year and longer if available) as presented below (principal amounts subject to change). Please see **Appendix A** for example Preliminary Amortization Tables.
3. Fixed, tax-exempt rate. The rate quoted may not exceed the maximum rate permitted under Florida Statute 215.84 applicable at the time of sale.
4. Repayment Provisions: Interest payments on the outstanding principal balance of the Term Loan will be calculated on a 30/360-day basis and will be paid monthly starting on January 1, 2017. The principal amount of the Term Loan will also be will be paid monthly starting twelve months after closing, through the put date of the Term Loan.
5. Prepayment Options: Please specify any prepayment parameters, if applicable.

E. Bond Validation Proceeding

The City expects to enter into a Bond Validation process approximately one month following the Referendum Vote which is scheduled for March 16, 2016. The one month delay is because the City Charter requires approval of a revenue bond by ordinance which requires two readings, the first of which cannot occur unless the referendum passes. Bond Counsel expects that the Bond Validation can be completed by September 30, 2016, assuming no appeal is filed, although that timing is not guaranteed. Closing on the purchase of the Project and the Term Loan will occur expeditiously after the Bond Validation is complete.

F. Provisos

The City reserves the right to reject proposals with terms and conditions different than those included in the Bond Contract.

II. EVALUATION OF PROPOSALS - CRITERIA

Proposals will be evaluated on the basis of cost and compliance with the proposed structure and terms of the Term Loan as outlined in this RFP.

A. Proposal Format

In order to assist the City in reviewing proposals, each proposal shall be prepared utilizing the following format and headings:

1. Contact Information - State the legal name of the financial institution or firm, current principal business address, contact person, telephone and facsimile numbers.
2. Interest Rate - State the fixed interest rate being proposed. If the rate is not locked until closing, please provide a formula expressed as a function of the yield for a U.S. Government Treasury obligation (or other nationally recognized index) that may be independently tracked and verified.

The award of the RFP does not obligate the City to close on the 2016 Bond and there will be no penalty for locking a rate until such time as the Referendum has been approved and the Bond Validation Process is complete.

3. Fees and Expenses - Describe in detail all fees and expenses which the City will be responsible to pay. The amounts stated in the proposal shall represent the maximum amounts payable to the proposer by the City. All fees and expenses in excess of those stated in the proposal shall be the sole responsibility of the proposer and will not be paid or reimbursed by the City. The City's Bond Counsel, Bryant Miller Olive P.A. will draft all documents and deliver an opinion regarding the

excludability of interest from gross income for federal income tax purposes on the Term Loan.

4. Prepayment Provisions - Please outline any prepayment provisions.
5. Conditions - Provide a listing of all conditions, terms or restrictions, other than those specified in this RFP, which would be included in your commitment to provide the Term Loan. Please keep in mind when submitting proposals that the City strongly prefers an offer without capital adequacy or other interest rate adjustment language. The only interest rate adjustment provision the City will likely consider is a gross-up to preserve the after-tax yield of the Term Loan in the event of a determination of taxability by the IRS which results solely from actions of the City. If your firm's proposal contains any rate adjustment provisions please fully disclose the terms and conditions of such provision. Provide a detailed terms sheet including all terms and conditions; both financing and real estate closing related. Proposers are suggested to provide a detailed Term Sheet as part of their response.

III. INSTRUCTIONS TO PROPOSERS

- A. Proposers shall thoroughly examine and be familiar with the proposal specifications. Failure of any proposer to receive or examine this document shall in no way relieve any proposer of obligations pertaining to this proposal or the subsequent contract.
- B. Any changes or modifications to the proposal specifications can result in the rejection from the proposal process as not being responsive to this RFP.
- C. The responsibility for mailing the proposal to the City on or before the specified date and time will be solely and strictly the responsibility of the proposer. The City or its Financial Advisor will in no way be responsible for any delivery delays caused by any occurrence.
- D. The response deadline shall be strictly observed. Under no circumstances will a proposal delivered after the time specified be considered.
- E. Proposers will not be allowed to withdraw or modify their proposals until September 30, 2016.
- F. The City reserves the right to reject the proposal of any proposer who has previously failed in the proper performance of a contract or to deliver on time other contracts similar in nature, or who is not in a position to perform properly under this contract.
- G. The City reserves the right to inspect all facilities of the proposer in order to make a determination as to their capabilities.

- H. Federal, state, county and local laws, ordinances, rules and regulations that in any manner affect the items covered herein apply. Lack of knowledge by the proposer will in no way be a cause for relief from responsibility.
- I. No successful proposer may assign any portion of the contractual agreement between the parties without prior written authorization by the City.
- J. Changes to the RFP may be made by and at the sole discretion of the City.
- K. Warranties - The proposer, in submission of its proposal, warrants to the City that it will comply with all applicable federal, state and local laws, regulations and orders in providing the services under the proposed documents.
- L. Collusion - The Proposer, by affixing its signature to this proposal, certifies that its proposal is made without previous understanding, agreement, or connection either with any previous firms or corporations offering a Proposal for the same items, or with the City. The Proposer also certifies that its proposal is in all respects fair, without outside control, collusion, fraud or otherwise illegal action.
- M. Pursuant to Section 287.134(2)(a), Florida Statutes, an entity or affiliate who has been placed on the discriminatory vendor list may not submit a proposal on a contract to provide any goods or services to a public entity, may not submit a proposal on a contract with a public entity for the construction or repair of a public building or public work, may not submit a proposal 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.
- N. The City of Key West does not discriminate based on age, race, color, sex, religion, national origin, disability or marital status.
- O. Each Proposer shall submit and execute the following forms with their proposal. The City considers the failure of the Proposer to submit these forms to be a major irregularity and may be cause of rejection of submissions.
- Proposal Form
 - Anti-Kickback Affidavit
 - Sworn Statement under section 287.133(3)(a) Florida Statutes on Public Entity Crimes
 - Indemnification Form
 - Local Vendor Form
 - Domestic Partnership Affidavit
 - Cone of Silence Affidavit

IV. OTHER INFORMATION

- A. The City reserves the right to accept or reject any and all proposals, to waive any irregularities or informalities in any proposal and to accept or reject any items or combination of items. The award will be to the institution whose response complies with all of the requirements set forth in this RFP and whose proposal, in the sole opinion of the City, is best taking into consideration all aspects of the proposer's response.

- B. In the event that the successful proposer does not execute a contract within a timeframe acceptable to the City, the City may give notice of intent to award the proposal to the next most qualified proposer or to call for new proposals and may proceed to act accordingly.

**Appendix A
Preliminary Amortization Table***

5-Year Bullet Preliminary Amortization

7/1/2017	\$76,436	7/1/2018	\$79,154	7/1/2019	\$81,969	7/1/2020	\$84,886	7/1/2021	\$87,905
8/1/2017	76,659	8/1/2018	79,385	8/1/2019	82,209	8/1/2020	85,132	8/1/2021	88,160
9/1/2017	76,882	9/1/2018	79,617	9/1/2019	82,448	9/1/2020	85,381	9/1/2021	88,417
10/1/2017	77,106	10/1/2018	79,849	10/1/2019	82,689	10/1/2020	85,630	10/1/2021	41,803,509
11/1/2017	77,331	11/1/2018	80,082	11/1/2019	82,931	11/1/2020	85,880		
12/1/2017	77,557	12/1/2018	80,315	12/1/2019	83,172	12/1/2020	86,130		
1/1/2018	77,783	1/1/2019	80,550	1/1/2020	83,414	1/1/2021	86,381		
2/1/2018	78,011	2/1/2019	80,784	2/1/2020	83,658	2/1/2021	86,633		
3/1/2018	78,237	3/1/2019	81,020	3/1/2020	83,902	3/1/2021	86,886		
4/1/2018	78,466	4/1/2019	81,256	4/1/2020	84,146	4/1/2021	87,139		
5/1/2018	78,694	5/1/2019	81,493	5/1/2020	84,392	5/1/2021	87,393		
6/1/2018	78,924	6/1/2019	81,731	6/1/2020	84,638	6/1/2021	87,648		

7-Year Bullet Preliminary Amortization

7/1/2017	\$76,436	7/1/2018	\$79,154	7/1/2019	\$81,969	7/1/2020	\$84,886	7/1/2021	\$87,905	7/1/2022	\$91,030	7/1/2023	\$94,268
8/1/2017	76,659	8/1/2018	79,385	8/1/2019	82,209	8/1/2020	85,132	8/1/2021	88,160	8/1/2022	91,297	8/1/2023	94,543
9/1/2017	76,882	9/1/2018	79,617	9/1/2019	82,448	9/1/2020	85,381	9/1/2021	88,417	9/1/2022	91,562	9/1/2023	94,819
10/1/2017	77,106	10/1/2018	79,849	10/1/2019	82,689	10/1/2020	85,630	10/1/2021	88,675	10/1/2022	91,829	10/1/2023	39,602,365
11/1/2017	77,331	11/1/2018	80,082	11/1/2019	82,931	11/1/2020	85,880	11/1/2021	88,934	11/1/2022	92,097		
12/1/2017	77,557	12/1/2018	80,315	12/1/2019	83,172	12/1/2020	86,130	12/1/2021	89,193	12/1/2022	92,366		
1/1/2018	77,783	1/1/2019	80,550	1/1/2020	83,414	1/1/2021	86,381	1/1/2022	89,454	1/1/2023	92,635		
2/1/2018	78,011	2/1/2019	80,784	2/1/2020	83,658	2/1/2021	86,633	2/1/2022	89,714	2/1/2023	92,905		
3/1/2018	78,237	3/1/2019	81,020	3/1/2020	83,902	3/1/2021	86,886	3/1/2022	89,976	3/1/2023	93,176		
4/1/2018	78,466	4/1/2019	81,256	4/1/2020	84,146	4/1/2021	87,139	4/1/2022	90,239	4/1/2023	93,448		
5/1/2018	78,694	5/1/2019	81,493	5/1/2020	84,392	5/1/2021	87,393	5/1/2022	90,502	5/1/2023	93,721		
6/1/2018	78,924	6/1/2019	81,731	6/1/2020	84,638	6/1/2021	87,648	6/1/2022	90,766	6/1/2023	93,995		

10-Year Bullet Preliminary Amortization

7/1/2017	\$76,436	7/1/2018	\$79,154	7/1/2019	\$81,969	7/1/2020	\$84,886	7/1/2021	\$87,905	7/1/2022	\$91,030	7/1/2023	\$94,268	7/1/2024	\$97,622	7/1/2025	\$101,093	7/1/2026	\$104,689
8/1/2017	76,659	8/1/2018	79,385	8/1/2019	82,209	8/1/2020	85,132	8/1/2021	88,160	8/1/2022	91,297	8/1/2023	94,543	8/1/2024	97,906	8/1/2025	101,388	8/1/2026	104,994
9/1/2017	76,882	9/1/2018	79,617	9/1/2019	82,448	9/1/2020	85,381	9/1/2021	88,417	9/1/2022	91,562	9/1/2023	94,819	9/1/2024	98,191	9/1/2025	101,684	9/1/2026	105,300
10/1/2017	77,106	10/1/2018	79,849	10/1/2019	82,689	10/1/2020	85,630	10/1/2021	88,675	10/1/2022	91,829	10/1/2023	95,095	10/1/2024	98,478	10/1/2025	101,980	10/1/2026	35,998,271
11/1/2017	77,331	11/1/2018	80,082	11/1/2019	82,931	11/1/2020	85,880	11/1/2021	88,934	11/1/2022	92,097	11/1/2023	95,373	11/1/2024	98,765	11/1/2025	102,278		
12/1/2017	77,557	12/1/2018	80,315	12/1/2019	83,172	12/1/2020	86,130	12/1/2021	89,193	12/1/2022	92,366	12/1/2023	95,651	12/1/2024	99,053	12/1/2025	102,576		
1/1/2018	77,783	1/1/2019	80,550	1/1/2020	83,414	1/1/2021	86,381	1/1/2022	89,454	1/1/2023	92,635	1/1/2024	95,930	1/1/2025	99,342	1/1/2026	102,875		
2/1/2018	78,011	2/1/2019	80,784	2/1/2020	83,658	2/1/2021	86,633	2/1/2022	89,714	2/1/2023	92,905	2/1/2024	96,210	2/1/2025	99,632	2/1/2026	103,175		
3/1/2018	78,237	3/1/2019	81,020	3/1/2020	83,902	3/1/2021	86,886	3/1/2022	89,976	3/1/2023	93,176	3/1/2024	96,490	3/1/2025	99,922	3/1/2026	103,476		
4/1/2018	78,466	4/1/2019	81,256	4/1/2020	84,146	4/1/2021	87,139	4/1/2022	90,239	4/1/2023	93,448	4/1/2024	96,772	4/1/2025	100,214	4/1/2026	103,778		
5/1/2018	78,694	5/1/2019	81,493	5/1/2020	84,392	5/1/2021	87,393	5/1/2022	90,502	5/1/2023	93,721	5/1/2024	97,055	5/1/2025	100,506	5/1/2026	104,081		
6/1/2018	78,924	6/1/2019	81,731	6/1/2020	84,638	6/1/2021	87,648	6/1/2022	90,766	6/1/2023	93,995	6/1/2024	97,337	6/1/2025	100,799	6/1/2026	104,384		

*Preliminary numbers subject to change, for illustrative purposes only. Amortization assumes a loan in the amount of \$46,000,000.