

CITY OF KEY WEST, FLORIDA



REQUEST FOR PROPOSALS

FOR

**SEWER SYSTEM REVENUE BOND
SERIES 2011**

BANK-QUALIFIED TERM LOAN

Due Date: November 22, 2011

Due Time: 2:00 P.M. ET

**REQUEST FOR PROPOSALS
SEWER SYTEM REVENUE BOND, SERIES 2011
BANK-QUALIFIED TERM LOAN
CITY OF KEY WEST, FLORIDA**

I. INTRODUCTION

A. Objectives

Public Financial Management, Inc. (PFM) submits this request for proposals (RFP) on behalf of The City of Key West, Florida (the "City") to identify the institution that can provide the City with a fixed rate, bank-qualified term loan in the form of a Sewer Revenue Bond (the "Term Loan") at the lowest overall borrowing cost, pursuant to certain conditions as determined by the City in an amount not to exceed \$6,400,000. The refunding will be a private placement and the City does not anticipate preparing any disclosure documents.

The proposed term loan will be used to: (1) provide funds for the reimbursement of sewer projects originally financed through the State of Florida Department of Emergency Management; and (2) to pay the associated cost of issuance. The principal of and interest on the proposed Series 2011 will be secured by a pledge of and lien on, the Pledged Revenues, comprised of the Net Revenue derived from the Sewer Facilities. The City will covenant in the resolution authorizing the Term Loan not to issue any additional bonds with a lien on the Pledged Revenues that is prior to the lien of the Term Loan.

B. Proposal Instructions

1. Hard Copy or Electronic Proposal

A hard copy or an electronic response to this RFP should be submitted **on or before 2:00 P.M. ET, November 22, 2011** to the attention of:

David Moore
moored@pfm.com
300 South Orange Avenue, Suite 1170
Orlando, Florida 32801
(407) 648-2208

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

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.

The Proposer shall examine all proposal documents and shall judge all matters relating to the adequacy of such documents. Any inquiries, suggestions or requests concerning clarification or solicitation for additional information shall be in writing to the City's Financial Advisor, Public Financial Management, Inc., via e-mail to moored@pfm.com and roccan@pfm.com. The City shall not be responsible for oral interpretations given by any employee or its representative.

4. Tentative Schedule

The City will attempt to adhere to the following schedule:

November 4, 2011	RFP Issued
November 22, 2011	Written, e-mailed or faxed responses due prior to 2:00 P.M. ET
November 29, 2011	Selection of Term Loan Provider (pending Commission approval)
December 6, 2011	Award of the Term Loan by City Commission
December 14, 2011	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 Series 2011 will be payable solely from and secured by a pledge of the Net Revenues of the System. The Net Revenues are pledged by the City for the equal and ratable benefit and security of the Series 2011 Bonds and any Additional Parity Obligation.

D. Structure of the Financing

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

1. Amount: Not to exceed \$6,400,000.
2. Final Maturity: Bidder has the option to provide the City with a 10-year, 15-year and/or 20-year financing.
3. Estimated, subject to change, principal by maturity:

<u>Estimated Amortization Schedule</u>			
	<u>10-Year</u>	<u>15-Year</u>	<u>20-Year</u>
	<u>Financing</u>	<u>Financing</u>	<u>Financing</u>
12/1/2012	545,000	325,000	220,000
12/1/2013	580,000	350,000	235,000
12/1/2014	600,000	360,000	240,000
12/1/2015	615,000	375,000	250,000
12/1/2016	630,000	385,000	260,000
12/1/2017	650,000	400,000	270,000
12/1/2018	665,000	410,000	280,000
12/1/2019	685,000	425,000	290,000
12/1/2020	705,000	435,000	300,000
12/1/2021	725,000	450,000	310,000
12/1/2022		465,000	320,000
12/1/2023		480,000	330,000
12/1/2024		495,000	340,000
12/1/2025		515,000	355,000
12/1/2026		530,000	365,000
12/1/2027			380,000
12/1/2028			395,000
12/1/2029			405,000
12/1/2030			420,000
12/1/2031			435,000
Total	6,400,000	6,400,000	6,400,000

4. **Fixed, tax-exempt rate on a bank qualified basis.** The rate quoted may not exceed the maximum rate permitted under Florida Statute 215.84 applicable at the time of sale.
5. **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 semiannually on June 1 and December 1, of each year, beginning June 1, 2012. The principal amount of the Term Loan will be payable annually on December 1 of each year beginning December 1, 2012, through the final maturity of the Term Loan.
6. All of the covenants of Resolution shall apply to the Note.
7. **Prepayment Options:** Please specify any prepayment parameters. The City would prefer a proposal that does not entail a prepayment penalty.

E. Provisos

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

1. At the closing of the Bond, the proposer will be required to make certain certifications, including but not limited to certifications that it:
 - (a) is not acting as a broker or other intermediary, and is purchasing the Bond as an investment for its own account and not with a present view to a resale or other distribution to the public;
 - (b) 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;
 - (c) is not purchasing the Bond 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; and
 - (d) is an "accredited investor" within the meaning of the Securities Act of 1933, as amended, and Regulation D thereunder.
 - (e) The Bond will have minimum denominations of \$100,000 and cannot be transferred in denomination less than such amount.

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 (Bank Qualified) - State the fixed rate being proposed based on the Repayment Provisions.

Please provide two (2) **INTEREST RATE** scenarios:

- (1) An interest rate that will be locked and set as of the actual date of the RFP response until closing and;
- (2) An actual rate that will be set three (3) days prior to the closing of the Term Loan based on a formula provided. The bank qualified, fixed rate shall be expressed as a function of the yield for the U.S. Government Treasury obligation (or other nationally recognized index) having a maturity closest to the weighted average maturity of the Term Loan.

The City reserves the right to select the more advantageous rate as of the date of closing. The award of the RFP does not obligate the City to close on the Bond and there will be no penalty for locking a rate until such time as the City has adopted a Resolution approving the issuance of the Bond.

Interest Rates - State the fixed rates being proposed with or without Prepayment Penalty Options. Please use the grid below to outline your proposed interest rate quote(s) and/or state your most favorable structure and quote.

<u>Series 2011 - Fixed BQ Tax-Exempt Rate</u>		
<u>Option</u>	<u>Bank Qualified Rate Quote*</u>	<u>Rate Calculation</u>
10-Year Maturity (12/1/2021)		
15-Year Maturity (12/1/2026)		
20-Year Maturity (12/1/2031)		

*Rate quotes should be specified as of November 17, 2011. Please indicate whether the rate quoted will be reset prior to closing or held through closing on or about December 14, 2011.

The bank qualified fixed rates shall be expressed as a function of the yield for the U.S. Government Treasury obligation (or other nationally recognized index) having a maturity closest to the weighted average maturity of the Term Loan.

- 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 deliver an opinion regarding the excludability of interest from gross income for federal income tax purposes on the Term Loan and on the Term Loan being a qualified tax-exempt obligation under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
- 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.

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 faxing, e-mailing or delivery of the proposal to the City's Financial Advisor 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 delays caused by transmission of the proposal or a delay caused by any other occurrence.
- D. The response deadline shall be strictly observed. Under no circumstances will a proposal delivered after the time specified be considered. Such proposals will be returned to the proposer unopened.
- E. Proposers will not be allowed to withdraw or modify their proposals for a period of ninety (90) days after the opening time and date for indexed rates.
- 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. Discrimination: 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. Each Proposer shall complete the enclosed Public Entities Crime Affidavit, Signature Form and Hold Harmless Agreement and shall submit the executed forms with their proposal. City considers the failure of the Proposer to submit these forms to be a major irregularity and shall be cause of rejection of submissions.

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.