



TD Bank, N.A.,
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November 20, 2013

Mr. Jeff Snyder, CPA
City of Venice
401 W. Venice Avenue
Venice, FL 34285

RE: RFP dated October 25, 2013 – Bank Term Loan (Bank Qualified) Tax Exempt,
Recreation Capital Improvement General Obligation Refunding Bond, Series 2014

Dear Mr. Snyder:

In response to the Request for a full current refunding of the existing General Obligation Bonds, Series 2004; we are pleased to submit the following proposal to the City of Venice.

Bank's Loan Proposal is subject to recommendation of Selection Committee of the Borrower prior to 3:00 pm eastern standard time on November 30, 2013 and formal credit approval and written acceptance by Borrower prior to 3:00 pm eastern standard time on December 15, 2013 and is contingent upon a Loan Closing with mutually acceptable documents between Borrower and Bank prior to 3:00 pm eastern standard time on January 18, 2014.

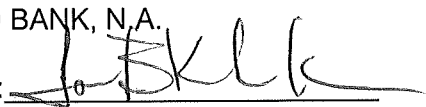
Bank shall not be responsible or liable to the City of Venice or any other person for consequential damages which may be alleged as a result of this letter, the Loan Proposal or any transaction contemplated hereby.

This letter is delivered to you on the condition that its existence and its contents will not be disclosed without our prior written approval, except (i) as may be required to be disclosed in any legal proceeding or as may otherwise be required by law and on a confidential and "need to know" basis, to your directors, officers, employees, advisors and agents.

We appreciate this opportunity and are delighted to provide this Loan Proposal. We look forward to working with you to successfully complete this transaction. My contact information is noted above.

Very truly yours,

TD BANK, N.A.

By: 

Joseph B. Kabourek
Vice President

Exhibit A

TD Bank, N.A.

TERMS AND CONDITIONS OF LOAN PROPOSAL

THIS IS A STATEMENT OF TERMS AND CONDITIONS AND NOT A COMMITMENT TO LEND

1. Tax-Exempt Loan

- (a) **Borrower:** City of Venice ("City")
- (b) **Lender:** TD Bank, N.A.
- (c) **Settlement Date:** On or before January 17, 2014
- (d) **Aggregate Credit Amount:** Up to \$7,000,000
- (e) **Type of Credit:** Tax-Exempt Bank Qualified Bank Term Loan ("Term Loan")
- (f) **Purpose of Loan:** The proceeds will be used as a full current refunding of the existing General Obligation Bonds, Series 2004.
- (g) **Repayment Terms:** Semiannual interest payments will be payable beginning August 1, 2014 on a 30/360 day basis and annual payments of principal based on the Appendix A in the RFP payable beginning February 1, 2015.
- (h) **Final Maturity:** February 1, 2028
- (i) **Interest Rate:** Option A (No prepayment penalty): Indicative fixed rate at 2.59% as of today.
- Fixed rate at closing based on formula: (.67 X Federal Reserve H.15 10-year swap rate at closing) plus 75 bps.
- Option B (Make Whole prepayment option): Indicative fixed rate at 2.37% as of today.
- Fixed rate at closing based on formula: (.67 X Federal Reserve H.15 10-year swap rate at closing) plus 53 bps.
- (k) **Default Rate of Interest:** The "default rate of interest" shall be four (4) percentage points in excess of the rate of interest charged prior to the occurrence of the event of default.
- (l) **Late Charges:** If any payment due the Bank is more than fifteen (15) days overdue, a late charge of six percent (6%) of the overdue payment shall be assessed.

(m) Prepayment Penalty:

Option A Loan can be prepaid at anytime with no penalty.

Option B Loan will contain Bank's standard make-whole language to be included in Loan Documents.

(n) Gross ups:

Determination of Taxability: In the event of a Determination of Taxability, the interest rate payable hereunder shall be subject to a full gross-up modification, as determined by the Registered Owner and its counsel (the "Taxable Rate"), effective retroactively to the date on which such Determination of Taxability was made. In addition, upon a Determination of Taxability, the Issuer agrees to pay to the Registered Owner subject to such Determination of Taxability the Additional Amount upon demand. "Additional Amount" means (i) the difference between (a) interest on this Bond for the period commencing on the date on which the interest on this Bond ceased to be excludable from gross income for federal income tax purposes and ending on the earlier of the date this Bond ceased to be outstanding or such adjustment is no longer applicable to this Bond (the "Taxable Period") at a rate per annum equal to the Taxable Rate, and (b) the aggregate amount of interest paid on this Bond for the Taxable Period under the provisions of this Bond without considering the Determination of Taxability, plus (ii) any penalties and interest paid or payable by such Registered Owner to the Internal Revenue Service by reason of such Determination of Taxability. As used herein, "Determination of Taxability" means a final decree or judgment of any federal court or a final action of the Internal Revenue Service or of the United States Treasury Department determining that any interest payable on this Bond is includable in the gross income of the Registered Owner. No such decree or action shall be considered final for the purposes of this paragraph unless the Issuer has been given written notice thereof and, if it is so desired by the Issuer and is legally permissible, the Issuer has been afforded the opportunity to contest the same, at its own expense, either directly or in the name of the Registered Owner and until the conclusion of any appellate review, if sought.

Change in Bank Qualified Status

If this Bond ceases to be a "qualified tax exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code ("Loss of Bank Qualified Status") the interest on this Bond will increase, from the effective date of such Loss of Bank Qualified Status, to the tax exempt equivalent rate per annum.

Change in Corporate Tax Rate

In the event of a change in the Corporate Tax Rate (as hereinafter defined) during any period where interest is accruing on a tax-exempt basis causes a reduction in the tax equivalent yield on this Bond, the interest payable on this Bond shall be increased to compensate for such change in the effective yield to a rate calculated by multiplying the Rate of Interest by the ratio equal to (1 minus A) divided by (1 minus B), where A equals the Corporate Tax Rate in effect as of the date of the corporate

tax adjustment as announced by the Internal Revenue Service and B equals the Corporate Tax Rate in effect on the date immediately preceding the date of such adjustment. "Corporate Tax Rate" shall mean the highest marginal statutory rate of federal income tax imposed on corporations and applicable to the Registered Owner (expressed as a decimal).

2. Fees and Expenses:

No Bank Fee. No Unused Fee. The City is responsible for Bank Counsel expenses, not to exceed \$4,000, for the review of the documents to be prepared by City's Bond Counsel.

3. Security:

The loan shall be secured by a senior lien payable from the full faith, credit, and taxing authority of the City.

4. Legal Opinions:

Prior to closing, there shall be delivered to the Bank an opinion of Bond Counsel acceptable to the Bank covering matters customary for a transaction of this type and nature and which shall, without limitation, opine that: (1) the City is duly formed; (2) all loan documents have been validly authorized and executed by and on behalf of the City, if any; (3) all loan documents are *valid*, binding, enforceable in accordance with their terms and do not violate any legal requirements, including without limitation, organizational documents, laws and material agreements; and (4) the Bank Term Loan is Tax-Exempt, Bank Qualified.

5. Financial Reporting:

The City shall furnish the following financial reports:

<u>Type of Reports</u>	<u>Frequency</u>	<u>Due Date</u>
Financial Statements – Audited	Annually	270 days after end of fiscal year
Approved Budget	Annually	60 days after completion and approval

In addition, the City shall furnish to the Bank such other reports as shall be required in the loan documents.

6. Financial Covenants.

All covenants and provisions of the existing General Obligation Bonds, Series 2004, shall be applicable to the Term Loan.

7. Other Conditions.

No material adverse change in the Borrower's financial condition prior to closing.

Term Loan to be on parity and cross defaulted with all other present and future General Obligation debt (as applicable).



America's Most Convenient Bank®

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1) Contact Info:

Joseph B. Kabourek
Vice President
TD Bank
560 N Orange Avenue
Winter Park, FL 32789
407-622-3544

2) Lender's Counsel:

Morris G. (Skip) Miller, Esq.
250 South Australian Avenue, Suite 700
West Palm Beach, FL 33401
Phone: (561) 838-4556
skip.miller@gmlaw.com

3) Fixed Rate Options:

See term sheet attached

4) Florida Bank Placement Experience:

City of Venice Utility
City of Sanford
City of Ft Pierce
City of Sebastian

5) Client References:

Jeff Snyder
City of Venice
941-486-2626

William Smith
City of Sanford
407-688-5000

Nina Hurtubise
Fort Pierce Utilities Authority
772-466-1600

Kenneth Killgore
City of Sebastian
772-388-8205