



November 23, 2020

Recommendation Memorandum

To: David Maxwell, *Chief Financial Officer*

From: Jay Glover, *Managing Director* – PFM Financial Advisors LLC
Elise Lomel, *Senior Managing Consultant* – PFM Financial Advisors LLC

Re: City of Savannah, Georgia – Downtown Savannah Authority Taxable Revenue Bond (City of Savannah Arena Parking Project), Series 2020 – Award Recommendation Memo

PFM Financial Advisors LLC (“PFM”) was engaged by the City of Savannah, Georgia (the “City”) to serve as financial advisor for the proposed issuance of the Downtown Savannah Authority’s Taxable Revenue Bond (City of Savannah Arena Parking Project), Series 2020 (the “2020 Bond”) to finance the acquisition and construction of parking facilities to serve the new arena project in the downtown area of the City. Based on the size (\$8.6 million), average life (8.9 years), reduced costs of issuance and desire to move in an expedited manner, the City preferred to pursue a direct bank loan rather than a competitive bond sale through the public markets.

At the City’s direction, PFM distributed a request for proposals (“RFP”) on November 2, 2020 to a list of local, regional and national qualified financial institutions to identify the qualified financial institution that could provide the City with a taxable fixed rate, loan at the lowest overall borrowing cost, pursuant to certain conditions as determined by the City. Prior to the submittal deadline (10:00 am on November 20, 2020) the City received seven (7) proposals from the following institutions: JP Morgan Chase, Regions, Zions Bank, South State Bank, Truist, Sterling National Bank, and Capital One Public Funding. A summary of each proposal is included as **Exhibit A**.

Based on PFM’s review and discussions with the City staff and Bond Counsel, it was determined that JP Morgan Chase provided the best combination of interest rate and terms most favorable to the City. JP Morgan Chase offered a 15-year, taxable fixed interest rate of 2.12%, which would be locked for the entire term of the 2020 Bond. The interest rate is held through a closing date on or before December 20, 2020, thus eliminating any risk associated with rising interest rates. Their proposal also includes the ability to prepay the 2020 Bond at par on or after August 1, 2025. PFM and Bond Counsel have reviewed all of the other terms and conditions of the JP Morgan Chase proposal and concluded that they are standard for transactions of this nature.

Based on the 15-year taxable fixed interest rate and acceptable terms and conditions provided in their proposal, PFM recommends selecting JP Morgan Chase as the loan provider for the 2020 Bond. If you have any questions, please feel free to contact me at 407-406-5760 or gloverj@pfm.com.



Exhibit A

Summary of Proposals







**Downtown Savannah Authority, Georgia
Taxable Revenue Bond (City of Savannah Arena Parking Preproject), Series 2020**

Bidder/Proposer	JPMorganChase	REGIONS	ZIONS BANK
Bid Summary:			
Interest Rate	Option 1: 1.88% Fixed Rate Option 2: 2.12% Fixed Rate	Option 1: 2.11% Option 2: 2.26%	2.170%
Prepayment Provision	Option 1: Not callable / make whole prepayment penalty applies Option 2: Callable on or after August 1, 2025	Option 1: Callable at par beginning August 1, 2029 in whole or part. Option 2: Callable at par beginning August 1, 2025 in whole or part.	Callable any time, in whole or in part at par, plus accrued interest, with 30 days written notice with no penalty/premium
All-in TIC (includes all proposer and bank counsel fees)	Option 1: 2.033% Option 2: 2.274%	Option 1: 2.264% Option 2: 2.415%	2.310%
Average Life	Option 1: 8.906 years Option 2: 8.938 years	Option 1: 8.938 years Option 2: 8.959 years	8.945 years
Term Sheet Details:			
Proposal Type	Fixed Rate	Fixed Rate	Fixed Rate
Stated Rate	Option 1: 1.88% Fixed Rate Option 2: 2.12% Fixed Rate	Option 1: 2.11% Option 2: 2.26%	2.170%
Term of Commitment	Rates are good through 6:00 p.m. on November 20th and will be locked until closing (assuming closing by December 20th) if notified by 6:00 p.m. on November 20th.	N/A	Quoted rate is fixed for 60 days from the bid date. If closing does not occur within 60 days from the bid date, rates would reset to the prevailing market rate.
Prepayment Provision	Option 1: Not callable / make whole prepayment penalty applies Option 2: Callable on or after August 1, 2025	Option 1: Callable at par beginning August 1, 2029 in whole or part. Option 2: Callable at par beginning August 1, 2025 in whole or part.	Callable any time, in whole or in part at par, plus accrued interest, with 30 days written notice with no penalty/premium
Fees (Bank Counsel, Bank Fees)	\$7,500	\$7,500	\$0
Default Rate	N/A	The interest rate otherwise applicable to the Debt Instrument plus 4%.	N/A
Other Covenants	Financial statements to be delivered within 180 days after the conclusion of each FY, if not otherwise publicly available	Audited financial statements within 210 days after the end of the each of the Borrower's fiscal years and adopted budget within 60 days from FYE.	Audited financials to be provided within 270 days of fiscal year end.
Opinions	N/A	Bond Counsel Opinion	Bond & Issuer's Counsel Opinion
Questions/Comments (...if winning bidder)		Transfer Provisions?	



**Downtown Savannah Authority, Georgia
Taxable Revenue Bond (City of Savannah Arena Parking Preproject), Series 2020**

Bidder/Proposer												
Bid Summary:												
Interest Rate	2.570%	2.600%	2.650%	2.680%								
Prepayment Provision	N/A	<u>Option A:</u> Callable in whole at any time with a one percent (1%) premium <u>Option B:</u> Callable in whole at par at any time beginning August 1, 2028	<table border="1"><tr><th>Year:</th><th>Percentage:</th></tr><tr><td>1-4</td><td>No Call</td></tr><tr><td>5-8</td><td>101%</td></tr><tr><td>Thereafter</td><td>100%</td></tr></table>	Year:	Percentage:	1-4	No Call	5-8	101%	Thereafter	100%	No call until 08/01/29, then in whole at par on any interest payment date.
Year:	Percentage:											
1-4	No Call											
5-8	101%											
Thereafter	100%											
All-in TIC (includes all proposer and bank counsel fees)	2.720%	2.757%	2.793%	2.823%								
Average Life	9.001 years	9.004 years	9.011 years	9.015 years								
Term Sheet Details:												
Proposal Type	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate								
Stated Rate	2.570%	2.600%	2.650%	2.680%								
Term of Commitment	N/A	January 4, 2021	November 25, 2020	November 27, 2020								
Prepayment Provision	N/A	<u>Option A:</u> Callable in whole at any time with a one percent (1%) premium <u>Option B:</u> Callable in whole at par at any time beginning August 1, 2028	<table border="1"><tr><th>Year:</th><th>Percentage:</th></tr><tr><td>1-4</td><td>No Call</td></tr><tr><td>5-8</td><td>101%</td></tr><tr><td>Thereafter</td><td>100%</td></tr></table>	Year:	Percentage:	1-4	No Call	5-8	101%	Thereafter	100%	No call until 08/01/29, then in whole at par on any interest payment date.
Year:	Percentage:											
1-4	No Call											
5-8	101%											
Thereafter	100%											
Fees (Bank Counsel, Bank Fees)	\$5,000	\$7,500	None	None								
Default Rate	N/A	N/A	N/A	N/A								
Other Covenants	N/A	Financial statements to be delivered within 270 days after the conclusion of each FY.	Financial statements to be delivered within 270 days after the conclusion of each FY.	Upon request, as soon as available, the Borrower shall send COPF a copy of its audited financial statements as of the end of the fiscal year.								
Opinions	Bond Counsel Opinion	Bond Counsel Opinion	Bond Counsel Opinion	Bond Counsel Opinion								
Questions/Comments (...if winning bidder)												