FDFC Conduit Issuance Policy

Overview

Introduction

The Florida Development Finance Corporation ("FDFC") is a special development finance authority created by Section 288.9602, Florida Statutes, to provide access to capital, promote the advancement of business, and economic development in the State of Florida (the "State"). FDFC's mission is to provide cost-effective financing to support for-profit and not-for-profit business activity by collaborating with Florida's financial services industry and local development organizations. FDFC and contracted professionals assist Borrowers prior to, during, and after the issuance of bonds in a professional and courteous manner.

FDFC's Board of Directors (the "Board") has established this Conduit Issuance Policy (the "Policy") to ensure FDFC's conduit financing program complies with Part X, Chapter 288, Florida Statutes (the "Act"), Sections 103 and 141-150 of Internal Revenue Code of 1986, as amended (the "Code"), and other applicable state and federal laws and policies.

As used herein, "bonds" means taxable and tax-exempt bonds, including, but not limited to, tax-exempt private activity bonds, loan agreements, promissory notes, lease-purchase agreements, certificates of participation, and other evidence of indebtedness.

Conduit Financing

FDFC issues bonds in counties throughout Florida through interlocal agreements.

Policy Objectives

The purpose of this Policy is to establish uniform principles and procedures for conduit bonds issued by FDFC to ensure compliance with legal requirements, including the requirements of the Act, and applicable federal and State laws.

The Policy establishes parameters and provides guidance regarding the amount of bonds which may prudently be issued; the purposes for which such bonds may be issued; criteria by which potential methods of sale should be evaluated; the structural features of such bonds; and the selection of professionals. In addition, this policy describes many of the roles, responsibilities, functions, and duties of FDFC, its Board, the Borrower, and outside professionals. The policy is subject to revision at the sole discretion of the Board. However, the Policy is not intended to, and does not, include all the of requirements for every issuance of bonds. FDFC and the Board reserve the right to impose additional requirements to implement the guidelines in this Policy.

Exceptions to the general principles set forth may be appropriate under certain circumstances after careful consideration of the facts of each case. The Board reserves the right, in its discretion, to approve exceptions to the Policy, but waivers should not be expected. Please contact FDFC with any questions concerning the matters discussed in this Policy.

Projects Eligible for Financing Through FDFC

2.1. New Financing Projects

Projects should promote economic development, provide financial feasibility, and include construction.

2.1.1 Promotion of Economic Development – Projects should meet one or more of the following criteria and goals:

(a) ***Job Creation and Retention*** – projects should create jobs in the first three (3) years of operation for new businesses. For projects that expand existing businesses, the applicants should present information and data on the business's history of retaining existing jobs, plans to create new jobs, and its economic impact on the community.

(b) ***Wages –*** projects should offer above average wages compared to similar businesses in the community where project is located; both the salaries for new jobs and for the retention of existing jobs may be considered.

(c) ***Training and Education –*** projects should offer job training and educational benefits to employees.

(d) ***Community Support –*** projects should have support from the local community (e.g., financial support, zoning approval, designation as a targeted industry, and deferral or waiver of fees) should enhance or contribute to the local community (e.g., pay property taxes, purchase goods and services from local businesses, support local programs related to economic development, including workforce and affordable housing initiatives).

FDFC will not issue bonds to finance or refinance operating expenses or solely for the financing of land, marketing, pre-construction expenses, or other soft costs that do not provide for improvements to real property.

2.1.2. Financial Feasibility

The Borrower should have a good financial standing and have an acceptable earnings history or pro forma prospectus demonstrating financial feasibility. Construction and acquisition costs should be competitive and reasonable, and the applicant should provide a realistic cash flow analysis for first three (3) years of operation demonstrating need for tax-exempt financing. The Borrower should be able to satisfactorily respond to questions raised by FDFC concerning potential risks associated with the project and proposed financing plan, such as questionable credit quality, unusual financing structure, and/or sustainability of the project's business model.

2.2. Restructuring of Debt

An applicant seeking restructuring of debt should provide data on the financial benefits along with data on the business's history of retaining existing jobs, plan to create new jobs and its impact on the community.

2.3. Property Assessed Clean Energy "PACE"

Financing of qualified improvements as described Section 163.08(2)(b), Florida Statues. The FDFC has separate policies and procedures for its PACE program.

Project Pre-Application

Prior to requesting an FDFC Bond Financing Application, a Borrower or Borrower's project team must complete a pre-application form and schedule a call to discuss the proposed project. Upon recommendation by FDFC , a tentative schedule of application submission will be provided to the Borrower along with a notice to the Board of impending application.

FDFC Bond Financing Application Process

All potential Borrowers seeking bond financing through FDFC must submit an application for FDFC review and approval; a separate application must be submitted for each project.

4.1. Application Fee – Each application must be accompanied by a non-refundable application fee as reflected on the FDFC's then current fee schedules. This fee is imposed to reimburse FDFC for the time and costs associated with reviewing and evaluating the application. For applications that result in the issuance of bonds by FDFC, this fee will be credited to the issuer fee as reflected on the FDFC's then current fee schedules. FDFC's fee schedules for applications and the issuance of bonds must be adopted by the Board and are subject to review from time to time by the Board. FDFC will not begin to process an application until the application fee is received.

4.2. Submission of an Application –The application shall be made on a form available electronically on the FDFC website containing the required information and data listed in Exhibit A. Returning applicants should also provide a report evaluating actual verses expected performance/results for all projects previously financed through FDFC. All applications and support materials should be submitted in electronic format and clearly marked.

All applications and supporting documents will remain the property of the FDFC. Applicants should assume that all materials submitted to FDFC will be fully accessible to the public unless the State's public records laws, Chapter 119, Florida Statutes, Government-in-the-Sunshine Law, Chapter 286, Florida Statutes, or other applicable law provides otherwise.

4.3. Inducement Resolution – As part of its application, a potential Borrower may request that the Board adopt an inducement resolution, also known as a declaration of official intent pursuant to Treas. Reg. §1.150-2. The inducement resolution will identify the preliminary intent of FDFC to issue bonds, a description of the proposed project, and the amount of bonds to be issued. An inducement resolution is not a commitment to issue bonds; rather, it is a conditional statement of intent by the Board to consider the future issuance of tax-exempt bonds by FDFC for a specific project. Adoption of an inducement resolution is an accommodation to the Borrower for the purposes of determining eligible expenses related to the transaction under federal tax law; it allows the Borrower to recapture certain project costs that are incurred more than sixty (60) days prior to the issuance of the bonds. The Board may delegate to the Executive Director authority to execute an inducement letter to serve the same purpose as the inducement resolution. Adoption on an inducement resolution or inducement letter will not create and does not constitute a contractual or other obligation of FDFC.

For transactions that will require an allocation of volume cap pursuant to Section 146 of the Code prior to issuance, the Board may authorize FDFC to proceed with the necessary steps to obtain such allocation based on the conditional approval in the inducement resolution or inducement letter.

4.4. Review of Application – Applications should be promptly reviewed by FDFC for completeness. Once an application has been deemed complete, FDFC will review the application for compliance and consistency with the Policy. As part of its review, FDFC, its Municipal Advisor, or Issuer's Counsel may request additional information from the applicant. FDFC should aim to complete their substantive review of applications within five (5) business days after the application has been deemed complete. Upon completion of such review, FDFC will notify the applicant of its intent to present the project to the Board for consideration to proceed with the financing or its disapproval of the application. FDFC has the absolute discretion to reject an application at any time and has no obligation to bring an application to its Board for approval.

Board Consideration and Approval Process

The Board has a responsibility to ensure that the projects financed with bonds issued by FDFC further its mission, that and that FDFC complies with all applicable securities laws with respect to such bonds.

Project Notice

If, following review of a pre-application for compliance and consistency with the Policy, FDF determine that the proposed project furthers the purpose of the FDFC, then the proposed project will be noticed to the Board. FDFC or its Municipal Advisor will prepare a project summary which includes a description of the Borrower, the proposed project (including the quantitative metrics justifying the project), the anticipated financing structure, and other issues that may be relevant to the Borrower or the transaction for the Board's consideration.

Agenda Approval

FDFC will coordinate with the Board Chair to put the final approval of the transaction (consideration of the Bond Resolution) on the agenda for the appropriate upcoming regularly scheduled Board meeting. If the materials are subsequently found to be insufficient, the transaction may be removed from agenda. FDFC or its Municipal Advisor will prepare a memorandum which includes the information listed in Exhibit B for the Board's consideration; such memorandum shall be included in the materials for the Board meeting at which the Bond Resolution is to be considered.

5.3. Adoption of Bond Resolution

Once the financing documents are in substantially final form, Issuer's Counsel will prepare a Bond Resolution for the Board's consideration at a regularly scheduled Board meeting. Upon adoption of the Bond Resolution, FDFC may issue bonds to finance the project and enter into financing documents with the Borrower on terms satisfactory to the Board.

5.4. Term of Board Approval

Any approval by the Board shall be effective for one year. If a Bond Resolution is not adopted within one (1) year after preliminary approval by the Board, such approval shall cease to be effective. If bonds are not issued within one (1) year after the adoption of the Bond Resolution by the Board, such resolution shall cease to be effective.

5.5 Subsequent Events; Material Modification to Terms

Any proposed modifications to the form of the bond documents as presented to the Board for approval that materially alters the financing structure of the transaction requires Board consent. Such changes may include, but are not limited to, changes in bond covenants, pledged revenues, maturity structure, or remedies for default; acceleration or cross-default; actions that may reduce debt service coverage or credit ratings; termination or modification of swap agreements; and the use of derivatives.

TEFRA Approval

In accordance with the federal Tax Equity and Fiscal Responsibility Act ("TEFRA") public approval of the proposed issuance ("TEFRA approval") following an appropriately noticed public hearing (a "TEFRA hearing") is required before tax-exempt bonds may be issued. Unless otherwise requested by the Borrower, FDFC will be responsible for holding the TEFRA hearing in accordance with these policies and the Code and submitting the necessary documentation for TEFRA approval. The TEFRA hearing shall not be noticed prior to preliminary feedback by the Board.

For projects financed through FDFC, the Governor is the "applicable elected representative" for purposes of TEFRA approval. The Governor has delegated TEFRA approvals to the Director of the Division of Bond Finance. FDFC should only submit TEFRA approval requests to the Director of the Division of Bond Finance once it has obtained the information and materials listed in Exhibit C. For scheduling purposes, the Borrower should assume a minimum turnaround time of thirty (30) days for the Governor's TEFRA approval letter. FDFC will make every effort to work with Borrowers and the Division of Bond Finance to ensure the timely submissions of requests.

Allocation of Volume Cap

Prior to the issuance of tax-exempt bonds for certain types of projects, FDFC must receive an allocation of private activity volume cap from the Division of Bond Finance pursuant to the Florida Private Activity Bond Allocation Act (Chapter 159, Part VI, Florida Statutes).

In Florida, volume cap is allocated to the conduit issuer, not the Borrower as such FDFC will work with Borrowers to determine whether an allocation of volume cap is needed and prepare the request. Because there may be limited volume cap available, FDFC should reach out to the Division of Bond Finance as soon as practicable to assess likelihood of receiving an allocation.

Participants in the Transaction

8.1. Issuer's Professionals

The FDFC may engage outside professionals, including issuer's counsel ("Issuer's Counsel") and municipal advisors ("Municipal Advisors"), to the extent necessary, to execute transactions and to advise on non-transaction related work.

Issuer's Counsel – The Board may select one or more legal firm(s) nationally recognized as bond counsel (e.g., those firms with extensive experience in public finance and tax issues firms) and a significant presence in the State to serve as Issuer's Counsel. Issuer's Counsel should provide the full range of legal services required by FDFC in connection with the successful issuance and delivery of bonds, including review of all proposed transactions, to ensure that the representations, commitments, and obligations in the bond documents do not conflict with this Policy and to assist FDFC in determining the accuracy and completeness of material information. Issuer's Counsel should provide on-going legal services for FDFC's financing programs. Any professionals selected to serve as Issuer's Counsel shall be active members in good standing with the Florida Bar. Issuer's Counsel will not act as Borrower's counsel or simultaneously represent any other party in a transaction. However, Issuer's Counsel may both represent FDFC and serve bond counsel in a transaction with FDFC's approval, only if (i) it can be demonstrated that such representation achieves a cost savings for the Borrower, (ii) the representation of FDFC and the other parties will not be materially limited or impacted, and (iii) the Borrower is adequately represented by independent counsel with sufficient knowledge and expertise in public finance.

Municipal Advisor – The Board may select one or more firms to serve as Municipal Advisor to assist in the issuance of bonds and provide FDFC with objective advice and analysis, free from any conflict of interest, in connection with FDFC's financing programs. Any professionals selected to serve as FDFC's Municipal Advisor shall be registered as a municipal advisor with the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB") and must give fiduciary care in advising FDFC. FDFC's Municipal Advisor may not serve as underwriter or placement agent for FDFC's bonds.

8.1.1 Solicitation Process

The selection of professionals to assist FDFC in carrying out its financings shall be made using a competitive solicitation process that assures fairness and objectivity in the selection of professionals with the requisite experience, expertise, and qualifications, and allows FDFC to obtain the best price and level of service.

All professionals shall be selected through an independent evaluation of proposals submitted in response to a Request for Proposals ("RFP") by a selection committee established by the Board. The selection committee shall present a recommendation to the Board for the selection and appointment of professionals. Each proposal shall be independently evaluated and ranked by each selection committee member pursuant to specific scoring criteria established by the Board with no communication among selection committee members regarding the merits of the proposals.

8.1.2. Compensation

The fees paid to Issuer's Counsel and FDFC's Municipal Advisor shall be fair and reasonable and commensurate with the work required and the services rendered.

8.2 Borrower's Financing Team

The Borrower's financial team provides legal and financial information and services to the Borrower. FDFC should evaluate the professionals proposed by the Borrower to ensure firms are qualified and that the terms and conditions of the engagements, including fees and expenses, are fair, reasonable, and appropriate. The Borrower should submit the names, contact information, and qualifications for all professionals it proposes to utilize for the transaction with its application. Borrowers may propose the hiring of their own finance professionals, subject to review and approval by FDFC.

The Borrower selects the firm that will serve as bond counsel for the transaction ("Bond Counsel"). Bond Counsel is responsible for providing legal opinions in connection with an issuance of bonds and advises the issuer and the underwriter on the legal aspects of the bond issue and may also serve as disclosure counsel. The underwriter or placement agent may retain their own counsel ("Underwriter's Counsel") to review the transaction and negotiate the purchase of the bonds on their behalf. Such firm must be "nationally recognized" as bond counsel.

9. General Parameters for Conduit Issuances

Types of Bonds

FDFC may issue both tax-exempt and taxable bonds to finance projects that further its mission.

9.2. Investment-grade Transactions

A transaction must achieve a minimum of one investment grade credit rating from Moody's Investors Service ("Moody's"), S&P Global Ratings ("S&P), Kroll Bond Rating Agency, or Fitch Ratings ("Fitch") to be considered an investment-grade transaction. An investment grade rating is a rating of a rating of "Baa3" or higher from Moody's or "BBB-" or higher from S&P, Kroll, or Fitch.

9.2.1 Method of Sale

Public Offering, direct or private placement, or limited public offering with appropriate disclosure or offering materials, as reviewed, and approved by FDFC Issuer's Counsel.

9.2.2 Minimum Denominations

Bonds which have an investment grade rating may be issued in minimum denominations of $5,000.00 or integral multiples thereof.

9.3. Non-Rated or Non-Investment Grade Transactions

Non-rated and lower-rated bonds (i.e., non-investment grade bonds) not issued an investment-grade credit rating as stated in Section 9.2 of the FDFC Issuer's policy.

9.3.1 Method of Sale

Public Offering, direct or private placement, or limited public offering with appropriate disclosure or offering materials, as reviewed, and approved by FDFC Issuer's Counsel.

9.3.2 Limitation on Purchasers

All sales (including the initial purchase and sales on the secondary market) and transfers of bonds that have not received an investment grade rating at the time of issuance shall be limited to Qualified Institutional Buyers ("QIBs"), as defined under Rule 144A of the Securities Act of 1933, and Qualified Purchasers ("QPs"), as defined under Section 2(a)(51) the of the Investment Company Act of 1940. Only if justified and deemed necessary, the Board may also authorize the sale and transfer such bonds to Accredited Investors ("AIs"), as defined under Regulation D of the Securities Act of 1933. Retail investors are excluded. Any deviations from the Bond Resolution's restrictions on bond ownership or transfer must be approved by the Board. Any subsequent transfers out of the bondholder representative's clients or accounts shall also be subject to the restrictions on transfer of this Section; provided, however, that if AIs are authorized as initial holders through the bondholder representative, such bonds may only be transferred to QIBs or QPs, unless specifically authorized to be transferred to AIs by the Board.

9.3.3 Investment and Bondholder Representative Letters

Investor Letter – All initial purchasers of bonds that have not received an Investment grade rating at the time of issuance must provide FDFC an investor letter in a form acceptable to FDFC wherein the investor (i) acknowledges having sufficient knowledge and experience to evaluate the risk associated with purchasing such bonds, (ii) waives any due diligence obligation on the part of FDFC, and (iii) certifies that it is a QIB, QP, or an AI as applicable, if authorized by the Board.

Bondholder Representative Letter – For bonds that have not received an investment grade rating at the time of issuance and are purchased through a bondholder representative, the bondholder representative shall be required to execute a bondholder representative letter similar to the investor letter that would have otherwise been required by initial purchasers of such bonds. Additionally, the bondholder representative shall covenant and represent to FDFC that (i) it has the requisite knowledge and expertise to evaluate the risks of such bonds as investments for its clients who will be the holders of such bonds; (ii) it has assessed the appropriateness of such bonds for those clients; (iii) it is authorized to act on behalf of such clients; (iv) it owes a fiduciary duty to such clients; and (v) it assumes all responsibility for insuring that the holders of such bonds are QIBs or QPs (or AIs, if authorized by the Board) and acknowledges and agrees to abide by restrictions on transfers for any resale or secondary market transaction.

9.3.4 Minimum Denominations

Limited or Public Offerings that have not received and an investment grade rating at the time of issuance shall be issued in minimum denominations of $250,000 and integral multiples of $5,000 thereafter. Borrowers that have a minimum of three years of positive historical financial performance may be allowed to be issued in minimum denominations of $100,000. FDFC can assist with determining minimum denominations allowable under the policy to be submitted to the Board for consideration.

A direct or private placement of Notes or Bonds to a nationally recognized financial Institution, bank or QIB may be issued as a single bond or promissory note and not be subject to minimum denominations but shall be subject to restrictions on transfer and verification of status as a bank, QIB or sophisticated financial institution.

9.4. Structural Features

Length of Maturity

Unless further restricted by law, the final maturity of the bonds shall be no longer than thirty-five (35) years and shall not exceed the estimated useful life of the project.

9.4.2. Debt Service Structure

Debt service should be structured with annual amortization of principal and interest.

9.4.3. Maximum interest Rate

Bonds issued by FDFC are not subject to Section 215.84, Florida Statutes; however, to the greatest extent practicable, FDFC shall not issue bonds that bear an interest rate exceeding the maximum permitted under State law.

9.4.4. Redemption Prior to Maturity

FDFC issued bonds may be callable prior to maturity.

Interest Rate Modes

Fixed-Rate Bonds

FDFC generally issues fixed-rate bonds to finance and refinance a Borrower's capital expenditures for projects that promote economic development within the State. However, in certain circumstances where variable-rate debt is more appropriate, in which case an exception should be made in accordance with the policies governing variable-rate bonds set forth below.

Variable-Rate Bonds

Variable rate bonds may be issued where, considering the totality of the circumstances, such bonds can reasonably be expected to reduce the total borrowing cost over the term of the financing inclusive of fees associated with the borrowing which would not typically be incurred in connection with fixed-rate bonds and the borrower has the internal expertise to manage the risks associated with variable rate debt. A conversion between interest rate modes pursuant to the provisions of variable rate financing documents does not require Board approval. However, the Borrower should notify FDFC in writing of the conversion, provide a summary of the terms and the reasons for the conversion.

Derivatives

Under certain market conditions, the use of alternative financing arrangements, generally referred to as derivatives, may be more cost effective than the traditional fixed income markets. However, derivatives have characteristics and risks peculiar to the nature of the instrument which are different from those inherent in the typical fixed-rate bond issuance. Derivatives may be used when the inherent risks and additional costs have been identified, and proper provision has been made to protect the Borrower from such risks. A comprehensive derivatives policy should be established by the FDFC and approved by the Board prior to the approval of any transactions using derivatives products.

9.5.3.1 Required Materials

Documentation that the Borrower's governing board has been notified, educated, and has approved the use of the derivative product; Narrative on the purpose or why the derivative makes financial sense for the Borrower; Credit term sheet.

Refinancing of Outstanding Debt

Generally, refunding bonds are issued to achieve debt service savings on outstanding bonds by redeeming high interest rate debt with lower interest rate debt. Surplus monies in funds associated with the refunded bond issue may be used as a source of funds for the refunding bonds. When a Borrower requests the issuance of refunding bonds for debt service savings, the Borrower should demonstrate to FDFC how such savings will further the public purpose of the previously financed project and generate economic development.

FDFC will consider a refunding whose primary purpose is not debt service savings. Refunding bonds which do not achieve debt service savings may be issued to restructure debt or modify covenants contained in the bond documents only if the Borrower satisfactory demonstrates to FDFC that such refunding is in the best interest of FDFC and the Borrower. In such cases, any economic loss as a result of the refunding should be clearly understood and articulated to the Borrower.

Fairness Opinion

FDFC's Municipal Advisor will be retained on all transactions to review and advise FDFC as to the reasonableness of the price of the bonds, the underwriting spread, and the costs of issuance. Prior to the issuance of the bonds, the Municipal Advisor shall provide a written opinion concerning the fairness or reasonableness of the price of the bonds and the fairness or reasonableness of all fees and expenses.

When a Municipal Advisor is hired by the Borrower, the Borrower's municipal advisor shall, in addition to the fairness opinion required above, provide a reliance letter to the FDFC as an addressee, and the Borrower shall provide an acknowledgement of the schedule of transaction expenses.

The Borrower's municipal advisor must also provide a certificate regarding the appropriateness and suitability, pricing, and fair market costs, of any interest rate derivative, or any investment of bond proceeds, or open market escrow account for a refunding.

Indemnification

FDFC requires standard indemnification with respect to the financing and the project in the appropriate bond documents. The scope of such provisions shall include the Borrower's agreement to indemnify and hold harmless FDFC and its members, officers, agents, attorneys and employees, against any and all claims and liability whatsoever arising out of the issuance of the bonds, including but not limited to, the Borrower's failure to pay debt service on the bonds and any securities law violations, state or federal, in connection with the issuance of bonds for the project. For publicly offered bonds, FDFC will also require standard indemnification with respect to the issuance and sale of bonds by the underwriter.

Performance Metrics; Annual Reporting

Performance metrics create accountability for the use of economic development incentives, such as access to lower-cost tax-exempt financing provided by the FDFC. All projects financed through FDFC shall be monitored, for so long as bonds are outstanding, to measure the economic impact of the project. FDFC will track each project's performance against projections and to measure performance of certain quantitative metrics set forth in the resolution approving the project.

Measurable economic impacts may include the project's expansion of tax base, job creation, development of targeted economic sectors, business retention, recruitment, blight mitigation, improvement of economically distressed neighborhoods, housing stock creation for targeted populations, or environmental and infrastructure improvements.

All Borrowers shall, at least annually, or at a frequency set forth by resolution of the Board, provide FDFC with reports on each project's performance against projections so that FDFC can evaluate the project's economic impact against set quantitative metrics.

9.10. Disclosure and Reporting

Primary Market Disclosure in Public Offerings

FDFC shall ensure that best practices are used in preparing disclosure documents in connection with the public offering and sale of bonds so that accurate and complete financial and operating information needed by the markets to assess the credit quality and risks of each issuance is provided. The disclosure recommendations of the Government Finance Officers Association's best practices related to primary market disclosure and the National Federation of Municipal Analysts' recommended best practices in disclosure for the applicable type of bonds should be followed to the extent practicable.

The Borrower shall be required to certify that any offering document used in connection with the offer and sale of the bonds does not contain an untrue statement of a material fact or omit to state a material fact which should be included for the purpose for which the offering document is intended to be used, or which is necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

Underwriter's Counsel or disclosure counsel shall be required to provide a Rule 10b-5 opinion or reliance letter for its opinion to FDFC regarding the fairness and accuracy of any offering document used to sell bonds. The underwriter shall provide a certification to FDFC of its compliance with sale restrictions and applicable securities regulations.

Report on the Sale of Bonds

FDFC or its Municipal Advisor shall prepare a post-sale analysis and report for each bond sale. Such report should be provided to the Board at the regularly scheduled meeting following the closing the transaction, which at a minimum shall include the principal amount of the bonds; the interest rate on the bonds; a final debt service schedule; an itemized list of all fees and expenses incurred on the transaction; a copy of any bond insurance policy or other form of credit enhancement and the terms thereof, if any; and credit rating reports, if any.

Secondary Market Disclosure & Continuing Disclosure Agreements

FDFC is not an "obligated person" under the terms of Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 ("Rule 15c2-12"), with respect to bonds issued by FDFC. As a result, FDFC does not provide secondary market disclosure; however, FDFC requires the Borrower and/or other participants to provide secondary market disclosure of financial information, operational data, and other material information, pursuant to the continuing disclosure agreement ("CDA") and as required by law. Under Rule 15c2-12, the Municipal Securities Rulemaking Board ("MSRB") Electronic Municipal Market Access system ("EMMA") has been designated as the central repository for continuing disclosure documents. Issuers are required to provide continuing disclosure documents through EMMA. In addition to disclosure required under a CDA or event disclosure required under Rule 15c2-12, other disclosure information may also be filed with EMMA.

The Borrower and the underwriter must comply with all continuing disclosure requirements set forth in the CDA and bond document, and as required under Rule 15c2-12; the Borrower shall, at least annually, demonstrate compliance with such continuing disclosure requirements to FDFC by providing a copy of required annual filings. Additionally, Borrowers should promptly notify FDFC of and provide a copy of any material event notices.

To the greatest extent practicable, FDFC will assist Borrowers in complying with the continuing disclosure requirements for the bonds which it issues and may send Borrowers periodic reminders and updates to changes to Rule 15c2-12.

Post-Issuance Compliance

Following the issuance of bonds, and in addition to its secondary market disclosure obligations, the Borrower will have post-issuance responsibilities with regards to monitoring a bond issue for compliance with federal tax rules for the duration that bonds are outstanding. Because the IRS has an active audit program to evaluate post-issuance compliance with tax-law requirements relating to the investment of bond proceeds, expenditure and allocation of bond proceeds, and record retention, FDFC requires all Borrowers to develop and maintain post-issuance compliance policies and procedures to ensure compliance with all applicable requirements.

It is critical that the Borrower maintains all material documents and records for the life of the bonds plus three years, in accordance with IRS recommendations. Failure to fulfill the responsibility for monitoring and maintaining adequate records may result in the bonds losing their tax-exempt status. Additionally, for tax-exempt bonds, FDFC requires Borrowers to be responsible for all arbitrage rebate calculations and all rebate payments.

Bond counsel shall be responsible for preparing and filing the “Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038,” or successor form (the “Form 8038”), with respect to each issue of bonds, as well as the “Information Return for Publicly Offered Original Issue Discount Instruments, Form 8281”, or successor form (“the Form 8281”), when applicable. The Executive Director shall be listed as the officer employee of the issuer whom the IRS may contact for more information with respect to all bonds issued by FDFC. The Executive Director shall sign and return the Form 8038, and, if applicable Form 8281, to bond counsel for filing with the IRS. A fully executed copy of the Form 8038 and, if applicable, Form 8281, as filed with the IRS, shall be delivered to FDFC.

Fees and Expenses

Application and Issuance Fees

Borrowers must submit a non-refundable application fee to FDFC at the time the application is made; additionally, upon closing, a one-time “Issuance Fee” is due and payable to FDFC, both as set forth in Exhibit B. Subject to the discretion of the Executive Director, a good-faith deposit to be held in escrow until closing may be required that will be capped at a maximum of 25% of the estimated Issuance Fee based on complexity and other risk factors. FDFC does not charge ongoing annual fees; however, FDFC will charge Borrowers a fee equal to $5,000, plus all related expenses, for any consent, approval, transfer, amendment, or waiver requested of FDFC for any previously issued bonds.

In circumstances where a Borrower is faced with multiple conduit options and certain considerations are needed to justify the utilization of FDFC to finance the Borrower’s project, the Executive Director is given authority to negotiate an appropriate fee structure on a per bond or flat fee basis, subject to Board approval. The Executive Director must give an account with sufficient evidence to the Board justifying any deviation from the Issuance Fee Schedules established by this Policy.

Costs of Issuance

The Borrower shall be responsible for all other costs of issuance required to complete the transaction. FDFC is to be reimbursed, and held harmless, for and from any out-of-pocket costs related to the actual or proposed issuance of bonds, regardless of whether the bonds are issued. Should any bond issue fail to close, the Borrower will reimburse FDFC and any professionals it has engaged for reasonable time and expenses.

Fee Database

FDFC can provide Borrowers with information on pricing performance and fees of prior transactions based on the type of project, method of sale, and credit rating (if applicable), and including, a detailed cost of issuance, maturities, takedown by maturity, other interest costs, and the true interest cost (“TIC”) of the bonds.

Effect

The foregoing Policy shall be effective immediately and may be modified from time to time by the Board as circumstances warrant. The Board has the authority to approve deviations from the Policy after considering the facts and circumstances of each case, but any such exception shall comply with state law requirements and shall not establish a precedent applicable to the guidelines in this Policy or any other financing transaction. The Policy is intended to apply to all bonds issued by the FDFC on or after February 22, 2023, and not to adversely affect any bonds currently outstanding or projects approved by the Board prior to February 22, 2023.

Exhibit A: Form of Application

[Attach current application]

Exhibit B: Project Summary & Evaluation

1. Background Information of Borrower:
   a. Entity type (for-profit or not-for-profit)
   b. Description of Borrower's business activities and presence in Florida
2. Project Summary
   a. Purpose and Description
      i. Purpose of project and its expected impact on the community
      ii. Economic development (jobs, increased wages, etc.) to be generated by the project during construction and following completion.
      iii. Site description/location and scope of work
      iv. Construction/acquisition timeline
      v. Members of management team/description of experience and role
   b. Ownership Structure
   c. Project Costs (Sources and Uses of Funds)
      i. Requested not-to-exceed amount
      ii. Commitment letters (or comparable evidence) for all other funding sources
3. Proposed Issuance Summary
   a. Type of Bonds: Tax-exempt or Taxable Bonds

Proposed Method of Sale: Public Offering

   a. Limited Offering, or Private Placement
   b. Credit Quality: Bond Ratings and/or Credit Enhancement
   c. Financing Structure:
      i. Final Maturity Date
      ii. Debt Service structure; Amortization Schedule (including justification and necessity for any proposed interest-only period)
      iii. Interest Rate Mode; Estimated Rates
      iv. Redemption Provisions; Prepayment Penalties
      v. Reserves; Debt Service Reserve Fund Requirements
      vi. Description of Parity Debt; Additional Bonds Test Requirements
   d. Minimum Denominations/ Restrictions on Transfer
   e. Cost of Issuance Breakdown
   f. Security for the Bonds
   g. Status of Private Activity Bond Allocation (if needed)
   h. Pro Forma Schedules and Financial Feasibility
      vii. Annual projections of cash flows (including revenues and expenses) showing annual net revenues available for debt service
      viii. Schedules for all outstanding obligations of the Borrower
      ix. Projected debt service coverage ratios on the proposed Bonds
4. Anticipated Requests for Waivers to FDFC Policies; Justification and Necessity

Exhibit C: Materials for TEFRA Approval

1. TEFRA-related Materials
    a. TEFRA Notice and proof of publication (affidavit)
    b. TEFRA Hearing minutes, transcript, or summary.
    c. Bond Resolution
    d. Summary of the terms of the transaction, to include:
        i. Purpose of the bonds
        ii. Financing team
        iii. Security for the bonds
        iv. Structure of the bonds
        v. Credit ratings
        vi. Minimum denominations and limitations on investors
        vii. Historical Performance or feasibility projections
        viii. Estimated sources and uses of funds.
        ix. Costs of issuance breakdown

2. Non-TEFRA Material
    a. All materials as requested by FDFC and professionals.