

Request for Proposal for a not exceeding \$5,000,000 Accommodations and Hospitality Tax Revenue Bond of 2018 of the City of Orangeburg (the "Bond"). Bids to be received by 12:00 noon, April 12, 2018.

The City of Orangeburg (the "City") will be accepting bids on Thursday, April 12, 2018 at 12:00 noon for the issuance of the captioned bond, the proceeds of which will be used (i) to defray a portion of the cost of constructing a 90-acre regional recreation complex to consist of multiple baseball and softball fields, walking trails, greenspace and picnic areas and facilities (the "**Project**"), (ii) to refinance the outstanding amount due on an original issue of \$4,500,000 Lease Financing dated September 7, 1999 (the "**Lease**") and (iii) to pay the costs of issuance of the Bond.

The City reserves the right to issue the Bond in separate series including a refunding issue related to the Lease and an issue related to the Project.

The Bond shall be dated as of the date of delivery, currently scheduled for May 1, 2018, and will be payable, in 30 equal amortized semi-annual payments of principal and interest on May 1 and November 1 of each year commencing November 1, 2018. The Bond shall bear interest at the rate of interest provided by the successful purchaser of the Bond. The Bond will be designated a "qualified tax-exempt obligation" pursuant to Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. **[TO BE CONFIRMED]** Interest will be calculated on a basis of a 360-day year of twelve 30-day months. Haynsworth Sinkler Boyd, P.A., Bond Counsel, will provide the opinion that interest on the Bond is exempt from federal income tax. The Bond will be subject to prepayment on such terms as shall be contained in the proposal of the successful bidder.

Proposals may be delivered by hand, mail, e-mail or facsimile. E-mail bids may be sent to jyow@orangeburg.sc.us with a copy to cdesaussure@hsblawfirm.com. Facsimile bids may be sent to 803-533-6007. Bids will be accepted until 12:00 noon, Thursday, April 12, 2018, at which time they will be opened in the City's Council Chambers, 933 Middleton Street, Orangeburg, South Carolina 29115. The successful bidder will be notified by 5:00 p.m. on the date of the bid opening. The City reserves the right to reject all bids. Please note that the City reserves the right to select the proposal it feels best meets its needs, including the interest rate, additional covenants and terms, if any, prepayment provisions and other conditions set forth therein. The selection process will be heavily weighted toward lowest total cost of the financing including fees or costs of the successful bidder to be paid by the City.

All costs relating to the preparation of the Bond and fees of bond counsel will be paid by the City. The City may elect to pay all or a portion of such costs from the proceeds of the Bond. Any fees and costs of the proposer to be paid by the City must be stated in the proposal.

State law permits projects such as the Project and the refinancing of the Lease to be funded with proceeds of the State Accommodations Tax and the Local Accommodations Tax and further permits revenue bonds secured by such sources of payment to be issued under Sections 6-4-15 and 6-1-760 of the South Carolina Code. Specifically, a portion of the 2% accommodations tax imposed under Section 12-36-920 of the South Carolina Code of Laws (the "**State Accommodations Tax**") is distributed to cities

and counties throughout the State and may be applied by such local governments as set forth at Sections 6-4-5 to 6-4-30 of the South Carolina Code of Laws. Section 6-4-15 allows a municipality to issue bonds "to finance all or a portion of constructing facilities for civic activities...."

In addition, the City has imposed a Local Accommodations Tax by Ordinance No. 1997-16 and a Local Hospitality Tax Ordinance No. 1997-17 adopted December 2, 1997, each in the amount of 2%, and each effective February 16, 1998 (the "**Local Accommodations Tax Ordinance**" and the "**Local Hospitality Tax Ordinance**", respectively).

State law requires that the proceeds of the State Accommodations Tax be first applied to a number of specific purposes, specifically the first \$25,000 as well as 5% of the balance to the City's General Fund. Thereafter, 30% of the balance must be used for advertising and the promotion of tourism. After making such required expenditures, the remaining balance may be used for tourism-related expenditures including debt service on Accommodations Tax Revenue Bonds.

The following table shows the proceeds of the Local Hospitality Tax, Local Accommodations Tax and State Accommodations Tax generated for each of the last five years, which sums may secure the type of borrowing described herein:

<u>Year</u> <u>Ended 9/30</u>	<u>Local Hospitality</u> <u>Tax</u>	<u>Local</u> <u>Accommodations</u> <u>Tax</u>	<u>State</u> <u>Accommodations</u> <u>Tax</u>	<u>Total</u>
2017	\$1,229,505	\$35,136	\$27,784	\$1,292,425
2016	1,129,097	34,142	27,279	1,190,518
2015	1,139,462	40,029	25,411	1,204,902
2014	1,107,661	40,049	25,746	1,173,456
2013	1,081,492	25,936	26,299	1,133,727

The successful purchaser of the Bond will be required to execute a letter to the City in substantially the form attached hereto as Exhibit A.

Please contact John H. Yow, City Administrator, jyow@orangeburg.sc.us (803) 533-6000 for any additional information. You may contact as well Charlton deSaussure, Jr., of Haynsworth Sinkler Boyd, P.A., cdesaussure@hsblawfirm.com (843-720-4420), who serves as Bond Counsel.

WRITTEN CONFIRMATION OF PURCHASER

April __, 2018

City of Orangeburg, South Carolina

Haynsworth Sinkler Boyd, P.A.
Charleston, South Carolina

Re: \$5,000,000 Accommodations and Hospitality Tax Revenue Bond of 2018 of the City of Orangeburg (the "**City**")

Ladies and Gentlemen:

The undersigned, on behalf of _____ Bank as purchaser of the above-referenced Bond (the "**Purchaser**") hereby represents to you that:

- (1) Transfer of the Bond is restricted to transferees which are financial institutions or similar to financial institutions, and may be made only through participation or syndication. Any such transferee must execute and deliver to the above-named addressees a letter substantially similar to this letter and satisfactory to such addressees prior to any such transfer.
- (2) The loan made by the Purchaser to the City is represented solely by the Bond, which will, upon the delivery of the Bond and the making of the loan, constitute a contract between the City and the Purchaser.
- (3) The Bond has not been rated by any credit rating agency.
- (4) The Bond has not been assigned a CUSIP number.
- (5) Assignment of Purchaser's rights under the Bond is subject to the terms and conditions of the Bond and this Written Confirmation of the Purchaser.
- (6) There is no agreement facilitating creation of a market for trading, such as a marketing or remarketing agreement or continuing disclosure agreement, with respect to the Bond or any obligations of the City thereunder.
- (7) The rights and obligations of the Purchaser under the Bond will be those of the Purchaser, not the securities affiliate of the Purchaser or any other separately identifiable department or division of the Purchaser.
- (8) The Purchaser will treat the Bond as a loan, not a security, for accounting and regulatory purposes.
- (9) Registration of the Bond shall be in physical form, in name of the Purchaser.

- (10) The Purchaser has sufficient knowledge and experience in financial and business matters, including those involving loans to public bodies, to be able to evaluate the risks and merits of the credit represented by its decision to make a loan to the City in the form of the Bond.
- (11) The Purchaser understands that no official statement, prospectus, offering circular or other comprehensive offering statement containing material information with respect to the City and the Bond is being issued, and that, in due diligence, it has made its own inquiry and analysis with respect to the City, the Bond, and other material factors affecting the security for and payment of the City's obligations under the Bond.
- (12) The Purchaser acknowledges that it has either been supplied with or has access to information, including financial statements and other financial information, regarding the City, to which a reasonable lender would attach significance in making credit decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Bond and the security therefore, so that as a reasonable lender, it has been able to make its decision to make the loan represented by the Bond.

_____ **BANK**

By: _____

Its: _____