

**REQUEST FOR PROPOSALS TO SERVE AS THE
UNDERWRITER FOR THE EXPECTED REFUNDING OF THE
CITY OF HARDEEVILLE, SOUTH CAROLINA
ANDERSON TRACT MUNICIPAL IMPROVEMENT DISTRICT
SERIES 2008A BONDS**

Proposals due January 8, 2021 – 5:00PM EST

Purpose of this Request for Proposals

The purpose of this Request for Proposals (“RFP”) is to identify qualified firms to serve as the underwriter for the prospective issuance of refunding bonds for the Anderson Tract Municipal Improvement District, Series 2008A Bonds (the “Series 2008A Bonds”).

The selected Underwriter will work as part of a financing team including the City of Hardeeville (the “City”), bond counsel for the City (Howell Linkous & Nettles, LLC), the City’s District Administrator and Municipal Advisor (MuniCap, Inc.) and the City’s Financial Advisor (PFM).

I. Summary of the Refunding Opportunity

The Anderson Tract Municipal Improvement District (the “MID”) is located within the City of Hardeeville, SC. Minto Communities (“Minto”), a Florida based development firm, is developing a master-planned residential community, named “Latitude Margaritaville,” within the MID, including the marketing and the construction of the finished homes. Minto has been operating this development project since 2017, following its purchase of the undeveloped real property in the MID from a prior developer of the project site.

The current outstanding Series 2008A Bonds to be refunded equal \$9,664,000. A debt service reserve fund for the Series 2008A Bonds has a balance of approximately \$887,000. Assessments to fund interest payments through November 1, 2021 as well as a principal payment of \$239,000 on November 1, 2021 have already been billed by the City and are expected to be collected by January 15, 2021.

Assessment prepayments totaling approximately \$246,000 are available (as of November 20, 2020) with the existing trustee to redeem the existing Series 2008A Bonds; this amount continues to grow as Minto makes full assessment prepayments at the point in time that Minto closes on a home sale to a homeowner. Minto plans to continue fully prepaying the assessments on the parcels that it sells to homeowners (Minto constructs, markets, and sells the homes). As such, the assessments are expected to be billed solely to Minto through the complete build out of the project.

The full assessment prepayments that have been made upon the sale of the homes have been utilized to fund mandatory, early redemptions of the Series 2008A Bonds. The expected, ongoing full assessment prepayments by Minto will be utilized over the remaining build out of the project to fund mandatory, early redemptions of the proposed

refunding bonds. Assuming an estimated absorption pace indicated on Minto's most recent quarterly continuing disclosure statement (for the quarter ending September 30, 2020), including an estimated pace of 300 home sales a year in 2023, the project's remaining units (approximately 2,400 residential units, across which the existing assessments shall be allocated) would be completed in 2029.

As indicated in Minto's most recent quarterly continuing disclosure statement, Minto closed 165 home sales in calendar year 2019 and 156 home sales for the nine months ending September 30, 2020. As indicated in Minto's most recent quarterly continuing disclosure statement, Minto expects to close an additional 78 home sales in the quarter ending December 31, 2020.

Additional information on the MID, the Series 2008A Bonds (including the 2008 Limited Offering Memorandum), the development project and Minto's development efforts can be found within the continuing disclosure filings posted on the EMMA website.

Consistent with the Series 2008A Bonds, the proposed refunding bonds will be solely secured by the special assessments on the real property in the MID. Neither the existing bonds nor the refunding bonds are or will be guaranteed by the City or the Developer.

II. General Proposal Requirements

1. The proposal must be submitted by email in a PDF format to each of the following parties:

John Boyle
City Finance Director
City of Hardeeville
jboyle@hardeevillesc.gov

Thad Wilson
MuniCap, Inc.
thad.wilson@municap.com

Jeremy Niedfeldt
PFM Financial Advisors, LLC
niedfeldtj@pfm.com

2. **ONLY THOSE PROPOSALS RECEIVED BY 5:00 p.m. (EDT), ON JANUARY 8, 2021 WILL BE CONSIDERED. PROPOSALS SENT BY FACSIMILE WILL NOT BE ACCEPTED.**
3. **All** requested information must be submitted to the three parties specified above. The City may, at its discretion, reject any proposals that fail to submit all requested information.
4. Proposals should be prepared simply and economically, satisfying the requirements of the RFP concisely with an emphasis on completeness and clarity of content.

5. Each copy of the proposal should be contained within a single pdf.
6. Each proposal should be accompanied by a letter of transmittal, not exceeding two pages, which summarizes key points of the proposal and signed by an officer of the responding firm responsible for committing the firm's resources.

All expenses incurred while preparing and submitting a proposal will be exclusively borne by the proposing firm.

III. Regulatory Matters

The City is aware of the Municipal Advisor Rule promulgated by the Securities and Exchange Commission (SEC) that became effective July 1, 2014 and the RFP exemption from the definition of “municipal advisor” for a person providing “advice,” as such terms are defined by the SEC. The City hereby notifies all firms submitting a response to this RFP that it seeks such firms’ advice and recommendations on the City’s planned bond refunding. The City intends for any such advice and recommendations received during the RFP process (which shall begin on the issue date of the RFP and end with the selection of an underwriter) to qualify for the RFP exemption under SEC rules. The City understands that by responding to this RFP, respondents are not acting as municipal advisors to the City and do not owe the City a fiduciary duty.

IV. Specific Proposal Requirements

Proposals should be organized such that the response to the six given questions and requests for information (specified below) begins on a new page with a reference to the question or request for information repeated at the top of the page. Responses should be as clear and concise as possible with the total proposal not exceeding fifteen pages.

1. Proposed Team

- Briefly describe the organizational structure of the municipal finance department of your firm. Briefly describe how you think this structure benefits the City.
- Describe how you intend to staff the proposed engagement. Indicate, as a percentage of the total, how much time each team member is estimated to devote to the firm’s total time spent on this engagement. Provide short resumes of key senior team members.

2. Experience

- Summarize your firm’s special assessment bond issuance experience using tabular format including issuer, amount, sale date, type of issue, personnel assigned, rating, credit enhancement and short description of the issue. Provide this information for each calendar year from 2018 through 2020, as well as cumulatively over the same period. Only consider transactions in which your firm served as lead manager with full credit to lead manager and transactions sold through a negotiated sale process.
- Describe your firm’s experience with special assessment bonds, including experience with such bonds (or similar bonds) in South Carolina (if any),

and any other information that you believe will be helpful in evaluating your proposal.

3. Proposed Structure

- Identify key issues you foresee to the successful marketing of the bonds.
- How does your firm's experience and knowledge of the proposed transaction ultimately translate into a marketing advantage and lower interest rates?
- Provide a brief discussion of how you would expect the bonds to be priced relative to interest rates in the market, including indications of the expected term of the refunding bonds. Provide a brief discussion of the following:
 - Coupon strategy;
 - Serial bonds vs. term bonds;
 - Use of a debt service reserve fund;
 - Bond insurance or bond rating, if any.

4. Fee Proposal

- Provide your firm's proposed fees for this engagement.
- If known, please provide a list of potential law firms that your firm would propose to serve as underwriter's counsel with an estimate of a total not to exceed fee for this service.
- Provide an indication of any third-party reports or work products that are anticipated to be utilized in the bond offering and the estimated costs thereof.

5. References

- Provide a list of no more than three references.

6. Proposed Timelines

- Provide an estimated timeline of the bond issuance process.

V. Evaluation and Award

Proposals will be evaluated by using the following key criteria:

- **Relevant underwriting experience** – Qualifications and experience with underwriting bonds similar to those proposed by this RFP.
- **Understanding of the assignment**
- **General factors** – Other factors that would be of benefit to the City in the underwriting of the bonds.
- **Fee proposal**

Selection shall be made from the firms deemed to be fully qualified and best suited among those submitting proposals on the basis of the above evaluation. Interviews and negotiations may or may not be conducted with selected responding firms. After interviews, if any, have been conducted with each responding firm so selected, the City

shall select the firm which, in its opinion, has made the proposal most advantageous to the City.

Any questions regarding this request for proposals should be submitted to Thad Wilson at thad.wilson@municap.com with copies to John Boyle (jboyle@hardeevillesc.gov) and Jeremy Niedfeldt (niedfeldtj@pfm.com).