

REQUEST FOR PROPOSAL

City of Spanish Fort

General Obligation Warrant, 2025

February 21, 2025

General Information

The City of Spanish Fort (the “City”) is seeking a proposal from financial institutions for financing up to a \$2,000,000.00 General Obligation Warrant for the purpose of financing the purchase of certain parcels of real property as well as financing an E-One Typhoon Q# 97545 fire truck.

The proposal is due on or before March 7, 2025, not later than 12:00 noon, Central Time.

Plan of Financing

The Warrant will constitute a general obligation of the City, secured by a pledge of the full faith and credit of the City. The Warrant will be issued pursuant to an ordinance of the City Council of the City.

Closing and delivery of the Warrants is expected to occur not later than June 3, 2025.

The Warrant will be amortized over a period ending May 15, 2035, with principal and interest payable in monthly installments commencing June 15, 2025. Interest will be calculated on the basis of actual days elapsed and a 365/366 day year.

The City prefers that the Warrant be subject to redemption at par, in whole or in part, at its option, at any time. It will consider a proposal, however, that does not permit optional redemption, or that provides for a redemption premium stated as a percentage of the amount of principal prepaid and redeemed.

The Warrant will bear interest that is excludable from income for purposes of federal income tax and is exempt from Alabama income tax. In addition, each Warrant will be a “qualified tax-exempt obligation” under Section 265(b) of the Internal Revenue Code of 1986, as amended (that is, a “bank-qualified obligation”). From and after the occurrence of a “Determination of Taxability,” as that term is defined in the form of authorizing ordinance, the Warrant shall provide for payment of interest at a taxable rate, effective as of the date interest on the Warrant becomes subject to federal income taxation.

The form of authorizing ordinance for the Warrant provides for certain covenants and agreements on the part of the City, including an obligation to provide annual audit financial statements upon receipt of the audit report by the City. In addition, the City will deliver, at the time of closing for each Warrant, the following:

- (i) An opinion of Hand Arendall LLC, as bond counsel, with respect to the validity of the Warrant and the excludability of interest on the Warrant for purposes of federal income taxation;
- (ii) A certified copy of the authorizing ordinance with respect to the Warrant; and
- (iii) A transcript of the remaining documents and certificates delivered at closing.

Special Provisions

The City may elect to borrow less than the entire principal amount of the Warrant, or not to issue the Warrant at all. That determination is expected to be made by the City at a City Council meeting on or after March 17, 2025.

Proceeds of the Warrant will be drawn by the City at or near the closing date, but no later than September 30, 2025. The City expects that the only requirement for each draw would be a draw request executed by the Mayor or another authorized officer, and that proceeds as drawn would be deposited in an account of the City maintained with the lender. Any proposal with respect to the Warrant should specify whether there is any fee or other cost with respect to either undrawn proceeds or the draw process.

Available Information

The City's financial statements for the year ending September 30, 2023, are available from the City. Please contact Rebecca A. Gaines, City Clerk, at 251-626-4884. Certain additional information is available at the City's website: www.cityofspanishfort.com. Any questions or requests for additional information should be directed to: David Conner, City Attorney, email: dconner@blackburnpc.com; phone: 251-421-1720 with a copy to Rebecca A. Gaines, City Clerk by email to cityclerk@spanishfortal.gov or by telephone to 251-626-4884.

Proposal

Proposal for the Warrant should indicate:

- (a) A single, fixed rate of interest based on a based on a 10-year term to be borne by the Warrant throughout its term, valid until a date not earlier than June 3, 2025.
- (b) The amount of the anticipated monthly payment for ten years.
- (c) A taxable rate or rates of interest to be borne by the Warrant upon occurrence of any Determination of Taxability.
- (d) Any restrictions on redemption or redemption premium charged upon any partial or total redemption.
- (e) Any additional covenants or provisions.

- (f) The name and contact information (phone and email) for the responsible person with respect to the proposal.

Proposal may include additional required covenants or undertakings by the City, but the City expressly advises that any special covenant or provision may cause a proposal to be rejected.

Additional Requirements

No proposal will be considered which is subject to additional credit approvals or other conditions other than as stated above.

Proposal should not be made subject to any requirement of additional business relationships.

The City will pay the costs of delivering the Warrant, including the fees and expenses of bond counsel. The City will not bear the costs of any proposer or the closing costs or expenses incurred by the lender. Without limiting the generality of the foregoing, the City will not bear any legal expense incurred by the lender.

The successful proposer will be expected to deliver such receipt and certificate as necessary and appropriate in connection with the closing of the transaction for the Warrant, including, without limitation:

- (i) An investment letter including representations to the effect that the lender (A) has sufficient knowledge and experience in financial and other business matters to make it capable of evaluating the merits and risks of making the loan evidenced by the Warrant and (B) is not acquiring the Warrant with a view to distributing the Warrant or any interest therein, and otherwise in form and substance reasonably satisfactory to the City and its bond counsel;
- (ii) The arbitrage yield on the Warrant for federal tax purposes and the weighted average maturity of the Warrant;
- (iii) A receipt for the Warrant.

Submission of Proposal and Selection of Successful Proposal

Proposal should be submitted to Rebecca A. Gaines, City Clerk:

By hand delivery:

City of Spanish Fort
Attn: Rebecca A. Gaines
7361 Spanish Fort Blvd.
Spanish Fort, Alabama 36527

By email: cityclerk@spanishfortal.gov

In all cases copies of each proposal should be delivered via email to:

mayor@cityofspanishfort.com

and to:

dconner@blackburnpc.com

Proposals are due not later than 12:00 noon, Central Time, on March 7, 2025.

The City expects to notify the financial institution submitting the preferred proposal no later than 2:00 p.m., Central Time, on the second business day following the due date for proposals. The selection of the successful proposal shall be in the sole discretion of the City, taking into consideration such factors as it shall deem appropriate. The City may reject all proposals, in its sole discretion.

Award to the successful bidder for the Warrant shall be contingent upon adoption by the City Council of the City of the authorizing ordinance approving the issuance of such Warrant, expected to occur on or before May 30, 2025. Upon approval of the respective authorizing ordinance the City will execute and deliver an award notification confirming the award.