

REQUEST FOR PROPOSALS – UNDERWRITING SERVICES

November 17, 2020

Saline County, Kansas Public Building Commission (the “PBC”)
\$6,500,000 (estimate)
Public Building Commission Revenue Bonds
Series 2021 (Emergency Communications Project)

Dear Municipal Finance Professional:

Stifel, Nicolaus & Company, as Municipal Advisor to the PBC, is seeking proposals from financial institutions to serve as underwriter (the “Underwriter”) for the above-referenced issue (the “Bonds”).

THE PBC

The PBC is a municipal corporation duly created by the Board of County Commissioners of Saline County, Kansas (“the County”) on September 29, 2020 and existing under the laws of the State of Kansas. The PBC is organized and operated for the benefit of the County and its residents for the purpose of providing an additional and alternative method for financing certain public buildings and facilities of governmental entities. The PBC is governed by a five member governing body appointed by the Board of County Commissioners.

The primary function of the PBC is to issue bonds for the purposes described in the preceding paragraph and then to lease such facilities to the County or other eligible municipal entities. The lease payments received by the PBC are used to provide for the payment of the associated bonds.

The Bonds represent the first financing transaction by the PBC. All future financing transaction by the PBC would require prior authorization by the Board of County Commissioners. At this time, the PBC has no plans to request additional borrowing authority.

THE COUNTY

Saline County is located in central Kansas, approximately 175 miles west of Kansas City, Missouri and 90 miles north of Wichita, Kansas. The City of Salina (2018 population 46,716; Moody’s “Aa3” rating) serves as the county seat. The County encompasses an area of approximately 721 square miles, has five incorporated cities, and had a 2019 population of 54,224 as estimated by the U.S. Census Bureau.

PURPOSE

Proceeds from the sale of the Bonds and other available funds will be used to pay a portion of the costs to acquire, construct and equip certain facilities for the creation of an emergency communications network in the County, including certain tower sites and structures and equipment located thereon (collectively the “Facilities”).

SECURITY

The PBC and the County will enter into a Base Lease Agreement, wherein the County leases the sites on which the Facilities will be located (the “Land”) to the Issuer for a term ending in 2045 (the “Base Lease”), and permits the construction and operation of the Facilities. The PBC and the County will enter into a Lease Agreement, wherein the Issuer will lease the Land and the Facilities (collectively, the “Project”) to the County for lease payments sufficient to provide funds to the Issuer to pay the debt service requirements on the Bonds. The term of the Lease will be co-terminus with the final maturity of the Bonds. The County will operate the Project and upon retirement of the Bonds, the Base Lease and Lease will terminate and title to the Project will be in the County.

The Bonds are special limited obligations of the Issuer payable solely from, and secured as to the payment of the debt service requirements on the Bonds by a pledge of, the Pledged Property established pursuant to the Bond Resolution. The Pledged Property includes: (a) all right, title and interest of the Issuer in and to the Project; (b) all right, title and interest, of the Issuer in, to and under the Base Lease, Lease, all basic rent or additional rent derived by the Issuer pursuant to the Lease, subject to the provisions of the Lease; and (c) all moneys and investment securities from time to time held under the terms of the Bond Resolution (excluding funds held in or accruing to the rebate fund), including, without limitation, Bond proceeds and income from the temporary investment thereof, proceeds from insurance and condemnation awards, any and all real or personal property of every kind and nature from time to time hereafter, by delivery or by right of any kind, pledged, assigned or transferred as and for additional security for the Bonds by the Issuer.

Pursuant to the Act, the obligations of the County to make rental payments under the Lease are legal, valid and binding obligations of the County specifically exempted from the provisions of the Kansas cash-basis and budget laws, are **not** subject to annual appropriation, early cancellation or termination and the County is obligated to pay such rental payments from whatever source is legally available to make such rental payments.

TAX LID

In 2016, the Kansas Legislature passed legislation that limits the amount of property taxes that may be levied by cities and counties without a majority vote of qualified electors (the "Tax Lid"). The Tax Lid provides that, subject to certain exceptions, no city or county may approve an appropriation or budget which provides for funding by property tax revenues in an amount exceeding that of the immediately prior year, as adjusted to reflect the average changes in the consumer price index for the preceding five calendar years and provided that such average shall not be less than zero, unless approved by a majority vote of electors. The payments due from the County to the PBC under the Lease, while a binding obligation of the County, are subject to the Tax Lid.

RATINGS

The PBC will apply for a municipal bond rating from Moody's Investor's Service on the Bonds. Neither the PBC nor the County have outstanding bond ratings.

PROFESSIONALS

Stifel, Nicolaus & Company, Municipal Advisor, will prepare the plan of financing, sizing calculations, oversee pricing, and coordinate all rating activities for the transaction. Gilmore & Bell, Wichita, Kansas, will serve as Bond Counsel. The Paying Agent and Registrar for the Bonds is anticipated to be the State Treasurer of Kansas.

SUBMISSION OF PROPOSALS

Written proposals from interested firms will be accepted until 12:00 noon CST on December 7, 2020. An electronic file should be sent to the County and Municipal Advisor at the address shown below. Any proposal which is not received by the designated time and date will be rejected.

hannah.stambaugh@saline.org
arteberryd@stifel.com

(Balance of page left blank intentionally)

CONTENT OF PROPOSALS

Proposals must include responses to the following items:

1. **Underwriting Fee.** Indicate your proposed fee (as a percentage of the par amount) for serving as Underwriter based upon the principal maturity schedule shown on the attached Exhibit. Assume the Bonds solely carry an “Aa3” rating. If you believe that the Bonds would benefit from the use of bond insurance, please indicate how your fee would change, if at all.
2. **Costs of Issuance and Underwriter’s Counsel.** The PBC intends to pay costs of issuance including trustee/paying agent/registrars fees, preliminary and final official statement printing and distribution, legal fees, title insurance fees, rating fees, CUSIP fees, and Municipal Advisor fees. Any other expenses, including the fees of Underwriter’s counsel, if any, shall be the responsibility of the Underwriter selected. If you intend to employ an Underwriter’s counsel, please provide the name and address of the firm as well as the fee associated with their services.
3. **Coupon Rates and Yields.** Based on the principal amounts shown on the Exhibit hereto, provide a listing, year by year, of the interest rates and reoffering yields (if different than the rates) you would assign if the Bonds were rated Moody’s “Aa3” and offered on December 2, 2020. The bonds will not be “bank-qualified”. If you feel the Bonds would sell at a lower overall interest cost utilizing municipal bond insurance, please provide the corresponding rates and yields assuming a BAM or Assured Guaranty transaction.

Kansas statutes impose a maximum coupon rate for new tax-exempt bond issues equal to the prevailing rate for the 10 year US Treasury plus 3.00%. Please provide your scale of interest rates accordingly.

4. **Description of Firm.** Provide a brief description of the size and scope of your firm and its municipal bond operations.
5. **Experience.** Provide a discussion and list your experience underwriting lease transactions over the last five years. Specifically, highlight public building commission bond issues in the state of Kansas.
6. **Personnel.** Provide a brief resume of relevant experience for the personnel who will be the primary professionals assigned to the transaction.

In order to accommodate easy review of responses, please organize your proposal in sections as shown above.

It is currently anticipated that the Underwriter(s) for the proposed Bonds will be selected on or about December 8, 2020. The Underwriter will be selected based upon qualifications and proposal content. Firms may submit a proposal individually or as a syndicate. Respondents submitting as part of an underwriting syndicate should provide a complete list of syndicate members and the terms of those firms’ participation in the syndicate.

Pricing for the Bonds is expected to occur between January 5 and January 11, 2021.

The PBC anticipates selecting the Underwriter(s) based on the written proposals, without interviews. Any questions or comments regarding this request for proposals should be addressed to the undersigned below or to Hannah Stambaugh (785) 309-5810. **Any attempt by firms submitting a proposal to directly or indirectly contact other members of the County’s staff or the PBC will result in disqualification from the selection process.**

The PBC reserves the right to reject any and all proposals, as well as to negotiate terms of the proposals with the Underwriter(s) selected. In the event the PBC elects to terminate or delay the transaction prior to execution of an underwriting or purchase agreement, the PBC will have no obligation to any firm submitting a proposal. All

expenses associated with the preparation of a proposal shall be borne by the Underwriter submitting such proposal.

We appreciate your interest in this transaction and look forward to receiving a proposal from your firm.

Very truly yours,

STIFEL, NICOLAUS & COMPANY

A handwritten signature in black ink that reads "David Arteberry". The signature is written in a cursive, flowing style.

David Arteberry
Director
816-203-8733
arteberryd@stifel.com

EXHIBIT

Estimated Annual Principal Maturities

Dated and Delivery Date: January 28, 2021

First Interest Payment: September 1, 2021

Optional Redemption: September 1, 2028

Not Bank Qualified

<u>Maturity</u>	<u>Principal</u>
9/1/2021	500,000
9/1/2022	365,000
9/1/2023	375,000
9/1/2024	380,000
9/1/2025	390,000
9/1/2026	400,000
9/1/2027	410,000
9/1/2028	420,000
9/1/2029	430,000
9/1/2030	445,000
9/1/2031	455,000
9/1/2032	465,000
9/1/2033	475,000
9/1/2034	490,000
9/1/2035	500,000