

REQUEST FOR PROPOSALS

**\$4,055,000* SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BOND
(HOSPITALITY FEE PLEDGE) SERIES 2016A,
CITY OF SPARTANBURG, SOUTH CAROLINA**

BANK QUALIFIED

**\$6,245,000* SPECIAL OBLIGATION BOND
(HOSPITALITY FEE PLEDGE) TAXABLE SERIES 2016B,
CITY OF SPARTANBURG, SOUTH CAROLINA**

**Bid Date: Tuesday, April 19, 2016;
12:00 Noon, South Carolina Time**

***Preliminary; subject to adjustment as described in the Request for Proposals.**

TABLE OF CONTENTS

CITY OF SPARTANBURG, SOUTH CAROLINA

SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BOND
(HOSPITALITY FEE PLEDGE), SERIES 2016A

AND

SPECIAL OBLIGATION BOND
(HOSPITALITY FEE PLEDGE), TAXABLE SERIES 2016B

1. Request for Proposals and Bid Forms.
2. Form of Investment Letter.

Documents available by request to lmorris@mcnair.net

3. Portions of City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2015.
4. General Bond Ordinance.
5. Third Supplemental Bond Ordinance [to be enacted April 25, 2016].

Documents to be provided in separate transmittal by the City's Placement Agent. Stifel, Nicolaus & Company, Incorporated

6. Hospitality Fee Debt Profile.

1

REQUEST FOR PROPOSALS

\$4,055,000* SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BOND
(HOSPITALITY FEE PLEDGE) SERIES 2016A,
CITY OF SPARTANBURG, SOUTH CAROLINA

BANK QUALIFIED

\$6,245,000* SPECIAL OBLIGATION BOND
(HOSPITALITY FEE PLEDGE) TAXABLE SERIES 2016B,
CITY OF SPARTANBURG, SOUTH CAROLINA

Bid Date: Tuesday, April 19, 2016
12:00 Noon, South Carolina Time
Facsimile: 864.596.2365
E-mail: cwright@cityofspartanburg.org

Time and Place for Proposals: Proposals for the purchase of a \$4,055,000* Special Obligation Refunding and Improvement Bond (Hospitality Fee Pledge), Series 2016A (the "Series 2016A Bond"), and a \$6,245,000* Special Obligation Bond (Hospitality Fee Pledge), Taxable Series 2016B (the "Series 2016B Bond", and the Series 2016A Bond and the Series 2016B Bond, collectively, the "Series 2016 Bonds"), of the City of Spartanburg, South Carolina (the "City") will be received on behalf of and opened by the Purchasing Manager of the City at or before 12:00 noon (South Carolina time) on Tuesday, April 19, 2016, at which time such proposals will be opened for the purchase of the Series 2016 Bonds.

Mailed or Hand-Delivered Bids: Each mailed or hand-delivered proposal should be enclosed in a sealed envelope marked "Proposal for Special Obligation Bonds (Hospitality Fee Pledge), Series [2016A and/or Series 2016B, as applicable] of the City of Spartanburg" and should be mailed or hand-delivered to:

City of Spartanburg, South Carolina
Attention: Carl F. Wright, Purchasing Manager
145 West Broad Street
Spartanburg, South Carolina 29306

Facsimile Bids: The City will accept the facsimile transmission of a manually signed Official Bid Form enclosed herewith or other form of proposal at the risk of the bidder. The City shall not be responsible for any failure, misdirection, delay or error resulting from the selection by any bidder of any particular means of delivery of bids. The City will take reasonable steps to ensure the confidentiality of all bids transmitted to it by facsimile transmission, but cannot guarantee the confidentiality of information transmitted by such means. Bids by facsimile should be transmitted to the attention of Carl F. Wright, Purchasing Manager; Fax: 864.596.2365.

Electronic Bids: Electronic proposals may be e-mailed to the attention of Carl F. Wright at cwright@cityofspartanburg.org with a copy to Brenton J. Robertson, Esq., Stifel, Nicolaus & Company, Incorporated, Placement Agent, to the City at robertsonb@stifel.com and a copies to Michael W. Burns, Esq. and Brandon T. Norris Esq., McNair Law Firm, P.A., Bond Counsel, at mburns@mcnair.net and bnorris@mcnair.net.

*Preliminary; subject to adjustment, as described herein.

PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY FACSIMILE TRANSMISSION OR BY ELECTRONIC TRANSMISSION (E-MAIL), BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE CITY AT THE PLACE, DATE AND TIME DESIGNATED. TIME OF RECEIPT SHALL BE DETERMINED BY THE CITY IN ITS SOLE DISCRETION. THE CITY SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF PROPOSALS.

Series 2016 Bonds: It anticipated by the City that the Series 2016A Bond and the Series 2016B Bond will each be issued as single, fully-registered bonds, dated as of the date of their delivery (expected to be on or before May 19, 2016); however, at the request of the successful bidder, if agreed to by the City, the Series 2016 Bonds may be issued as one bond for each maturity. The Series 2016 Bonds will bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months (or other such other basis as may be specifically requested by a bidder in its proposal and agreed to by the City)) from their dates payable annually on April 1 of each year until maturity (or prior redemption) commencing April 1, 2017, or, if requested by a bidder and agreed to by the City, semi-annually on April 1 and October 1 of each year until maturity (or prior redemption) commencing October 1, 2016. Bidders may submit proposals for the Series 2016A Bond, the Series 2016B Bond, or both. The Series 2016 Bonds will mature in successive annual installments on April 1 in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>Series 2016A Bond Principal Amount*</u>	<u>Series 2016B Bond Principal Amount*</u>
2017	\$ 275,000	\$ 540,000
2018	270,000	515,000
2019	280,000	540,000
2020	290,000	560,000
2021	290,000	295,000
2022	290,000	315,000
2023	290,000	335,000
2024	290,000	355,000
2025	290,000	380,000
2026	290,000	400,000
2027	290,000	425,000
2028	290,000	450,000
2029	290,000	480,000
2030	290,000	505,000
2031	40,000	150,000

*The City reserves the right to adjust the principal amount of either or both of the Series 2016 Bonds payable in each year, but in no event shall the aggregate principal amount of the Series 2016 Bonds exceed \$12,500,000, the maximum aggregate principal amount to be authorized by the Third Supplemental Ordinance (as defined below).

Adjustment of Maturity Schedule: If, after final computation of the proposals, the City determines in its sole discretion that the funds necessary to accomplish the purposes for which the Series 2016 Bonds are being issued are more or less than the amount of the Series 2016 Bonds as shown in this Request for Proposals, the City reserves the right to increase or decrease the total principal amount of the either or both of the Series 2016A Bond and the Series 2016B Bond, as well as adjust the payment schedules set forth above; provided, however, that the aggregate principal amount of the Series 2016 Bonds shall not exceed \$12,500,000. The City does not anticipate that adjustment of the maturity schedule of either the Series 2016A Bond or the Series 2016B Bond, or both, will materially impact the average life of either of the Series 2016 Bonds.

In the event of any adjustment of the payment schedule for the Series 2016 Bonds as described herein, no

rebidding or recalculation of the proposals submitted will be required or permitted. Nevertheless, the award of each of the Series 2016A Bond and the Series 2016B Bond will be based, in part, on the bidder's proposal which produces the lowest financing cost solely on the basis of the Series 2016 Bonds offered, without taking into account any adjustment in the amount of the Series 2016 Bonds pursuant to this paragraph. A successful bidder with respect either or both of the Series 2016 Bonds may not withdraw its bid(s) as a result of any changes made within these limitations.

Bid Requirements: Bids containing terms or covenants in conflict with the provisions of the General Bond Ordinance or the requirements of this Request for Proposals may be rejected. Bidders shall specify the rate or rates of interest per annum which the Series 2016A Bond and/or Series 2016B Bond are to bear with no greater difference than three percent (3%) between the highest and lowest rates of interest named by a bidder with respect to each of the Series 2016A Bond and/or the Series 2016B Bond. Bidders may also specify a single, fixed rate of interest for the Series 2016A Bond and/or the Series 2016B Bond. If more than one fixed rate of interest per annum is specified for the Series 2016A Bond or the 2016B Bond the rate of interest must be a single, fixed rate of interest for each maturity of such 2016A Bond or 2016B Bond. No variable interest rates will be considered. A BID FOR LESS THAN THE TOTAL PRINCIPAL AMOUNT OF THE SERIES 2016A BOND OR THE SERIES 2016B BOND, OR A PRICE LESS THAN PAR, WILL NOT BE CONSIDERED. It is preferred that a bidder's proposal not be subject to further credit or underwriting approval.

Award of Bid: After the proposals are received, they will be evaluated by the officials of the City and the City's Placement Agent based on various factors, including, but in no way limited to, financing cost, prepayment penalties or limitations, additional credit or underwriting approval, additional covenants and terms, if any, and other conditions set forth therein. Based on such evaluation, the most advantageous bid, determined in the sole discretion of the City, may be accepted by the City. The selection process will be weighted toward lowest financing cost; however, lowest financing cost is **not** the only factor that may be considered by the City. Any sum named by way of a premium shall be paid in cash as part of the purchase price. Any fees or costs to be paid by the City to the bidder will be treated as additional interest cost. In the case of a tie bid, the winning bid may be awarded by lot. The City reserves the right to reject any and all bids, to waive irregularities in any bid, and to negotiate with the bidder which provides, in the City's sole discretion, the most favorable bid. Without limitation of the generality of the foregoing, in the event one or more bids are received by the City for one but not both of the Series 2016 Bonds, the City reserves the right to reject all bids. The City expects the successful bids to be accepted by City Council of the City (the "Council") upon enactment of the Third Supplemental Ordinance (defined below) by Council, which is anticipated to occur during a regularly scheduled meeting of Council at 5:30 P.M. on April 25, 2016.

Bid Form: It is requested, but not required, that your bid be submitted on the Official Bid Form enclosed with this Request for Proposals.

Redemption: Unless otherwise specifically requested by a bidder as part of its proposal and agreed to by the City, the Series 2016 Bonds shall be subject to prepayment or redemption at the option of the City, as a whole at any time or in part from time to time at the principal amount thereof and interest accrued on such principal amount to be redeemed to the date fixed for redemption, without payment of any premium or penalty. Bidders may submit alternative redemption provisions in its proposal for the purchase of the Series 2016 Bonds.

Debt Service Reserve Fund: Debt service reserve funds will **not** be established and funded by the City for the Series 2016 Bonds.

Security: The Series 2016 Bonds are issued in accordance with the provisions Title 6, Chapter 1, Article 7 of the Code of Laws of South Carolina 1976, as amended (the "Hospitality Tax Act"), the applicable procedures of Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended (the "Bond Act"), and other applicable laws. The Series 2016 Bonds are issued pursuant to a General Bond Ordinance enacted by the Council on October 25, 2010 (the "General Bond Ordinance"), and a Third Supplemental Ordinance anticipated to be enacted by the Council on April 25, 2016 (the "Third Supplemental Ordinance" and, together with the General Bond Ordinance, the "Bond Ordinances").

The Series 2016 Bonds, and the interest thereon, are payable solely by a pledge of Hospitality Fees in the manner described in the Bond Ordinances. The full faith, credit, and taxing powers of the City are not pledged for the payment of the Series 2016 Bonds and the interest thereon.

The City has previously issued its \$3,310,000 original principal amount City of Spartanburg, South Carolina, Spartanburg Public Facilities Corporation, Certificates of Participation (Morgan Square Project), Series 2005 (the "Certificates to be Refunded"), dated June 23, 2005, which Certificates to be Refunded will be outstanding, as of the date of issuance of the Series 2016 Bonds in the principal amount of \$1,065,000. The City has also previously issued its \$8,250,000 original principal amount City of Spartanburg, South Carolina, Special Obligation Refunding Bond (Hospitality Fee Pledge), Series 2014 (the "Bond of 2014"), dated April 1, 2014, which Bond of 2014 will be outstanding as of the date of issuance of the Series 2016 Bonds in the principal amount of \$6,890,000.

The Series 2016 Bonds are being issued for the purposes set forth below under the headings "Series 2016A Bond Purpose" and "Series 2016B Bond Purpose", including, but not limited to, refunding all of the outstanding principal and accrued interest on the Certificates to be Refunded on the redemption date thereof (anticipated to be on or before June 20, 2016). Upon the issuance of the Series 2016 Bonds and the refunding of the Certificates to be Refunded, the Series 2016 Bonds will be secured by a pledge of Hospitality Fees (as defined in the Bond Ordinances) on a parity with the pledge thereof for payment of the Bond of 2014. Under the Bond Ordinances, the City may, under certain terms and conditions, issue additional Bonds secured by a pledge of Hospitality Fees on a parity with the pledge thereof for payment of the Bond of 2014 and the Series 2016 Bonds.

Hospitality Fees: South Carolina law authorizes the governing bodies of counties and municipalities, upon compliance with certain terms, conditions and limitations, to impose a "local hospitality tax" on the sales of prepared meals and beverages sold in establishments or sales of prepared meals and beverages sold in establishments licensed for on-premises consumption of alcoholic beverages, beer or wine. Pursuant to such authorization, the Council has, by Ordinance enacted September 10, 2001, imposed a local hospitality tax of two percent (2%) on the gross proceeds of the sale of prepared meals and beverages in establishments within the City. The proceeds derived from the imposition of such local hospitality tax are defined in the General Bond Ordinance as "Hospitality Fees".

The following table sets forth the Hospitality Fee collections for the fiscal years shown:

<u>Fiscal Year</u> <u>ended June 30</u>	<u>Collections</u>
2006	\$3,011,080
2007	3,191,038
2008	3,397,795
2009	3,327,906
2010	3,280,520
2011	3,379,598
2012	3,663,875
2013	3,796,436
2014	3,935,777
2015	4,210,793
2016*	2,222,712

* Hospitality Fee collections for the six-month period of July 1 through December 31, 2015.

The following table shows the amount of Hospitality Fees collected by the ten largest collectors of Hospitality Fees during the Fiscal Year ending June 30, 2015:

<u>Collections</u>	<u>Percentage of Total Hospitality Tax Collections</u>
\$137,609	3.27%
82,117	1.95%
79,918	1.90%
79,498	1.89%
72,814	1.73%
71,590	1.70%
69,358	1.65%
68,247	1.62%
67,005	1.59%
64,486	1.53%
<u>Total</u> <u>\$792,641</u>	<u>18.82%</u>

Series 2016A Bond Purpose: The Series 2016A Bond is being issued for the purposes of (i) refunding all of the outstanding principal and accrued interest on the Certificates to be Refunded on the redemption date thereto, (ii) defraying the Costs of Acquisition and Construction (as defined in the General Bond Ordinance) of the “2016 Airport Facilities Projects” described on Exhibit A hereto, and (iii) paying the costs of issuance of the Series 2016A Bond. Descriptions of the 2005 Projects financed by the Certificates to be are set forth on Exhibit A attached hereto.

Series 2016B Bond Purpose: The Series 2016B Bond is being issued for the purposes of (i) defraying the Costs of Acquisition and Construction of the “2016 Parking Facilities Projects” described on Exhibit A hereto, and (ii) paying the costs of issuance of the Series 2016B Bond.

Legal Opinions: The issuance of the Series 2016 Bonds is subject to the respective opinions of McNair Law Firm, P.A., Bond Counsel, and Cathy McCabe, Esq., attorney for the City.

Amendment to the General Bond Ordinance: Pursuant to an amendment to the General Bond Ordinance set forth in Second Supplemental Ordinance No. 12-6-4.4-3.17.14 duly enacted by the Council on March 17, 2014 authorizing the issuance of the Bond of 2014, the underwriter or purchaser of any Series of Bonds may assent to and consent to amendments to the General Bond Ordinance in the same manner as the Holders of the Bonds (as such terms are defined in the General Bond Ordinance). The purchaser(s) of the Series 2016 Bonds will be deemed to have consented to such amendment to the General Bond Ordinance by virtue of its/their purchase of the Series 2016 Bonds.

Series 2016A Bond Tax Exemption and Other Tax Matters: Interest on the Series 2016A Bond is excludable from gross income for federal income tax purposes under existing statutes, regulations and court decisions, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest on the Series 2016A Bond will be included in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel will express no opinion regarding other federal tax law consequences arising with respect to the Series 2016A Bond.

The Internal Revenue Code of 1986, as amended (the "Code") including the Treasury Regulations promulgated thereunder, imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2016A Bond. The City will, under the Third Supplemental Ordinance, covenant to comply with certain covenants, restrictions, conditions and requirements designed to ensure that interest on the Series 2016A Bond will not become includable in gross income. Failure to comply with these covenants could cause interest on the Series 2016A Bond to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2016A Bond. The opinion of Bond Counsel assumes the accuracy of certain representations of the City with respect to the investment

and use of proceeds of the Series 2016A Bond and compliance by the City with certain covenants.

Although Bond Counsel is of the opinion that interest on the Series 2016A Bond is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2016A Bond may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Prospective purchasers of the Series 2016A Bond, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property and casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Series 2016A Bond.

Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or event occurring (or not occurring) after the date of issuance of the Series 2016A Bond may affect the tax status of interest on the Series 2016A Bond. In rendering its opinion, Bond Counsel will rely upon certificates and representations of the City with respect to certain material facts solely within the knowledge of the City relating to the application of the proceeds of the Series 2016A Bond.

The interest on the Series 2016A Bond is exempt from all State of South Carolina taxation except estate or other transfer taxes and certain franchise fees. Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed at the rate of 4-1/2% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue require that the term "entire net income" includes income derived from any source whatsoever including interest on obligations of any state and any political subdivision thereof. Interest on the Series 2016A Bond will be included in such computation.

Series 2016A Bond Bank Qualified: The City will designate the Series 2016A Bond as a "qualified tax-exempt obligation" for purposes of Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Series 2016B Bond Not Tax Exempt: Interest on the Series 2016B Bond is not excludable from gross income for federal income tax purposes, and Bond Counsel will express no opinion regarding federal tax law consequences arising with respect to the Series 2016B Bond.

Investment Letter: The successful bidder(s) with respect to the Series 2016 Bonds will be requested to execute a letter to the City in substantially the form accompanying this Request for Proposals.

Good Faith Deposit: No good faith check is required.

Delivery: The Series 2016 Bonds are anticipated to be delivered on or before May 19, 2016, in Spartanburg, South Carolina, at the expense of the City.

Miscellaneous: Bidders are requested to indicate whether any commitment fee will be required or whether the City will be requested to reimburse the successful bidder for out-of-pocket expenses and counsel fees.

Persons seeking additional information should communicate with:

Dennis R. Locke, CGFO
Finance Director
City of Spartanburg
Phone: 864.596.2119
E-mail: dlocke@cityofspartanburg.org

Chris Story
Assistant City Manager
City of Spartanburg
Phone: 864.596.2026
cstory@cityofspartanburg.org

Michael W. Burns, Esq.
McNair Law Firm, P.A.
Bond Counsel
Phone: 864.271.4940
E-mail: mburns@mcnair.net

Brandon T. Norris, Esq.
McNair Law Firm, P.A.
Bond Counsel
Phone: 864.271.4940
E-mail: bnorris@mcnair.net

Brenton J. Robertson, Esq.
Placement Agent to the City
Stifel, Nicolaus & Company, Incorporated
Phone: 803.331.3848
E-Mail: robertsonb@stifel.com

CITY OF SPARTANBURG, SOUTH CAROLINA

March 30, 2016

Exhibit A

Description of 2005 Projects and 2016 Projects

2005 Projects. The 2005 Projects are comprised of certain improvements to Morgan Square, including but not limited to, demolition and reconstruction of sidewalks, pavement, landscaping, lighting and underground relocation of utilities, as well as functional items such as a covered pavilion, bus shelter, street furniture, bike-racks, turf and garden areas, sitting walls, public art, a fountain and locations for outdoor dining to encourage pedestrian activity. In addition, the 2005 Projects include the relocation of the General Morgan statue and flagpoles, the installation of additional lighting and protective bollards, and the conversion of Spring Street from one-way to two-way traffic flow and the employment and installation of traffic calming methods and new traffic control signals in connection therewith.

2016 Airport Facilities Projects. The 2016 Airport Facilities Projects shall include the acquisition by the City of all right, title and interest (including, without limitation, leasehold interests) of Spartanburg Airport Facilities Corporation (the "Airport Facilities Corporation"), a South Carolina nonprofit corporation, in and to all those certain pieces, parcels or lots of land subject to that certain Base Lease between the City, as lessor, and the Airport Facilities Corporation, as lessee, dated February 4, 2010 (the "Airport Land"), together with any interest of the Airport Facilities Corporation (including, without limitation, leasehold interests) in and to any infrastructure and improvements beneath, upon or above such Airport Land, including, without limitation, portions of the improvements comprising the Downtown Memorial Airport (such infrastructure and improvements, the "Airport Improvements").

Certain of the Airport Improvements were constructed or renovated by the City and the Airport Facilities Corporation pursuant to certain documents and agreements entered into in connection with certain New Markets Tax Credits financing obtained by the Airport Facilities Corporation for such purpose (the "Airport NMTC Loans"). It is anticipated that, upon the issuance of the Series 2016A Bond and payment from a portion of the proceeds of the Series 2016A Bond of the applicable purchase price for all of the Airport Facilities Corporation's right, title and interest in and to the Airport Land and Airport Improvements, all principal amounts outstanding under the NMTC Loans will be repaid by the Airport Facilities Corporation, and any liens or encumbrances in favor the Airport Facilities Corporation's lender will be released or terminated.

2016 Parking Facilities Projects. The 2016 Parking Facilities Projects shall include the acquisition by the City of all right, title and interest (including, without limitation, leasehold interests) of Spartanburg Parking Facilities Corporation (the "Parking Facilities Corporation"), a South Carolina nonprofit corporation, in and to all those certain pieces, parcels or lots of land subject to that certain Ground Lease between the City, as lessor, and the Airport Facilities Corporation, as lessee, dated February 5, 2009 (the "Parking Land"), together with any interest of the Parking Facilities Corporation (including, without limitation, leasehold interests) in and to any infrastructure and improvements beneath, upon or above such Parking Land, including, without limitation, the St. John Street Parking Garage (such infrastructure and improvements, the "Parking Improvements").

Certain of the Parking Improvements were constructed or renovated by the City and the Parking Facilities Corporation pursuant to certain documents and agreements entered into in connection with certain New Markets Tax Credits financing obtained by the Parking Facilities Corporation for such purpose (the "Parking NMTC Loans"). It is anticipated that, upon the issuance of the Series 2016B Bond and payment from a portion of the proceeds of the Series 2016B Bond of the applicable purchase price for all of the Parking Facilities Corporation's right, title and interest in and to the Parking Land and Parking Improvements, all principal amounts outstanding under the NMTC Loans will be repaid by the Parking Facilities Corporation, that certain ISDA Master Agreement dated February 5, 2009 (the "Master Agreement"), Schedule to the Master Agreement dated February 5, 2009 and other documents related thereto shall be terminated, and any liens or encumbrances in favor the Parking Facilities Corporation's lender will be released or terminated.

BID FORM

**\$4,055,000* CITY OF SPARTANBURG, SOUTH CAROLINA
SPECIAL OBLIGATION IMPROVEMENT AND REFUNDING BOND
(HOSPITALITY FEE PLEDGE), SERIES 2016A**

Bid Date: April 19, 2016 (12:00 Noon – South Carolina Time)

City Manager
City of Spartanburg, South Carolina
Spartanburg, South Carolina

Bids submitted by Fax : 864.596.2365
Bids submitted by E-Mail: cwright@cityofspartanburg.org

PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY FACSIMILE TRANSMISSION OR BY E-MAIL, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE CITY AT THE PLACE, DATE AND TIME APPOINTED, AND THE CITY SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF BIDS.

For your legally issued, properly executed \$4,055,000* City of Spartanburg, South Carolina, Special Obligation Refunding and Improvement Bond (Hospitality Fee Pledge), Series 2016A (the "Bond"), as more fully described in your Request for Proposals, which is hereby incorporated herein and made a part of this proposal, we will pay the sum of \$4,055,000* plus a premium of \$_____.

The Bond will bear interest (based on a 360 day year comprised of twelve 30-day months or such other basis requested by the bidder and agreed to by the City) at the following rates:

Year (April 1)	Principal Amount*	Interest Rate
2017	\$275,000	____%
2018	270,000	____%
2019	280,000	____%
2020	290,000	____%
2021	290,000	____%
2022	290,000	____%
2023	290,000	____%
2024	290,000	____%
2025	290,000	____%
2026	290,000	____%
2027	290,000	____%
2028	290,000	____%
2029	290,000	____%
2030	290,000	____%
2031	40,000	____%

Alternatively, the Bond will bear interest (based on a 360 day year comprised of twelve 30-day months or such other basis requested by the bidder and agreed to by the City) at the following single rate of interest:

_____ % per annum.

*Subject to adjustment as described in Request for Proposals.

The bidder will require (a) _____ commitment fee in the amount of \$ _____ and/or (b) _____ reimbursement of expenses and counsel fees in the amount of \$ _____.

The City encourages the bidder to review the Request for Proposals dated March 30, 2016, in connection with the issuance of the Bond. The bidder hereby acknowledges that it has received and reviewed such Request for Proposals.

Additional Conditions: Please attach hereto a written statement of any fees and expenses, if any, incurred by the bidder to be paid by the City and any conditions or other requirements necessary for your purchase of the Bond.

Respectfully submitted,

Name of Bidder

Contact Person

Address: _____

Telephone: _____

By: _____

ACCEPTANCE CLAUSE

The foregoing proposal accepted this ____ day of _____, 2016.

CITY OF SPARTANBURG, SOUTH CAROLINA

City Manager

BID FORM

**\$6,245,000* CITY OF SPARTANBURG, SOUTH CAROLINA
SPECIAL OBLIGATION BOND
(HOSPITALITY FEE PLEDGE), TAXABLE SERIES 2016B
Bid Date: April 19, 2016 (12:00 Noon – South Carolina Time)**

City Manager
City of Spartanburg, South Carolina
Spartanburg, South Carolina

Bids submitted by Fax : 864.596.2365
Bids submitted by E-Mail: cwright@cityofspartanburg.org

PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY FACSIMILE TRANSMISSION OR BY E-MAIL, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE CITY AT THE PLACE, DATE AND TIME APPOINTED, AND THE CITY SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF BIDS.

For your legally issued, properly executed \$6,245,000* City of Spartanburg, South Carolina, Special Obligation Bond (Hospitality Fee Pledge), Taxable Series 2016B (the “Bond”), as more fully described in your Request for Proposals, which is hereby incorporated herein and made a part of this proposal, we will pay the sum of \$6,245,000* plus a premium of \$_____.

The Bonds will bear interest (based on a 360 day year comprised of twelve 30-day months or such other basis requested by the bidder and agreed to by the City) at the following rates:

<u>Year (April 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>
2017	\$540,000	____%
2018	515,000	____%
2019	540,000	____%
2020	560,000	____%
2021	295,000	____%
2022	315,000	____%
2023	335,000	____%
2024	355,000	____%
2025	380,000	____%
2026	400,000	____%
2027	425,000	____%
2028	450,000	____%
2029	480,000	____%
2030	505,000	____%
2031	150,000	____%

Alternatively, the Bond will bear interest (based on a 360 day year of twelve 30-day months or such other basis requested by the bidder and agreed to by the City) at the following single rate of interest:

_____ % per annum.

*Subject to adjustment as described in Request for Proposals.

The bidder will require (a) _____ commitment fee in the amount of \$ _____ and/or (b) _____ reimbursement of expenses and counsel fees in the amount of \$ _____.

The City encourages the bidder to review the Request for Proposals dated March 30, 2016, in connection with the issuance of the Bonds. The bidder hereby acknowledges that it has received and reviewed such Request for Proposals.

Additional Conditions: Please attach hereto a written statement of any fees and expenses, if any, incurred by the bidder to be paid by the City and any conditions or other requirements necessary for your purchase of the Bonds.

Respectfully submitted,

Name of Bidder

Contact Person

Address: _____

Telephone: _____

By: _____

ACCEPTANCE CLAUSE

The foregoing proposal accepted this ____ day of _____, 2016.

CITY OF SPARTANBURG, SOUTH CAROLINA

City Manager

2

[Form of Investment Letter to be placed on letterhead of Purchaser]

May 19, 2016

City Council of the City of Spartanburg
Spartanburg, South Carolina

Cathy Hoefer McCabe, Esq.
City Attorney for the City of Spartanburg
Spartanburg, South Carolina

McNair Law Firm, P.A.
Greenville, South Carolina

[\$ _____ City of Spartanburg, South Carolina
Special Obligation Refunding and Improvement Bond (Hospitality Fee Pledge),
Series 2016A]

[\$[\$ _____ City of Spartanburg, South Carolina
Special Obligation Bond (Hospitality Fee Pledge),
Taxable Series 2016B]

In connection with the offering for sale by the City of Spartanburg, South Carolina (the "City"), of its [\$ _____ Special Obligation Refunding and Improvement Bond (Hospitality Fee Pledge), Series 2016A][[\$ _____ Special Obligation Bond (Hospitality Fee Pledge), Taxable Series 2016B] ([collectively] the "Series 2016 Bond[s]") dated May 19, 2016, _____ (the "Purchaser") hereby represents to you as follows:

1. The Purchaser has agreed to purchase the Series 2016 Bond[s] and hereby acknowledges receipt of the Series 2016 Bond[s]. The Purchaser has the requisite authority to purchase the Series 2016 Bond[s] and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Series 2016 Bond[s]. The undersigned is a duly appointed, qualified and acting representative of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

2. The Series 2016 Bond[s] [is][are] being acquired by the Purchaser for its own account and not with a present view toward resale or distribution; provided, however, that the Purchaser reserves the right to sell, transfer or redistribute the Series 2016 Bond[s], but agrees that any such sale, transfer or distribution by the Purchaser shall be to a person or entity: (a) that is an affiliate of the Purchaser; (b) that is a trust or other custodial arrangement established by the Purchaser or one of its affiliates, the owners of any beneficial interest in which are limited to qualified institution buyers or accredited investors; or (c) who executes an investment letter in the form hereof.

3. The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the merits and risks of the investment represented by the purchase of the Series 2016 Bond[s].

4. The Purchaser is aware that the conduct of the affairs of the City involves certain economic variables and risks that could affect adversely the security of the investment in the Series 2016 Bond[s] and the Purchaser is financially able to bear the economic risk of such investment.

5. The Purchaser acknowledges that: (a) 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 investor would attach significance in making investment decisions; and (b) has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Series 2016 Bond[s], and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase the Series 2016 Bond[s]. The Purchaser understands the risks of, and other considerations relating to, the purchase of Series 2016 Bond[s].

6. The Purchaser understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to the Series 2016 Bond[s]. The Purchaser has made its own inquiry and analysis with respect to the City, the Series 2016 Bond[s] and the security therefor, and other material factors affecting the security for and payment of the Series 2016 Bond[s].

7. The Purchaser acknowledges that the Series 2016 Bond[s] [is][are] not registered under the Securities Act of 1933, and further understands that the Series 2016 Bond[s]: (a) [is][are] not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (b) will not be listed in any stock or other securities exchange; (c) will not carry a rating from any rating service; and (d) will be delivered in a form which may not be readily marketable.

8. The Purchaser understands that the scope of engagement of McNair Law Firm, P.A. as Bond Counsel with respect to the Series 2016 Bond[s], has been limited to matters set forth in their opinion based on their review of such legal proceedings as they deem necessary.

9. The Purchaser further understands that the scope of engagement of Cathy Hoefler McCabe, Esq., as City Attorney, with respect to the Series 2016 Bond[s] has been limited to the matters set forth in her opinion.

[INSERT]

By: _____

Its: _____