

THE FRAZER LANIER COMPANY

INCORPORATED
INVESTMENT BANKERS

Baldwin County Commission
312 Courthouse Square, Suite 12
Bay Minette, Alabama 36607

Re: RFQ for Underwriter

Dear Lady and Gentlemen,

We are pleased to respond to your RFQ dated November 13, 2019. It has been our pleasure to represent your County for over 20 years, as well as the cities of Fairhope, Foley, Robertsedale and Bay Minette, and Foley Utilities.

As we state in our response, it was our Firm who had a lead role in reestablishing the excellent credit rating that Baldwin County enjoys today. Our Firm has represented your County on numerous occasions both in front of the rating agencies in New York, on site visits there in the County, as well as conference call presentations. We believe that no firm matches ours in the knowledge of economics and demographics in the County as well as your finances.

One of the contributions that our Firm made to the County to reestablish your rating was the recommendation to begin preparing 5-year financial forecast. At a time where your County lost it's rating, we conferred with the rating agencies and concluded that having a 5-year financial forecast would avoid future calamities, which brought your rating down. Since that time your finance department has regularly forecasted the General Fund, Solid Waste Fund, as well as the Highway Fund. You have always been complimented by both Moody's and S&P on the quality of your work and they believe that this in part safeguards the County's future financial operations.

We also are submitting to you rate comparison tables that we have recently provided to Madison County Board of Education and the City of Tuscaloosa. Each of these credits, like Baldwin County, are highly rated. We share these rate comparisons to ensure that our clients were knowledgeable that we had delivered superior results in terms of pricing and selling their debt. You will notice that the compared issuers were underwritten by firms substantially larger than our Firm, yet our pricing was comparable, and in many maturities actually below the competition. We pride ourselves not only in our abilities to prepare our clients for rating agency presentations and development of the final official statements, but also in delivering excellent interest rates.

We believe that we have addressed all of your questions, but should you have additional matters that you wish for us to address, I would be delighted to respond to them.

Respectfully yours,



Robert H. Young
President, The Frazer Lanier Company Incorporated

POST OFFICE BOX 5190
MONTGOMERY, AL 36103

TELEPHONE 334 265-8483
1-800-223-2631
FAX 334 265-8524

300 WATER STREET
MONTGOMERY, AL 36104

RESPONSE TO BALDWIN COUNTY, ALABAMA

REQUEST FOR STATEMENT OF QUALIFICATIONS: UNDERWRITER

November 13, 2019

1. Describe the firm's net capital position and its underwriting ability and willingness to underwrite bonds.

Unsold balance in primary market municipal underlying.

- Net Capital Position (9/30/19) \$1,047,749
- Underwriting Ability (9/30/19) \$13,500,000

As to our willingness to underwrite, we served as investment banker to the Madison County Board of Education and the City of Auburn. At the end of the sales period, multiple maturities were underwritten in order to complete a successful sale for each client. Each of these sales took place within the last 60 days.

2. Discuss your proposed transaction team which would be assigned to serve as underwriter to the County. Be specific regarding the person(s) who would have primary and/or day-to-day responsibility for directing your firm's efforts. Provide a resume for each individual assigned to the County's service including their title, address, phone, and e-mail.



Robert H. Young, President
300 Water Street Montgomery, AL 36104
(334) 265-8515
bobyoun@fralan.com

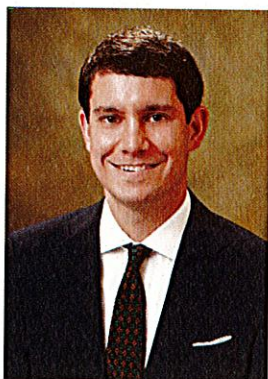
Robert H. Young, Jr. graduated from the public schools of Selma, Alabama, and from Auburn University with a Bachelor of Science degree in 1971. After serving in the United States Army, he entered the investment banking field in 1972 and joined The Frazer Lanier Company in 1976. Mr. Young has served as a member of the Auburn University Business School Advisory Committee, and as a Committeeman and Vice-Chairman on the District V Business Conduct Committee of the National Association of Securities Dealers.

Mr. Young will have day-to-day responsibility for the engagement.



S. Ashton Stuckey, Vice Chairman
300 Water Street Montgomery, AL 36104
(334) 265-8516
ashtonstuckey@fralan.com

S. Ashton Stuckey graduated from Rhodes College in 1966 with a Bachelor of Arts degree in Economics. Since 1967, he has been involved in many areas of the securities business. As an Executive Vice President of SouthTrust Corporation, a bank holding company, he managed the Investment Division which included fixed income sales and trading, as well as funding, investment portfolio management and asset liability management. For eight years prior to joining The Frazer Lanier Company, Mr. Stuckey was a Managing Director of a New York Stock Exchange firm where he managed the Fixed Income Division. Responsibilities with The Frazer Lanier Company include fixed income trading, municipal underwriting and management of institutional sales. Mr. Stuckey has served as a member of the Municipal Securities Rulemaking Board and as a member of the MSRB Professional Qualifications Committee.



Chandler Combest, Senior Vice President
300 Water Street Montgomery, AL 36104
(334) 386-3037
chandler@fralan.com

Chandler Combest is a graduate of Auburn University, with degrees in English and business administration, and the University of Alabama School of Law. Prior to joining The Frazer Lanier Company, Chandler was an attorney with Bradley Arant Boult Cummings LLP for seven years, practicing in the fields of public finance, corporate finance and real estate. Mr. Combest has extensive experience in advising governmental entities, financial institutions and private developers and individuals regarding investing in affordable housing and community development projects. He is a member of the Alabama State Bar, the American Bar Association and the National Association of Bond Lawyers.

3. Provide number of full-time employees dedicated to municipal bond sales.

Three

Please see Exhibits A (Madison County Board of Education) and Exhibit B (City of Tuscaloosa) as regards our ability to price and sell bonds. According to the Wells Fargo website, they employ 14,000 brokers. According to the Raymond James site, they employ 8,000 brokers. Our size has not affected our ability to price bonds on the market and to sell them on the market.

4. Does your firm maintain a public finance office or a retail and/or brokerage office in the State of Alabama? If so, please provide the address and phone number for this office and primary contact person.

Montgomery Office	Birmingham Office	Florence Office
300 Water Street Montgomery, AL 36104 (334) 265-8483	110 Office Park Drive Suite 210 Birmingham, AL 35223 (205) 484-0888	402 Cox Creek Parkway 2 nd Floor Florence, AL 35630 (256) 246-7600
Robert H. Young	Jason Grubbs	Johnny Dill

5. Provide no more than three (3) case studies which describe the experience of your assigned professionals with general obligation and public building authority transactions.

CASE 1: In August of 2019, our Firm served as investment banker to Lee County, Alabama in the issuance of \$4,835,000 General Obligation Warrants. The County's credit is rated Aa2 by Moody's Investors Service. Our Firm was involved in all aspects of the transaction including assistance in preparation of the Official Statement, while preparing the County for the rating presentation to Moody's and conducting of that presentation, the sale and the closing of the issue. Our Firm has continuously worked with Lee County since 1982.

CASE 2: In 2015 our Firm served as investment banker for Baldwin County regarding the issuance of \$35,180,000 General Obligation Warrants. The purpose of this issue was to advance refund 3 series of warrants for interest cost savings. The result of this financing generated a savings to the County of \$1,900,000. Our Firm made the County aware of this opportunity and executed the transactions successfully. As with the Lee County issue described above, our Firm worked with bond counsel to prepare the preliminary official statement, submit the issue to Moody's and S&P for their rating, prepared the participants for the presentation with outline material, preceded by a rehearsal and successfully executed the sale.

CASE 3: Our Firm has been engaged in numerous issues throughout the state sold by Public Building Authorities (PBA) and specifically used this vehicle in 2007 to finance a DHR facility in the County. It should be noted that our Firm pioneered the use of PBA financing for DHR and it had the affect of substantially reducing their borrowing costs compared to DHR's previous method of finance. Of course, in the case of a Public Building Authority the ultimate obligor is the lessee, in this case DHR. We assisted bond counsel in the preparation of the official statement, conducted the rating review and successfully executed the sale. We have used this technique for cities and counties who have financed public buildings sourced through this vehicle to avoid the debt being chargeable against their constitutional debt limit. We have also used a similar structure on 2 financings totaling over \$50,000,000 to the Alabama Health Department. In short, our Firm is thoroughly familiar with the public building authority finance structure.

- 6. Discuss any pending or threatened investigations or litigation by any private or public entity or any lapse or other deficiency in insurance coverage or professional licensure which may impact your firm's ability to serve as underwriter.**

There are none, nor have there ever been in the history of The Frazer Lanier Company.

- 7. Has any municipal finance professional or associated person within your firm made or directed any political contributions, provided things of value, or provided financial advice to the extent it would be disqualified, under current laws, rules, and regulations, from acting as underwriter of the bonds?**

No

- 8. Please provide any other information the County should consider when assessing your firm's ability to serve as underwriter.**

I bring to the attention of the Commission that our Firm has represented Baldwin County for some 20 years. When we began working with the County, its credit rating was A- by S&P and Baa by Moody's Investors Service. Since our engagement, the ratings have moved up to AA+ by S&P and Aa1 by Moody's Investors Service. One of the main reasons for the improvement in the County's rating in the early years of our engagement was our suggestion that the County begin a program of financial forecasting. The County had been in financial difficulties in the late 80s and early 90s due to the significant growth in Baldwin County but with property taxes only being reassessed every 3-5 years. In short, the revenues were not keeping up with expenditures. We made this recommendation to the County so that the forecasting could be used as an early warning system that revenues and/or expenses had to be altered if the expense line was going to cross the revenue line. Moody's felt that this was a critical step in insuring that the County did not face financial problems in the future. Obviously, the addition of a county-wide sales tax to the County's General Fund has also been a major contributing factor. It is our assertion that no one knows the County's strengths and the details we do due to our extensive and long-standing experience. We were also involved in the potential financing for the mega-site and in the end recommended that the County go with internal financing so that if property was sold, any debt associated with the mega-site could be immediately repaid. If bonds had been sold, the County would have had to wait until the first call date to take the debt off the market. We received no fee nor reimbursement of expenses for our work.

We believe that at all times Frazer Lanier Company has placed the best interest of Baldwin County first and have always been available to assist the County when a need has arisen.

Exhibit A

RATE COMPARISON

Issuer:	Tuscaloosa, AL						Ben Hill County GA School District		
Type:	GO/LT						GO/ULT		
Underwriter:	The Frazer Lanier Company						Raymond James		
Rating:	Aa1/AAA						Aa1		
	<u>Projected</u>			<u>Final</u>					
	<u>Coupon</u>	<u>Yield</u>	<u>Spread</u>	<u>Coupon</u>	<u>Yield</u>	<u>Spread</u>	<u>Coupon</u>	<u>Yield</u>	<u>Spread</u>
2020	3.00%	1.23%	0.12	3.00%	1.19%	0.08	—	—	—
2021	3.00%	1.26%	0.15	4.00%	1.21%	0.10	4.00%	1.18%	0.05
2022	3.00%	1.29%	0.17	3.00%	1.24%	0.12	4.00%	1.25%	0.11
2023	3.00%	1.33%	0.19	4.00%	1.28%	0.14	4.00%	1.30%	0.14
2024	4.00%	1.39%	0.21	4.00%	1.34%	0.16	5.00%	1.36%	0.16
2025	4.00%	1.47%	0.25	4.00%	1.40%	0.18	5.00%	1.43%	0.18
2026	4.00%	1.58%	0.28	4.00%	1.52%	0.22	3.00%	1.55%	0.22
2027	5.00%	1.69%	0.32	5.00%	1.62%	0.25	5.00%	1.64%	0.25
2028	5.00%	1.78%	0.33	5.00%	1.73%	0.28	5.00%	1.75%	0.28
2029	5.00%	1.88%	0.35	5.00%	1.83%	0.30	5.00%	1.87%	0.31
2030	5.00%	1.98%	0.37	5.00%	1.91%	0.30	5.00%	1.95%	0.33
2031	5.00%	2.04%	0.38	5.00%	1.97%	0.31	5.00%	2.03%	0.34

Exhibit B

RATE COMPARISON

	<u>\$29,685,000</u>	<u>\$23,495,000</u>	
Issuer:	Greensboro, NC	Madison County BOE	BPS Difference
Rating:	Aa2/AA+/AA+	Aa2/AA-	
Underwriter:	Wells Fargo/Loop Capital	Frazer Lanier	
Sale Date:	10-Oct-19	10-Oct-19	

2021	1.878	1.99	0.11
2022	1.94	1.99	0.05
2023	2.03	2.23	0.20
2024	2.13	2.23	0.10
2025	2.32	2.43	0.11
2026	2.47	2.43	-0.04
2027	2.57	2.57	0.00
2028	2.62	2.57	-0.05
2029	2.67	2.67	0.00
2030	2.77	2.67	-0.10
2031	2.87	2.82	-0.05
2032	3.02	2.82	-0.20
2033	3.02	2.92	-0.10
2034	3.07	2.92	-0.15
2035	3.38	3.06	-0.32
2036	3.38	3.16	-0.22
2037	3.38	3.21	-0.17
2038	3.38	3.26	-0.12
2039	3.38	3.31	-0.07
2040	3.51	3.36	-0.15
2041	3.51	3.41	-0.10

Using the scale above, Frazer Lanier was able to deliver approximately \$800,000 more in savings than the Greensboro scale would have produced.