

BPCA RFP For Underwriters & Financial Advisor **Questions & Answers**

Please Note: The below questions posed by various potential proposers are listed in the black text and answers to the questions are in the **RED** text:

OVERALL NOTE: RFP REQUIREMENTS ON PAGE LIMITS DO NOT PRECLUDE USING BOTH SIDES OF PAGE.

Firm Questions 1:

In connection with the above RFP, I appreciate if you would advise on the following questions:
On BPCA website, under Procurement Forms for all vendors to submit, there is listed a “New Vendor Setup Request Form IRS”. The form is a **‘Request for Setup of New Vendor ID on Great Plains’**. Our firm is a registered vendor with New York State. Would you please clarify the purpose of this form, whether it is a required submission with the proposal or, as stated on the form, to be sent to the Finance Department – and, if so, would that be in advance of the proposal submission due date?

Please use **‘Request for Setup of New Vendor ID on Great Plains’ and submit with the response to RFP (the fact that your firm is a registered vendor with New York State is not relevant).**

Regarding the page limit for all responses, would you please clarify:

- Section VI. A. indicates a 10 page limit exclusive of Transmittal Letter and Appendices;
- B. indicates four additional components: Executive Summary, Understanding of Services, Responses, Cost Proposal;
- **Try to follow the page limits per section**
You can include a part of your response(s) as attachments (appended supplements) that would be referred to within the body of the response.
- C. lists components of response: Qualifications and Performance (each with a 5 page limit); Marketing limited to 1 page and Structure and Experience ostensibly with no page limits; **correct**
- D. requests Additional Information; **(these are noted in the RFP to be Appendices)**
- And E is the Cost Proposal

Therefore, in order to keep within the 10 page limit, would it suffice to include certain responses as attachments rather than within the body of the response? Or is that limit flexible?

Firm Questions 2:

Just to clarify, the RFP calls for a limit of 10 pages (pg.11 of RFP). There is then a 5-page limit on “Qualifications”, a 5-page limit on “Performance”, a 1-page limit on “Marketing Strategy”, and no stated limit on “Structure and Size Bond Issue”. It isn’t clear if the “Executive Summary”, the “Firm’s Discussion of its understanding of the Services Required”, the “Firm’s Cost Proposal”, “References”, “Conflicts of Interest”, etc. are included or excluded in the page count. Can you clarify? Thanks.

Try to work within the page limit caps per section and keep within the 10 page limit overall. You can include a part of your response(s) as attachments (appended supplements) that would be referred to within the body of the response.

Firm Questions 3:

Please below for a question related to responses to BPCA's RFP for Underwriters:

We notice that the sum of the page limits specified for certain sections exceeds 10 pages. Can you please confirm that the total allowable page limit for the entire proposal (excluding transmittal letter and appendices) is 10 pages?

The page limit does not preclude using both sides of a page.

1. We notice there is no page limit specified for the "Structuring and Bond Size" question. Can you please clarify:
 - a. Is there a page limit for this section? **No**
 - b. Is this section included within the total allowable page limit for the entire proposal? **YES**
 - c. Can we include any financial analysis related to this section in an appendix that would not count against the page limit? **YES**

Firm Questions 3a:

Are the page limits listed for sections, such as "Marketing Strategy," referring to physical pages? i.e. the Marketing Strategy section can be one sheet of paper, text on both sides? Thanks for the clarification. **Correct**

Firm Questions 4:

The "Marketing Strategy" and "Negotiated Bond Experience" questions on page 15 of the RFP look to be targeted towards responding Underwriters. Due to the fact that they do not explicitly say, "Underwriters Only" can you please confirm that Financial Advisors are not expected to submit a response for those two questions?

In the section referenced, FA's are only required to answer questions 1 & 4.

Financial Advisors are not expected to submit a response for those two questions.

Firm Questions 5:

Are there RFP questions that are required to be answered by those firms applying for senior managing underwriter and may be optional for firms applying solely for co-managing underwriter? **No**

Firm Questions 6:

1. The last sentence of Question 1 under "Performance" instructs responders to "limit your response to three examples". Can you please clarify what this limit applies to? Should we only list 3 examples of revenue bond experience in 2011-12? **YES**
2. In order to more accurately reflect the debt service reserve fund sizing in our bond structuring analysis, is it possible to receive a copy of the Series Resolution for the Series 2003A bonds? **Please refer to Series 2003 A Official Statement posted on the Authority's website "Application of Proceeds" page 20; use that "Deposit to Reserve fund" for DSRF requirement.**

Or, alternatively, what is the definition of the Series Reserve Requirement relating to the Series 2003A bonds? Thank you for your prompt response!

Firm Questions 6a:

As a follow up to question 2:

Debt service reserve funds (DSRF) are typically sized based on a “three pronged test”, which is the lesser of i) 10% of par amount, ii) maximum annual debt service, or iii) 125% of average annual debt service. The amount of the DSRF deposit associated with the 2003A bonds is \$26,576,639 (per page 26 of the 2003A OS), which, based on the par amount and the annual debt service amounts associated with that issue, does not seem to fit any of the requirements of a typical three pronged test. Therefore, I was wondering if there is a different definition in the Series Resolution of how to size the DSRF.

This will be relevant because, when/if the 2003A series is refunded, it will likely require a different DSRF based on the new bond series par amount/annual debt service, and when I model the new DSRF based on the traditional three pronged test, it will probably not match the size that would be based on the definition that is in the Series Resolution, and it may be too large (which would inadvertently lessen the savings realized by the BPCA).

Please let me know if the Series Resolution might be available to let me know what parameters I should assume when sizing the new DSRF.

Answer:

From page 5 of the arbitrage vert:

Pursuant to Treasury Regulation Section 1.148-9(h), 1.149(d)-I(d) (but not 1.150-1(c)(3)), the portions of the Bonds allocable to the New Money Bonds, the Current Refunding Working Capital Bonds, the Current Refunding Capital Project Bonds and the Advance Refunding Bonds are each treated as separate issues for the purposes provided in said regulations. Such allocations are reasonable because (1) they do not achieve more favorable results under Sections 148 or 149 (d) of the Code than could be achieved if the portions of the bonds allocable to the separate purposes had actually been issued separately (see, e.g., section II.F. below) and (2) the principal and Sinking Fund Installment amounts of the Bonds allocated to refunding the Refunded Bonds reflects an allocation of the earliest maturing Bonds to the refunding of the Refunded Working Capital Bonds.

From page 11 of the arbitrage cert:

The Reserve Fund Requirement is \$65,520,526.00, equal to the sum of all Series Reserve Requirements for the 2003 Bonds. So long as the 2003A Bonds are outstanding, the Series Reserve Requirement for the 2003A Bonds is \$26,576,639.00. So long as the 2003B Bonds are outstanding, the Series Reserve Requirement for the 2003B Bonds is \$10,187,465.72. So long as the 2003C Bonds are outstanding, the Series Reserve Requirement for the 2003C Bonds is \$28,756,395.28. The Reserve Fund Requirement is not greater than the least of: (i) \$106,834,597.21, (ii) 125% of the average annual debt service due on the Bonds (\$74,246,487.36), as the case may be, or (iii) the maximum annual debt service in any succeeding Bond Year the Bonds (\$65,521,135.56) and is required to be maintained at such amount by additional deposits from available funds.

Net proceeds in the aggregate amount of \$65,520,500.00 are to be deposited in the Reserve Fund under the Bond Resolution and used to meet the funding requirements thereunder. Assuming an interest rate of 5.20% with respect to the 2003B Bonds, such amount does not exceed an amount

equal to the least of (i) the maximum amount of principal or interest coming due in any Bond Year on the Bonds, (ii) 125% of the average annual debt service on the Bonds or (iii) an amount which is 10% of the Issue Price net of pre-issuance accrued interest on the Bonds. The amount to be deposited in the aforementioned funds is intended to provide and in the judgment of BPCA, after consultation with Citigroup, as documented in Exhibit B, is necessary to provide a source of security for payment of the Bonds to enable the marketing of the Bonds at the price and at the rates of interest provided thereon.

Firm Questions 7:

- The RFP states that there is a 10 page limit exclusive of the transmittal letter and the appendices. Are the executive summary, discussion of structure and size of bond issue, conflicts of interest, and litigation/sanctions questions all subject to the 10-page limit? Further, while there is a 5-page limit with respect to Section C ("RFP Questions"), one subsection of Section C is itself subject to a 5-page limit. Please clarify which parts of this question have a 5-page limit.
Please follow page limitations per sections. You can use both sides of the 10 page limit.
 - Question 2 in the section of Part IV, Section C relating to Performance asks about sales performance on past BPCA deals where our firm has served as senior manager or co-manager. Is there a specific period of time for which BPCA would like information? **No, but more recent activity preferred**
 - Is the Authority expecting cash flows for the structuring ideas discussed in the RFP? **Yes, if you have any**
 - Would the Authority like to include underwriter's counsel in the breakdown of the underwriter's spread proposal? If so, will the underwriter's counsel have primary drafting responsibility for the POS and OS? **Not necessary**
 - Please specify if the Authority would like a specific section that specifically addresses the firm's understanding of the scope of services provided in the RFP.
Not required
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Firm Questions 8:

Please provide clarification with respect to the overall page limit of our response

Section VI.A. indicates that our proposal should be limited to 10 pages (exclusive of the transmittal letter and required appendices), however Section C of the RFP provides the following page limits which seems to suggest that the overall page limit is more than 10 pages.

- Qualifications (5 page limit)
- Performance (5 page limit)
- Structure and Size Bond Issue (No indication of page limitation)
- Marketing Strategy (1 page limit)
- Negotiated Bond Experience (No page limit)
- **You could use both sides of the 10 pages**
- **Is there a page limit for Section C. RFP Questions – Structure and Size Bond Issue? No**
- **Firm Questions 8a**

- Just to clarify, written response can really be up to 20 pages, however should be printed double sided? **10 pages double sided accepted.**
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- Also, will you be circulating Q&A from other firms?

Firm Questions 9:

1. Page 3: Where do we include the Application Form in our submission? **In the envelope with your response**
2. Is it separate from the technical proposal and Cost Proposal? **Yes** Is the Application Form included in the page limit? **NO**
2. Page 4: In the section "Primary Staff Contacts", Senior Managing Underwriter is filled in for the Requested Position line. Is this section only for Senior Managing Underwriters? **NO** Can the Authority please clarify? **NO**
3. Page 8: Letter "r" asks proposers to assess BPCA-held derivative instruments and letter "t" asks for services in connection with the financing as may be requested. Is the RFP asking for a combined proposal for swap advisors as well as for reinvestment and escrow services? **NO** Should these services be provided in the Cost Proposal? **NO**
4. Page 9: C. Minimum Qualification Requirements #3. Independent financial advisors are not broker-dealers. Can the Authority please clarify this requirement? **No**
5. Page 11: The RFP asks proposers to submit the NYS Standard Vendor Responsibility Questionnaire with the Cost Proposal. It also instructs proposers not to include it in the bound copies of the Cost Proposal. Is the Cost Proposal to be submitted as a separate document? **Yes** Is the Cost Proposal included in the page limit? **No**
6. Page 11: Where should other Mandatory Forms (2-5) be included? **Yes** Should they be included along with the NYS Standard Vendor Responsibility Questionnaire? **yes**
7. Page 11: There is a stated 10 page limit that excludes only the Transmittal Letter and Appendices. What sections are specifically included and excluded from the page limit? For example, Page 12 allows 5 pages for responses to "Qualifications", page 14 allows another 5 pages for responses to "Performance", and page 15 allows another 1 page response to "Marketing Strategy". **You can use both sides of the (10) pages**
8. Page 13: Qualifications #5. The question asks proposers to "Include in your discussion how your firm's current New York State footprint has changed in 2010 and 2011". Previous questions ask about firm changes and operations in 2011 and 2012 (e.g. Qualifications #2, #3). For consistency and relevance, should we respond to #5 regarding changes in 2011 and 2012? **That's fine**
9. Page 14: Qualifications #8. Can the Authority please provide clarify this question? What arrangements would constitute a conflict of interest? **NO**

Can the Authority also please clarify what “various investment and reinvestment products” mean? **No**

10. Page 14: Performance #1. Which sections are applicable to each proposer? For example, sections f. and h. are not applicable to financial advisors. Sections e. and i. are redundant for financial advisors. Please advise.

11. Page 15: Is the section titled “Marketing Strategy” directed to underwriters only or all proposers?
Underwriters

12. Page 15: Is the section titled “Negotiated Bond Experience” directed to underwriters only or all proposers?
Underwriters

13. Page 15: Can the Authority please clarify what sections are included in the Appendices? **You can supplement you answers with Appendices which will not be counted in page limits**

The description of the Proposal Format on page 11 does not exclude “RFP Additional Information Request” from the 10 page limit, but does allow exclusion of the Appendices. **Yes** Are responses to “References” included in the Appendices? **Yes – if needed**

Are responses to “Conflicts of Interest” included in the Appendices? **Yes – if needed**

Are they categorized as part of “RFP Additional Information Request”? **YES**

Are these sections included in the page limit? **No**

14. Page 18: Evaluation criteria #2 evaluates proposals for “refinancing, restructuring and issuance of \$110 million of new money bonds and similar assignments of size, nature and scope”.
Financial advisors are not asked to provide a structure or size a bond issue.
How will this criterion be evaluated for financial advisors? **It will not be**

Firm Questions 10:

1. Are the “unique contribution[s]” being requested “[f]or each financing mentioned” under ‘1’ in the section titled “Performance,” just for the 3 example limit rather than for each transaction listed in the requested table? **Example limit**
2. Should we simply repeat the subset (negotiated deals only) of information in the table requested in ‘1’ under the section titled “Performance,” when responding to the section titled “Negotiated Bond Experience,” or can we cross reference the first table mentioning the information is contained therein and provide a summary of the number and total of negotiated deals for each year? **X – reference fine**
3. Would the Authority like us to use market rates as of a certain date for any analysis which we provide?
No, your choice of recent market date