

Only firms which have been prequalified by the Office of Financial Management for Fiscal Year 2014 and Fiscal Year 2015 to provide underwriting and financial advisor services to the Kentucky State Property and Buildings Commission may submit a response to this Request for Proposal.

May 22, 2013

Request for Proposals (“RFP”) to Serve as Senior Managing Underwriter and/or Financial Advisor to the Kentucky State Property and Buildings Commission During Fiscal Year 2014

The Office of Financial Management (“OFM”) of the Finance and Administration Cabinet of the Commonwealth of Kentucky (the “Cabinet”), on behalf of the Kentucky State Property and Buildings Commission (the “Commission” or “SPBC”), is requesting proposals from prequalified firms for the professional services of senior managing underwriter and financial advisor for the issuance of bonds during the period ending June 30, 2014.

Pursuant to KRS 45A.850, the Commission seeks to hire **two (2) or more senior managing underwriters** and **one (1) financial advisor** to provide services to the Commission for bond issuances over a period of twelve (12) months. The firm(s) chosen pursuant to this RFP will be contracted for a period of twelve (12) months to complete selected financings by the Commission for Fiscal Year 2014. OFM will have the option to extend the contracts of the senior managing underwriter(s) and financial advisor, on the same terms and conditions, for an additional twelve (12) month period. The Commission may issue bonds on a negotiated or competitive sale basis. All firm selections will be determined based upon final rankings of this RFP. The Commission anticipates hiring a rotating pool of two (2) senior managing underwriting firms to provide services for all negotiated sale transactions. The rotation schedule will initially be based upon rank order; however, OFM reserves the right to amend the order taking into consideration the results of any competitive sale, the timing and reasonably expected par amount of bonds to be issued by the Commission as well as market conditions or other relevant factors. The Commission additionally anticipates hiring one (1) financial advisory firm to provide services for a competitive sale transaction during the period identified.

The 2012 Regular Session of the General Assembly delivered House Bill 265 (Executive Branch Budget other than the Transportation Cabinet) to the Governor on March 30, 2012 and the 2012 Extraordinary Session of the General Assembly delivered House Bill 2 (Kentucky Transportation Cabinet Budget) to the Governor on April 20, 2012, establishing an Executive Branch Budget for the biennium ending June 30, 2014. Governor Beshear took final action on House Bill 265 on April 13, 2012 and took final action on House Bill 2 on May 2, 2012. Together, the bills authorize bond financing for projects totaling \$238.86 million to support various capital initiatives of the Commonwealth. Of the total authorization, \$182.86 million is General Fund supported, \$12.5 million is supported by Road Fund appropriations, and \$43.5 million is Agency Restricted Fund supported. A portion of the Agency Restricted Fund authorization listed above has been permanently financed.

The 2013 Regular Session of the General Assembly delivered House Bill 7 to the Governor on February 20, 2013 authorizing a list of capital projects for the Kentucky state universities. Governor Beshear took final action on House Bill 7 on February 21, 2013. The bill authorizes bond financing for various university capital projects totaling \$363.3 million to support various capital initiatives of the state universities, which are Agency Fund supported.

In addition, House Bill 238 was signed by the Governor on March 22, 2013 authorizing an agency fund bond supported capital project for the Judicial Branch in conjunction with the Administrative Office of the Courts for financing of Phase I E-Case and Docket Management system capital project totaling \$28.1 million to be issued through the Kentucky State Property and Buildings Commission or the Kentucky Asset/Liability Commission.

The balance of prior bond authorizations of the General Assembly dating back from 2005 to 2012 totals \$1,506.73 million. Of these prior authorizations, \$470.96 million is General Fund supported, \$46.77 million is Agency Restricted Fund supported, \$423 million is supported by Road Fund appropriations and \$566 million is Federal Highway Trust Fund supported.

A list of all authorized but unissued debt for General Fund supported bond projects is identified in **Attachment A**. The Kentucky General Assembly may authorize additional debt financing to support capital initiatives of the Commonwealth in future sessions. The issuance of any new debt authorized, if any, could be included in this contract engagement.

The Road Fund supported bonds will generally be issued by the Turnpike Authority of Kentucky and are not anticipated as part of this engagement. Likewise, any GARVEE bonds will be issued by the Asset/Liability Commission (“ALCo”) and are not a part of this engagement. Additionally, a majority of the Agency Fund supported bonds authorized for the state-supported institutions of higher education will be issued by the individual institutions and will not be a part of this engagement.

The Commission has adopted resolutions which approved the General Fund supported capital construction projects authorized by the General Assembly. The resolutions provided for the reimbursement of authorized expenditures made prior to the issuance of any bonds, and additionally provided for the advancement of monies for the planning and construction of the projects to be reimbursed by bond proceeds, as applicable.

A preliminary project and debt analysis indicates that the Commission may conduct one bond issue during Fiscal Year 2014 with an estimated size of approximately \$100 million. If issued in Fiscal Year 2014, it is anticipated that the transaction will be to provide permanent financing for projects that are underway and are expected to meet expenditure tests as required by the Internal Revenue Code. Additional issuances may be required in Fiscal Year 2014 or 2015 if the General Assembly authorizes additional debt financings in the upcoming 2014 Regular Session. Actual bond issuances for the Commission will depend on capital project needs and market conditions at the time of sale. There can be no assurance by the Commission that transactions contemplated in this RFP will be completed during the contract period. Potential refunding candidates may be combined with new money

transactions as circumstances permit.

The primary objectives of the Commission for the bond financings are to:

1. Minimize the costs of funds and the carrying costs associated with unexpended bond proceeds within policy constraints.
2. Maximize the amount and level of financial and market expertise brought to each transaction.
3. Convert interim financing provided by ALCo to permanent financing issued by the Commission, if applicable.
4. Maximize permissible investment earnings.
5. Minimize budgetary process complications.
6. Minimize future administrative requirements.

Description of Services Sought

The firms engaged to provide senior managing underwriter and/or financial advisor services to the Commission will be working with OFM and a bond counsel firm that will be selected in a similar process as the senior managing underwriting and financial advisory firms. The firms selected to perform these services for the Commission will be responsible for the oversight of the entire bond issue as assigned to each firm. For both the **negotiated** and **competitive** bond transactions, these duties include, but are not limited to, structuring the issue, providing debt management and marketing advice, assist with the preparation of the official statement and other documents, competitively bidding printing services and electronic delivery services for the preliminary and final official statements, printing of bond forms if applicable, bidding a verification agent if applicable, coordinating the sale and closing of the securities with the trustee and the Commonwealth, serving as the point of contact with the rating agencies, and overseeing the entire bond issuance process.

FEES AND EXPENSES

Senior Managing Underwriter

Final management fees and total expense limits will be established prior to the respective financings pursuant to KRS 45A.857(4)(a). **A maximum not-to-exceed management fee and expense proposal (excluding underwriter's counsel) must be identified and included in your response to this RFP.** The fee proposals submitted shall be the upper limit of any negotiations concerning fees. The Executive Director of OFM will negotiate a single management fee and expense component for all firms in the negotiated sale rotating pool based upon the top-ranked firm's fee proposal. Takedown will be determined during the pre-pricing phase of each transaction. The successful senior managing underwriter firms will select their own underwriter's counsel. Underwriter's counsel services will be reimbursed by the Commission within the expense component for each transaction in

accordance with the provisions of 200 KAR 21:050. **Fees for the senior managing underwriter services are considered as part of the overall financing plan and are not weighted separately for calculating each firm's final score.** Any fees incurred will be payable only upon successful closing of an issue(s).

Financial Advisor

Financial Advisors are required to provide a fee proposal using **Attachment E** for all work to be performed during the contract period. Financial advisory fees are paid only upon the completion and closing of a bond issuance. Fees will be paid on a per \$1,000 bond basis and are to include all expenses. Propose a fee on a per \$1,000 bond basis, inclusive of all copying, faxing, mailing, telephone, travel and other expenses. Please identify any maximum not-to-exceed fees. OFM will provide for a minimum fee of \$10,000 per issuance regardless of issue size. **The fee proposal must be submitted in a separate sealed envelope, and Attachment E must be used. This requirement is only for firms responding to the financial advisor services as identified in this RFP. Fee proposals will be evaluated on an assumed single new money bond issue of \$100 million to be sold on a competitive basis. Actual bond issuances, if any, may be greater or less than the assumed amount.**

OFM assumes no responsibility for the actual amount of bonds issued during the contract period. All bond series sold on the same date will be considered one issue for billing purposes. The General Assembly has not appropriated money for the payment of fees outside of the bond issuance process; therefore, any fees incurred will be payable only upon successful closing of an issue(s). Please note that fees for Financial Advisor services do not apply to any negotiated sale transaction unless such services are specifically requested by OFM and the firm is engaged to provide such service.

GENERAL INFORMATION

The Commission

Created pursuant to KRS 56.450, the Commission provides financing for capital construction projects and economic development programs approved by the General Assembly of the Commonwealth of Kentucky. The Commission issues lease revenue bonds to finance projects for which the debt service is appropriated from the Commonwealth's General, Agency, and in some cases, Road Funds. The Commission's uninsured ratings for General Fund supported bonds are "Aa3" from Moody's Investors Service, Inc., "A+" from Standard & Poor's Ratings Services, and "A+" from Fitch Ratings. The Commission is composed of the Governor (who is the Chairman of the Commission), the Lieutenant Governor, the Attorney General, the Secretary of the Finance and Administration Cabinet (who is the Executive Director of the Commission), the Secretary of the Cabinet for Economic Development, the State Budget Director, and the State Controller. OFM serves as staff to the Commission, and the Executive Director of OFM serves as Secretary to the Commission.

KRS 56.450(4) authorizes the Commission, on application of any state agency of the Commonwealth, to issue revenue bonds in the Commission's name in accordance with the

provisions of KRS Chapters 56 and 58, secured by and payable solely from all or any part of the revenues derived from the leasing of the project financed to such state agency. The Commission is authorized to execute lease agreements with those state agencies requesting the Commission to issue revenue bonds, which leases provide for the payment of lease rentals to the Commission in order to make principal and interest payments on the revenue bonds issued in the name of the Commission. Additional information regarding the Commission can be found at OFM's website <http://finance.ky.gov/services/ofm/Pages/SPBC.aspx>.

Debt Service Appropriation Process

The Commonwealth of Kentucky is constitutionally mandated to budget on a biennial cycle, with the new biennium beginning July 1 of the even numbered calendar years. The biennium consists of two (2) fiscal years, each fiscal year beginning July 1 and ending June 30 of the next calendar year.

The budget process normally begins in August prior to the start of each new biennium. Each cabinet and agency prepares a budget request for the upcoming biennium, which is submitted to the Office of the State Budget Director ("OSBD"). Each cabinet and agency only requests the amount of new debt service dollars required to support new or expansion projects to be funded via the debt issuance process. General Fund supported debt service for all existing bonds is requested by OFM in the Finance and Administration Cabinet's budget request. Debt service for new projects is estimated using a debt service template which provides rate assumptions for 5-, 7-, 10-, and 20-year bonds issued on a tax-exempt or taxable basis. The OSBD further refines the cabinet and agency budget requests into the Governor's Executive Budget Request, which is then presented to the General Assembly. New money debt service appropriations are moved to the Finance and Administration Cabinet and combined with existing General Fund debt service appropriations at the beginning of each fiscal year. General Fund debt service, which is not expended in the fiscal year for which it is appropriated, cannot be carried forward into the subsequent fiscal year and will lapse to the General Fund Surplus Account.

REQUIRED COMPONENTS OF THE PROPOSAL

Specifically identify the engagement(s) for which your firm is seeking in this RFP, i.e. Senior Managing Underwriter only OR Financial Advisor only. Your proposal must specifically address each of the following items unless specifically noted otherwise. Failure to comply with the requirements of the RFP will result in the firm's response not being evaluated by the Selection Committee. (See Selection and Notification as stated herein.) Please note that the Financial Advisor selected for the competitive sale transaction contemplated by this RFP will not be permitted to bid on any bonds offered competitively by the Commission.

I. Disclosure

- A. Certify that there has been no material change to any of the statements and certifications made by the firm in its response to the Request for Qualifications, Section II, Disclosure, issued by OFM on January 28, 2013. In the event there has been a material change, please specify the nature of the change and the impact of the change on the firm and its ability to provide the desired services.
- B. Detail any criminal investigation, indictment, prosecution or other proceeding that has ever been brought against your firm (provide attachment if necessary). Also, describe any civil litigation pending or concluded within the last three years against your firm that would impair the firm's ability to provide the requested services (provide attachments if necessary). Also, describe the nature of any conflicts of interest that you believe may exist or arise.
- C. Disclose any potential conflicts of interest with representing the Commonwealth in this matter, including any potential conflicts of interest of employees assigned to this project and potential conflicts with any Commission members. The Commonwealth reserves the unqualified right to disqualify an entity or cancel any contract for any potential conflict of interest issues raised initially and/or during the life of any contract awarded.

II. Qualifications (40% for Senior Managing Underwriter and 30% for Financial Advisor)**A. Background and Commitment to Public Finance**

- 1.) Please describe how your firm is currently structured as a bank, broker-dealer, and/or financial advisor, and applicable chief regulator.
- 2.) Please discuss the background of your firm's public finance department, current staffing levels, recent changes in management or personnel, and ability and willingness to commit capital to underwrite bonds (underwriters only).

B. Relevant Experience of the Firm

Provide a brief discussion of relevant lease appropriation revenue bond experience of the firm in the area of application (senior managing underwriter and/or financial advisor). Highlight both taxable and tax-exempt experience and the conversion to permanent financing of a commercial paper or interim financing program similar in nature and credit to prior ALCo Bond Anticipation Note ("BAN") or line of credit transactions. Please indicate the date of each relevant transaction. Identify the lead banker(s) who managed those transactions. The transactions identified must exceed \$5,000,000 in size. Provide specific references of the firm's and the lead banker's experience with similar issuers. Include names, addresses, and telephone numbers.

C. Staffing and Technical Support, Availability and Experience

Identify the lead banker(s) and all personnel of the firm who will work on the proposed issue(s). Provide relevant experience the individuals have had on similar issues. The Commission requires that the firm(s) provide continuing availability of these key individuals if selected as senior managing underwriter and/or financial advisor. **Any changes in the staff assigned to any issuance must be approved in writing by OFM if your firm is selected.**

III. Financing Plan – (This Section III is applicable to Senior Managing Underwriter only) (30%)

A. Structure

Identify and discuss the general plan of finance your firm recommends for the following transaction using the information provided below. Include with your response a synopsis with appropriate cash flows of the structure. The term of the finance plan for any of the Commission's proposed transactions may not exceed twenty (20) years total in aggregate. Please state your firm's specific recommendation based upon your experience with similar programs and market conditions. Please include in your proposal a discussion of the advantages and disadvantages of each type of structure proposed. The Commission is looking to achieve the lowest debt service costs, without assuming added risk for future appropriations. The Commission's preference is for fixed rate debt. However, OFM will consider alternatives to fixed rate obligations where the risk reward profile is well defined, manageable and in the best interest of the Commonwealth.

1. General Fund Supported Revenue Bonds:

The Commission wishes to evaluate the merits of the different financing structures available for the anticipated bond issues. Assume, for the purposes of this RFP only, the issuance of a hypothetical SPBC General Fund bond issue on December 1, 2013 in the principal amount of \$100 million. The Projects will be permanently financed over a period not to exceed twenty-(20) years. Assume the bonds are sold utilizing the Municipal Market Data ("MMD") AAA scale and/or the U.S. Treasury curve as of the close of business on May 15, 2013 plus your estimated spread for the proposed structure. Please clearly indicate your spread assumptions. The first payment will be due May 1, 2014. Assume debt service is appropriated at 7.50% for all long-term tax-exempt projects assuming twenty-year amortization and taxable debt service is appropriated at 8.50%. Include a detailed itemization of expected costs associated with the transaction utilizing the costs of issuance identified below. Unused appropriations may not be carried forward to subsequent fiscal years. Include an estimate of the True Interest Cost (TIC) factoring in all costs associated with the plan of finance.

Please also discuss any interest rate hedging techniques you may propose, if any, for a portion or all of the issue.

Costs of issuance:

OFM Fee	\$.25 per bond
Rating Fees:	\$100,000 and \$5,000 for re-rating refunded bonds, if any
Printer:	\$5,000 including electronic distribution
Trustee:	\$2,500 one time up-front
Bond Counsel:	\$.15 per bond GF/ \$.35 per bond AF (\$10,000 minimum)
Contingency	\$5,000
Underwriter's Discount, Management Fee and Expenses:	Per your bid
TakeDown:	\$5.00 (Average for traditional SPBC)
Underwriter's Counsel:	\$.10 per bond
Verification Agent:	\$4,000, if applicable

2. Structure – Agency/Road Fund Supported Bonds

There are \$12.5 million in Road Fund supported bonds authorized for a Driver's Licensing System that may be issued during this contract period by the Commission. Also, there are \$10.5 million in Road Fund supported bonds authorized for Aviation Development that may be issued during this contract period by the Commission. In addition, there is \$28.1 million in Agency Fund supported bonds authorized for a Phase I E-Case and Docket Management System for the Administrative Office of the Courts in the Judicial Branch. Please provide a fee quote in Section B below for any potential Road Fund or Agency Fund supported transactions currently authorized or authorized in future legislative sessions that would need to be issued by the Commission. Agency Fund transactions are often small in size and utilize limited dedicated revenues that typically carry a moral obligation of the Commonwealth.

Alternatively, small transactions may be assigned to Kentucky Co-Managers pursuant to that procurement process at the discretion of OFM.

3. Structure - Refunding

Please identify and disclose any potential economic refunding candidates that may provide reasonable economic benefit to the Commission. **Attachment B** identifies the principal outstanding for the Commission's bonds as of May 1, 2013. Generally the Commission will view economic refunding candidates based upon a combination of criteria: (1) **For Advanced Refundings** present value savings as a percent of refunded par, usually 1% per year net present value savings up to an aggregate 3% or higher and a simple option

efficiency measure based upon projected savings at levels 25 basis points below current market rates; and (2) **For Current Refundings** savings of at least two times cost including all allowable costs of issuance, underwriter's discount and bond insurance, if any. OFM has typically viewed option efficiency or savings sensitivity on a net present value basis for each refunding candidate using the base case scenario versus a 25 basis point reduction in interest rates. OFM strongly considers advance refunding candidates that have a 40% or lower increase in net present value savings. Any present value savings must be on a calculated yield to worst basis.

The final maturity of the refunding bonds may not be extended beyond the fiscal year of the original maturity of the refunded bonds, although in certain circumstances OFM will consider extending to a final maturity within a biennial budget period. The Commission will accept alternative structure proposals to a traditional fixed rate refunding. Please discuss the advantages and disadvantages of any alternative structure, if applicable. The Commonwealth is looking to achieve the lowest debt service cost, without assuming debt service risk for future appropriations.

B. Fee Component

The Commission is requesting one (1) fee quote assuming your firm serves as senior managing underwriter for a single General Fund supported \$100 million lease appropriation revenue bond issue. In addition, the Commission is requesting one (1) fee quote assuming your firm serves as Senior Managing Underwriter for a single Agency or Road Fund supported \$20 million revenue bond issue. Please note that the fee quotes are submitted on a "not-to-exceed basis." Provide a fee proposal on a per \$1,000 bond basis inclusive of management fee (senior manager only) and all expenses which shall include, but not be limited to, day loan, Dalcomp, Dalnet, clearance, CUSIP, DTC, PSA, copying, faxing, mailing, telephone, travel and other out-of-pocket expenses, as applicable. Itemize each of the components of the total per \$1,000 bond fee proposal. Takedown will be negotiated prior to the sale (see **Fees and Expenses** as detailed herein). **Note that the proposed fees will establish the maximum fees that can be paid by the Commission for General Fund and Agency/Road Fund supported transactions.** The Executive Director of OFM will negotiate a single management and expense fee component for each General Fund supported transaction and each Agency/Road Fund supported transaction for all firms in the rotating pool based upon the fee proposals of the top-ranked firm.

Include expense components for underwriter's counsel as identified in the Costs of Issuance assumptions above but note that underwriter's counsel fees will be determined after bond counsel has been selected pursuant to 200 KAR 21:050.

IV. **Financing Plan (25%) and Fee Proposal (25%) – (This Section IV is applicable to Financial Advisor only)**

A. **Structure**

1. **New Money Issue**

Identify and discuss the general plan of finance your firm recommends for a new money issue in the principal amount of \$100 million with a level debt service structure based on a twenty (20)-year amortization. Include with your response a synopsis with appropriate cash flows of the structure. The term of the finance plan for any of the Commission's proposed transactions may not exceed twenty (20) years total in aggregate. Please refer to the costs of issuance and other timing assumptions identified above in Section III.A.1 for your analysis. Alternate structures may be proposed other than a traditional fixed rate level debt service transaction. Please state your firm's specific recommendation based upon your experience with similar programs and market conditions. Please include in your proposal a discussion of the advantages and disadvantages of each type of structure proposed. The Commission is looking to achieve the lowest debt service costs, without assuming added risk for future appropriations.

Please note that in the unlikely event any swap advisor services are needed for any transaction by the Commission, the Commission will be required to RFP for those professional services from the list of prequalified swap advisors to the Commission.

2. **Structure – Agency/Road Fund Supported Bonds**

There are \$12.5 million in Road Fund supported bonds authorized for a Driver's Licensing System that may be issued during this contract period by the Commission. Also, there are \$10.5 million in Road Fund supported bonds authorized for Aviation Development that may be issued during this contract period by the Commission. In addition, there is currently one Agency Fund supported bond authorization for \$28.1 million for the Administrative Office of the Courts which may be issued during the contract period. Please provide a fee quote in Section B below for any potential Agency or Road Fund supported transactions currently authorized or authorized in future legislative sessions that would need to be issued by the Commission. Agency Fund transactions are often small in size and utilize limited dedicated revenues that typically carry a moral obligation of the Commonwealth.

3. **Structure – Refunding**

Please identify any potential refunding candidates that your firm believes would provide reasonable economic benefit to the Commonwealth. Please refer to Section III.A.3 above for information on the refunding criteria

considered by the Commission when issuing Advanced or Current refundings. **Attachment B** identifies the principal outstanding for the Commission's bonds as of May 1, 2013. The Commonwealth is looking to achieve the lowest debt service cost, without assuming debt service risk for future appropriations.

B. Financial Advisor Fee Proposal

Please provide a fee proposal using **Attachment E** for all work to be performed during the contract period. Financial advisory fees are paid only upon the completion and closing of a bond issuance. Fees will be paid on a per \$1,000 bond basis and are to include all expenses. Propose a fee on a per \$1,000 bond basis, inclusive of all copying, faxing, mailing, telephone, travel and other expenses. Please identify any maximum not-to-exceed fees. OFM will provide for a minimum fee of \$10,000 per issuance regardless of issue size. **The fee proposal must be submitted in a separate sealed envelope, and Attachment E must be used. This requirement is only for firms responding to the financial advisory services as identified in this RFP.** Fee proposals will be evaluated on an assumed single new money bond issue of \$100 million to be sold on a competitive basis. Identify also in **Attachment E**, a per bond fee for any Agency/Road Fund supported bond issues which is included in the provided minimum and maximum compensation to be provided by the Commission as identified above. Actual bond issuances, if any, may be greater or less than the assumed amount. OFM assumes no responsibility for the actual amount of bonds issued during the contract period. All bond series sold on the same date will be considered one issue for billing purposes. Any fees incurred will be payable only upon successful closing of an issue(s). Please note that fees for Financial Advisor services do not apply to any negotiated sale transaction unless such services are specifically requested by OFM and the firm is engaged to provide such service.

V. Sales and Marketing (This Section V is applicable to Senior Managing Underwriter only) (30%)

1. Provide a discussion on the rating status of the Commission's debt and make any recommendations as to strategy the Commission should pursue to maintain or enhance its ratings.
2. Discuss your firm's distribution capabilities and the distribution of the Commission's bonds that are currently outstanding and identified on **Attachment B**.
3. The Commission desires a healthy balance between retail and institutional orders to assure a competitive price and strong secondary market for its securities. How does your firm propose to balance Kentucky retail demand and institutional interest to the Commission's benefit?
4. What steps would your firm take to ensure equitable distribution and treatment

of bonds for syndicate members, including underwritten bonds?

5. Please discuss the following:
 - A. The Commonwealth wishes to diversify its coupon structure in the intermediate and long end of the yield curve. Please discuss current couponing preferences by major type of investor.
 - B. Expected composition of buyers for one (1) proposed Commission's issue to be sold in Fiscal Year 2014 in the amount of \$100 million based upon your recommended structure.
 - C. Your firm's interest rate forecast for the next 12 months.

VI. Marketing – (This Section VI is applicable to Financial Advisor only) (20%)

1. Provide a discussion on the rating status of the Commission's debt and make any recommendations as to strategy the Commission should pursue to maintain or enhance rating status.
2. Discuss any new products or financing techniques that the firm considers relevant and useful to the Commission in meeting its objectives and the expected composition of investors and spreads for a credit similar in nature to the SPBC General Fund.
3. Provide a brief discussion of the firm's view on how the debt of the Commission trades in the primary and secondary markets. Make any recommendations as to how the Commission could enhance its market perception.
4. Review recent SPBC bond sales since July 1, 2012 and provide an objective assessment of the rates and spreads achieved for those issues.
5. Discuss appropriate premium coupon or dollar price parameters for a True Interest Cost ("TIC") bid. Discuss any bidding parameters that your firm would recommend to benefit the Commission.
6. Should broker-dealer arms of the Financial Advisor be able to place orders or to make a market in the Commission's bonds between the award of the bid and closing? Please discuss.

Reservation of Rights

OFM and the Commission reserve the right to:

1. Review and approve any change in staff members significantly involved in any financing during the contract period, and discharge the firm promptly if such personnel changes do not meet the needs of the Commission.

2. Reject any and all proposals with cause.
3. Reject all proposals and seek new proposals when such procedure is reasonably in the best interest of the Commission.
4. Make investigations regarding qualifications of any or all respondents, as the Selection Committee deems necessary.
5. Request and receive such additional information as the Selection Committee may reasonably require. Failure to comply with such a request will result in disqualification.
6. Waive minor irregularities in this RFP process.
7. Make all submitted proposals and any attached materials available for Open Records requests pursuant to KRS 61.870.

Liability

OFM and the Commission shall not be liable for:

1. Any costs incurred in the preparation or submission of any proposal.
2. Any costs incurred in connection with any interview or negotiation relating to this RFP (i.e., travel, accommodations, etc.).
3. Any disclosure, whether by negligence or otherwise, of any material or information in any form submitted in response to this RFP.

Questions

All questions concerning this RFP must be submitted by facsimile, e-mail or writing to the above address no later than **12:00 noon ET on Tuesday, June 4, 2013**. Any questions submitted, and answers thereto, may be distributed to all prequalified firms at the discretion of the Chairperson of the Selection Committee. Please note that questions submitted after the deadline will not receive a response.

Submission of Proposals

Submission of proposals must be received no later than 4:00 p.m. ET on Wednesday, June 19, 2013. Six (6) hard copies of your proposal and one (1) electronic copy (via email in PDF form) along with all related material must be received at the following address:

Office of Financial Management
State Property and Buildings Commission
Selection Committee Chairperson
Senior Managing Underwriter and/or Financial Advisor FY 2014 RFP
702 Capitol Avenue, Suite 76
Frankfort, Kentucky 40601-3453
Phone: (502) 564-2924 Fax: (502) 564-7416
E-mail: Marcia.Adams@ky.gov

Note: Proposals received after the stated deadline will NOT be accepted. It is NOT the responsibility of courier services to meet the deadline; it is the responsibility of the proposer. Facsimile copies and electronic transmissions will NOT be accepted for submission of proposals; however, one electronic copy must be received by the stated deadline in addition to the hard copy submittal for the submittal package to be considered complete.

****ALL PROPOSALS SHOULD BE NO MORE THAN 50 PAGES AND NO FONT SMALLER THAN 11 POINT. RE-PRINTED MATERIALS SHOULD BE AN APPENDIX AND PLEASE INCLUDE AN EXECUTIVE SUMMARY PAGE.**

Scoring, Selection, and Notification

The Selection Committee established pursuant to KRS 45A.843 is composed of five (5) OFM staff (voting and including a majority of merit employees) and one merit employee of the State Auditor of Public Accounts (nonvoting). **Proposals will be evaluated for Senior Managing Underwriters pursuant to the evaluation criteria outlined on Attachment C and for Financial Advisors pursuant to the evaluation criteria outlined on Attachment D.** The Selection Committee will determine whether to hold interviews with proposing firms. The Selection Committee will make a recommendation for selection pursuant to KRS 45A.840 to 45A.870, KRS 45A.877 to 45A.879, and KRS 45A.490 to 45A.494. The scoring of proposals is subject to reciprocal preference for Kentucky resident bidders and preference for a Qualified Bidder. (See Attachment G for recently enacted KRS 45A.490 to 45A.494 “Kentucky Preference Laws”.)

The Kentucky Revised Statutes and Kentucky Administrative Regulations referenced in the RFP may be found at <http://www.lrc.ky.gov/>.

Contact with Selection Committee Members

Please note that any contact made by the firm with any member of the Selection Committee, from the date of issuance of the RFP until an award of contract, is required to be disclosed by such Committee member to the entire Committee and will become a part of the permanent file for this selection process which is subject to “open records requests” pursuant to Kentucky Open Records laws.

The Office of Financial Management and the Commission respectfully solicits the submission of a proposal by your firm.

- Attachment A: Authorized but Unissued Bond Funded Capital Projects
- Attachment B: Projected Outstanding Debt of SPBC at May 1, 2013
- Attachment C: Evaluation Criteria and Form – Senior Managing Underwriter
- Attachment D: Evaluation Criteria and Form – Financial Advisor
- Attachment E: Fee Proposal for Financial Advisor (to be submitted in separate sealed envelope)
- Attachment F: Official Statement
- Attachment G: Kentucky Preference Laws (KRS 45A.490-494)