**Only firms which have been prequalified by the Office of Financial Management to provide underwriting services to the Turnpike Authority of Kentucky for Fiscal Years 2014-2015 may submit a response to this Request for Proposals.**

**October 24, 2014**

**Request for Proposals ("RFP") to Serve as Senior Managing Underwriter to the Turnpike Authority of Kentucky during Fiscal Year 2015.**

Introduction

The Office of Financial Management ("OFM") of the Finance and Administration Cabinet of the Commonwealth of Kentucky (the "Cabinet"), on behalf of the Turnpike Authority of Kentucky (the "Authority" or "TAK"), is requesting proposals from prequalified firms for the professional services of senior managing underwriter for the issuance of bonds during the engagement period ending June 30, 2015.

Pursuant to KRS 45A.850, the Authority seeks to hire **one (1) senior managing underwriter** to provide services to the Authority to complete selected financings by the Authority during Fiscal Year 2015. OFM will have the option to extend the contract of the senior managing underwriter, on the same terms and conditions, for an additional twelve (12) month period. The Authority intends to issue bonds on a negotiated basis. The firm selection will be determined based upon final rankings of this RFP.

Background

The 2010 Extraordinary Session of the General Assembly adopted House Bill 3 (The Kentucky Transportation Cabinet Budget), which included authorization for $400 million of Economic Development Road Revenue Bonds to support projects in the Biennial Highway Construction Plan. The Authority is expected to provide permanent financing for the remaining $200 million in unfinanced projects.

The Authority has adopted a resolution which approved the bond-funded projects authorized by the 2010 Extraordinary Session of the General Assembly. The resolution provided for the reimbursement of authorized expenditures, not to exceed $400 million, made prior to the issuance of any bonds, and additionally provided for the advancement of monies for the planning and construction of the project to be reimbursed by bond proceeds, as applicable. The Authority anticipates a bond issuance before the end of Fiscal Year 2015 that would include the remaining $200 million of the 2010 Road Fund bond authorization.

The 2012 Extraordinary Session of the General Assembly adopted House Bill 2 (The Kentucky Transportation Cabinet Budget), which included authorization for $12.5 million of Road Fund bonds for the Replacement of the Driver Licensing System which is expected to be issued through the State Property and Buildings Commission ("SPBC") supported by revenues from the Road Fund. As a result, financing for this project will not be issued under this engagement.

The 2014 Regular Session of the General Assembly adopted House Bill 236 (The Kentucky Transportation Cabinet Budget), which included authorization for $5 million of Road Fund bonds for construction of an equipment maintenance garage in Frankfort, Kentucky which is expected to be issued through SPBC supported by revenues from the Road Fund. Accordingly, financing for this project will not be issued under this engagement.

The Transportation Cabinet's 2014 Recommended Highway Plan is the vehicle through which major highway improvement projects scheduled for the upcoming biennium are submitted to the General Assembly for approval. The Plan contains many priority operational, maintenance, safety, pavement restoration, and bridge repair projects. The Transportation Cabinet's Recommended Six-Year Road Plan to the 2014 General Assembly was based on expectations that $5.3 billion of traditional state and federal highway dollars will be available to address transportation needs throughout the Commonwealth through 2020.

House Bill 4 of the 2009 Extraordinary Session of the General Assembly created the Kentucky Public Transportation Infrastructure Authority ("KPTIA"). Any transportation financing via KPTIA is not included in this engagement.

The timing of bond issuances for the Authority will depend on project needs and market conditions. There can be no assurance by the Authority that transactions contemplated in this RFP will be completed during the contract period. Potential economic refunding transactions may be issued separately or combined with new money transactions as circumstances permit.

**Description of Services Sought**

The primary objectives of the Authority's 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. Maximize permissible arbitrage earnings.

4. Minimize budgetary process complications.

5. Minimize future administrative requirements.

The firm engaged to provide senior managing underwriting services to the Authority will be working with OFM and a bond counsel firm that will be selected in a similar process as the senior managing underwriting firm. The firm selected to perform these services for the Authority will be responsible for the oversight of the entire bond issue(s). These duties include, but are not limited to, structuring the issue(s), providing debt management and marketing advice, competitively bidding, printing and electronic delivery services for the preliminary and final official statements, posting the official statements on MSRB's EMMA

website, bidding a verification agent if applicable, coordinating the sale and closing of the securities, including any escrow securities, with the trustee and the Commonwealth, and serving as the point of contact with the rating agencies.

The Authority and OFM acknowledge that the selected firm for this engagement will not be acting as a municipal advisor, financial advisor, or fiduciary to the Authority or OFM and that the selected firm will be acting solely as a principal in a commercial arm's length transaction. In addition, this engagement will be neither an expressed nor an implied commitment by the selected firm to purchase or place any securities in connection with any such transaction, which commitment shall only be set forth, in a separate underwriting, placement agency, or other applicable type of agreement.

## GENERAL INFORMATION

### The Turnpike Authority

The Turnpike Authority was created pursuant to KRS 175 and constitutes a de jure municipal corporation and political subdivision of the Commonwealth. The Turnpike Authority is authorized under the Act, subject to the limitations contained in the Biennial Appropriations Act and terms of written agreements with the Transportation Cabinet, to construct, reconstruct, maintain, repair and operate turnpike projects, resource recovery road projects, and economic development road projects, to lease such projects to the Transportation Cabinet and to issue its revenue bonds, revenue refunding bonds, revenue notes and revenue bond anticipation notes to finance such projects. The Authority's uninsured ratings for Road Fund supported bonds are "Aa2" with a "stable" outlook from Moody's Investors Service, Inc., "AA+" with a "stable" outlook from Standard & Poor's Ratings Services, and "A+" with a "stable" outlook from Fitch Ratings. The Turnpike Authority members are the Governor (serving as Chairman), the Lieutenant Governor (serving as Vice Chairman), the Attorney General, the Secretary of the Finance and Administration Cabinet, the Secretary of the Transportation Cabinet, the State Highway Engineer and the Secretary of the Cabinet for Economic Development. The current members of the Turnpike Authority are as follows:

| | |
|---|---|
| Governor | Steven L. Beshear |
| Lieutenant Governor | Jerry E. Abramson |
| Attorney General | Jack Conway |
| Secretary, Finance and Administration Cabinet | Lori H. Flanery |
| Secretary, Transportation Cabinet | Michael W. Hancock |
| State Highway Engineer | Steven K. Waddle |
| Secretary, Cabinet for Economic Development | Larry M. Hayes |

The Executive Director of the Authority is Edgar C. Ross, the Secretary of the Authority is Ryan Barrow, and the Treasurer is Jason Hamilton. OFM serves as staff to the Authority.

### Debt Service Appropriation Process

The Commonwealth of Kentucky is statutorily 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 requests the amount of new debt service dollars required to support new or expansion projects to be funded via the debt issuance process. Road Fund supported debt service for all existing bonds is requested by the Transportation Cabinet. Debt service for new projects may be 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.

## 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. Takedown will be determined during the pre-pricing phase of each transaction. The successful senior managing underwriter firm will select their own underwriter's counsel. Underwriter's counsel services will be reimbursed by the Authority 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 a bond issue(s).

## REQUIRED COMPONENTS OF THE PROPOSAL

**Each response to the RFP must specifically include and address the following items. 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.)**

### 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 or potential conflicts with any Authority 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%)

### A. Background and Commitment to Public Finance

1. Please describe how your firm is currently structured and state the 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.

### B. Relevant Experience of the Firm

Provide a brief discussion of relevant transportation related lease appropriation revenue bond experience of the firm. Highlight both taxable and tax-exempt experience. 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 Authority requires that the firm provide continuing availability of these key individuals if selected as senior managing underwriter. **Please note that any changes made to the staff assigned to any issuance must be approved in writing by OFM.**

## III. Financing Plan (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 Authority's proposed transactions may not exceed twenty (20) years. 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 Authority is looking to achieve the lowest debt service costs, without assuming debt service risk for future appropriations.

#### 1. <u>Road Fund Supported Revenue Bonds:</u>

The Authority 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 $200 million in bonds for tax-exempt projects with a term not to exceed 20 years. Assume the bonds are sold utilizing the Municipal Market Data ("MMD") AAA scale and U.S. Treasury (UST) prices as of the close of business October 24, 2014 *plus* your estimated spreads for the proposed structure. Please clearly indicate your spread assumptions to MMD or relevant UST. The first interest payment will be due July 1, 2015. Debt service is currently appropriated at 5.0% for all long-term tax-exempt projects assuming twenty-year amortization. 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.

***Costs of issuance:***

| | |
|---|---|
| OFM Fee | $.25 per bond |
| Rating Fees: | $200,000 and $5,000 for re-rating refunded bonds, if any |
| Printer: | $5,000 including electronic distribution |
| Trustee: | $10,000 one time up-front |
| Bond Counsel: | $.16 per bond |
| Contingency | $5,000 |
| Underwriter's Discount, Management Fee and Expenses: | Per your bid |
| Take Down: | $4.50 (Average) |
| Underwriter's Counsel: | $.10 per bond |
| Verification Agent: | $4,000, if applicable |

If the Authority were to receive a one-notch rating downgrade on its current ratings, please discuss the penalty imposed and any fiscal impact of such downgrade on the Authority's proposed financings.

**2. Structure - Economic Refunding**

Please identify and disclose any potential refunding candidates that may provide reasonable economic benefit to the Authority. **Attachment A** identifies the principal outstanding for the Authority's bonds as of July 1, 2014. Generally the Authority will view refunding candidates based upon a combination of criteria: (1) **For Advance 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; in addition, a 2x efficiency measure on estimated NPV savings as a percentage of negative arbitrage, if any, in the escrow accounts; and (2) **For Current Refundings** savings of at least two times cost including all allowable cost 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 for a 25 basis point reduction in rates. Any present value savings must be on a calculated yield to worst basis. In addition, please provide any estimated negative arbitrage in the escrow of the potential refunded bonds broken out by maturity.

The final maturity of the economic refunding bonds may not be extended beyond the fiscal year of the original maturity of the refunded bonds. The Authority 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 Authority is requesting one (1) fee quote assuming your firm serves as senior managing underwriter for a single Road Fund supported $200 million new money 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 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**).

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. Sales and Marketing (30%)

A. Provide a discussion on the rating status of the Authority's debt and make any recommendations as to strategy the Authority should pursue to maintain or enhance its ratings. Specifically discuss recent rating developments and expected impact on the Authority, if any.

B. Discuss your firm's distribution capabilities and the distribution of the Authority's bonds that are currently outstanding and identified on **Attachment A**.

C. The Authority desires a healthy balance between Kentucky 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 Authority's benefit? How would you propose to define Kentucky Retail in your proposed transaction?

D. What steps would your firm take to ensure equitable distribution and treatment of bonds for syndicate members?

E. Please discuss the following:

1. The Commonwealth wishes to continue diversifying its tax-exempt coupon structure in the intermediate and long end of the yield curve. Please discuss the penalties for par/discount bonds in these sectors and optionality considerations.

2. Expected composition of buyers for a proposed Authority issue to be sold in Fiscal Year 2015 in the amount of $200 million.

3. Your firm's interest rate forecast for the next 12 months.

4. Expected effect on costs of funds if Congress eliminates the tax-exemption on municipal bonds.

## Reservation of Rights

OFM and the Authority 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 Authority.

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 Authority.

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 address below no later than **12:00 noon EST on Wednesday, November 5, 2014.** Any questions submitted, and answers thereto, may be distributed to all prequalified firms at the discretion 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 3:00 p.m. EST on Friday, November 21, 2014. Six (6) hard copies of your proposal, one electronic copy, and all related material must be received at the following address:**

Office of Financial Management
Turnpike Authority of Kentucky
Selection Committee Chairperson
Senior Managing Underwriter FY 2015 RFP
702 Capitol Avenue, Suite 76
Frankfort, Kentucky 40601
Phone: (502) 564-2924 Fax: (502) 564-7416
E-mail: tammy.mccall@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.**

*** Please note that responses to this RFP shall not exceed 50 pages in length and shall not use a font size smaller than 12 point.**

## Selection and Notification

The Selection Committee established pursuant to KRS 45A.843 is composed of three (3) OFM staff (voting), two (2) Authority representatives (voting), and one merit employee of the State Auditor of Public Accounts (nonvoting). A majority of the voting members must be merit employees of the Commonwealth. **Proposals will be evaluated for Senior Managing Underwriter pursuant to the evaluation criteria outlined on Attachment B.** 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.879, and KRS 45A.490 to 45A.494. The scoring of proposals is subject to reciprocal preference for a Kentucky resident bidder and preference for a Qualified Bidder. (See Attachment C for 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, 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 Authority respectfully solicits the submission of a proposal by your firm.

Attachment A: Outstanding Debt of the authority as of July 1, 2014
Attachment B: Evaluation Criteria – Senior Managing Underwriter
Attachment C: Kentucky Preference Laws (KRS 45A.490-494)

**ATTACHMENT A**

**COMMONWEALTH OF KENTUCKY**
**FISCAL MANAGEMENT**
**SCHEDULE OF BONDS OUTSTANDING**
**6/30/2014**

| AGENCY SERIES TITLE | AMOUNT ISSUED | DATE OF ISSUE | MATURITY DATE | PRINCIPAL OUTSTANDING | FISCAL YEAR ENDING 6/30/2015 PRINCIPAL | FISCAL YEAR ENDING 6/30/2015 INTEREST | FISCAL YEAR ENDING 6/30/2016 PRINCIPAL | FISCAL YEAR ENDING 6/30/2016 INTEREST |
|---|---|---|---|---|---|---|---|---|
| Turnpike Authority | | | | | | | | |
| Economic Development | | | | | | | | |
| 2001A | 152,960,000.00 | 02/2001 | 06/2015 | 16,890,000.00 | 8,665,000.00 | 457,575.00 | | |
| 2004B | 41,510,000.00 | 10/2004 | 06/2015 | 20,255,000.00 | 10,155,000.00 | 523,277.50 | | |
| 2005A | 33,330,000.00 | 04/2005 | 06/2015 | 5,550,000.00 | 2,830,000.00 | 113,200.00 | | |
| 2005B | 213,750,000.00 | 04/2005 | 06/2025 | 19,660,000.00 | 10,070,000.00 | 503,500.00 | | |
| 2006A | 74,605,000.00 | 03/2006 | 06/2026 | 23,835,000.00 | 2,915,000.00 | 869,780.00 | 3,855,000.00 | 753,180.00 |
| 2006B | 146,630,000.00 | 06/2006 | 06/2026 | 140,640,000.00 | 7,095,000.00 | 6,244,115.00 | 6,625,000.00 | 5,889,365.00 |
| 2008A | 195,665,000.00 | 08/2008 | 06/2028 | 187,155,000.00 | 9,225,000.00 | 8,704,327.50 | 9,660,000.00 | 8,266,202.50 |
| 2009A | 153,305,000.00 | 04/2009 | 06/2029 | 136,470,000.00 | 6,310,000.00 | 6,138,638.76 | 6,550,000.00 | 5,898,176.26 |
| 2010A | 153,260,000.00 | 06/2010 | 06/2020 | 147,665,000.00 | 19,285,000.00 | 5,859,356.26 | 20,085,000.00 | 5,064,756.26 |
| 2010B | 187,640,000.00 | 06/2010 | 06/2030 | 187,640,000.00 | 0.00 | 6,696,110.92 | 0.00 | 6,696,110.92 |
| 2011A | 115,175,000.00 | 04/2011 | 06/2031 | 115,175,000.00 | 0.00 | 5,480,556.26 | 13,170,000.00 | 5,480,556.26 |
| 2012A | 218,200,000.00 | 03/2012 | 06/2032 | 218,200,000.00 | 0.00 | 10,356,950.00 | 8,775,000.00 | 10,356,950.00 |
| 2013A | 187,625,000.00 | 10/2013 | 06/2033 | 187,625,000.00 | 6,385,000.00 | 8,882,437.50 | 6,615,000.00 | 8,626,937.50 |
| 2014A | 121,325,000.00 | 06/2014 | 06/2025 | 121,325,000.00 | 0.00 | 5,548,445.63 | 9,955,000.00 | 5,457,487.50 |
| **SERIES TOTAL** | **1,994,980,000.00** | | | **1,528,085,000.00** | **82,935,000.00** | **66,378,270.33** | **85,290,000.00** | **62,489,722.20** |
| **AGENCY TOTAL** | **1,994,980,000.00** | | | **1,528,085,000.00** | **82,935,000.00** | **66,378,270.33** | **85,290,000.00** | **62,489,722.20** |

**ATTACHMENT B**

**EVALUATION CRITERIA**

**Turnpike Authority of Kentucky**
**Request for Proposals**
**Senior Managing Underwriter**
**Fiscal Year 2015**

| | **Evaluation Criteria** | **Weight** |
|---|---|---|
| 1. | Qualifications (Relevant Experience of the Firm and Staff) | 40% |
| 2. | Financing Plan | 30% |
| 3. | Sales and Marketing | 30% |
| | Total | 100% |

**ATTACHMENT B**

**EVALUATION FORM**

**Turnpike Authority of Kentucky**
**Request for Proposals**
**Senior Managing Underwriter**
**Fiscal Year 2015**

FIRM:_____

REVIEWER:_____

DISCLOSURE: _____ Yes _____No

1. **RELEVANT FIRM AND STAFF EXPERIENCE** - (Qualifications, Recent Similar Transactions, Firm Organization, Staff)

   Score (40 points possible): _____

Notes: _____
_____
_____
_____

2. **FINANCING PLAN** - (Clarity of description, reasonableness of assumptions, structure, factors that could reasonably expect to lower costs)

   Score (30 points possible): _____

Notes: _____
_____
_____
_____

3. **SALES/MARKETING CAPABILITIES** - (Demonstration of firm's marketing capabilities and the current distribution of the Authority's bonds, quality of analysis of retail and institutional demand, equitable distribution)

   Score (30 points possible): _____

Notes: _____
_____
_____
_____

**Total Score:** _____

## ATTACHMENT C

### Kentucky Preference Laws (KRS 45A.490-494)

The scoring of bids/proposals is subject to Reciprocal preference for Kentucky resident bidders and Preferences for a Qualified Bidder. *Vendors not claiming resident bidder or qualified bidder status need not submit the corresponding affidavit.

**Reciprocal preference for Kentucky resident bidders**

**KRS 45A.490 Definitions for KRS 45A.490 to 45A.494.**

As used in KRS 45A.490 to 45A.494:
(1) "Contract" means any agreement of a public agency, including grants and orders, for the purchase or disposal of supplies, services, construction, or any other item; and
(2) "Public agency" has the same meaning as in KRS 61.805.

**KRS 45A.492 Legislative declarations.**

The General Assembly declares:

(1) A public purpose of the Commonwealth is served by providing preference to Kentucky residents in contracts by public agencies; and
(2) Providing preference to Kentucky residents equalizes the competition with other states that provide preference to their residents.

**KRS 45A.494 Reciprocal preference to be given by public agencies to resident bidders -- List of states -- Administrative regulations.**

(1) Prior to a contract being awarded to the lowest responsible and responsive bidder on a contract by a public agency, a resident bidder of the Commonwealth shall be given a preference against a nonresident bidder registered in any state that gives or requires a preference to bidders from that state. The preference shall be equal to the preference given or required by the state of the nonresident bidder.
(2) A resident bidder is an individual, partnership, association, corporation, or other business entity that, on the date the contract is first advertised or announced as available for bidding:
(a) Is authorized to transact business in the Commonwealth; and
(b) Has for one (1) year prior to and through the date of the advertisement, filed Kentucky corporate income taxes, made payments to the Kentucky unemployment insurance fund established in KRS 341.490, and maintained a Kentucky workers' compensation policy in effect.
(3) A nonresident bidder is an individual, partnership, association, corporation, or other business entity that does not meet the requirements of subsection (2) of this section.
(4) If a procurement determination results in a tie between a resident bidder and a nonresident bidder, preference shall be given to the resident bidder.
(5) This section shall apply to all contracts funded or controlled in whole or in part by a public agency.
(6) The Finance and Administration Cabinet shall maintain a list of states that give to or require a preference for their own resident bidders, including details of the preference given to such bidders, to be used by public agencies in determining resident bidder preferences. The cabinet shall also promulgate

administrative regulations in accordance with KRS Chapter 13A establishing the procedure by which the preferences required by this section shall be given.
(7) The preference for resident bidders shall not be given if the preference conflicts with federal law.
(8) Any public agency soliciting or advertising for bids for contracts shall make KRS 45A.490 to 45A.494 part of the solicitation or advertisement for bids.

The reciprocal preference as described in KRS 45A.490-494 above shall be applied in accordance with 200 KAR 5:400.

**Determining the residency of a bidder for purposes of applying a reciprocal preference**

Any individual, partnership, association, corporation, or other business entity claiming resident bidder status shall submit along with its response the attached Required Affidavit for Bidders, Offerors, and Contractors Claiming Resident Bidder Status. The BIDDING AGENCY reserves the right to request documentation supporting a bidder's claim of resident bidder status. Failure to provide such documentation upon request shall result in disqualification of the bidder or contract termination.

A nonresident bidder shall submit, along with its response, its certificate of authority to transact business in the Commonwealth as filed with the Commonwealth of Kentucky, Secretary of State. The location of the principal office identified therein shall be deemed the state of residency for that bidder. If the bidder is not required by law to obtain said certificate, the state of residency for that bidder shall be deemed to be that which is identified in its mailing address as provided in its bid.

**REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS CLAIMING RESIDENT BIDDER STATUS**

**FOR BIDS AND CONTRACTS IN GENERAL:**
The bidder or offeror hereby swears and affirms under penalty of perjury that, in accordance with KRS 45A.494(2), the entity bidding is an individual, partnership, association, corporation, or other business entity that, on the date the contract is first advertised or announced as available for bidding:

1. Is authorized to transact business in the Commonwealth;
2. Has for one year prior to and through the date of advertisement
    a. Filed Kentucky income taxes;
    b. Made payments to the Kentucky unemployment insurance fund established in KRS 341.49; and
    c. Maintained a Kentucky workers' compensation policy in effect.

The BIDDING AGENCY reserves the right to request documentation supporting a bidder's claim of resident bidder status. Failure to provide such documentation upon request shall result in disqualification of the bidder or contract termination.

_____ _____
Signature Printed Name

_____ _____
Title Date

Company Name _____

Address _____

_____

_____

Subscribed and sworn to before me by _____ _____
(Affiant) (Title)

of _____ this _____day of _____,20___.
(Company Name)

_____
Notary Public
[seal of notary] My commission expires: _____