

**Only firms which have been prequalified by the Office of Financial Management to provide senior managing underwriter services to the Kentucky Public Transportation Infrastructure Authority may submit a response to this Request for Proposals.**

**February 11, 2022**

**Request for Proposals (“RFP”) to Serve as Senior Managing Underwriter to the Kentucky Public Transportation Infrastructure Authority during Fiscal Year 2022. Proposals are due on March 4, 2022**

### **Introduction**

The Office of Financial Management (“OFM”) of the Finance and Administration Cabinet of the Commonwealth of Kentucky (the “Cabinet”), on behalf of the Kentucky Public Transportation Infrastructure Authority (the “Authority” or “KPTIA”), is requesting proposals from prequalified firms for the professional services of senior managing underwriter to the Authority. Firm selection will be determined based on the final rankings of this RFP. Pursuant to KRS 45A.850, the Authority seeks to hire **one (1) senior managing underwriter** to provide services related to the potential marketing, sale and delivery of notes and/or bonds for selected financings by the Authority during the contract period (“Fiscal Year 2022 & 2023”), with an option to renew under the same terms and conditions for one additional fiscal year at the discretion of OFM and the Authority.

KPTIA intends to evaluate refunding opportunities for all current outstanding debt obligations but is specifically interested in a refunding of the current Transportation Infrastructure Finance and Innovation Act (TIFIA) obligation.

Financial information regarding the Authority, including Annual Financial Reports and Secondary Market Disclosure, are available at its website:

<https://transportation.ky.gov/KPTIA/Pages/default.aspx>

Official Statements for prior transactions may be found at <http://emma.msrb.org/default.aspx>.

National co-managing underwriters may be appointed by OFM’s Executive Director pursuant to KRS 45A.850(4) and 200 KAR 21.040 based upon needs of the transaction, including size, among other factors.

Kentucky-based co-managers are determined pursuant to a separate RFP process. The current Kentucky co-manager engagement is effective through June 30, 2023. Respondents should assume that all members of the current Kentucky co-manager syndicate will participate in the sale and marketing of any proposed issue.

## **Description of Issuer**

The Authority was established in 2009 pursuant to KRS Chapter 175B to facilitate the construction, financing, operation, oversight, review and approval of significant transportation projects both intrastate and between the Commonwealth of Kentucky and the state of Indiana. KPTIA is administratively attached to the Kentucky Transportation Cabinet (“KYTC”). The Authority’s outstanding debt was issued in December 2013, June 2017, and October 2021. The purpose of the original financing was to construct the Downtown Crossing Project in Louisville, KY.

In December 2013, the Authority issued \$275,670,369.25 First Tier Toll Revenue Bonds consisting of Current Interest Bonds, Capital Appreciation Bonds, and Convertible Capital Appreciation Bonds (“2013 First Tier Bonds”); \$452,200,000 Subordinate Toll Revenue Bond Anticipation Notes consisting of a tax-exempt series and a taxable series (“2013 Subordinate Notes”); and entered into a TIFIA Loan Agreement for a Third Tier Loan of \$452,200,000 (“2013 TIFIA Loan”). In June 2017, the 2013 TIFIA Loan was drawn upon to retire the 2013 Subordinate Notes. In October 2021, the Authority issued \$185,300,000 First Tier Toll Revenue Refunding Bonds Series 2021 A & B to refund \$179,576,515 of the 2013 First Tier Bonds for economic savings.

The timing of any note or bond issuances for the Authority will depend upon market conditions. There can be no assurance by the Authority that any transactions contemplated in this RFP will be completed during the contract period.

## **Description of Services Sought**

The primary objectives of OFM and KPTIA are to:

- Refund on a negotiated basis and for economic savings, the TIFIA Loan with tax-exempt First Tier Toll Revenue Refunding Bonds.
- Eliminate the requirement of excess revenue sharing with the TIFIA lender.
- Develop goals, strategies, and an implementation process to achieve a ratings upgrade.
- Explore the economics of refunding a portion of the First Tier Toll Revenue Bonds.
- Minimize future administrative requirements and budgetary complications.
- Maximize the amount and level of financial and legal expertise brought to each transaction.

The firm engaged to provide senior managing underwriter services to the Authority will be working with OFM, KPTIA, Public Financial Management (“PFM”) as KPTIA’s external financial advisor, and KYTC staff. A bond counsel firm will also be selected in a similar process as senior managing underwriter. Collectively, OFM, KYTC staff, KPTIA, PFM, and the selected bond counsel firm may be referred to in the RFP as the “Finance Team”.

The firm selected to perform senior managing underwriter services for the Authority will be expected to provide suggestions, comments and marketing advice to the Finance Team regarding the proposed financing structure, ratings presentation, pre-sale presentations and other related

duties that are expected to result in a successful public offering of the Authority's securities. The senior managing underwriter is expected to review the preliminary official statement, as well as post the final official statement on the MSRB's EMMA website consistent with MSRB rules. The senior managing underwriter will be required to coordinate the sale and closing of the securities with the trustee and other team members.

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 arms-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.

Prospective senior managing underwriters seeking to do business with the Commonwealth of Kentucky and its state agencies should note that the Office of Financial Management has a policy of acknowledging receipt of the required MSRB G-17 letter but respectfully declines to sign or return such communications. OFM has also communicated this policy to the applicable state agencies for which OFM's review and approval is required prior to the delivery of bonds.

## **FEES AND EXPENSES**

### **Senior Managing Underwriter**

**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 and expenses in arriving at the original award and subsequent execution of an engagement letter. Final management fees, total expense limits and takedown will be established prior to the respective financings pursuant to KRS 45A.857(4)(a). *While takedown will be determined during the pre-pricing phase of each transaction in light of prevailing market conditions at the time of sale, an estimate of current takedowns by maturity is being requested under Section III B.* The successful senior managing underwriter firm will select its 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 an 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 13, 2021. 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).
- C. Disclose any potential conflicts of interest with representing the Commonwealth in this matter, including: potential conflicts of interest of employees assigned to this project, potential conflicts with any Authority members, KYTC or OFM staff. 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 (bank or broker-dealer) and state the firm's chief regulator.
2. Please discuss the background and commitment 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 the municipal bonds generally.

#### **B. Relevant Experience of the Firm**

Provide a brief discussion of your firm's relevant senior-managed underwriting transportation experience and specifically as it relates to tax-exempt, dedicated toll

revenue bond transactions since January 1, 2018. Please highlight amounts greater than \$100,000,000. Also, please identify any direct experience with TIFIA loan refinancing and utilizing bond insurance. Please indicate the date and amount of each relevant transaction. Identify the lead banker(s) and underwriter who worked on those transactions. Provide specific references of the firm, the lead banker and the underwriter 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 would be assigned to work on KPTIA transactions. Provide relevant experience the individuals have had on similar issues, if different from above. 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 Assessment (30%)**

### **A. Structure**

1. Discuss in general any products, financing concepts or methods that could be considered relevant or useful to the Authority in meeting its objectives listed on page 3.
2. Assuming that KPTIA will refund its TIFIA Loan with tax-exempt First Tier Toll Revenue Bonds, discuss strategies of insuring the Refunding Bonds and also potentially utilizing a surety bond to replace cash funded DSRFs. Analyze economic benefits of insured vs uninsured bonds on a maturity by maturity basis. Include potential amortization strategies for the bonds and the rationale for pursuing your recommended amortization considering coverage and impact on toll payers.
3. Discuss couponing structure considerations.

### **B. Maximum Fees and Expenses**

For purposes of this RFP, the Authority is requesting one (1) fee quote, including management fees and expenses detailed in the paragraph below, assuming your firm serves as senior managing underwriter for TIFIA refunding bonds.

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, including fees for an Internet road show, if *applicable*. *While takedown will be negotiated prior to the sale based on prevailing market conditions, OFM and the Authority would like a maturity-by-maturity estimate of your expected takedown in the current market indicating both insured and uninsured.*

Pursuant to Kentucky statute and associated administrative regulation, the senior managing underwriter will select its own underwriter's counsel and KPTIA will reimburse the firm for those expenses pursuant to 200 KAR 21:050. The stated fee reimbursement may or *may not* be sufficient to cover all of the firm's underwriter counsel expenses.

#### **IV. Sales and Marketing (30%)**

- A. Provide a discussion on the expected rating status of the Authority's proposed debt structure and make any recommendations as to strategy the Authority should consider to enhance its ratings. Specifically discuss recent rating developments and expected impact on the Authority, if any.
- B. Please discuss your firm's proposal for pre-sale marketing of the bonds to prospective institutional customers given the base scenario and your rating estimates. Please describe the likely purchasers at various maturities along the spectrum. Would this credit benefit from an Internet road show and investor meetings?
- C. Please describe any third-party marketing arrangements that your firm has and the ability to elect to utilize those arrangements or not. For those third-party marketing arrangements which your firm proposes to utilize for the contemplated transaction, please disclose the associated fee-sharing arrangements. Failure to do so may result in your firm's proposal being removed from consideration.
- D. The Commonwealth has had a long-standing Kentucky retail order period policy that emphasizes the citizens of the Commonwealth through direct or indirect retail purchases. The Authority desires to maintain this balance between Kentucky retail and institutional orders to assure a competitive price and strong secondary market for its securities. How do you propose to integrate Kentucky retail into the sales and marketing process? How would your firm propose to define Kentucky Retail and the priority of orders in your proposed transaction?
- E. What steps would your firm take to ensure equitable distribution and treatment of bonds for syndicate members?

## **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 accompanying materials and score sheets available for Open Records requests pursuant to KRS 61.870 to KRS 61.884.

## **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 materials or information in any form submitted in response to this RFP.

## **Questions**

All questions concerning this RFP must be submitted by e-mail to the address below no later than **12:00 pm (ET) on February 18, 2022**. 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**

Only electronic submissions will be accepted and must be received no later than **2:00 p.m. (ET) on March 4, 2022**. The Commonwealth email servers filter attachments that approach 10 MB, so proposals under that limit may be submitted to the email address below:

Office of Financial Management  
KPTIA  
Selection Committee Chairperson  
Bond Counsel FY 2022 RFP  
200 Mero Street, 5<sup>th</sup> Floor  
Frankfort, Kentucky 40622  
Phone: (502) 564-2924 Fax: (502) 564-2970  
E-mail: [Debt.OFM@ky.gov](mailto:Debt.OFM@ky.gov)

**Note:** It is recommended that receipt of all submissions be confirmed by the submitter. Proposals received after the stated deadline will NOT be accepted.

\* Please note that responses to this RFP shall not exceed 50 pages in length, exclusive of cover letter and any attached schedules or certifications. The RFP shall not use a font size smaller than 11 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 or staff to the Authority (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 A**. 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. (See Attachment B for KRS 45A.490 to 45A.494 “Kentucky Preference Laws”.)

The Kentucky Revised Statutes and the 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 public disclosure pursuant to the Kentucky Open Records Act.

The Office of Financial Management and the Authority respectfully solicit the submission of a proposal by your firm.

Attachment A: Evaluation Criteria – Senior Managing Underwriter

Attachment B: Kentucky Preference Laws (KRS 45A.490-494)

**ATTACHMENT A  
EVALUATION CRITERIA**

**Kentucky Public Transportation Infrastructure Authority  
Request for Proposals  
Senior Managing Underwriter  
Fiscal Year 2022**

	<u><b>Evaluation Criteria</b></u>	<u><b>Weight</b></u>
1.	Qualifications (Relevant experience of the firm & staff)	40%
2.	Financing Plan Assessment	30%
3.	Sales and Marketing	<u>30%</u>
	Total	100%

**If your firm is claiming a Reciprocal Preference under KRS 45A.490-494 please include an executed copy of the attached affidavit.**

Pursuant to Kentucky Administrative Regulation Title 200 Chapter 5.400(4): In awarding a contract, resident bidders shall only receive preference against nonresident bidders residing in a state that gives a preference to bidders from that state. This preference shall not be applied against nonresident bidders residing in states that do not give preference against Kentucky bidders.

**ATTACHMENT A (page 2)  
EVALUATION FORM**

**Kentucky Public Transportation Infrastructure Authority  
Request for Proposals – Senior Managing Underwriter - Fiscal Year 2022**

FIRM: \_\_\_\_\_

REVIEWER: \_\_\_\_\_

Disclosure: \_\_\_\_\_ Yes \_\_\_\_\_ No

1. **QUALIFICATIONS** - (Firm organization and background, recent similar transactions, firm and staff experience, availability to meet KPTIA needs, references)

Score (40 points possible): \_\_\_\_\_

**Notes:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

Score (30 points possible): \_\_\_\_\_

**Notes:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. **SALES/MARKETING CAPABILITIES** - (Rating discussion, marketing strategy and capabilities, third-party arrangements, KY retail distribution & definition, institutional balance and equitable distribution among the syndicate)

Score (30 points possible): \_\_\_\_\_

**Notes:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Total Score (100 points possible):** \_\_\_\_\_

## ATTACHMENT B

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

The scoring of bids/proposals is subject to Reciprocal preference for Kentucky resident bidders. **Vendors not claiming resident 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.

### **Pursuant to 200 KAR Title 5.400(4)**

In awarding a contract, resident bidders shall only receive preference against nonresident bidders residing in a state that gives a preference to bidders from that state. This preference shall not be applied against nonresident bidders residing in states that do not give preference against Kentucky bidders.

**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 corporate income taxes;
  - b. Made payments to the Kentucky unemployment insurance fund established in KRS 341.490; 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: \_\_\_\_\_