



Request for Proposals

**For
Local Co-Manager**

April 18, 2023

Office of Financial Management

Submission of Questions Deadline: April 25, 2023, 2:00 p.m. (EDT)
Submission of Proposals Deadline: May 9, 2023, 2:00 p.m. (EDT)

**KENTUCKY STATE PROPERTY & BUILDINGS COMMISSION
OFFICE OF FINANCIAL MANAGEMENT**

**REQUEST FOR PROPOSALS
LOCAL CO-MANAGING UNDERWRITER**

| | | |
|--|---|------|
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- Attachment D Kentucky Preference Laws (KRS 45A.490-494)

SECTION I – SUBMISSION OF PROPOSALS

Questions & Submission

All questions concerning this RFP must be submitted by e-mail to the address below no later than **2:00 p.m. (EDT) on Tuesday, April 25, 2023**. 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.

In total, submission of proposals must not exceed 55 pages of materials including attachments.

Only electronic submission materials will be accepted and must be received no later than **2:00 p.m. (EDT) on Tuesday, May 9, 2023**. The Commonwealth e-mail servers filter attachments that approach 10 MB, so proposals under that limit may be submitted to the email address below:

Office of Financial Management
Selection Committee Chairperson
Local Co-Managing Underwriter FY 2024 RFP
200 Mero St, 5th Floor
Frankfort, Kentucky 40622
Phone: (502) 564-2924

E-mail for Questions & Submission: 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.

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 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.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 D 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://legislature.ky.gov>.

SECTION II – INTRODUCTION AND OBJECTIVES OF PROPOSAL

Only firms which have been prequalified by the Office of Financial Management for Fiscal Year 2024 and Fiscal Year 2025 to provide local co-manager services for state bond issuing agencies may a response to this Request for Proposal.

The Office of Financial Management (“OFM”) of the Finance and Administration Cabinet of the Commonwealth of Kentucky (the “Cabinet”), on behalf of the all bond issuing agencies, is requesting proposals from prequalified firms to provide local co-managing underwriting services for negotiated debt issuances during the engagement period ending June 30, 2024.

All timely respondents to this RFP, which have not experienced a material change in their responses to the Request for Qualifications dated January 10, 2023, will become a local co-managing underwriter for the designated period. It is the intent of OFM to establish the priority of firms to be selected for each bond issuance pursuant to the final ranking of the Selection Committee. Firms will be scored and ranked based upon their response to this RFP. OFM reserves the right to extend the engagement and corresponding rankings for one additional fiscal year through June 30, 2025.

The state bond issuing agencies for which local co-managing underwriting services are most likely to be required include the following:

- < State Property and Buildings Commission (“SPBC”)
- < Turnpike Authority of Kentucky (“TAK”)
- < Kentucky Asset/Liability Commission (“ALCo”)
- < Kentucky Public Transportation Infrastructure Authority (“KPTIA”)
- < Kentucky Infrastructure Authority (“KIA”)
- < Kentucky Housing Corporation (“KHC”)
- < Kentucky Higher Education Student Loan Corporation (“KHESLC”)

SECTION III – DESCRIPTION OF SERVICES SOUGHT

The firms engaged to provide local co-managing underwriting services for the agencies will work under the direction of OFM and the senior managing underwriting firm. Duties include, but are not limited to, providing structuring and marketing advice to OFM and the managing underwriter(s); accepting liability for a portion of the bonds being offered; providing ongoing market information to OFM throughout the bond pricing process; and providing OFM with post-sale information for each transaction as appropriate.

Additionally, senior managing underwriting services may be requested of the Kentucky co- managing underwriter that receives the highest score for its proposal pursuant to KRS 45A.850(4). **There is no guarantee that any such transaction will be either contemplated or executed during the contract period.**

Any firms engaged will be expected to adhere to SPBC Resolution 2023-04 adopted on February 8, 2023 setting forth a policy to send and accept electronic records and signatures for bond transactions. A copy of the Resolution is included in **Attachment C**.

SECTION IV – REQUIRED COMPONENTS OF PROPOSAL

Each response to the RFP must 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 as stated herein.)**

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/Certification Forms, issued by OFM on January 10, 2023. 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, administrative action or other proceeding that has been brought against your firm by a governing regulatory body (provide attachment if necessary). Also, describe any civil litigation or regulatory fines within the last three years against your firm. (Provide attachments if necessary.)
- 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 bond issuing agencies, that you believe may exist or arise. 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.
- D. Disclose if your firm's proposal has information considered proprietary that you wish to be confidential. In the event that your firm chooses to declare the inclusion of proprietary information, please noticeably label such information as described in the "Proprietary Information" article of the RFP.
- E. Certify that your firm does not engage in energy company boycotts per Kentucky Divestment of Holdings in Financial Companies Participating in Energy Company Boycotts Laws (KRS 41.470-480).

II. Qualifications

A. Relevant Qualifications of the Firm and the Representatives of the Firm

- a. Provide the names and a brief resume for underwriting and public finance professionals that would be assigned to work with the state bond issuing agencies and OFM. Identify your firm's principal contact for co-managing underwriting services, as well as their home office location. Additionally provide the names of the primary and back-up individual(s).
- b. Please provide evidence of your firm's current net capital position and the regulatory limits applicable to the underwriting and trading of municipal bonds. Discuss your firm's ability and willingness to commit capital to underwrite bonds in Kentucky. Also, state any firm imposed underwriting and trading limits that are more restrictive than the regulatory limits identified above, especially the amount of liability the firm is willing to accept in a state Agency Fund, General Fund, or Road Fund supported underwriting.
- c. Can the Kentucky office commit capital to an underwriting, independent of another office? If so, please describe the experience and references of the individuals in the Kentucky office responsible for trading and underwriting bonds, if not described in Item A above.
- d. Does your firm or any of its affiliates manage funds or accounts which may potentially preclude your participation in an underwriting syndicate? If so, please describe the circumstances and potential impact on retail and institutional orders as well as any remedies, if any.

B. Marketing

- a. Describe the emphasis your firm places on selling Kentucky bonds to retail buyers in the Commonwealth and any unique capabilities your firm possesses that can contribute to the successful marketing of the Commonwealth's securities, including your ability to underwrite securities as a senior underwriting manager if so engaged under the provisions of this RFP.
- b. Provide the location of each of your firm's trading desks and the name of the lead trader for each location. How many registered sales representatives does your firm currently employ in Kentucky? How many sales representatives does your firm dedicate to covering Kentucky based accounts?
- c. How many new issue state and local municipal bonds has your firm sold to Kentucky retail accounts since January 1, 2022? Please assess your firm's overall performance in Commonwealth transactions for both retail and institutional sales since January 2022.

- d. How many Kentucky state and local municipal bonds did your firm trade in the secondary market for the Calendar Year 2022? Please detail what portion were retail trades.
- e. Discuss your expectations for your firm's retail production if included in one \$215 million General Fund supported 20-year tax-exempt SPBC transaction.
- f. Discuss your expectations for your firm's underwriting capacity as senior manager for: a.) one \$15 million General Fund Supported 20- year taxable SPBC transaction, and b.) one \$15 million General Fund supported 20-year tax-exempt bond issues under current market conditions.
- g. Please discuss the long standing definition of Kentucky Retail, as defined below, that the State has used. Should there be changes to the definition? If so, what would you propose? What measures can reasonably be taken to enforce the existing or proposed rule changes such to limit the circumstance where bonds are reoffered at above list prices to the street, including both retail and institutional buyers who were shut out during the order period?

Kentucky Retail – A Kentucky Retail Order, during the retail order period, is defined as:

- 1. Orders submitted by individuals domiciled in the Commonwealth of Kentucky for their own accounts (no limit);
- 2. Orders submitted by professional advisors/managers, for individuals who reside in the Commonwealth;
- 3. Orders submitted by professional advisors/managers for dedicated Kentucky specific co-mingled accounts and mutual funds.

C. Competitive Underwriting

Please list below the number and dollar volume of Kentucky bonds that your firm bid and underwrote on a competitive basis in Calendar Year 2022. **If acting as a co-manager in the winning account, please identify your proportionate share of the liability and dollar amount in the purchase column.**

E-mail Debt.OFM@ky.gov for electronic version of chart

| Description | Number of Issues Bid | Total Dollar Amount Deals Bid | Number of Issues Won | Total Dollar Amount Purchased |
|-----------------------|----------------------|-------------------------------|----------------------|-------------------------------|
| School Bonds | _____ | _____ | _____ | _____ |
| GO Bonds | _____ | _____ | _____ | _____ |
| Utility Issues | _____ | _____ | _____ | _____ |
| Public Property Bonds | _____ | _____ | _____ | _____ |
| Hospital Bonds | _____ | _____ | _____ | _____ |
| University Bonds | _____ | _____ | _____ | _____ |
| Non BQ Bonds | _____ | _____ | _____ | _____ |
| Other | _____ | _____ | _____ | _____ |
| TOTAL | _____ | _____ | _____ | _____ |

*Please certify that the figures presented for Kentucky school bonds cited above represents at least twenty percent of competitive sales for the state's school districts for which the firm was eligible to bid during Calendar Year 2022 by including the Attachment G that was submitted with the firm's RFQ response. This information is required pursuant to 200 KAR 21:010.

Reservation of Rights

OFM reserves 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 OFM and the Commonwealth.
2. Reject any and all proposals with cause.
3. Waive minor irregularities in this RFP process.
4. Reject all proposals and seek new proposals when such procedure is reasonably in the best interest of the bond issuing agencies and the Commonwealth.
5. Make investigations regarding qualifications of any or all respondents, as the Selection Committee deems necessary.
6. Request and receive such additional information as the Selection Committee may reasonably require. Failure to comply with such a request will result in disqualification.

7. Make all submitted proposals and any attached materials available for Open Records requests pursuant to KRS 61.870, less information disclosed and labeled according to the “Proprietary Information” article of the RFP.

Liability

The Commonwealth and OFM 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.

Proprietary Information

The RFP specifies the required components and general content of proposals submitted in response to the RFP. **The Finance and Administration Cabinet will not disclose any portions of the proposals prior to Contract Award to anyone outside the Finance and Administration Cabinet, representatives of the agency for whose benefit the contract is proposed, representatives of the Federal Government, if required, and the members of the evaluation committee.** After a Contract is awarded in whole or in part, the Commonwealth shall have the right to duplicate, use, or disclose all proposal data submitted by firms in response to this RFP as a matter of public record. Although the Commonwealth recognizes the firm’s possible interest in preserving selected data which may be part of a proposal, the Commonwealth must treat such information as provided by the Kentucky Open Records Act, KRS 61.870 et sequitur, which allows for exemptions as provided in KRS 61.870(1)(c).

Pursuant to KRS 61.870(1)(c), informational areas which normally might be considered proprietary shall be limited to **individual personnel data, customer references, selected financial data, formulae, and financial audits** which, if disclosed, would permit an unfair advantage to competitors. If a proposal contains information in these areas that a firm declares proprietary in nature and not available for public disclosure, the **firm shall declare in the Disclosure (See “Required Components of the Proposal,” Section I, Subsection D) the inclusion of proprietary information and shall noticeably label as proprietary each sheet containing such information.** The Cabinet will make all reasonable efforts to maintain the confidentiality of any information provided by the firm, which is clearly identified by the firm as proprietary, provided such designation is reasonable, and subject to the order of the Attorney General or any court directing the Cabinet to release such information.

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 a 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 respectfully solicits the submission of a proposal by your firm.

Attachment A: Evaluation Criteria

Attachment B: Evaluation Form

Attachment C: Resolution 2023-04 of the State Property and Buildings Commission

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

ATTACHMENT A

EVALUATION CRITERIA LOCAL CO-MANAGING UNDERWRITER REQUEST FOR PROPOSALS FISCAL YEAR ENDING JUNE 30, 2024

| | <u>Evaluation Criteria</u> | <u>Weight</u> |
|----|---|---------------|
| 1. | Relevant Qualifications of the Firm and the Firm's Representatives | 35% |
| 2. | Marketing Capabilities to Kentucky Retail Investors | 35% |
| 3. | Competitive Underwriting | <u>30%</u> |
| | Total | 100% |

ATTACHMENT B

**EVALUATION FORM
LOCAL CO-MANAGING UNDERWRITER REQUEST FOR PROPOSALS
FOR FISCAL YEAR ENDING JUNE 30, 2024**

FIRM: _____

REVIEWER ID: _____

DISCLOSURE STATEMENT: _____ YES _____ NO

- 1. RELEVANT QUALIFICATIONS OF FIRM'S REPRESENTATIVES** -
(Number of staff available, background, individual experience on similar transactions, identification of principal contact, net capital and underwriting limits, willingness to commit to Kentucky paper, specific firm references, etc.)

Score (35 points possible) _____

Notes: _____

- 2. MARKETING** - (Depth and quality of information, relative emphasis on Kentucky municipal bonds)

Score (35 points possible) _____

Notes: _____

- 3. COMPETITIVE UNDERWRITING** – (Number, bid, size and amount purchased)

Score (30 points possible) _____

Notes:

Total Score: _____

Rank: _____



**KENTUCKY STATE PROPERTY
AND BUILDINGS COMMISSION**

2023-04

RESOLUTION OF THE STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH OF KENTUCKY
AUTHORIZING THE USE OF ELECTRONIC SIGNATURES AND
RECORDS, AND AUTHORIZING THE ACCEPTANCE OF ELECTRONIC
SIGNATURES AND RECORDS IN ACCORDANCE WITH THE
REQUIREMENTS OF THE KENTUCKY UNIFORM ELECTRONIC
TRANSACTIONS ACT

WHEREAS, pursuant to the Uniform Electronic Transactions Act (the “Act”), adopted by the Commonwealth of Kentucky (the “Commonwealth”) effective August 1, 2000 and codified at Kentucky Revised Statutes Section 369.101 through and including Section 369.120, the Commonwealth adopted the Act for the stated purposes of (i) facilitating electronic transactions consistent with other applicable law, (ii) to be consistent with reasonable practices concerning electronic transactions and with the continued expansion of those practices and (iii) to effectuate the general purpose of the Act to make uniform the law with respect to the subject of KRS 369.101 to 369.120 among states enacting it; and

WHEREAS, in accordance with the Act, each governmental agency of the Commonwealth shall determine whether it will send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use, and rely upon electronic records and electronic signatures; and

WHEREAS, the State Property and Buildings Commission (the “Commission”) has found and determined that it is necessary and desirable, and in the best interest of the Commonwealth, that the Commission send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use, and rely upon electronic records and electronic signatures, and;

WHEREAS, the Commission, in accordance with KRS Section 369.118(1), has determined that it shall be the policy of the Commission to send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use, and rely upon electronic records and electronic signatures, to the fullest extent allowable by the Act;

NOW THEREFORE, it is hereby resolved and ordered by the State Property and Buildings Commission of the Commonwealth of Kentucky as follows:

Section 1. Policy to Send and Accept Electronic Records and Signatures. In accordance with KRS Section 369.118(1), the Commission hereby resolves that it shall be the policy of the Commission to send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use, and rely upon electronic records and electronic signatures, to the fullest extent allowable by the Kentucky Uniform Electronic Transactions Act, KRS Sections 369.101 through 369.120, inclusive.

Section 2. Effective Date. This Resolution shall take effect immediately upon its adoption.

ADOPTED AND APPROVED this [16] day of [February] 202[3].

STATE PROPERTY AND BUILDINGS
COMMISSION OF THE
COMMONWEALTH OF KENTUCKY

DocuSigned by:
Holly M. Johnson
By 81C003F6FA23433...
Holly M. Johnson, Executive Director of
the Commission

ATTEST
DocuSigned by:
Ryan Barrow
43EC7EA6C7874E0...
Ryan Barrow, Secretary

ATTACHMENT D

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

