

Rhode Island Commerce Corporation

REQUEST FOR PROPOSALS FROM BANKS TO
PURCHASE FIXED RATE DIRECT PLACEMENT
BONDS TO BENEFIT
THE RI AIRPORT CORPORATION

September 29, 2015

INTRODUCTION

The Rhode Island Commerce Corporation (Commerce RI) is seeking Request for Proposals (RFP) from banks to purchase fixed rate direct placement bonds (the "direct placement") of up to \$93 million for the benefit of the Rhode Island Airport Corporation (RIAC). The proceeds of the direct placement, and other available funds, will be used to refund all or a portion of the \$93.2 million of RIAC's outstanding Airport Revenue Bonds, 2005 Series.

Information is provided below on RIAC's outstanding debt, the information which interested banks are requested to submit to Commerce RI, and the process for submitting a proposal to the Commerce RI.

Please note that Commerce RI will not prepare an Official Statement or any other type of disclosure document in connection with this transaction. Additional information about Commerce RI and RIAC, including audited financial statements, can be found on the following websites: www.commerceri.com and www.pvdairport.com.

Request for Proposal Requirements

Proposing firm shall submit eight (8) printed copies and one (1) electronic copy (thumb drive in pdf format) of the proposal to:

Rhode Island Commerce Corporation
Attn: Direct Bank Loan for Airport Revenue Refunding Bonds
315 Iron Horse Way, Suite 101
Providence, RI 02908

The proposal must be submitted no later than 4:00pm, October 23, 2015 Eastern Daylight Savings Time. Late submissions will not be accepted.

Questions, interpretations, or clarifications concerning this RFP should be directed by e-mail to William Ash at William.ash@commerceri.com no later than 4:30pm Eastern Standard Time on October 9, 2015. Responses to questions, interpretations, or clarifications concerning this RFP will be posted online via addendum at www.commerceri.com, www.pvdairport.com/corporate/procurement and www.purchasing.ri.gov by October 16, 2015 to ensure equal awareness of important facts and details. After the date of publication of this RFP firms may not contact other Commerce RI or RIAC staff directly for information related to this solicitation.

Commerce RI accepts no financial responsibility for any costs incurred by a firm in responding to this RFP. The proposals in response to this RFP become the property of Commerce RI and may be used by Commerce RI in any way it deems appropriate. By submitting a proposal, the firm certifies that it has fully read and understands the RFP, has full knowledge of the proposal to be provided, and accepts the terms and

conditions under which the loan will be provided.

Source of Repayment for the Direct Loan

The direct placement will be issued pursuant to a Master Indenture of Trust (Master Indenture), dated as of October 1, 1993, and the Twelfth Supplemental Indenture of Trust (Supplemental Indenture), and will be secured by a first lien upon and pledge of the Net Revenues derived by RIAC from the operation of its Airports. The direct placement will be issued on a parity basis with RIAC's outstanding Airport Revenue Bonds. A summary of RIAC's outstanding Airport Revenue Bond Debt Service is provided in **Appendix A**. In addition, the direct placement refunding the Series 2005C Bonds will also be secured by a lien upon and pledge of a Passenger Facility Charge (the "PFC") levied by RIAC pursuant to federal legislation and collected by air carriers serving the Airport. A copy of the Master Indenture can be found on the following websites at <http://commerceri.com/wp-content/uploads/2015/09/Airport-Master-Indenture.pdf> and www.pvdairport.com/corporate/procurement. The Master Indenture specifies that a series of bonds may be secured by a reserve account. Please indicate if you will require a reserve account to be established with respect to the loan. Commerce RI will **not** agree to any material additions, changes or modifications to the Master Indenture that may be requested by banks in connection with this transaction.

RIAC's Current Rating on its Airport Revenue Bonds

RIAC's current underlying ratings on its outstanding Airport Revenue Bonds are A3/BBB+/BBB+ by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

Proposed Principal Repayment Structure

Provided below is an estimated principal repayment schedule for the direct placement. The total amount of approximately \$89 million provided below is an estimate and could change depending on the amount of legally available funds applied to the refunding and the interest rates Banks propose. Banks have the option to provide a proposal for all or a portion of each series of bonds. *RIAC also reserves the right to request if the preferred bank is willing to purchase direct placement bonds for new money purposes that could increase the maximum amount stated in the Introduction section.*

Proposed Principal Repayment Structure

Maturity Date (July 1)	Series 2015B (Refunding of 2005A Bonds) (AMT)	Series 2015C (Refunding of 2005B Bonds) (Non-AMT)	Series 2015D Refunding of 2005C Bonds (Non-AMT)	Total
2016	\$3,130,000		\$2,405,000	\$5,535,000
2017	\$2,910,000		\$2,015,000	\$4,925,000
2018	\$3,010,000		\$2,090,000	\$5,100,000
2019	\$3,120,000		\$2,160,000	\$5,280,000
2020	\$3,225,000		\$2,240,000	\$5,465,000
2021	\$3,340,000		\$2,315,000	\$5,655,000
2022	\$3,455,000		\$2,400,000	\$5,855,000
2023	\$3,310,000	\$410,000	\$2,485,000	\$6,205,000
2024	\$1,670,000	\$2,180,000	\$2,570,000	\$6,420,000
2025	\$1,730,000	\$2,255,000	\$2,655,000	\$6,640,000
2026	\$710,000	\$3,415,000	\$2,755,000	\$6,880,000
2027		\$4,565,000	\$2,845,000	\$7,410,000
2028		\$4,725,000	\$2,950,000	\$7,675,000
2029		\$4,890,000		\$4,890,000
2030		\$5,060,000		\$5,060,000
Totals	\$29,610,000	\$27,500,000	\$31,885,000	\$88,995,000

Information Requested from Banks

Banks submitting responses to this RFP are hereby requested to provide a proposal to Commerce RI which provides the types of information shown in the table below. Commerce RI reserves the right to request any supplemental information it deems necessary to evaluate a bank's experience or qualifications and/or clarify or substantiate any area contained in the bank's proposal.

**Information Requested in Proposals
to Provide a Direct Loan to Commerce RI**

<u>Category</u>	<u>Information Requested</u>
1. Amount of Direct Placement	Specify that the bank is willing to offer a fixed rate direct placement of up to \$93 million. Please specify the amounts proposed for each series being offered.
2. Source of Repayment	Confirm that the bank understands that the direct placement will be secured by a pledge of RIAC's Net Revenues generated from the Airports and the series refunding the Series 2005 C Bonds will also be secured by Passenger Facility Charge Revenues, as described in the Request for Proposal, and will be issued pursuant to the Master Trust Indenture on a parity with RIAC outstanding Airport Revenue Bonds.
3. Final Maturity	The final maturity of the direct placement to refund the Series 2005A Bonds will not be later than July 1, 2026. The final maturity of the direct placement to refund the Series 2005B Bonds will not be later than July 1, 2030. The final maturity of the direct placement to refund the Series 2005C Bonds will not be later than July 1, 2028. As described in the RFP, banks may elect to provide a direct placement for all or certain estimated maturities for each series.
4. Tax Status	Banks should assume that the direct placement will be divided into three parts. One series will be used to refund the 2005A Bonds and will be subject to the alternative minimum tax ("AMT"). One series will be used to refund the 2005B Bonds and will not be subject to AMT ("Non-AMT"). One series will be used to refund the 2005C Bonds and will be Non-AMT. The direct placement will not be "bank-eligible". The purchaser will receive an approving opinion by Commerce RI's bond counsel.
5. Fixed Rate	<p>Banks may propose a fixed interest rate using one of the following approaches:</p> <p>A fixed rate that will be held for at least 60 days from the date that Commerce RI accepts the bank's proposal; or</p> <p>A formula on which the fixed rate on the direct placement will be set at least five business days prior to the closing. Provide the example rate on such direct placement that would be produced using that formula as of the date of the submission of your proposal. Please also specify how long the example fixed rate stated in your proposal will be available to Commerce RI.</p> <p>Banks may propose rates using either or both of the</p>

	<p>approaches described above. <u>However, Commerce RI would prefer proposals in which the rate will be held for at least 60 days from the date the proposal is accepted (No. 1 above), and will give a preference in its evaluation process to banks offering this approach.</u></p>
6. Prepayment option	<p>Please indicate how the interest rate of the fixed rate direct placement might change if the following prepayment options were available to Commerce RI:</p> <ul style="list-style-type: none"> - Prepayable without penalty at any time - Prepayable without penalty after a certain term - Prepayable with some type of breakage fee - Not prepayable
7. Bank origination or upfront fees	<p>You must specify any upfront fees that the bank would charge in connection with this transaction.</p>
8. Bank expenses	<p>You must specify any expenses related to this transaction, including legal fees (if any), for which the bank would expect to be reimbursed.</p>
9. Outside bank legal counsel (if any)	<p>Please specify whether or not the bank would propose to use an outside counsel on this transaction. If so, identify the firm that the bank would propose to use. Commerce RI reserves the right to approve the firm employed to serve as bank's counsel.</p>
10. Other fees or expenses	<p>Please identify any other fees you would expect Commerce RI to pay on this transaction, or any other expenses for which the bank would expect to be reimbursed. Please provide a cap on your fees with the understanding that any fees above the cap would not be paid by Commerce RI.</p>
11. Key Terms and Conditions	<p>Please confirm that you have reviewed Commerce RI's Master Indenture, and that the covenants, terms and conditions contained in it are acceptable to you for this transaction.</p> <p>Commerce RI will not agree to any material additions, changes or modifications to the Master Trust Indenture that may be requested by banks in connection with this transaction. Commerce RI will not accept proposals to maintain minimum balances in any bank account as a condition for the direct placement.</p>
12. Credit Approval	<p>Please indicate the status of your bank's credit approval for this transaction. If you do not yet have final credit approval, please indicate how long it will take for you to obtain such approval.</p>

CRITERIA FOR EVALUATING PROPOSALS

In making its final decisions regarding the selection of one or more banks and the structure of this financing program, Commerce RI will consider factors such as projected cost for the fixed rate of the direct placement, the terms, conditions and covenants proposed by the banks, other fees and costs (such as origination fees), and prepayment requirements.

ADDITIONAL REQUIREMENTS

Campaign Finance Compliance

Every person or business entity providing goods or services at a cost of \$5,000 cumulated value is required to file an affidavit regarding political campaign contributions with the RI State Board of Elections even if no reportable contributions have been made (RI General Law 17-27). Forms may be obtained at Board of Elections, Campaign Finance Division, 50 Branch Avenue, Providence, RI 02904, (401-222-2056).

Major State Decision-Maker

Does any Rhode Island "Major State Decision-Maker", as defined below, or the spouse or dependent child of such person, hold (i) a ten percent or greater equity interest, or (ii) a \$5,000 or greater cash interest in this business?

For purposes of this question, "Major State Decision-Maker" means:

- (i) All general officers; and all executive or administrative head or heads of any state executive agency enumerated in R.I.G.L. § 42-6-1 as well as the executive or administrative head or heads of state quasi-public corporations, whether appointed or serving as an employee. The phrase "executive or administrative head or heads" shall include anyone serving in the positions of president, senior vice president, general counsel, director, executive director, deputy director, assistant director, executive counsel or chief of staff;
- (ii) All members of the general assembly and the executive or administrative head or heads of a state legislative agency, whether appointed or serving as an employee. The phrase "executive or administrative head or heads" shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff; and
- (iii) All members of the state judiciary and all state magistrates and the executive or administrative head or heads of a state judicial agency, whether appointed or serving as an employee. The phrase "executive or administrative head or heads" shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel, chief of staff or state court administrator.

If your answer is "Yes", please identify the Major State Decision-Maker, specify the nature of their ownership interest, and provide a copy of the annual financial disclosure required to be filed with the Rhode Island Ethics Commission pursuant to R.I.G.L. §36-14-16, 17 and 18.

OTHER REQUIREMENTS:

In submitting a response to this Request for Proposal, firms hereby understand the following:

1. The Proposer agrees that:
 - a. He/she shall not discriminate against any person in the performance of work under the present contract because of race, religion, color, sex, national origin, ancestry, or physical handicap;
 - b. In all solicitations or advertisements for employees, he/she shall include the phrase, 'Equal Opportunity Employer,' or a similar phrase;
 - c. If he/she fails to comply, he shall be deemed to have breached the present contract, and it may be canceled, terminated, or suspended, in whole or in part, by Commerce RI;
 - d. If he/she is found guilty of discrimination under a decision, he/she shall be deemed to have breached the present contract, and it may be canceled, terminated, or suspended, in whole or in part, by Commerce RI; and,
 - e. He/she shall include the provisions of subsections (a) through (d) inclusively of this paragraph in every subcontract or purchase order so that such provision will be binding upon such subcontractor or vendor.

- END OF RFP -

Appendix A

SUMMARY OF RIAC'S OUTSTANDING AIRPORT REVENUE BOND DEBT SERVICE

Bond Year Ending July 1st	Principal	Interest	Total
2016	13,507,000	9,537,513	23,044,513
2017	14,266,000	9,097,774	23,363,774
2018	14,777,000	8,589,593	23,366,593
2019	15,271,000	8,056,443	23,327,443
2020	15,833,000	7,497,058	23,330,058
2021	16,423,000	6,910,738	23,333,738
2022	17,058,000	6,297,091	23,355,091
2023	17,686,000	5,650,410	23,336,410
2024	13,471,000	4,984,508	18,455,508
2025	13,239,000	4,401,403	17,640,403
2026	13,830,000	3,804,489	17,634,489
2027	14,459,000	3,174,393	17,633,393
2028	15,127,000	2,505,192	17,632,192
2029	8,147,000	1,798,109	9,945,109
2030	8,521,000	1,420,738	9,941,738
2031	3,405,000	1,026,217	4,431,217
2032	3,541,000	888,153	4,429,153
2033	3,685,000	743,860	4,428,860
2034	3,836,000	592,946	4,428,946
2035	3,988,000	435,318	4,423,318
2036	1,900,000	307,575	2,207,575
2037	1,990,000	210,025	2,200,025
2038	2,100,000	107,850	2,207,850
Total	236,060,000	88,037,397	324,097,397