

Rhode Island Commerce Corporation

September 29, 2015

REQUEST FOR PROPOSALS

UNDERWRITING SERVICES FOR AIRPORT REVENUE BONDS

INTRODUCTION

The Rhode Island Commerce Corporation (Commerce RI) is seeking Request for Proposals (RFP) from firms with significant experience in providing underwriting services to serve as Senior Managing Underwriter or Co-Senior Managing Underwriter for the proposed issue of Airport Revenue Bonds for the benefit of the Rhode Island Airport Corporation (RIAC).

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.

Airport Revenue Bonds (the "Bonds") are being issued to provide funding for a runway extension project at TF Green Airport ("New Money Bonds") and to refund all or a portion of RIAC's Series 2005 Bonds ("Refunding Bonds"). The anticipated size of the New Money Bonds and the Refunding Bonds is approximately \$32 million and \$94 million, respectively. RIAC may elect to undertake a solicitation for a direct placement to provide funding for all or a portion of the New Money Bonds and Refunding Bonds.

REQUEST FOR PROPOSALS REQUIREMENTS

Commerce RI prefers that the respondents keep the proposal to less than fifteen double sided 8 ½ x 11 pages, not including resumes.

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: Underwriting Services for Airport Revenue 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 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 either responding to this RFP, participating in oral presentations, or meeting with Commerce RI prior to being hired. 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 scope of work to be provided, and accepts the terms and conditions under which the services are to be performed.

Commerce RI reserves the right to interview some, all, or none of the firms responding to this RFP based solely on its judgment as to the firm's proposals and capabilities. Commerce RI reserves the right to request and consider additional information from submitters and to reject any and all submittals on any basis without disclosing the reason. No firm may withdraw their submittal for at least 120 days after the time and date set for submission.

Should it be determined by Commerce RI that in-person interviews are necessary, it is anticipated that such interviews will be scheduled the week of November 2, 2015.

Commerce RI reserves the right to waive any irregularities and technical defects. Commerce RI reserves the right to modify, amend or waive any provision of this RFP, prior to the issuance of a contract for these services.

SCOPE

The managing underwriter(s) selected will be expected to work closely with representatives of Commerce RI, RIAC, and other members of the financing team (in particular, bond counsel and financial advisor). The underwriting firm selected will be expected to provide all of the services typically provided by the senior manager on the negotiated sale of airport revenue bonds, including, but not limited to:

1. Assisting in the preparation of documents related to the financing;
2. Participating in meetings with rating agencies related to the issue;
3. Developing and implementing a marketing plan to encourage a strong investor response to the issue;
4. Leading the bond sale, including ensuring compliance with any federal, state, or local laws, or regulations;
5. Assisting in various matters related to the closing of the bond sale, and providing any certificates or other documents that may be required for the closing of the bond issue;
6. Providing a post-sale report to Commerce RI; and
7. Complete all services to the satisfaction of Commerce RI, RIAC, its staff, financial advisor, and bond counsel.

SUBMITTAL CRITERIA

The RFP shall include the following items, to be addressed and information to be provided by firms submitting proposals to serve as an Underwriter for the Rhode Island Commerce Corporation, which will assist in the evaluation:

A. Qualification of the Respondent

1. State the name of your firm, address, telephone and fax numbers, and the name and title of the person who will serve as the key contact for your firm with respect to your proposal on behalf of the firm.

State whether you wish to be considered as book-running senior manager or co-managing underwriter. If your firm is not selected as book-running senior manager, state if you are willing to serve as a co-manager.

2. Please provide a brief introduction to your firm. Describe the businesses in which it is engaged, the number of employees, and number of offices.
3. Describe your firm's commitment to municipal finance. Describe any actions taken to either increase or decrease the size of your municipal finance department in the past 18 months. Provide the number of employees in your municipal finance department and municipal sales underwriting and trading department, as of the date of your proposal.
4. Describe your firm's municipal finance presence in the State of Rhode Island. Please provide the number of employees and number of offices in Rhode Island that are involved in municipal finance business. Please also provide your firm's experience on municipal financings in the State of Rhode Island.
5. State the total capital and net available capital position of your firm as of December 31, 2014 and identify any material changes anticipated through December 31, 2015.
6. Discuss actual situations where your firm, as book-running manager, used its capital to successfully complete large underwritings in volatile markets.
7. State whether there are any pending investigations or completed investigations within the past five years by the SEC or any other regulatory body regarding the conduct of your firm or the firm's management. In addition, disclose any relationship, contractual or otherwise, that your firm has with any individual, organization or firm that may be a party to Commerce RI or RIAC financing.
8. State whether there is currently any litigation between your firm and the State of Rhode Island or related entities.

9. Identify the firm that you would propose to retain as underwriter's counsel, and provide an estimate of the fee that firm would charge. Please assume that the firm serving as underwriter's counsel will play a lead role in preparing the official statement for this financing. Commerce RI reserves the right to approve any firm employed to serve as underwriter's counsel. Payment of underwriter's counsel will be made from the underwriting spread – expense component.
10. Describe your firm's efforts related to airport finance. How many people are devoted to this area? Identify those people, and state the percentage of their professional time that each devotes to serving airport clients. Please also provide a list of the airports for which your firm has served as an underwriter since January 1, 2010, and specify on the list what role your firm played for each (i.e., senior manager, co-manager or financial advisor).
11. Please provide a tabular summary of your firm's experience as an underwriter on negotiated airport revenue bond financings since January 1, 2010. Using the format shown below, prepare a table for your experience on negotiated general airport revenue bond financings ("GARBs").

Experience as Underwriter on Negotiated
General Airport Revenue Bond ("GARB") Financings

<u>Year</u>	<u>Senior Managed Issues</u>		<u>Co-Managed Issues</u>	
	<u>Number of Issues</u>	<u>Total Dollar Amount</u>	<u>Number of Issues</u>	<u>Total Dollar Amount</u>
2010				
2011				
2012				
2013				
2014				
2015				
Totals				

Please provide a list of the financings which are summarized in the table above as an appendix to your proposal.

B. Qualifications of Individuals Assigned to the Engagement

1. Please identify the individual who will be the lead day-to-day representative of your firm on this financing. Provide a brief description of that person's experience serving in a similar lead role on other financings for airport clients. Identify not more than two other people who will also be part of your day-to-day team on this financing. Explain the roles each would play and provide a brief description of their experience with airport financings.

As an appendix to your proposal, please include resumes for each of the persons identified.

2. Please provide three references, preferably from airport clients, for the person identified in the question above as your lead day-to-day representative on this financing.

C. Understanding of Key Financing Issues Related to Commerce RI and RIAC

1. Describe what you view as the challenges Commerce RI and/or RIAC may encounter in the process of obtaining ratings for its bonds. What issues would you recommend be addressed, and what points should be emphasized in order to receive the highest possible ratings for these bonds.

Note: In preparing your response to this question, firms are specifically advised not to contact the rating agencies about Commerce RI or RIAC or otherwise discuss Commerce RI or RIAC with representatives of the rating agencies. If Commerce RI learns that any firm has made such contacts or engaged in such discussions, that firm will be disqualified from further consideration in this selection process.

2. Describe the marketing strategies you would propose, and any other actions you would want Commerce RI to undertake, in order to achieve the best possible investor response to Commerce RI's bond sale. Please describe the specific steps in your marketing plan, and when such steps would occur in the bond sale process.
3. Commerce RI is very cognizant of interest rates. Describe your methodology in pricing this issue. What assurances can you provide in advance to pricing that Commerce RI will receive the most competitive interest rate in the marketplace on the sale date?

D. Fees

1. Please present the fees you would propose to charge if your firm were selected to serve as Commerce RI's senior managing underwriter on this issue, divided

as follows: average takedown, management fee (if any) and underwriters expenses. In addition, please provide the following information:

- a. The takedowns you would propose by maturity.
- b. If you propose a management fee, please present only the amount you would propose to receive as senior manager.
- c. Provide a breakdown of the types of expenses on the transaction for which your firm would expect to be reimbursed, and provide an estimate for each (including underwriter's counsel).

For this response, please provide separate fee proposals for the New Money Bonds and the Refunding Bonds.

For the New Money Bonds, assume a \$32 million Non-AMT Bond issue with principal amortizing in years 2018-2045 that results in level annual debt service.

For the Refunding Bonds, assume a principal structure that results in level annual savings by series compared to the Series 2005 Bonds. Please indicate if your takedowns will differ between the Non-AMT and AMT portions of the Refunding Bonds.

EVALUATION CRITERIA

Proposals will be evaluated by a Selection Committee, which will be seeking to distinguish which proposer has, through the appropriate combination of several criteria, the abilities to best perform the required services to the satisfaction of Commerce RI. While some criteria may be ranked differently than others in the selection process, the proposal that achieves the highest overall ranking will be considered top-ranked by the Selection Committee. The proposals will be evaluated using the following criteria:

- A. Qualifications of the Respondent
- B. Qualifications of Individuals Assigned to the Engagement
- C. Understanding of Key Financing Issues Related to Commerce RI and RIAC
- D. Fees

Consideration will also be given to firms with a local presence.

INSURANCE REQUIREMENTS

Evidence of the following minimum insurance coverage must be provided:

- a. General Liability limits of \$1,000,000 per occurrence.
- b. Motor Vehicle Liability Insurance with limits of \$1,000,000.
- c. Worker's Compensation coverage to Rhode Island statutory limits or documentation evidencing an approved self-insurance program.
- d. Umbrella Liability limits of \$10 million excess of \$1,000,000 primary layer for airfield services, otherwise \$5,000,000.
- e. Errors and Omissions Coverage with minimum limits of \$1,000,000 per occurrence.

Commerce RI, RIAC and the State of Rhode Island shall be named as additional insured on all policies of insurance with the exception of the Errors and Omission (Professional Liability) and Worker's Compensation insurance.

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 -