



SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY

REQUEST FOR QUALIFICATIONS (22-1002674)

**FOR PURPOSES OF PRE-QUALIFYING
INVESTMENT BANKING SERVICES/BOND UNDERWRITING**

RFQ Issuance Date: September 2, 2021

SOQ Submission Deadline: 2:00 pm PT, October 07, 2021

**SBCTA
1170 W. Third St., Second Floor
San Bernardino, CA 92410-1715**

**RFQ Procurement Contact:
Luis Medina, Procurement Analyst**

KEY RFQ DATES

RFQ Issuance:	Thursday – September 2, 2021
RFQ Question Submittal Deadline:	Thursday – September 16, 2021 at 4:00 pm
Date of Final Addendum to RFQ	Thursday – September 30, 2021
Proposal Due Date:	Thursday – October 7, 2021 at 2:00 pm



SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY
Pre-Qualifications Package for Investment Banking Services/Bond Underwriting

RFQ No. 22-1002674

Notice Inviting Statements of Pre-Qualifications

Notice is hereby given that questionnaires to “pre-qualify” firms interested in providing investment banking services/bond underwriting (as further described in **1.3 (“Scope of Work (SOW)/SOQ Content Requirements”)**) will be received by the San Bernardino County Transportation Authority (SBCTA). SBCTA will evaluate to pre-qualify potential firms to perform underwriter services. Pre-qualification will be based on the Statements of Qualifications (SOQs) provided by responding firms. SBCTA’s decision will be based on objective evaluation criteria.

The pool established from this RFQ will be used to select the firms to perform the bond underwriting service when SBCTA refinances the 2012 bonds in March 2022, the 2014 bonds in March 2024 and a potential new bond issuance in the near future. SBCTA will request bids from the pool of underwriters to market and sell the bonds to investors and to underwrite any unsold balances. Underwriters will be compensated solely from the proceeds of securities sold based on fees to be negotiated in connection with each specific security sale. Firms will selected based on the fees proposed and confirmation of the firm’s personnel and financial status have not changed negatively since the underwriting pool is selected.



Request for Qualifications

1.0 INTRODUCTION AND GENERAL INSTRUCTIONS

1.1 Introduction

The San Bernardino County Transportation Authority (“SBCTA”) invites Statements of Qualifications (“SOQ”) from Financial Firms wishing to qualify for a pool of underwriters on future financings and/or refinancings of sales tax revenue bonds. SBCTA expects to qualify a pool of firms (“the SBCTA Underwriter Pool”) from which SBCTA will select senior manager(s) or co-manager(s) as needed for underwriting services during the next 5-year period starting in late 2021.

A firm that desires to pre-qualify and submit an SOQ must have specific recent and relevant experience evaluating refunding alternatives for outstanding bonds; providing quantitative analysis to consider bond structuring alternatives, including principal amortization, various call optionality, couponing structures, etc.; collaborating with stakeholders, municipal advisor, and bond and disclosure counsel; reviewing and commenting on bond documents and the Preliminary Official Statement; assisting with the development and review of credit presentations; providing market updates and information from the underwriter desk; developing bond marketing and distribution strategies to maximize investor participation in selling bonds; developing options for investor outreach and coordinating meetings with investors; engaging underwriter counsel who prepares Bond Purchase Agreements; and underwriting unsold balances.

1.2 Purpose and Scope

The purpose of this document is to solicit information that SBCTA will evaluate to pre-qualify firms from which a pool of underwriters can be established. Pre-Qualification will be based on the SOQ (as further described in Section 1.3, “**Scope of Work (SOW)/SOQ Content Requirements**”) provided by responding firms, as set forth in this RFQ. SBCTA’s decision will be based on objective evaluation criteria.

1.3 Scope of Work (SOW)/SOQ Content Requirements

SBCTA will select from a pool of underwriters on future financings and refinancings of sales tax revenue bonds. After a pool has been established, SBCTA will solicit bids from members of the pool for future transactions; selection will be based on experience, fees, and other relevant factors.

In addition to establishing the SBCTA Underwriter Pool, SBCTA also requests each firm provide a proposed copy of its blanket Bond Purchase Agreement (BPA) that lays out the terms and conditions and the price (determined the day of the sale) under which the underwriters will purchase the bonds.



A. Financing Team

This section of the SOQ shall describe a complete listing of the financing team to be assigned to SBCTA, as well as the proposed team organization, including identification and responsibilities of key personnel. This should include the lead banker, primary analytic support, lead underwriter and specialists as needed. For each key person, provide resumes and a description of their background and experience with transportation agencies similar to SBCTA.

The SOQ shall also indicate who will serve as your firm's day-to-day contact with SBCTA. This individual will be expected to be available to actively participate throughout the duration of the bond transaction. If your firm is selected, the day-to-day contact and lead underwriter may not be changed without the prior consent of SBCTA.

B. Firm Qualifications and Experience

The SOQ shall provide the firm's experience serving as senior manager for each of the following types of debt over the past 5 years (i.e., 2016-2020). The SOQ shall provide both number of deals and par value issued for each year and in total for the time period.

- California Transportation Bonds
- California Sales Tax Revenue Bonds
- National Transportation Bonds
- National Sales Tax Revenue Bonds

C. Structuring Considerations for the Upcoming Bond Transaction

SBCTA seeks to designate one or more underwriters from the selected pool of firms to serve as senior manager or co-manager for SBCTA's potential 2022 sales tax revenue refunding bond transaction. SBCTA reserves the right to select different firms to serve as the senior manager or co-manager on the various upcoming transactions. The outstanding 2012 and 2014 bonds each have a call provision of March 2022 and 2024, respectively. SBCTA's goal is to refinance the bonds to secure a lower interest rate, which will result in interest cost savings. SBCTA will consider both taxable and non-taxable options. Also, the most recent update to the 10-year delivery plan in 2019 reflects need for bond issuance in future years.

Within your SOQ, describe your firm's proposed strategy and/or primary alternatives for SBCTA's 2022 bond transaction given its existing debt profile.

D. Credit Considerations for the Upcoming Bond Transaction

SBCTA currently maintains "AAA" ratings on the senior lien sales tax bonds from S&P, AA+ with Fitch, as well as ratings of "Aa2" from Moody's. The SOQ shall offer the firm's credit considerations pertaining to SBCTA's existing debt portfolio and the firm's proposed financing strategy. Discuss the firm's view of SBCTA's credit and the firm's strategy to maintain and/or upgrade current ratings.



If the firm will propose financing strategies in addition to or different from the existing sales tax credit, please discuss the firm's approach to credit as it pertains to each specific strategy (rating requirements, proposed rating agency, rating cost, etc.) How does the firm's alternative financing strategies (if applicable) affect SBCTA's senior lien credit ratings?

E. Marketing Approach for the Upcoming Bond Transaction Refunding

Describe the marketing strategy the firm recommends for SBCTA's anticipated 2022 refunding bond transaction. Discuss any marketing challenges or investor concerns (particularly as they relate to the taxable market and the short-term market) the firm foresees and how the firm's strategy addresses these. If selected as senior manager, how will the firm ensure the inclusion and participation of the entire syndicate? If a co-manager, how will the firm contribute to SBCTA's marketing effort?

F. Distribution Capabilities

Describe the bond distribution capability of the firm, with a particular emphasis on California retail and institutional bondholders. For the potential 2022 refunding bond transaction, what unique challenges exist in the taxable market that your strategy addresses? Please describe the firm's strategy for distributing SBCTA's bonds as a potential senior or co-manager. If available, please provide several recent examples of the firm's participation in bond sales for California public entities similar to SBCTA, including number of orders placed (broken out by retail, institutional, and member), as well as the firm's liability within those transactions.

G. Underwriter's Counsel for the Upcoming Bond Transaction

SBCTA will separately engage bond and disclosure counsels. Disclosure counsel will prepare the preliminary official statement and official statement. Please identify the law firm you wish to use as underwriter's counsel.

H. References/Questions

The firm and the lead banker shall each have a total of 3 completed Reference Forms (see Attachment A) submitted directly from current or past clients. It is the responsibility of the firm to ensure timely return of any/all Reference Forms to procurement@gosbcta.com, in accordance with the SOQ due date and time established within this solicitation. Reference Forms will only be accepted if received directly from the client; forms received directly from the firm will NOT be evaluated. Reference Forms must include the name, title, address, telephone number, and e-mail address of the person(s) at the client organization who is most knowledgeable about the work performed.



Provide Responses to the following questions:

1. Within the past 24 months, has your firm and/or any of its principals been the subject of any investigation relating to the municipal securities industry by the SEC, NASD, NYSE, or any other State or Federal organization that oversees, regulates, licenses or is otherwise responsible for the municipal securities industry?
2. Within the past 24 months, has your firm and/or any of its principals been involved in any litigation, arbitration, disciplinary or other actions arising from the firm's underwriting, management or handling of municipal securities?
3. Does there exist any relationship between your firm and any other non-affiliated firm(s) or individuals involving any compensation arrangement that may be associated with your possible engagement to assist with SBCTA's proposed debt issues?

I. PUBLIC RECORDS ACT

SOQs may be subject to public disclosure under the California Public Records Act and other public records laws, and by submitting a SOQ, firms waive all rights to confidentiality of any information submitted in the proposal and agree to any and all such disclosures required or permitted by law. SOQs become the property of SBCTA when submitted and by submitting a SOQ, the firm agrees that SBCTA may use any information, documentation or writing contained in the proposal for any SBCTA purpose.

1.4 Understanding the Evaluation

SBCTA will evaluate firms based on the answers received on the SOQs. Firm responses to this RFQ will be evaluated using the following criteria in order of importance:

1. Proposed Borrowing Strategy (including credit, marketing and structural considerations) – 25 Points
2. Financing Team – 25 Points
3. Relevant Transaction and Related Experience– 25 Points
4. Underwriting and Distribution Capability– 25 Points

Selection will be based on the context of the written SOQ. **Firms must score a minimum of 75 points be qualified for the selection pool.**

SBCTA reserves the right to reject all SOQ(s), to negotiate with multiple respondents, or to reissue this solicitation.

1.5 Addenda

Any changes to this RFQ will be made by written addendum and posted on the Vendor Portal. SBCTA will not be bound to any modifications to or deviations from the requirements set forth in this RFQ as a result of any oral discussions and/or instructions. Proposers shall acknowledge any addenda in their proposal.



1.6 Written Questions/Clarifications

All questions and or clarifications to this RFQ must be put in writing and submitted electronically to the Procurement Analyst at procurement@gosbcta.com, and they must be received by SBCTA no later than the date and time specified on the KEY RFQ DATES schedule. Questions received after the date and time specified may or may not be responded to, at the sole discretion of SBCTA. All questions/clarifications must be clearly labeled **“Written Questions for RFQ No. 22- 1002674”** SBCTA is not responsible for failure to respond to questions that are not appropriately marked. SBCTA’s responses to the questions received by the date and time identified herein will be posted on SBCTA’s website at www.gosbcta.com: click on “Doing Business”, select “Vendor Portal.” On the “Contracting” page, look under the heading “Bid Opportunities.”

1.7 Proposal Submittal

The procurement will be conducted electronically through SBCTA’s PlanetBids Vendor Portal webpage. SBCTA will not accept paper copies for any part of this procurement, including the SOQ submittal.

SOQs are due at or before 2:00 p.m., Thursday, October 7, 2021. SOQs will be submitted electronically through SBCTA’s Vendor Portal PlanetBids. To submit a SOQ for this pool, firms must be registered with SBCTA’s PlanetBids Vendor Portal website.

A firm must accept the Terms and Conditions on PlanetBids in order to proceed. Firms will have a series of tab and may save their SOQ at any time as a draft. Firms may edit the SOQ as often as they need to until the RFQ closes. **SOQs received after the date and time specified will be returned to the firm without further consideration or evaluation.**

1.8 Rules of Contact

The following rules of contact shall apply during the pre-qualification process. These rules are designed to promote a fair, unbiased, legally defensible selection process. Contact includes telephone, facsimile, e-mail, or formal written communication.

SBCTA’s Mr. Luis Medina will serve as the Procurement Analyst and primary point of contact during the pre-qualification phase. As the SBCTA point of contact, Mr. Medina is SBCTA’s sole contact person and addressee for receiving all communications about the Project during the RFQ procurement process; firms interested in submitting SOQs are prohibited from contacting any other SBCTA employee or advisor regarding the RFQ. All inquiries and comments regarding the RFQ may be addressed by e-mail at procurement@gosbcta.com.

Mr. Medina is the only individual allowed to discuss this RFQ with any interested parties. Information obtained from any other sources may be inaccurate, and use of such information is at the sole risk of the firm(s).



2.0 BACKGROUND INFORMATION

2.1 Current Debt Portfolio

Sales Tax Revenue Obligations

SBCTA has pledged a portion of future sales tax revenue bonds through the maturity dates of the issued sales tax revenue bonds. Principal and interest payments during the fiscal year ended June 30, 2020 of \$12,889,250, represents 7.20% of total applicable sales tax revenue, which was \$179,016,883. The future maturities of sales tax revenue bonds payable are as follows:

Year Ending, June 30,	Principal	Interest	Total
2021	\$ 4,460,000	\$ 8,563,200	\$ 13,023,200
2022	4,795,000	8,360,251	13,155,251
2023	5,130,000	8,168,450	13,298,450
2024	5,530,000	7,911,951	13,441,951
2025	5,955,000	7,635,450	13,590,450
2026-2030	36,895,000	33,340,753	70,235,753
2031-2035	51,585,000	22,818,802	74,403,802
2036-2040	69,545,000	9,513,321	79,058,321
	<u>\$ 183,895,000</u>	<u>\$ 106,312,178</u>	<u>\$ 290,207,178</u>

Sales Tax Revenue Bonds of 2012, Series A

The sales tax revenue bonds of \$79,105,000, are tax exempt and were issued by the San Bernardino County Transportation Authority on March 28, 2012. The bonds are limited obligations of the Authority secured by a pledge of the Sales Tax Revenues of only amounts collected on account of the sales tax on and after April 1, 2010, less certain administrative fees paid to the California Department of Tax and Fee Administration in connection with the collection and disbursement of the sales tax. The bonds are subject to mandatory sinking fund redemption starting in Fiscal Year 2033 prior to maturity of the bonds. In the event of default, there is no provision for acceleration or increase in the interest rate. However, the trustee has the right to apply all revenues and other funds towards the debt. In April 2019, a supplemental indenture was issued to add a subordinate debt coverage ratio of 1.50x as required by the I-10 Corridor Contract 1 project toll revenue indenture.

Interest is payable semiannually on March 1st and September 1st of each year at rates of interest ranging from 3% to 5% and yield rates ranging from 0.53% to 3.46%. Principal payments on the bonds began on March 1, 2015 and are due each year thereafter through

2040 ranging from \$1,910,000 to \$5,835,000. The range of annual debt service ranges from \$3,851,087 to \$6,081,638.



The debt maturities for the 2012 sales tax revenue bonds payable included in the governmental activities are as follows:

<u>Year Ending, June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,455,000	\$ 3,622,387	\$ 6,077,387
2022	2,575,000	3,499,638	6,074,638
2023	2,680,000	3,396,637	6,076,637
2024	2,815,000	3,262,638	6,077,638
2025	2,955,000	3,121,887	6,076,887
2026-2030	17,040,000	13,334,688	30,374,688
2031-2035	21,650,000	8,721,937	30,371,937
2036-2040	26,935,000	3,443,119	30,378,119
	<u>\$ 79,105,000</u>	<u>\$ 42,402,931</u>	<u>\$ 121,507,931</u>

Sales Tax Revenue Bonds of 2014, Series A

The sales tax revenue bonds of \$104,790,000 are tax exempt and were issued by the San Bernardino County Transportation Authority on March 18, 2014. The bonds are limited obligations of the Authority secured by a pledge of the Sales Tax Revenues of only amounts collected on account of the sales tax on and after April 1, 2010, less certain administrative fees paid to the California Department of Tax and Fee Administration in connection with the collection and disbursement of the sales tax. The bonds are subject to mandatory sinking fund redemption starting in Fiscal Year 2035 prior to maturity of the bonds. In the event of default, there is no provision for acceleration or increase in the interest rate. However, the trustee has the right to apply all revenues and other funds towards the debt.

Interest is payable semiannually on March 1st and September 1st of each year at rates of interest ranging from 3% to 5% and yield rates ranging from 0.40% to 3.85%. Principal payments on the bonds began on March 1, 2015 and are due each year thereafter through 2040 ranging from \$755,000 to \$9,685,000. The range of annual debt service payments is from \$4,692,922 to \$10,130,963.

The debt maturities for the 2014 sales tax revenue bonds payable included in the governmental activities are as follows:

<u>Year Ending, June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,005,000	\$ 4,940,813	\$ 6,945,813
2022	2,220,000	4,860,613	7,080,613
2023	2,450,000	4,771,813	7,221,813
2024	2,715,000	4,649,313	7,364,313
2025	3,000,000	4,513,563	7,513,563
2026-2030	19,855,000	20,006,065	39,861,065
2031-2035	29,935,000	14,096,865	44,031,865
2036-2040	42,610,000	6,070,202	48,680,202
	<u>\$ 104,790,000</u>	<u>\$ 63,909,247</u>	<u>\$ 168,699,247</u>



Financial covenant compliance for sales tax revenue bonds is illustrated below:

Sales Tax Revenue Fiscal Year Ended June 30, 2020	Maximum Annual Debt Service	Debt Coverage Ratio
\$ 179,016,883	\$ 16,208,601	11.04 X

Transportation Infrastructure Finance Innovation Act (TIFIA) Loan Agreement for the I-10 Corridor Contract 1 Project

SBCTA executed a TIFIA loan agreement for up to \$225 million on April 26, 2019. The interest on the loan was reset to 2.17% and closed on June 17, 2021. The proceeds will finance a portion of the costs for the I-10 Corridor Contract 1 project. During construction and for a period of up to five years following substantial completion, interest is compounded semiannually on June 30 and December 31 of the year following initial disbursement and added to the initial TIFIA loan. The TIFIA loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent additional funds are available. TIFIA debt service payments are expected to commence on December 31, 2027, which is five years after substantial completion of the I-10 Corridor Contract 1 project through December 31, 2057.

The interest rate of the TIFIA loan is 2.17%. In the event the TIFIA loan would entered into a Development Default or Project Abandonment, the interest rate will be that of 2.93% plus 200 basis points (4.93%) until the Development Default is cure or the outstanding TIFIA loan balance has been irrevocably paid in full in cash. During 2020, there were no draws on the TIFIA loan with first disbursement anticipated to be in Fiscal Year 2022.

Total life coverage ratio for the TIFIA loan is at least 1.30. The ratio is calculated by dividing the net present value of toll revenue available for debt service by amount of outstanding loan. In the event of six consecutive violations of the total life coverage ratio, the amounts in the sweep fund reserve and residual fund shall be used to prepay the debt to bring the metrics in line with the rate coverage requirements.

Current costs related to the I-10 Corridor Contract 1 are reflected as construction in progress and will be capitalized upon substantial completion.

The TIFIA loan is a senior toll revenue bond per the 2021 Toll Revenue Bond indenture (I-10 Corridor Contract 1 Project). The credit rating on the TIFIA loan is BBB- (DBRS and KBRA).

Pursuant to the I-10 Corridor Contract 1 project toll indenture, SBCTA will establish the following to support the I-10 Corridor Contract 1 project:

- An estimated \$15.4 million TIFIA loan reserve from anticipated net toll revenues.



- Measure I investments will be provided until the year 2040 up to cumulative total of \$93 million to support Operation & Maintenance (O&M) expenses, lifecycle expenses; deposit to the TIFIA Debt Service Reserve Account and Measure I Cash

Supplement Payments estimated to be from \$2 million and \$46 million, depending on the actual toll revenues received through the period provided (2040).

- O&M reserves of \$4.1 million funded with Measure I loan proceeds. The reserve will increase to \$11.5 million in 2063 funded from toll revenues.
- Sweep fund of \$10 million required by June 2026 to be funded by toll revenue to support debt service.
- Subordinate bonds debt service reserve of up to \$14.9 million, with an initial deposit of \$10 million due by June 30, 2027.

Toll Revenue Bonds

In June 2021 SBCTA issued the Toll revenue bond (I-10 Corridor Contract 1 project toll revenue indenture) which is secured by a senior lien on the trust future toll revenue with a commitment amount of \$93 million of Measure I funds until the year 2040. There are no amounts outstanding debt under this indenture of the TIFIA Loan as of June 30, 2021. In the event of default, bankruptcy, or springing lien event, the trust estate shall be under the control of and applied by the Trustee but there shall be no right of acceleration with respect to the obligations.



**ATTACHMENT A
REFERENCE FORM**



REFERENCE FORM

(Sample Cover Letter)

<ON COMPANY LETTERHEAD>

Date:

Name of Reference Reference Title

Address, City, State, Zip Code

Telephone No., Email Address

SUBJECT: Request for Proposal RFQ No. 22-1002674

Dear _____,

San Bernardino County Transportation Authority (SBCTA) has released Request for Proposal (RFQ) No. **22- 1002674 for Investment Banking Services/Bond Underwriting**.

Our firm is currently responding to the RFQ, and SBCTA has requested that Proposers provide references from customers and clients who have provided similar work or services from me or our firm.

Your firm has been identified as a reference and you are respectfully requested to complete and sign the attached questionnaire and submit it to SBCTA directly at procurement@gosbcta.com. Please note, SBCTA will not accept or give consideration to questionnaires submitted by proposers.

The questionnaire is due **no later than** (proposer select the due date); however, if you can possibly submit the questionnaire sooner, it would be greatly appreciated.

The information in the questionnaire is very important and helpful in assisting our firm with SBCTA's selection process. We sincerely appreciate your cooperation in this matter.

Sincerely,

Reference Name

Title



**RFQ No. 22-1002674
CONSULTANT REFERENCE CHECK**

PROPOSING FIRM NAME _____

TO BE COMPLETED BY REFERENCE AGENCY/FIRM:

Project Owner/Agency Name

Address

City State Zip Code

Contact Name Contact Title

Phone Email Address

Name of Project:

Reference for: Firm Key Personnel's Name _____

What role did the firm/key person serve on the project?

What services did the firm/key person provide for the project?

Ratings:	3 - Excellent	2 - Good	1 - Satisfactory	0 - Poor
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(N/A IF NOT APPLICABLE - PROVIDE AN EXPLANATION IN THE COMMENTS SECTION)

Question	Rating Definition		Rating
1. How do you rate the firm's/key personnel's overall performance and technical competence and knowledge in providing bond underwriting services?	Excellent (3)	Took initiative, consistently demonstrated knowledge of bond underwriting services, consistently anticipated and solved issues.	
	Good (2)	Demonstrated knowledge of bond underwriting, solved unexpected issues promptly, few mistakes.	
	Satisfactory (1)	Demonstrated knowledge of the bond underwriting, occasional unanticipated issues arose, some mistakes.	



Question	Rating Definition		Rating
If the rating is Poor, please provide an explanation here:	Poor (0)	Knowledge of the bond underwriting was lacking, issues remained unresolved, frequent mistakes.	
2. What was the quality of the advice provided by the firm/key person? If the rating is Poor, please provide an explanation:	Excellent (3)	Consistently provided thorough and practical advice, anticipated issues we did not point out.	
	Good (2)	Rarely had to redirect the firm/key person and advice provided was valuable and responsive.	
	Satisfactory (1)	Usually provided helpful information and advice.	
	Poor (0)	Repeatedly had to be redirected and prompted to provide an adequate response.	

Additional Comments (Use additional sheets as necessary):

Print Contact Name Title

Contact Signature Date

Please Submit to:
San Bernardino County Transportation Authority
 Email: procurement@gosbcta.com