

June 27, 2014

The County of Erie, New York (the "County") is inviting certain underwriting firms to submit a proposal to serve as book-running senior manager or co-manager in connection with the issuance of approximately \$29.3 million of general obligation bonds (general improvement & sewer) and \$110 million of revenue anticipation notes. **All proposals are due by 3:00 p.m. Eastern Time on Friday, July 11, 2014.**

There is no expressed or implied obligation for the County to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, two copies of your proposal must be received by Comptroller, Stefan I. Mychajliw, Buffalo, New York 14202. The County reserves the right to reject any or all proposals submitted. **Proposals also must be submitted by e-mail** at comptroller@erie.gov. A copy of your proposal must also be sent to Steven Kantor and Kayla MacEwen, financial advisor to the County, at steven.kantor@firstsw.com and kayla.macewen@firstsw.com.

During the evaluation process, the County reserves the right, where it may serve the County's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The County reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the County and the firm selected.

All qualified applicants will be afforded equal opportunity without discrimination because of race, creed, color, national origins, sex age, disability or marital status.

**ERIE COUNTY, NEW YORK
REQUEST FOR PROPOSALS**

**SENIOR MANAGING UNDERWRITER and
Co-Managing Underwriter**

June 27, 2014

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I. CALENDAR OF EVENTS

- Issuance of RFP June 27, 2014
- Deadline for RFP Questions July 3, 2014, 3:00 p.m. ET
- Responses to Questions July 7, 2014
- Deadline for Submission of Proposals July 11, 2014, 3:00 p.m. ET
- Interviews, if necessary Week of July 21, 2014
- Notice of award, not earlier than: July 25, 2014

II. INTRODUCTION

Erie County, New York (the "County") is soliciting firms through this Request for Proposals ("RFP") to act as senior managing underwriter for the issuance of approximately \$29.3 million of general obligation bonds (general improvement & sewer) and \$110 million of revenue anticipation notes.

III. ADMINISTRATIVE INFORMATION

Firms receiving this RFP or that receive access to this RFP from a source other than the County should contact Gregory Gach at 716-858-8968 gregory.gach@erie.gov to ensure that their correct contact information is listed. This will ensure that they receive all updates and/or amendments/addendums to this RFP.

The following administrative requirements will apply to this RFP. Failure to comply fully with these requirements may result in disqualification of your proposal.

A. Restrictions on Communications

From the date this RFP is issued until the contract award has been announced, no Proposer-initiated contact with any County official shall be permitted regarding this RFP, other than written inquiries, as described in this Section. This prohibition includes, but is not limited to, any lobbying of individuals considered to have any influence over proposal evaluation and selection. Violation of this provision may be grounds for immediate disqualification.

B. Inquiries

There will be an opportunity available for submission of written questions. All questions or requests for clarification regarding this RFP must be submitted via email (preferred) or by fax to the County contact as indicated in Section III (A), no later than July 7, 2014, 3:00 p.m. ET, citing the particular RFP page, section, and paragraph number where applicable. Questions or requests for clarification received after such time and date will not receive a response from the County. Answers to all questions, as well as copies of the questions, will be distributed to all firms

that were granted access to this RFP, in accordance with the Calendar of Events in Section I.

C. Modifications to the RFP

The County may modify any part of the RFP prior to the deadline for submission of proposals by issuance of addendum to all recipients of this RFP. Any addendum issued by the County will be posted to the County website and email notification of such posting will be distributed to all firms that have been granted access to this RFP.

D. Conflicts of Interest

Proposers must disclose with their proposals the name of any officer, director, or agent of Proposer who is also an employee of the County, the State of New York or any entity of the State of New York, including any State agency or State public authority. Proposers must disclose the name of any State employee who owns, directly or indirectly, an interest of five percent or more in the Proposer.

E. Minority- and Woman-Owned Business Enterprise (MWBE) Requirements

In accordance with the provisions of Article 15-A of the Executive Law and the State Finance Law, it is the intention of the County to provide real and substantial opportunities for certified MWBE firms on all contracts. It is with this intention that we assign an MWBE participation goal to this contract.

F. Errors And Omissions

If a recipient discovers any ambiguity, conflict, discrepancy, omission, or other error in this RFP, he/she shall immediately notify the County (See Section III (A), Restrictions on Communications) of such error in writing and request clarification or modification of the document.

Prior to the deadline for submission of proposals, the County will provide any necessary clarifications by email notice to all firms that have been granted access to this RFP. If, prior to the deadline for submission of proposals, a Proposer fails to notify the County of a known error or an error that reasonably should have been known, the Proposer shall assume the risk of proposing. If awarded the contract, the Proposer shall not be entitled to additional compensation by reason of the error or its correction.

G. The County's Rights As To All Proposals

The County reserves the right to, but is not limited to, the following:

1. Reject any and all proposals received in response to this RFP.
2. Waive any immaterial deviation or defect in a proposal. A waiver of immaterial deviation or defect shall in no way modify the RFP documents or excuse the Proposer from full compliance with the RFP requirements.

3. Reject any proposal that contains false or misleading statements, or which provides references that do not support an attribute or condition claimed by the Proposer.
- 4.. All proposals will become the property of the County and may be disclosed or used by the County to the extent permitted by law. The County may disclose a proposal to any person for the purpose of assisting in evaluating the proposal or for any other lawful purpose. All proposals will become County records, which, in accordance with the Freedom of Information Law, will be available to the public after the contract award. Any portion of the proposal that a Proposer believes constitutes a trade secret entitled to confidential handling, as an exception to the Freedom of Information Law, must be clearly and specifically designated in the proposal. If the County agrees with the trade secret claim, the designated portion of the proposal will be withheld from public disclosure. Blanket assertions of trade secret material will not be accepted, and failure to specifically designate trade secret material will be deemed a waiver of any right to confidential handling of such material.

H. Confidentiality of Proposals

The content of each proposal and all communications will be held in confidence and no details will be divulged to any other Proposer during evaluation.

I. Important Information Affecting Proposers

1. By submitting a proposal, the Proposer agrees not to make any claims for or have a right to damages because of any misrepresentations or misunderstanding of the specifications or because of any lack of information.
2. The County reserves the right to modify any part of this RFP, including but not limited to, the date and time for which proposals must be submitted and received by the County, at any time prior to the deadline for submission of proposals. Modifications to this RFP will be made by issuance of addendum. Any addendum issued by the County will be posted to the County website and email notification of such posting will be distributed to all firms that received access to this RFP. The County also reserves the right to cancel this RFP, in whole or in part, and to reject any and all proposals. See also Section III (C) and (G).
3. The County reserves the right to correct any arithmetical errors in any proposal and, in the event that the fees or costs in two or more proposals are not comparable, to make appropriate adjustments to render the fees and costs comparable. The County also reserves the right to require a Proposer to clarify his/her proposal to assure a full understanding of the proposal and to request revisions to all proposals from Proposers susceptible of award of the contract. Any

request for clarification or revisions is solely at the discretion of the County.

4. Proposers shall not discuss this RFP with employees of the County prior to the County's decision to award a contract.
5. New York State law requires that a proposal shall not be considered for award if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement with any other Proposer or with any competitor. In addition, a Proposer is generally prohibited from making multiple proposals in a different form, i.e., as a prime Proposer or as a subcontractor to another Proposer.
6. By submitting a proposal, the Proposer certifies that if selected, he/she can and will provide and make available, at a minimum, all services set forth in this RFP.
7. By submitting a proposal, the Proposer warrants that all information provided in connection with the proposal is true and accurate.
8. By submitting a proposal, the Proposer warrants that, if selected, he/she will execute an Agreement of Confidentiality wherein he/she agrees to protect, from unauthorized disclosure, confidential information accessed during the contract.
9. The successful Proposer must agree to provide the County with access to records related to this contract on request during the term of the contract and for six years thereafter.

IV. SERVICES REQUIRED OF A SENIOR MANAGING UNDERWRITER

The County is seeking proposals from a nationally recognized, qualified Underwriter. In addition to being nationally recognized, the firms must meet the following Mandatory Requirements and provide the Mandatory Services listed in Section IV (B).

A. Mandatory Requirements to Propose

The proposing firm must:

1. have experience in providing senior managing underwriting services to New York municipal bond issuers on transactions closing during the period of January 1, 2012 through May 31, 2014;
2. have experience in structuring and marketing general obligation bonds for issuers in the State of New York.

Proposers not meeting the Mandatory Requirements to Propose will be disqualified.

B. Mandatory Services

The Underwriter will perform the following mandatory services:

1. Make recommendations for the structure, conditions, and terms of the County's revenue bond issuances, including, but not limited to, variable rate bonds, capital appreciation bonds, derivatives, insurance or other credit enhancements, and advise on the structuring of refunding bond escrows.
2. Participate in meetings with the financial advisor, credit enhancers, and rating agencies, if requested.
3. Assist in the preparation of official statements, other necessary financing documents;
4. Be prepared to execute a bond purchase agreement with the County.

V. PROPOSAL CONTENT - INFORMATION TO BE PROVIDED BY PROPOSERS

Following is a listing of the information required to be provided by the Proposer. A proposal that does not provide all the information requested below may be subject to rejection. Your proposal must contain sufficient information to assure the County of its accuracy.

All technical proposal items are to be placed in a binder, with tabs numbered to match the specific information requested, separate from the cost and administrative proposals. No information beyond that specifically requested is required and firms are requested to keep their submission to the shortest length consistent with making a complete presentation of qualifications.

A. Technical Proposal Content

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the Proposer to undertake the responsibilities of serving as senior managing underwriter while complying with applicable laws and the requirements of this RFP. The Technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to provide services described in this RFP.

A proposal that is incomplete in any material respect may be eliminated from consideration. The following outlines the required information to be provided by Proposers. The information requested should be provided in the prescribed format. Responses that do not follow the prescribed format may be eliminated from consideration. All responses to the RFP will be subject to verification for accuracy.

1. Cover Letter

The cover letter shall be considered an integral part of the proposal, and shall be signed by the individual or individuals authorized to bind the Proposer contractually. The cover letter must indicate that the signer is so authorized and the title or

position the signer holds in the Proposer's firm. An unsigned proposal will be rejected.

2. Table of Contents

The Table of Contents should clearly identify the material, by section and page number, included in the proposal.

3. Qualifications for Senior Manager

The following items are designed to elicit information important to the County in determining the selection of a Senior Managing Underwriter. If you are responding as a co-manager, please go to 4.

- a) Please give a brief description of your firm including relevant lines of business.
- b) Please list the contact information for the person responsible for submitting this proposal. Include any additional offices from which work will be performed.
- c) A list (in the form of Appendix A with the grand total for all issuances) of the direct prior experience of your firm with all governmental entities relating to **senior** managing underwriter for the issuance of New York general obligation bonds closing during the period of January 1, 2012 through May 31, 2014. Limit this list to assignments of this type. Provide the following information:
 1. the name of the issuer;
 2. the type of issuance;
 3. the size of the issuance;
 4. the date of closing; and
 5. a description of the services rendered.
- d) Provide three (3) current client references, containing contact persons, their titles, addresses, telephone numbers, email addresses, and a brief description of the relationship between the firm and the reference.
- e) Resumes of the individuals of your firm who would be directly assigned and a description of the specific function each would perform. The information should additionally identify their qualifying experience to perform the services identified and state their number of years of experience in the financial industry as well as their number of years with your firm. A statement as to the availability of the lead person(s) for consultation with the County, including but not limited to, his or her willingness to meet in Buffalo with County officials.

- g) Describe the firm's distribution and marketing capabilities. How is your firm best qualified to senior manage a Erie County financing.
- h) Explain the firm's recommendation with regard to syndicate rules and management team composition.
- i) Discuss any challenges you foresee with marketing the County's general obligation bonds, and provide a plan for addressing those challenges. What is the best way to maximize retail participation in the financing?
- j) Please provide your firm's price views for a \$29.3 million general obligation financing, with market prices as of the close of business July 8, 2014. Is your firm willing to guarantee the spreads to MMD that are included in your proposal? Please use the following assumptions in preparing your price views and the bond structure that appears in Appendix B. Please assume cost of issuance of \$300,000 and Underwriter's counsel fee of \$20,000.
- k) Provide your recommendation as to which rating agency (s) should the County request ratings on the County's general obligation bonds. Please include the number of rating agencies, identify the agency and the rationale for the selection.

4. Qualifications for Co- Manager

The following items are designed to elicit information important to the County in determining the selection of a co-managing Underwriter. If you have supplied the information in 3 above in the response for Senior Managing Underwriter, you do not have to complete this section.

- a) Please list the contact information for the person responsible for submitting this proposal. Include any additional offices from which work will be performed.
- b) A list (in the form of Appendix A with the grand total for all issuances) of the direct prior experience of your firm with all governmental entities relating to co managing underwriter for the issuers in the State of New York during the period of January 1, 2012 through May 31, 2014. Limit this list to assignments of this type. Provide the following information:
 - 1. the name of the issuer;
 - 2. the type of issuance;
 - 3. the size of the issuance;
 - 4. the date of closing; and
 - 5. a description of the services rendered.

- c) Describe the firm's distribution and marketing capabilities, particularly in the State of New York. What particular qualifications does the firm have to serve as co-manager for this issue.
- d) Explain the firm's proposal with regard to syndicate rules and management team composition.

5. Fee Proposal Content

Management Fee (if any)
Takedown by Maturity
Expenses

(Please provide a breakdown of expenses assume underwriter's counsel fee of \$20,000)

*Management fee is due to the senior manager only.

VI. PROPOSAL SUBMISSION

All proposals must be submitted in hard copy and email by 3:00 p.m. ET on July 11, 2014 - the deadline for submission of proposals. Proposals received after the deadline for submission of proposals may be rejected. Proposals must be submitted in a sealed package to:

Stefan I. Mychajliw
Comptroller
County of Erie
95 Franklin Street
Room 1100
Buffalo, New York 14202-3971

A copy of the proposal must also be emailed to the County's financial advisor:

First Southwest Company

Steven Kantor, Managing Director
Steven.kantor@firstsw.com

Kayla MacEwen, Vice President
Kayla.macewen@firstsw.com

Proposer may withdraw a proposal at any time prior to the deadline for submission of proposals by written notification to the Contracting Officer as set forth in Section III. A. of this RFP. An authorizing agent of the firm must sign the notice of withdrawal. The proposal may thereafter be resubmitted, but not after the deadline for submission of proposals. Modification, offered in any other manner, oral or written, will not be considered.

Proposals received after the deadline for receipt of proposals will be disqualified and returned to the Proposer.

VII. EVALUATION OF PROPOSALS

A. Evaluation of Proposals

The County will evaluate proposals using the evaluation methods, procedures, and criteria contained in this section based upon the “best value” approach. The best value approach identifies the successful firm as the responsive and responsible Proposer that receives the highest overall ranking based upon the total weighted score for all evaluation criteria, i.e., the most beneficial combination of quality and costs for the services being requested.

B. Interviews (if necessary)

Following the evaluation of written proposals, the Evaluation Committee will determine whether firms will be interviewed. Each Proposer will be notified of the date, place, and time of their interview, if necessary. Interviews may take place by conference call, if so desired by the County. The interview will be designed to allow the Proposer to demonstrate the firm’s ability to provide the required services. The proposed lead person, as well as any other key personnel who would be responsible for providing financial advisory services, should be present and participate in the interview. The interview will be evaluated on the basis of whether it substantiates the characteristics and attributes claimed by the Proposer in the written response to the RFP.

C. Final Recommendation for Award

Following the completion of the evaluations, the Evaluation Committee will make the award for Underwriter subject to final approval by the County’s Comptroller.

VIII. AWARD OF CONTRACT

A. Notification of Selection

The successful Proposer(s) will be advised of selection by the County. Proposers not selected will also be notified.

B. Termination

The County reserves the right to terminate the services of the underwriter chosen upon thirty (30) days written notice for any reason, or immediately for cause. In the event of such termination, the firm(s) shall be entitled to compensation for acceptable services performed through the date of termination.

APPENDIX A

RESPONSE FORM – SECTION V (A) (3) (c)

Firm Name:

List the direct prior experience of this firm with all governmental entities relating to serving as senior managing underwriter for the issuance of General Obligation Bonds in New York State closing during the period of January 1, 2012 through May 31, 2014 (please add or delete rows as necessary) in the form below:

| Name of Issuer | Type of Issuance | Size of Issuance | Date of Closing | Services Provided |
|----------------------------------|------------------|------------------|-----------------|-------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Grand Total of All Issuances: \$ | | | | |

APPENDIX B

RESPONSE FORM – SECTION V (A) (3) (j)

List your firm's price views in the table provided below for a \$29.3 million general obligation financing, with market prices as of the close of business July 8, 2014.

General Improvement Bonds

| Maturity September 15 | Par Amount | Coupon | Yield |
|--------------------------|-------------|--------|-------|
| 2015 | \$1,455,000 | | |
| 2016 | 1,785,000 | | |
| 2017 | 1,855,000 | | |
| 2018 | 1,930,000 | | |
| 2019 | 2,010,000 | | |
| 2020 | 2,090,000 | | |
| 2021 | 2,190,000 | | |
| 2022 | 2,300,000 | | |
| 2023 | 2,415,000 | | |
| 2024 | 2,535,000 | | |
| 2025 | 2,665,000 | | |
| 2026 | 2,800,000 | | |

Sewer Bonds

| Maturity September 15 | Par Amount | Coupon | Yield |
|--------------------------|------------|--------|-------|
| 2015 | \$140,000 | | |
| 2016 | 185,000 | | |
| 2017 | 195,000 | | |

| | | | |
|------|---------|--|--|
| 2018 | 200,000 | | |
| 2019 | 210,000 | | |
| 2020 | 215,000 | | |
| 2021 | 225,000 | | |
| 2022 | 240,000 | | |
| 2023 | 250,000 | | |
| 2024 | 265,000 | | |
| 2025 | 275,000 | | |
| 2026 | 290,000 | | |
| 2027 | 305,000 | | |
| 2028 | 320,000 | | |