

## **Additional Considerations to the Minimum Language**

### **A. Additional Considerations for Transparency by Way of Annual Debt Report, Annual Budgets, and Specific New Issue Report:**

The county should decide who will be responsible for the analysis reporting—county executive/mayor, finance/budget director, county commission, and/or budget committee. To insure transparency of decisions for annual debt reports, annual budgets and specific issuance debt reports shall be prepared and available for public review and comment.

1. Form CT-0253 shall be submitted to the county legislative body prior to submission to the Office of State and Local Finance.
2. Annual debt report shall be submitted to the county legislative body by June of each year. Generally the report will be presented with the annual debt budget.

The annual report shall consist of but not be limited to:

- a. Budget summary and detailed budget as required by the Comptroller's office.
  - b. Net debt calculation (total principal outstanding less most recent year respective debt fund balance).
  - c. Calculation of percentage of total debt to assessed value.
  - d. Calculation of debt to per capita income.
  - e. Calculation of net debt per capita (net debt/population).
  - f. Documentation of the most recent debt rating.
  - g. Reports will reflect estimated fund balance.
3. The county shall prepare multi-year debt budgets.
  4. The county shall service all principal and interest payments through the debt service fund.
  5. The county shall not issue debt that exceeds the life of the capital asset.
  6. The county shall take all necessary steps to optimize escrows and to avoid negative arbitrage in its refunding subject to the county's investment policies. Any positive arbitrage will be rebated as necessary according to federal guidelines.
  7. The county shall identify individual(s) responsible for understanding and explaining the debt management policy.
  8. Annual debt budgets shall be adopted by the county legislative body and comply with legal notice and filings requirements for county budgets (TCA 5-9-401 through 404 and TCA 5-8-507 and Open Records Law TCA 10-7-503).
  9. Any new debt issuance shall comply with State Form CT-0253 and the county's cost issuance form that detail all associated costs for the issuance of the proposed debt.

10. The county will have to comply with current and future statutory requirements for capital leases, notes, general obligation bonds, federal bonds, loans, tax and revenue anticipation notes, bond anticipation notes, and capital outlay notes.

11. The county shall decide what form of media to be used for disclosure.

**B. Additional Considerations for Hiring of Professionals for Debt Issuance Process:**

**(A financial advisor is not required to be engaged for all debt issues)**

1. A county may want to use a competitive process to hire their financial advisor.
2. For more information refer to the GFOA Best Practices: [www.gfoa.org](http://www.gfoa.org)
3. See attached RFP provided
4. The county legislative body shall approve all contracts for financial services longer than one year.
5. Disclosures shall occur in a timely manner to allow the county to have full understanding of potential conflicts prior to taking formal action on selection of service providers or financial commitments.
6. Issuers should include a provision prohibiting any firm from engaging in activities on behalf of the issuer that produce a direct or indirect financial gain for the financial advisor, other than the agreed-upon compensation, without the legislative body's approval.

**C. Additional Considerations for Conflict of Interest Issues:**

Require all professionals to enter into an engagement letter related to their proposed services, cost, and any potential conflict of interest.

**D. Additional Considerations beyond Minimum Requirements for Issuance of Debt:**

1. If applicable, borrowing only for assets in the current capital outlay plan or in emergency situations.
2. Counties should consider best practice by creating a debt management committee.
3. Compare competitive proposals for all issuances.
4. Leases should only be used when it is more advantageous than purchasing the asset.
5. In the event of variable interest debt, the county should consider budgeting up to an additional \_\_\_% above the variable rate to protect the county in the event of an upswing in interest rates.
6. Refunding should only occur to achieve overall savings on debt service costs above the costs associated with refunding, restructuring outstanding debt, or to improve terms and conditions of the bond.
7. Insure that refunding debt will not extend anticipated life of the original asset.

8. Insure that no debt is issued that engages in interest swap agreements or derivative arrangements.
9. County should consider what minimum bond rating is acceptable for the issuance of bonded debt.
10. County should consider what financing options are acceptable.
11. County should require disclosure of percentage of the principal amount of total issue paid in the last five (5) years of any debt with amortization greater than ten (10) years.
12. County should require disclosure of prepayment penalty after 90 days and any lockout periods or call features for prepayment.

## Attachment A: Resources

### 1. Comptroller of the Treasury

Guide For The Issuance Of Notes By The Counties, Consolidated Governments, And Municipalities Of Tennessee ([www.tn.gov/comptroller/lf/pdf/guide2003.pdf](http://www.tn.gov/comptroller/lf/pdf/guide2003.pdf))

### 2. Government Finance Officers Association (GFOA) ([www.gfoa.org](http://www.gfoa.org))

#### Best Practices Governmental Debt Management

- a. [Analyzing an Advance Refunding](#) (1995)
- b. [Business Preparedness and Continuity Guidelines](#) (2005 and 2008)
- c. [Debt Management Policy](#) (1995 and 2003)
- d. [Post Issuance Compliance Checklist](#)
- e. [Debt Service Payment Settlement Procedures](#) (2003 and 2007)
- f. [Investment of Bond Proceeds](#) (1996 and 2007)
- g. [Issuer's Role in Selection of Underwriter's Counsel](#) (1998 and 2009)
- h. [Issuing Taxable Debt by U.S. State and Local Governments](#) (1998)
- i. [Maintaining an Investor Relations Program](#) (1996, 2003 and 2010)
- j. [Payment of the Expense Component of Underwriters' Discount](#) (1996 and 2010)
- k. [Pricing Bonds in a Negotiated Sale](#) (1996, 2000, and 2010)
- l. [Public-Private Partnerships for Economic Development](#) (2008)
- m. [Role of the Finance Officer in Privatization](#) (2009)
- n. [Selecting and Managing the Method of Sale of State and Local Government Bonds](#) (1994 and 2007)
- o. [Selecting Bond Counsel](#) (1998 and 2008)
- p. [Selecting Financial Advisors](#) (2008)
- q. [Selecting Underwriters for Negotiated Bond Sales](#) (2008)
- r. [Tax Increment Financing as a Fiscal Tool](#) (2006)
- s. [Understanding Your Continuing Disclosure Responsibilities](#) (2010)
- t. [Use of Debt-Related Derivatives Products and the Development of a Derivatives Policy ADV](#) (1995, 2003, 2005 and 2010)
- u. [Derivatives Checklist](#)
- v. [Using a Web Site for Disclosure](#) (2002 and 2010)
- w. [Web Site Presentation of Official Financial Documents](#) (2009)

### 3. Best Practices Budgeting and Fiscal Policy

- a. [Adoption of Financial Policies](#) (2001)
- b. [Incorporating Capital Project Budget in the Budget Process](#) (2007)

### 4. Advisories Governmental Debt Management

- a. [Auditor Association with Financial Statements Included in Offering Statements or Posted on Web Sites](#) (2005 and 2006)
- b. [Evaluating the Sale and Securitization of Property Tax Liens](#) (1997)
- c. [Evaluating the Use of Pension Obligation Bonds](#) (1997 and 2005)
- d. [Issuing Build America and other Direct Subsidy Bonds](#) (2010)
- e. [Need for Considerable Caution in Regard to OPEB Bonds](#) (2007)

- f. [Understanding the Issuer's Role in Secondary Market Securitization of Tax-Exempt Obligations](#) (1993, 1996, and 2005)
  - g. [Underwriter Disclaimers in Official Statements](#) (2000)
  - h. [Using Variable Rate Debt Instruments ADV](#) (1997 and 2010)
5. [Publications: Capital Finance and Debt Administration](#) (11 titles)
- a. *Benchmarking and Measuring Debt Capacity*
  - b. *Debt Issuance and Management: A Guide for Smaller Governments*
  - c. *An Elected Official's Guide to Debt Issuance*
  - d. *An Elected Official's Guide to Tax Increment Financing*
  - e. *An Elected Official's Guide to Rating Agency Presentations*
  - f. *A Guide for Preparing a Debt Policy*
  - g. *A Guide for Selecting Financial Advisors and Underwriters: Writing RFPs and Evaluating Proposals*
  - h. *Making Good Disclosure: The Role and Responsibilities of State and Local Officials Under the Federal Securities Laws*
  - i. *Purchasing Credit Enhancement: How to Decide if Bond Insurance Makes Sense*
  - j. *Structuring and Sizing the Bond Issue*
  - k. *Tax Exempt Financing: A Primer*
6. [Publications: Financial Management and Budgeting](#) (26 titles)  
*Financing the Future: Long-Term Financial Planning for Local Governments*
7. International City/County Management Association (<http://icma.org/en/icma/home>)  
Management Policies in Local Government Finance, 5th edition  
([http://bookstore.icma.org/product1.cfm?product\\_ID=1190&DID=7](http://bookstore.icma.org/product1.cfm?product_ID=1190&DID=7))
8. Municipal Technical Advisory Service (<http://www.mtas.tennessee.edu/>)
9. County Technical Assistance Service (<http://www.ctas.utk.edu/>)
10. Rating Agencies:
- a. Fitch Ratings ([www.fitchratings.com](http://www.fitchratings.com))
  - b. Moodys ([www.moodys.com](http://www.moodys.com))
  - c. Standard & Poors ([www.standardandpoors.com](http://www.standardandpoors.com))
11. Municipal Securities Rulemaking Board ([www.msrb.org](http://www.msrb.org))  
Electronic Municipal Market Access ([www.emma.msrb.org](http://www.emma.msrb.org))
12. Securities Industry and Financial Markets Association ([www.sifma.org](http://www.sifma.org))  
Investing in Bonds (<http://investinginbonds.com/>)
13. California Debt and Investment Advisory Commission ([www.treasurer.ca.gov/cdiac](http://www.treasurer.ca.gov/cdiac))

## Attachment B: Glossary

**Conflicts of Interest** occur in situations where parties in a transaction have multiple interests or relationships that could possibly corrupt the motivation to act. The presence of a conflict of interest indicates the potential for divided loyalty and does not automatically indicate wrong doing.

**Costs** means fees and expenses of professionals and service providers and other similar fees and expenses, whether or not payable at the time the debt is incurred. “Costs” also means recurring and nonrecurring fees and expenses during the life of the debt.

**Debt** means indebtedness lawfully issued, executed or assumed by a public entity. Debt is created when a public entity agrees to pay over time to someone else, in exchange for receiving an upfront payment or loan or for acquiring an asset. “Security” refers both to debt that can be transferred or delivered to another party, as well to property or assets pledged as collateral for a debt. Common instruments or evidence of debt are as follows:

**Bonds** are debt instruments issued for a period of one year or longer, usually for permanent financing.

**Notes** are debt instruments issued for a short period of time, often for interim financing. Notes may be rolled to bonds. Examples are Capital Outlay Notes, Tax and Revenue Anticipation Notes, Bond Anticipation Notes, and Grant Anticipation Notes.

**Capital leases or a lease purchase** are written agreements allowing the use of property in exchange for payment of funds.

**Loans** are debt agreements usually with a financial institution such as a local bank or an organized loan program such as the Tennessee Municipal Bond Fund or the State Revolving Loan Program. Loans are also internal loans between funds within the entity or **seller financed loans**.

**Debt service** means a series of payments including **interest** (the amount or fee earned or paid for use of money or credit, calculated on the amount of principal) and **principal** (the amount of money borrowed or credit provided) required on a debt over time. The rate of interest can be **variable** or **fixed**.

**Schedule** means the plan listing the amount and when debt service will be paid.

**Backloading** refers to delaying repayment of principal until the end of the financing term. A standard or default structure for debt service is level debt service payments, similar to a standard home mortgage. Backloading should be considered only when beneficial to the overall amortization of debt, upon the occurrence of natural disasters, or when project revenues are not available during the early years of a project.

**Maximum total level of debt** means the maximum principal amount of debt a public entity will have outstanding at any time, usually for each type of debt issued.

**Federal compliance issues** means the ongoing responsibilities of a public entity after issuing debt. If the debt is sold as being “federally tax-exempt,” then the entity will have to comply with federal tax law. If the debt is a “security” for federal securities laws, then the public entity is subject to anti-fraud provisions and possibly is subject to continuing disclosure obligations.

**Finance transaction** means both debt obligations and derivatives. A derivative is a financial product deriving value from a separate security. This term refers to many different products. “Derivative” includes

an Interest Rate Agreement as defined in Tennessee Code Annotated Section 9-22-103 and other transactions as identified by the State Funding Board.

**Guidelines** means the document adopted by the Tennessee State Funding Board providing statutorily required guidance on Interest Rate and Forward Purchase Agreements. The current version became effective November 1, 2009. The Guidelines are available on the internet at <http://tn.gov/comptroller/lf/pdf/SFB%20Guidelines%2010-9%20Final.pdf>.

**Professionals** means individuals or firms advising or offering to provide professional services to a public entity with respect to a finance transaction. Examples of professionals are as follows:

**Advisor** means an individual or firm with a deep knowledge in a specific area, engaged in the business of advising others. It can include a Financial, Swap, or Program Administrator.

**Counsel** means a legal advisor or attorney, whether an individual or a firm, representing a client. It can include Bond, Disclosure, Issuer, Swap, Tax, or Underwriters Counsel.

**Counterparty** means the other party or participant in an agreement or contract; usually it refers to the other party in an Interest Rate (or swap) Agreement.

**Lender** means an individual or firm who loans a borrower money.

**Paying Agent** means an individual or firm that transfers the periodic interest and principal payments from the public entity to the investors.

**Registrar** means the individual or firm responsible for maintaining a record or list of owners or investors in debt (sometimes referred to as holders of the debt).

**Remarketing Agent** means the firm responsible for reselling to new investors debt instruments that have been “tendered” for purchase by their holders. The remarketing agent is also usually responsible for resetting the interest rate for variable rate debt instruments.

**Underwriter** means the firm that buys new debt for reselling to the public for a profit. The underwriter may acquire the debt either through negotiation or by award on the basis of competitive bidding.

**Verification Agent** usually means a certified public accountant or other independent third party that determines that the cash flow from investments purchased with proceeds of a refunding debt issue, along with other money, will be sufficient to pay the refunded bonds.

**Public Entity** is a governmental organization or unit that has a legal existence and is authorized to borrow money or enter into debt. It includes the state, state agencies, local governments, local government instrumentalities, and any other authority, board, district, instrumentality, or entity created by the state, a state agency, local government, a local government instrumentality, or any combination of the above. It does not include legal entities without debt authority, such as a county school board; however, a special school district with debt authority is included.

**Governing Body** means the group of individuals with the authority to make decisions for a public entity, often referred to as the “legislative body.” Governing bodies are subject to the Tennessee Open Meetings Law (requiring public notice and recording of minutes).

**Members** are the individuals serving on the governing body.

**Conduit Entity** means a governmental entity or agency that borrows money to lend to another entity, and not to finance a project for itself. Examples of conduit issuers are health and education boards, economic development boards, and public building authorities.

**Risk** refers to the uncertainty (downside) involved in a debt transaction, including investment, business, credit, market, liquidity, operations, tax, and basis risks.

**State Agency Loan Program** refers to programs offered by the state or state agencies, such as the State Revolving Loan Program offered by the Tennessee Local Development Authority or the Qualified School Construction Bond program offered by the Tennessee State School Bond Authority.

**State Funding Board** means the state entity whose members are the Governor, the Commissioner of Finance and Administration, the Comptroller, the State Treasurer, and the Secretary of State. The State Funding Board is created by Tennessee Code Annotated Section 9-9-101.



**Attachment C:**

**REQUEST FOR PROPOSALS**

**For**

**FINANCIAL SERVICES**

**For**

\_\_\_\_\_ **COUNTY, TENNESSEE**

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## 1.0 INTRODUCTION

### 1.1 Purpose

This Request for Proposals (RFP) is to solicit proposals from qualified companies to serve as financial advisor for \_\_\_\_\_ County, Tennessee in connection with a proposed debt issuance of approximately \_\_\_\_\_ Dollars (\$\_\_\_\_\_) for capital project purposes. The debt shall be issued under the provisions of Title 9 of the Tennessee Code Annotated. Although it is anticipated that the vehicle will be a tax-exempt bond issue (and this RFP is so structured), companies are permitted and encouraged to submit alternate proposals using other debt vehicles, including but not limited to variable rate loan pool programs.

### 1.2 Proposal Submittal

Sealed proposals (\_\_\_\_\_ ( ) copies) will be accepted by the \_\_\_\_\_ County no later than (time) \_\_\_\_\_ on (date) \_\_\_\_\_ at the office of the \_\_\_\_\_. All proposals must be submitted in accordance with the conditions and instructions provided herein. **All proposals must remain open for acceptance for ( ) days.**

### 1.3 Schedule

RFP released -

Pre-proposal Conference -

Deadline for amendments to RFP -

Deadline for proposal submittal -

Oral presentations - To be scheduled by \_\_\_\_\_ County

This schedule is intended as a guideline for the timing of various events in this effort. Management requirements and other factors may cause certain of these dates to vary from original intentions. **In no event will the deadline for proposal submittal be changed.**

## **2.0 GENERAL CONDITIONS**

### **2.1 Conformity with RFP**

All proposals must conform to the requirements presented in this RFP. Proposals not in conformity may be rejected. Exceptions to any requirement must be clearly noted in the company's response.

### **2.2 Uniformity of Proposals**

To facilitate evaluation, all proposals must be submitted in the uniform format described in Section 9.0 of this RFP. In addition, all companies submitting proposals are required to submit each of the forms, fully completed, which are attached as Exhibits to this RFP. **FAILURE TO COMPLETE THE REQUIRED FORMS COULD RESULT IN PROPOSALS BEING REJECTED.** The requirements for companies submitting proposals for tax-exempt bonds are discussed in Sections 4.0 and 5.0. The requirements for companies submitting alternate proposals for loan programs are discussed in Section 6.0. Alternate proposals involving both bonds and loans must furnish all information discussed in Sections 4.0, 5.0 and 6.0. Alternate proposals must be clearly labeled "Alternate Proposal."

### **2.3 Advisor Agreement**

Upon award of this project, the parties will enter into a mutually acceptable written contract. All terms and conditions contained in this RFP, together with the company's materials submitted in response, shall become a part of the contract. All contracts between the parties shall be governed by and enforced in accordance with the laws of the State of Tennessee. The company shall furnish a sample form of the agreement proposed by his/her firm.

2.4 Licenses

The company shall have and maintain all required licenses necessary for it to conduct business in the State of Tennessee.

2.5 Right to Reject Proposals

\_\_\_\_\_ County reserves the right to reject any or all proposals, to waive technicalities or informality and to accept any proposal deemed to be in the best interest of the county. \_\_\_\_\_ County reserves the right to seek additional or new proposals and to waive informalities and minor inequities in proposals received.

2.6 Rights to Submitted Material

All proposals, responses, inquiries, or correspondence relating to or in reference to this RFP, and all reports, charts, displays, schedules, exhibits, and other documents provided by companies will become the property of \_\_\_\_\_ County when received. The company understands that all documents submitted will become public record.

2.7 Non-Collusion

Each company must submit a company affidavit, a copy of which is attached as **Exhibit V**.

2.8 Additional Information

All inquiries or requests for additional information relative to this RFP should be directed to \_\_\_\_\_ at telephone number ( ) \_\_\_\_\_.

### **3.0 COMPANY INFORMATION**

A major consideration in awarding a contract is the experience and services the firm is able to provide, and the company personnel who will be handling the proposed debt issue. The following information must be supplied by each company:

#### **3.1 General Company Information**

Please furnish a brief history of your company, including how long in business, municipal bond financial advisory services offered, and major offices located in Tennessee.

#### **3.2 Recent Bond Issues**

Please furnish a list of the five (5) most recent municipal bonds and/or loans issued in Tennessee for which your company has served as advisor and/or underwriter, listing for each issue the name of issuer, date, amount, purpose, contact person, address, and telephone number.

#### **3.3 Advisor Representative Resumes**

Please furnish a brief resume of each of the key personnel who will be directly responsible for working with the appropriate official(s) of \_\_\_\_\_ County on this project. The resume should focus on underwriting, financial advisory and investment banking experience and should indicate his or her registration status with the appropriate state and federal authorities. If the personnel whose names are submitted are not in fact the personnel who perform the work in connection with the issuance, the county may terminate the agreement.

## **4.0 SCOPE OF SERVICES - BOND ISSUE**

Each company is required to submit a statement outlining the scope of services that the company proposes to provide. The following items should be addressed for companies submitting proposals for the issuance of tax-exempt bonds:

### **4.1 Marketing /Oversight and Sales of Bond Issue**

The financial advisor shall provide assistance and guidance to the county throughout the process of the debt issuance, including but not limited to the following services:

1. Assist in the solicitation of an underwriter(s).
2. Assist in the receipt and opening of bids relative to bond sales.
3. **Bond Counsel** - It is the intention of \_\_\_\_\_ County to use a nationally recognized bond counsel. Please indicate the law firm or firms which your company will use on this bond issue. The financial advisor will maintain correspondence with the bond counsel and regulatory officials and assist bond counsel in preparation of all financial documents and assist in the preparation and printing of necessary offering documents (i.e., preliminary and final official statements, official notices of sale, bid forms, and other market documents).
4. Secure a printer of bonds.
5. Arrange for assignment of CUSIP numbers.
6. Arrange for interim financing/credit supplements when needed.
7. Assist in the solicitation of bids for appointment of a trustee and/or paying agent and registrar.
8. Coordinate the proper registration of the bonds.
9. Set a schedule/calendar for financing and issuance with bond counsel.



10. Arrange for closing and transfer of proceeds on the day of closing. The closing must be conducted in Tennessee.
11. Responsible for preparation of all county resolutions in accordance with applicable law.
12. Advertise pending offerings in appropriate national financial press publications and assure distribution of offering documents to a comprehensive list of potential bond purchasers/investors.
13. Coordinate all activities related to the bond issue with the State of Tennessee, Director of Local Finance.
14. Make prudent recommendations as to the size of bond issue, amortization schedules, and reduction and control of debt per capita.
15. Conduct market timing analysis as actual date of closing draws near.

#### 4.2 Rating Agencies and Insurance

\_\_\_\_\_ County believes a close and on-going relationship with the two (2) major rating agencies (Moody's and Standard & Poor's) is important. Please describe how your firm proposes to seek a rating on the bond issue. Also describe how your company will explore the possibility and feasibility of insuring the bond issue with a nationally recognized municipal bond insurance company, specifying which municipal bond insurance company would be used.

#### 4.3 Capital Planning

The company shall describe the extent to which it proposes to assist in planning for capital improvements through analysis of the county's financial statements, budgets, cash flows, etc., and make recommendations as to the most feasible method of financing future projects.

#### 4.4 Debt and Financial Resource Management

The company shall assist \_\_\_\_\_ County in analyzing its existing debt and proposed debt and offer suggestions as to the best method of structuring debt principal and interest repayments.

## **5.0 ISSUANCE COSTS AND DEBT SERVICE SCHEDULE - BOND ISSUE**

The following information is required for companies submitting proposals for the issuance of tax-exempt bonds:

### **5.1 Assumptions**

\_\_\_\_\_ County will provide an “estimated debt repayment schedule” listed as **Appendix 1** to the RFP. Proposals shall be based on the “estimated repayment schedule” as provided by the county; however, the company may submit an “alternative estimated debt service schedule” which may be submitted and listed as **Exhibit I** in the company’s proposal. For the purposes of the company’s “alternative estimated debt service schedule” and the issuance costs (**Exhibit II**), the following assumptions shall apply: the face amount of the debt will be \$\_\_\_\_\_ and the interest rate shall be the municipal market data general obligation yields as published in the Bond Buyers Guide for a rating of \_\_\_\_\_ as of \_\_\_\_\_ (date). It is understood that the actual debt service schedule utilizing actual rates shall be determined on the actual date of sale of the issue.

### **5.2 Issuance Costs**

Each company must complete all items on the attached Cost of Issuance form, **Exhibit II**, using the assumptions set out in Section 5.1. The proposal submitted shall include all expenses \_\_\_\_\_ County will be responsible for in connection with the debt issuance. **Any expenses which the company has not listed on Exhibit II in response to this RFP will not be paid by \_\_\_\_\_ County**, with the sole exception of any legal fees charged by the \_\_\_\_\_ County Attorney. The costs and expenses detailed below shall in no way limit the company’s obligation to disclose all other costs which may not have been mentioned.

#### **5.2.1 Bond Registrar and Paying Agent**

The first and second year costs for the Bond Registrar and Paying Agent shall include, without limitation, the following items:

1. Acceptance fee, if any.

2. Minimum annual fee.
3. Cost to record the bond issue and any additional cost if the financial advisor requires the original registration and then subsequent re-registration when the bonds are sold to the investor.
4. Maintenance fee for records of bond holders.
5. Preparation of interest payment checks.
6. Preparation of IRS forms W9 and W99B.
7. Cost of recording bonds sold and surrendered by the investor for reissuance.
8. Bonds paid at maturity.
9. Service charge for shipping securities, including postage, to holders of the bonds.
10. Other costs to the county. The total cost estimated should be a conservative estimate for county budgeting purposes. Any additional costs shall be the responsibility of the bond registrar and paying agent.

#### 5.2.2 Investment of Bond Proceeds

Please list the cost of providing investment services for bond proceeds. Please state how the bond proceeds will be invested and who will handle the investments (include appropriate resumes).

#### 5.2.3 Other Services Fees and Expenses

The company's proposal must include all services and fees of your company and any other necessary company. The fees and expenses proposed must include, without limitation, the following:

1. Preparation of all county resolutions in accordance with state law.
2. Advertising in accordance with Tennessee law and personal contact with various active bond purchasers.

3. Preparation, printing and distribution of sufficient copies of the final official statement (estimate up to 100 final with the county receiving 10 copies).
4. All legally required publication costs.
5. CUSIP registration fee.
6. Travel and communication expenses of your company relating to this issue.
7. Delivery of bonds to successful purchaser.
8. Debt retirement (amortization) schedules after closing.
9. Other requirements deemed necessary by the financial advisor.

## **6.0 ALTERNATE LOAN PROGRAM**

Any company may submit a proposal utilizing an alternate financing vehicle, including but not limited to variable rate loan pool programs. The proposal must be clearly marked "Alternate Proposal." The following information is required for companies submitting an alternate proposal:

### **6.1 Scope of Services**

The company shall describe the services provided; describe the proposed loan program, and method(s) of borrowing and repayment of loan. The company shall coordinate all documentation and transactions as they relate to the finalization of the loan closing, fully describing all aspects of the process. The company is responsible for preparation of all county resolutions in accordance with applicable law.

#### **6.1.1 Legal Notices and Advertising**

The company shall provide all necessary legal notices and advertisements.

#### **6.1.2 Governing Law**

The company shall comply with all applicable state and federal laws and shall coordinate all activities related to the borrowing with the State of Tennessee, Director of Local Finance.

#### **6.1.3 Debt and Financial Resource Management**

The company shall assist \_\_\_\_\_ County in analyzing its existing debt and proposed debt and offer suggestions as to the best method of structuring loan repayments.

#### 6.1.4 Capital Planning

The company shall describe the extent to which it proposes to assist in planning for capital improvements through analysis of the county's financial statements, budgets, cash flows, etc., and make recommendations as to the most feasible method(s) of financing future projects.

#### 6.1.5 Other Duties

The company may list any other services not mentioned in the scope of services which it is available to perform, itemizing the cost to be charged.

### 6.2 Loan Closing Costs and Annual Program Fees

The proposal shall include all costs, fees and expenses which \_\_\_\_\_ County will be expected to pay in connection with the debt. The company shall complete the attached **Exhibit IV** showing loan closing costs and annual program fees. For the purpose of completing **Exhibit IV**, it is to be assumed that the face amount of the loan is \$ \_\_\_\_\_. \_\_\_\_\_ **County will not be responsible for any costs, fees or expenses not disclosed on Exhibit IV.**

#### 6.2.1 Total Closing Costs

Please list the total closing costs (including trustee, administrator, legal, one-time costs, estimated accrued interest, annual add-on/interest rate, etc.).

#### 6.2.2 Net Closing Costs

Please list the net closing costs (net of any rebates or similar items).

#### 6.2.3 Closing Costs as a Percentage

Please list the net closing costs as a percentage of the total loan amount.

### 6.3 Debt Service Schedule

\_\_\_\_\_ County will provide an “estimated debt repayment schedule” listed as **Appendix I** to the RFP. Proposals shall be based on the “estimated debt repayment schedule” as provided by the county; however, the company may submit an “alternative estimated debt service schedule” which may be submitted as **Exhibit III** in the company’s proposal assuming the face amount of the loan is \$\_\_\_\_\_ and using the company’s average base coupon rate for the past years, beginning on \_\_\_\_\_ (date) and ending on \_\_\_\_\_ (date). The company shall utilize its current credit rating in determining its average base coupon rate. The company shall add the annual add-on cost to the average base coupon rate to arrive at the coupon rate to be shown on **Exhibit III**. The company shall also recommend a conservative estimated interest rate for the county to use for budgeting purposes only.

## **7.0 SELECTION PROCESS**

The selection of a company by \_\_\_\_\_ County will involve both objective and subjective elements. While cost is one factor to be considered, it will not be the sole determining factor. The process to be used to make this selection is outlined below:

### **7.1 Request for Proposal (RFP)**

This RFP is intended to provide interested companies with uniform information concerning \_\_\_\_\_ County's requirements, and to result in uniform responses for comparison purposes. In responding to this RFP, **companies must adhere to the required format and use the required forms.**

### **7.2 Evaluation Criteria**

1. Technical qualifications: qualifications relating to this work including prior experience and demonstrated ability in related operations. Performance record and quality of work, ability to commit the necessary time required to perform the necessary required services, and qualifications of assigned individuals.
2. Approach methodology.
3. Completeness of proposal.
4. The company's perceived ability to obtain the best overall financing costs including cost of issuance and/or loan closing costs.

Note: Evaluation criteria are not ranked in order of importance.



### 7.3 Oral Presentations

Following submission of proposals, oral presentations will be scheduled in advance (by the \_\_\_\_\_ County Purchasing Agent) to accommodate the scheduling requirements of \_\_\_\_\_ County. The following limits shall be observed by companies during oral presentations:

The oral presentation may not be considered as a “negotiation session.” Only material contained in the original written proposal will be considered in any subsequent evaluations.

Companies will observe time limitations imposed prior to the oral presentation.

**Presentations may not exceed \_\_\_\_\_ ( ) minutes in length.**

### 7.4 Selection

Following the process described above, \_\_\_\_\_ County will make all decisions regarding selection of the finalists, contract negotiation, and the award of the contract. The decision of \_\_\_\_\_ County will be considered final.

## **8.0 PROPOSAL FORMAT (REQUIRED)**

Proposals should be written in a concise, straightforward and forthright manner, and superficial marketing statements and materials should be avoided. Proposals should be organized in the following manner, using forms contained in the exhibits where appropriate:

### **Bonds Proposal Format**

1. Statement of company credentials, history, and experience handling tax exempt bond issues.
2. Representative resumes.
3. Recent bond issues.
4. Scope of services provided.
5. Explanation of how investment of bond proceeds will be handled, including appropriate resumes.
6. Company alternative debt service schedule, **Exhibit I**.
7. Cost of issuance, **Exhibit II**.
8. Company affidavit, **Exhibit V**.
9. Sample agreement form.

### **Loan Proposal Format**

1. Statement of company credentials, history, and experience.
2. Representative resumes.
3. Recent loans.

4. Scope of services provided.
5. Company Alternative Debt service schedule, **Exhibit III**.
6. Loan Closing Costs and Annual Program Fees, **Exhibit IV**.
7. Company affidavit, **Exhibit V**.
8. Sample agreement form.

## **9.0 PRESENT OUTSTANDING BONDS, NOTES AND INTEREST**

To assist companies in responding to this RFP, information is presented in **Exhibit VI** relative to the current unpaid principal and interest on the county's outstanding general obligation bonds and various notes.

### **REQUIRED FORMS**

The following forms, fully completed, must be submitted:

- Exhibit I - Alternative Debt Service Schedule (Bonds Proposal Only) – Submitted on Company's Form if Company Proposes an Alternative Debt Service Schedule
- Exhibit II - Cost of Issuance (Bonds Proposal Only)
- Exhibit III - Alternative Debt Service Schedule (Alternate Proposal Only) – Submitted on Company's Form if Company Proposes an Alternative Debt Service Schedule
- Exhibit IV - Loan Closing Costs and Annual Program Fees (Alternate Proposal Only)
- Exhibit V - Company Affidavit
- Exhibit VI - Current Unpaid Principal and Interest on the County's Outstanding General Obligation Bonds and Various Notes

**Exhibit I - Alternative Debt Service Schedule (Bonds Proposal Only) –  
Submitted on Company's Form if Company Proposes an Alternative  
Debt Service Schedule**

**Exhibit II - Cost of Issuance (Bonds Proposal Only)**

# EXHIBIT II

## COST OF ISSUANCE

Estimated Amount of Bonds to be Issued \$ \_\_\_\_\_

Type of Bonds Proposed \_\_\_\_\_

**Section 5.0 Cost of Issuance**

The following costs are proposed as an estimated maximum cost for the issuance of bonds:

	<b>Firm's Proposal for Cost of Issuance</b>	
	<b>Option A (Without Insurance)</b>	<b>Option B (With Insurance)</b>
<b>LEGAL EXPENSES:</b>		
1. Bond Counsel Cost	\$ _____	\$ _____
2. Bond Closing Cost	_____	_____
<b>BOND REGISTRAR &amp; PAYING AGENT COST AS FOLLOWS:</b>		
1. First Year Cost to the County	_____	_____
2. Second Year Estimate	_____	_____
<b>OTHER SERVICES, VARIABLE COSTS , FEES, AND EXPENSES AS FOLLOWS:</b>		
1. Printing Cost	_____	_____
2. Advertising Cost	_____	_____
3. All other Financial Advisory Fees, Services, and Expenses	_____	_____
<b>TOTAL LEGAL EXPENSES, BOND REGISTRAR, &amp; OTHER SERVICES:</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>ESTIMATED COST FOR MARKETING OPTIONS AS FOLLOWS:</b>		
1. Underwriter's Discount Fee _____	_____	_____
2. Insurance of Issue	<b>X</b>	_____
3. Credit Rating Agencies Cost	_____	_____
<b>ESTIMATED TOTAL COST FOR MARKETING OPTIONS:</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>TOTAL ESTIMATED COST</b>	<b>\$ _____</b>	<b>\$ _____</b>

Having read and considered the Request for Proposal (RFP) from \_\_\_\_\_ County, Tennessee  
Any deviations from the Request for Proposal are clearly explained in this attached information.

\_\_\_\_\_  
Firm

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Typed Name

\_\_\_\_\_  
Date

**Exhibit III - Alternative Debt Service Schedule (Alternate Proposal Only) – Submitted on Company’s Form if Company Proposes an Alternative Debt Service Schedule**



**Exhibit IV - Loan Closing Costs and Annual Program Fees – (Alternate Proposal Only)**

**EXHIBIT IV**  
**(ALTERNATE PROPOSAL)**  
**LOAN CLOSING COSTS**  
**AND**  
**PROGRAM FEES**

Estimated Loan Amount to be borrowed \$ \_\_\_\_\_

**Section 6.0 Loan Closing Costs and Program Fees**

The following costs are proposed as an estimated maximum cost:

	<b>Firm's Cost Proposal</b>
CLOSING COSTS:	
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
<b>TOTAL CLOSING COSTS</b>	<b>\$ _____</b>
OTHER FEES, EXPENSES, REFUNDS, ETC.:	
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
<b>NET CLOSING COSTS</b>	<b>\$ _____</b>
NET CLOSING COSTS AS A PERCENTAGE OF THE TOTAL LOAN	_____

Estimated annual costs (based on % of outstanding loan principal) - \_\_\_\_\_ %  
 ( i.e., marketing fees, liquidity fee, re-marketing fee, trustee fee,  
 or any other fees charged on an annual basis)

Having read and considered the Request for Proposal from \_\_\_\_\_ County,  
 Tennessee we hereby submit the following proposal for the County's Consideration.

Any deviations from the Request for Proposal are clearly explained in the attached  
 information.

\_\_\_\_\_  
 Firm

\_\_\_\_\_  
 Signed

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Typed Name

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 City, State, Zip

**EXHIBIT V - COMPANY AFFIDAVIT**

The affiant states with respect to this proposal to \_\_\_\_\_ County, Tennessee:

I (we) hereby certify that if the contract is awarded to our firm that no member or members of the governing body, elected official or officials, employee or employees of said county, or any person representing or purporting to represent the county, or any family member including spouse, parents, or children of said group, has received or has been promised, directly or indirectly, any financial benefit, by way of fee, commission, finder's fee or any other financial benefit on account of the act of awarding and/or executing a contract.

I hereby certify that I have full authority to bind the company and that I have personally reviewed the information contained in the RFP and this proposal, and all attachments and appendices, and do hereby attest to the accuracy of all information contained in this proposal, including all attachments and exhibits.

I acknowledge that any misrepresentation will result in immediate disqualification from any consideration in the proposal process.

I further recognize that \_\_\_\_\_ County reserves the right to make its award for any reason considered advantageous to the county. The company selected may be without respect to price or other factors.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

Phone \_\_\_\_\_

Title \_\_\_\_\_

Firm Name \_\_\_\_\_

Type of business organization (corporation, LLC, partnership, proprietorship)

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

**Exhibit VI - Current Unpaid Principal and Interest on the County's  
Outstanding General Obligation Bonds and Various Notes**

## **Appendix I - Debt Repayment Schedule**