



## Request for Proposals for Underwriting or Direct Purchase Services

RFP Date: June 25<sup>th</sup>, 2019

Response Deadline: July 24<sup>th</sup>, 2019 by 3:00 PM PT

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PFM Financial Advisors (PFM), on behalf of the Northern California Power Agency (NCPA), is soliciting proposals from firms to provide Underwriting Services or a Direct Purchase for the refunding of the following series of its bonds:

- Capital Facilities Revenue Bonds, 2010 Refunding Series A

NCPA intends to use this solicitation to select the firm(s) that, at NCPA's sole discretion, is(are) found to offer the most favorable terms. NCPA may conduct follow-up discussions as part of the proposal request process. NCPA is not obligated to proceed with any transaction or to select any firm.

### *OVERVIEW OF NCPA*

NCPA is a joint powers agency located in California, whose members include the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, and Ukiah, as well as the Bay Area Rapid Transit District, Port of Oakland, the Truckee Donner Public Utility District, and the Plumas-Sierra Rural Electric Cooperative. NCPA was founded on the principle of environmental stewardship, and is a recognized national leader in the areas of energy efficiency, renewable generation, and carbon reduction.

### *CAPITAL FACILITIES REVENUE BONDS, 2010 REFUNDING SERIES A*

NCPA issued \$55,120,000 of Capital Facilities Revenue Bonds, 2010 Refunding Series A ("Capital Facilities 2010 Series A Bonds") for the purpose of providing funds, together with other available moneys, to refund NCPA's outstanding Capital Facilities Revenue Bonds, 1999 Refunding Series A.

Capital Facilities 2010 Series A was structured with serial bonds maturing from August 1, 2011 to August 1, 2025. \$29,645,000 of the Capital Facilities 2010 Series A Bonds are currently outstanding, of which \$25,450,000 are callable at par beginning February 1, 2020.

The Capital Facilities Project is currently rated A1/A-/NR (M/S/F) with the outlook stable from both rating agencies. Moody's upgraded the rating on May 30, 2019.

Tables showing Capital Facilities Project participation, and a summary of Capital Facilities 2010 Series A are provided on the next page.

Capital Facilities Participation Percentages	
Member	Entitlement Share (%)
Alameda	19.00
Lodi	39.50
Lompoc	5.00
Roseville	36.50

Summary of Outstanding Capital Facilities Debt							
Ratings (M/S/F): A2/A-/ , Stable Outlooks							
Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Call Date	Final Maturity
2010 Series A	Tax-Exempt	Fixed-Rate	\$55,120,000	\$29,645,000	5.000%- 5.250%	2/1/2020	8/1/2025

#### *SCOPE OF SERVICES - UNDERWRITING*

The underwriting team will be expected to work with NCPA's finance team in certain aspects of the financial structuring, credit structure and documentation development. The firm selected as bookrunning senior manager, will be expected to fulfill the following duties:

- Attend and participate in meetings/calls related to the financing.
- Assist in the structuring of the financing including bond security features and potential alternative financing structures.
- Provide support services for completion of the financing.
- Provide ongoing information to NCPA's finance team regarding the activity and status of the financing.
- Assist in preparation of presentations to the NCPA Finance Committee, rating agencies, and investors as appropriate.
- Structure, schedule, and lead the marketing of the bonds.
- Present a timely, comprehensive summary of management performance to include distribution of bonds by syndicate member and investor category.

#### *PROPOSAL ORGANIZATION AND QUESTIONS - UNDERWRITING*

In addressing the questions below, please use the major outline categories as the structure of your response, and as part of your response to each of the major topic requests please address each of the sub-bullet items.

##### **A. Staffing**

1. *Identify the name, address, telephone number, email address and facsimile number of the person in your organization authorized to negotiate terms and make decisions on this proposal. Should your firm be selected it would be expected that this person would remain your firm's primary liaison and point of contact until completion of the financing.*
2. *For principal contacts, provide brief resumes, emphasizing financings with public power issuers in California, and, more specifically, JPA financings.*
3. *Provide the locations of your municipal underwriting desks and the name and location of the underwriter who would serve NCPA. Please detail his or her experience in underwriting or trading California public power bonds.*

**B. Qualifications**

1. *Very briefly, state why your firm should be appointed as one of the senior managing or co-managing underwriters in this transaction.*
2. *Briefly summarize your firm's current financial condition and describe your firm's commitment to public power practice as well as the municipal finance business.*
  - a. Very briefly describe the status and significance of any major organizational changes (such as acquisitions) which have been made recently at your firm.
  - b. Indicate your firm's commitment to the municipal bond industry and comment on any recent changes in your municipal department's size and structure, and how these may affect the level of municipal finance services directly offered by your firm.
3. *Describe your firm's level of expertise in Public Power financings.*
  - a. Provide your firm's experience (Full Credit to Bookrunner) - including league table rankings, number of transactions, and total par amounts - for National and California public power related financing transactions completed by your firm since 1/1/2013.
4. *Describe your firm's level of experience working with NCPA and your firm's commitment to NCPA.*
  - a. Please provide a list of financings which your firm has been involved with for NCPA or for NCPA's members since 1/1/2008. Describe your firm's role (senior or co-manager) in those transactions.
5. *Describe the qualifications of your firm's underwriters as those qualifications might relate to NCPA.*
  - a. Provide a case study from the past three months which demonstrates your firm's aggressiveness in pricing fixed rate tax-exempt or taxable bonds. Describe the risk your firm was willing to assume in underwriting bonds.
  - b. Discuss your firm's ability to assist NCPA in realizing the full benefit of California retail investor demand.
  - c. Provide the amount of capital your firm currently has available for the purpose of municipal bond underwriting.

**C. Recommendations**

1. *Credit considerations*
  - a. Describe your firm's view on the marketability of bonds with various categories of ratings. At what point does marketability become a problem? Which combination of ratings would you recommend utilizing?
  - b. Detail the approximate credit spreads to the AAA MMD GO index which your firm would expect to see for this transaction.
  - c. Briefly provide any additional credit related thoughts or recommendations that NCPA should consider at this point in the planning process.
2. *Discuss your marketing and distribution plan for NCPA's bonds.*
  - a. Given the current market environment and expected short amortization of the refunding bonds, please detail your firm's recommended approach to the sale. Please address timing considerations, marketing efforts and likely investor participation.
  - b. Describe your approach to marketing the bonds, including any investor liaison you would recommend.
  - c. What specific investors will your firm target?
3. *Please provide any and all other considerations, recommendations or thoughts that your firm would consider valuable to NCPA.*

**D. Compensation and Fees**

1. *Include your proposal for underwriters' spread for the bonds, specifying management fee, takedown by maturity, underwriting fee and a detailed breakdown of expenses (including formulas).*
2. *What constitutes an appropriate blend of compensation for senior manager vs. co-managers?*

**E. Conflicts and Disclosure**

1. *Indicate any conflicts or potentially conflicting situations your firm might have in serving as an underwriter for NCPA.*
2. *Is your firm currently involved in any SEC investigations related to municipal finance regarding sales methods, security dealings, underwritings or related practices? Please disclose the status of all such matters.*
3. *Please disclose any other regulatory investigations or lawsuits related to municipal finance that your firm has been a party in over the last 5 years.*

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**PROPOSAL ORGANIZATION AND QUESTIONS – DIRECT PURCHASE**

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- A. **Contact.** Please provide information for a primary contact person from your firm. If a syndicate is being created, NCPA will deal exclusively with the lead financial institution.
- B. **Term Sheet.** What is the proposed form of sale? Please provide a short descriptive overview of your proposal. Describe all material terms and conditions. ***Please provide a representative Term Sheet or Sample form document for your proposed structure.***
- C. **Term / Amortization.** What is the term / amortization of your firm's proposal? NCPA intends to structure any refunding transaction for uniform debt service savings. Please also specify any put features, early termination features, or other provisions of relevance to this repayment plan.
- D. **Interest Rate Type / Pricing.** What is the proposed interest rate? What is the proposed rate setting mechanism? Firms are free to propose an interest rate scale as opposed to one rate. Please provide tax-exempt interest rate(s) for the Capital Facilities 2010 Series A Bonds. Please provide the anticipated pricing of your firm's structure, based on market conditions as of COB on July 22<sup>nd</sup>, 2019. Please provide an explanation into how your proposed pricing was determined. NCPA is only entertaining fixed-rate proposals.
- E. **Prepayment.** Please describe prepayment options which might be structured as part of your firm's proposal to provide early redemption optionality, including the repayment plan description in "Term / Amortization." Please clearly describe the mechanics and calculation methodology of any proposed pre-payment penalties.
- F. **Credit Ratings.** Please describe credit rating requirements needed to execute your firm's proposed structure or needed to maintain the structure over time.
- G. **Reserve Fund.** NCPA would not intend to provide a reserve fund. If a reserve fund would be required or recommended, please indicate such and provide reasoning.
- H. **Disclosure and Reporting Requirements.** Please list any disclosure or reporting requirements which would be needed to execute your firm's proposed structure or needed to maintain the structure over time. Specifically, would an official statement be required for your identified option?
- I. **Counsel.** Please provide the name of the legal firm you would use as bank or underwriter's counsel and the person from that firm that would serve as the primary contact.
- J. **Fees.** Please describe any upfront and ongoing fees or expenses associated with your proposal, including legal fees.

#### FORM OF PROPOSALS

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- ***If your firm plans to submit a proposal for both Underwriting Services and a Direct Purchase, your firm must submit 2 separate proposals***
- Each response should be distributed to the individuals described below by email as a single file in a PDF file format.
- Responses should not exceed 15 total pages in length, including a one or two page signed and dated cover letter.
- Please refrain from submitting general marketing information or materials that do not explicitly respond to the information requested.
- Firms submitting responses that, in NCPA's opinion, are incomplete, un-responsive, and/or do not subscribe to the format guidelines may be disqualified without further consideration.
- Questions should be stated before each answer.

#### TERMS AND CONDITIONS

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- NCPA reserves the right to cancel this RFP, reject any or all of the submittals and to waive irregularities. NCPA is under no obligation to execute a transaction as a result of this process. NCPA will not be liable for any costs associated with a firm's preparation of its response to this RFQ.
- NCPA reserves the right to request clarification of information submitted and to request additional information. All responses provided will remain firm for a period of ninety (90) days from the RFQ's due date. Responses to the RFQ become the exclusive property of NCPA. At such time when a firm is selected and its name made public, the responses submitted shall be regarded as public records. Exceptions will be those elements in each response, which are defined by the firm as business or trade secrets and marked "TRADE SECRET", "CONFIDENTIAL", OR "PROPRIETARY". Any element that a firm desires not to be considered a public record must be clearly marked as set forth above and any blanket statement (e.g., regarding entire pages, documents or other non-specific designations) shall not be sufficient and shall not bind NCPA in any way whatsoever. NCPA shall not be in any way liable or responsible for the disclosure of any such records including, but not limited to, those so marked if disclosure is deemed to be required by law or court order.

#### SUBMISSION REQUIREMENTS

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***Electronic copies of your response should be delivered on or before 3:00 PM PT, July 24<sup>th</sup>, 2019 to:***

- Monty Hanks ([monty.hanks@ncpa.com](mailto:monty.hanks@ncpa.com))
- Mike Berwanger ([berwangerm@pfm.com](mailto:berwangerm@pfm.com))
- Tyler Old ([oldt@pfm.com](mailto:oldt@pfm.com))
- James Carbone ([carbonej@pfm.com](mailto:carbonej@pfm.com))
- Jack Medall ([medallj@pfm.com](mailto:medallj@pfm.com))
- Louise Houghton ([houghtonl@pfm.com](mailto:houghtonl@pfm.com))

Late or non-responsive responses will be rejected.

Any contact with the NCPA Board of Commissioners or any NCPA participant concerning this request is expressly prohibited without the consent of the General Manager of NCPA. Should you have any questions regarding this request, please contact Mike Berwanger at (213) 489-4075.

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