



NORTH CAROLINA TURNPIKE AUTHORITY

REQUEST FOR QUALIFICATIONS:

INVESTMENT BANKING SERVICES

February 11, 2020

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I. OVERVIEW

The North Carolina Turnpike Authority (“NCTA” or “Authority”) was created in 2002 by the General Assembly in response to concerns about rapid growth, heavy congestion and dwindling resources. The General Assembly has authorized the Authority, a part of the North Carolina Department of Transportation (“NCDOT”), to study, plan, develop, construct, operate and maintain up to eleven projects. Additional information about NCTA can be found at <https://www.ncdot.gov/divisions/turnpike/Pages/default.aspx>.

The Authority is seeking Statements of Qualifications (“SOQ”) from investment banking firms (“Firms”) interested in providing underwriting services to the Authority in response to this RFQ. Responses to this RFQ will be used to establish a pool of underwriters qualified to act as Senior Manager and/or Co-Manager to assist the Authority in completing one or more bond issues related to the Authority’s future projects and/or refinancing of existing debt issues. Potential work includes underwriting services relating to the financing, refinancing, or restructuring of the Authority’s debt during the term of engagement.

II. CONTRACT PERIOD

Appointment to the pool of underwriters will be for an initial term of five (5) years, unless the Authority deems it necessary to modify the appointment period. Separate Contracts will be entered into with each member of the pool. The Authority reserves the right to terminate the underwriting pool at any time. The Authority does not represent or guarantee that any amount of financings will be completed. Even though specific DBE/MBE/WBE/VBE goals are not required for this advertisement, the Authority encourages participation of these firms in this RFQ process and is committed to providing opportunity for small and disadvantaged businesses.

The function of investment banking services will be assigned to pool members in the sole discretion of the Authority, and there will be no attempt to equitably rotate the work among the members of the pool. Appointment to the pool and entering into a Contract will not guarantee any applicant that it will be selected to provide any services contemplated by this RFP. **Note: The Authority reserves the right to engage investment banking services outside this RFP in special situations (as determined by the Authority) in order to obtain the most qualified representation warranted for such special situation.**

III. SCOPE OF SERVICES

Underwriting services to be provided in connection with this RFQ/RFP may include:

- Assisting in the development of financial plans and models for specific projects;
- Assisting in the preparation of disclosure documents and rating agency/investor presentations;
- Assisting in developing effective investor outreach strategies; and
- Acting as Senior Manager or Co-Manager for specific debt issues.

IV. REQUEST FOR QUALIFICATIONS (“RFQ”) SCHEDULE

The Authority anticipates the following schedule for this RFQ. All dates are subject to modification by the Authority.

Event	Responsibility	Date and Time
RFQ Circulated	NCTA	February 11, 2020
Expression of Interest Due	Firm	February 24, 2020
Submit Written Questions	Firm	March 2, 2020 by 2 p.m.
Provide Response to Questions	NCTA	March 5, 2020 by 5 p.m.
Submit SOQ	Firm	March 12, 2020 by 2 p.m.
Interviews (as determined by NCTA)	NCTA & Selected Firm(s)	April 14, 2020
Selection of Firm(s) by Authority’s Governing Board	NCTA	May 7, 2020

The Authority may at its sole discretion determine that none of the SOQs meet its goals and objectives and may elect to terminate the evaluation process.

If it becomes necessary to amend any part of this RFQ, notice of the revision will be posted to the Authority’s website (<https://connect.ncdot.gov/business/Turnpike/Pages/default.aspx>). No verbal or written information that is obtained other than by information in this document or addendum to this RFQ shall be binding on the Authority.

V. EXPRESSION OF INTEREST

All Firms desiring to participate in this RFQ process shall submit an Expression of Interest with the NCTA by email directed to Hope Scarpinato (scarpinatoh@pfm.com) and Evan Rapp (rappe@pfm.com) by 5:00 p.m. Eastern Time on February 24, 2020. Only Firms that timely submit an Expression of Interest will directly receive the Authority’s written response to inquiries and other information issued by the Authority regarding this RFQ. Failure to submit the Expression of Interest shall result in elimination from further consideration.

VI. QUESTIONS AND REQUESTS FOR CLARIFICATION

Upon review of the RFQ, Firms may have questions to clarify or interpret the RFQ in order to submit the best response possible. To accommodate the RFQ Questions process, Firms shall submit any such questions by 2 p.m. Eastern Time on March 2, 2020.

Any questions concerning this RFQ should be submitted in writing, via email to Hope Scarpinato (scarpinatoh@pfm.com) and Evan Rapp (rappe@pfm.com) the date and time specified above. Firms should enter “NCTA RFQ Investment Banking Services: Questions” as the subject for the email.

NCTA will only respond to those questions that have been submitted in writing by the date and time noted above. Responses to any inquiries regarding this RFQ will be distributed to all firms that have submitted an Expression of Interest.

VII. SUBMISSION REQUIREMENTS

The Statements of Qualifications should be prepared in at least size 12 font, 8½ x 11-inch page size, and should be responsive to the items listed under Section IX. STATEMENT OF QUALIFICATIONS REQUIREMENTS AND CONTENTS. The submittal should be sealed and marked “Statement of Qualifications for Investment Banking Services.” The submittal should be delivered via email (pdf) no later than **2:00 p.m. eastern time on March 12, 2020**. Submission of the RFQ will be accepted by e-mail only. No paper submittals will be accepted. Please email to:

David Roy, Finance Director
North Carolina Turnpike Authority
1 South Wilmington Street
1578 Mail Service Center
Raleigh, NC 27699-1578
(919) 707-2729
dwroy@ncdot.gov

with copy to:
PFM Financial Advisors LLC
Hope Scarpinato, Senior Managing Consultant
scarpinatoh@pfm.com

Evan Rapp, Analyst
rappe@pfm.com

It is the sole responsibility of the Firm to assure that the Authority, prior to the time specified, receives the Statement of Qualifications. Any Statement of Qualifications received after the stated deadline will not be considered. By submitting a response to this RFQ, the submitting Firm unequivocally acknowledges that it has read and fully understands this RFQ, and that the Firm has asked questions and received satisfactory answers from the Authority regarding any provisions of this RFQ with regard to which the Firm desired clarification. The Authority may cancel or re-advertise this procurement, including rejecting any submitted responses, at its discretion at any time in the process.

By submitting a response to this RFQ/RFP, the Firm agrees to be bound by the requirements outlined in this RFQ. Responses that are incomplete or received after the deadline will not be considered. However, the Authority reserves the right to consider responses that contain only minor variances from the required content.

VIII. STATEMENT OF QUALIFICATIONS REQUIREMENTS AND CONTENTS

The Statement of Qualifications shall include the following (in the following order and in accordance to the specified page limits, excluding exhibits). Those proposing to serve as a Co-manager need only respond to items 1-7 below:

1. A letter of transmittal stating the Firm’s understanding of the work to be performed and the names and titles of the persons who will be authorized to make representations for the Firm. Clearly indicate if your firm is requesting consideration as a Senior Manager and/or Co-Manager. **(2-page limit)**

2. General information about the Firm, including location of the office(s) from which the work will be performed, the primary contact persons for the investment banking and underwriting, and other members of the underwriting team. Include brief resumes for the core project team members. **(6-page limit)**
3. Describe your Firm’s marketing strategy and distribution capabilities for North Carolina and non-recourse Toll Revenue tax-exempt securities. Discuss your firm’s ability and willingness, if necessary, to commit capital to underwrite an entire issue at a fair market price. In tabular form, prepare the following as of the date which such information is most recently available or make brief statements where appropriate: **(2-page limit)**
 - Total Capital
 - Equity Capital
 - Uncommitted (Excess Net) Capital
4. Provide a table summarizing the Firm’s senior-managed underwriting experience since January 1, 2017 on transactions with a par amount greater than \$100,000,000 for **North Carolina Municipal Bonds**. Please indicate which transactions your core team members have led. Include **separately** the Firm’s co-managed underwriting experience for the same time period for transactions greater than \$100,000,000 for **North Carolina Municipal Bonds**. Both tables should include the total number of transactions and the total par amount of transactions. Transactions in which your Firm served as a “Co-Senior Manager” should be included in the Senior Manager list. Please note any transactions that were issued contemporaneously or dependent upon a TIFIA borrowing.
5. Provide a table summarizing the Firm’s senior-managed underwriting experience since January 1, 2017 on transactions with a par amount greater than \$100,000,000 for non-recourse **Toll Revenue Bonds**. Please indicate which transactions your core team members have led. Include **separately** the Firm’s co-managed underwriting experience for the same time period for transactions greater than \$100,000,000 for non-recourse **Toll Revenue Bonds**. Both tables should include the total number of transactions and the total par amount of transactions. Transactions in which your firm served as a “Co-Senior Manager” should be included in the Senior Manager list. Please note any transactions that were issued contemporaneously or dependent upon a TIFIA borrowing.
6. Provide a table summarizing the Firm’s senior-managed underwriting experience since January 1, 2017 on transactions with a par amount greater than \$25,000,000 for **Capital Appreciation Bonds and/or Convertible CABs**. Please indicate which transactions your core team members have led. Include **separately** the Firm’s co-managed underwriting experience for the same time period for transactions greater than \$25,000,000 for **Capital Appreciation Bonds and/or Convertible CABs**. Both tables should include the total number of transactions and the total par amount of transactions. Transactions in which your firm served as a “Co-Senior Manager” should be included in the Senior Manager list. Please note any transactions that were issued contemporaneously or dependent upon a TIFIA borrowing.
7. Provide a table summarizing the Firm’s senior-managed underwriting experience since January 1, 2017 on transactions with a par amount greater than \$50,000,000 for **State Appropriation Bonds**. Please indicate which transactions your core team members have led. Include **separately** the Firm’s co-managed underwriting experience for the same time period for transactions greater than \$50,000,000 for **State Appropriation Bonds**. Both tables should include the total number of transactions and the total par amount of transactions. Transactions in which your firm served as a “Co-Senior Manager” should be included in the Senior Manager list. Please note any transactions that were issued contemporaneously or dependent upon a TIFIA borrowing.
8. Based upon the Firm’s review of the Authority’s outstanding debt, provide any recommendations the firm has for restructuring or refinancing the Authority’s current debt portfolio. Specifically address

future or current refinancing options for the Monroe Connector System State Appropriation Revenue Bonds, Series 2011. **(3-page limit)**

9. Discuss your recommendation for approaching rating agencies and/or credit enhancement. **(3-page limit)**
10. *Please prepare three separate responses assuming the types of Project Bonds listed below. Please provide a detailed response for each credit category, separately identifying the fees for Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, where applicable. As such, your response to Item 10 should include three (3) separate fee structures. Please submit your response to Item 10 in Exhibit A – Schedule of Takedowns and Fees, **provided in Excel format for data entry.***

List the detailed amount of the components of your Gross Spread (average takedown, management fee, risk, and expenses). Include a maturity by maturity takedown schedule assuming an ascending debt service structure for the following:

1. BBB-Rated non-recourse Toll Revenue Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds
2. Credit enhanced non-recourse Toll Revenue Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds
3. AA-Rated State Appropriation Tax-Exempt Current Interest Bonds only

Please provide fee quotes based on current market conditions at the time of submittal. All fees will be considered negotiable as may be needed or desired to reflect actual market conditions at the time of any bond sale. For purposes of your submittal, please assume that the Authority will pay for disclosure services related to the official statement outside of the gross spread. The Authority may request the senior managing underwriter to provide outside counsel to provide disclosure services, but the selection of such counsel will be made in consultation with the Authority.

11. Please indicate two law firms, and the individuals at that law firm, which you propose to retain as counsel in future transactions and provide an estimate of their fees and expenses. In addition, indicate if they have had experience drafting disclosure for a non-recourse toll revenue or state appropriation financing.

IX. STATEMENT OF QUALIFICATIONS EVALUATION

After reviewing the written responses, Firms will be evaluated and selected based upon the following criteria (not listed in order of importance):

1. Experience of the firm's primary personnel
2. Experience with similar transactions
3. Credit Rating/Plan of Finance Discussion
4. Credit/Marketing Analysis
5. Pricing – gross spread, takedowns

After reviewing qualifications, if Firms are equal on the evaluation review, those qualified DBE/MBE/WBE/VBE firms will be given priority consideration.

X. INVESTMENT BANKING SERVICES POOL SELECTION PROCESS

Selected Firms will be admitted to the NCTA Investment Banking Services Pool and may be appointed to serve as either Senior Manager or Co-Manager for specified transactions. NCTA plans to choose up to four Firms to

act as Senior Managers in its proposed financings, but there is no assurance that any of the Firms responding to this RFQ will be selected. NCTA reserves the right to add or remove members of the pool at any time and to shorten or lengthen the period of time for which the pool is in place. Any Firm selected as a potential Senior Manager will also be a potential Co-Manager.

Up to six additional Co-Managers are expected to be selected to complete the underwriting pool. NCTA intends to select at least one minority firm to participate on the team. NCTA reserves the right to compose the group in a manner that serves NCTA's best interest.

Eligible Senior Managers will be selected under this solicitation and may be recommended to negotiated transactions according to the following procedures:

1. **New Money and Standard Refundings:** The lead manager/bookrunner may be selected based on the rankings of the firms under this selection process. For example, the highest ranked Firm will lead the first transaction; the second ranked Firm will lead the second transaction. Deviations from this order can be considered if recommended by the Authority's staff and Financial Advisor for purposes of matching a transaction to a unique skill set of an underwriting Firm.
2. **Unique transactions recommended by or supported by an underwriter or affiliated bank:** Should a transaction result from a unique recommendation or be supported by the credit of a specific underwriter or affiliated bank, that transaction may be assigned to an associated Firm. For example, when a transaction is supported by a letter of credit, consideration will be given to the associated bank to provide remarketing services. Similarly, if an underwriting Firm provides a unique idea for a transaction that is deemed advantageous to NCTA and is accepted by the Finance Committee and the Board, that Firm may be recommended to lead that transaction irrespective of its position or even its membership in the underwriting pool.

All appointments of lead manager and syndicate members are vetted in the Finance Committee and ultimately approved by the Board as part of the bond resolution. In situations where deviations are warranted, sharing of league table credit and the economics of the transaction may be considered by NCTA.

XI. ADDITIONAL CONDITIONS AND LIMITATIONS

1. It shall be the Firm's responsibility to read the RFQ, all relevant exhibits, attachments and any other components made a part of this RFQ and comply with all requirements and specifications herein. Vendors also are responsible for obtaining and complying with all Addenda and other changes that may be issued in connection with this RFQ.
2. The Authority is soliciting Statements of Qualifications for potential future issuances. The Authority does not represent or guarantee that any amount of financings will be completed.
3. The Authority reserves the right to reject any and all Statements of Qualifications and to request clarification of information from any Firm.
4. All Statements of Qualifications received in response to this RFQ become the property of the Authority and will not be returned. In addition, all material submitted may be considered a public record by the NCTA and subject to disclosure pursuant to the North Carolina Public Records Act (G.S. 132 *et seq.*)
5. The Authority will not reimburse Firms for any costs associated with the preparation and submittal of any statements of qualifications, or for any travel costs that are incurred.

6. Firm acknowledges that all information contained within their Statement of Qualifications is part of the public domain.
7. Firms, their agents and associates, shall **refrain from contacting or soliciting any official of the Authority or the NC Department of Transportation and their respective Board of Directors regarding this solicitation** upon the release of the RFQ. Failure to comply with the provision may result in disqualification of the Firm. Any and all questions regarding the RFQ should be submitted in writing as set forth in this RFQ.
8. This RFQ and the related responses of the selected Firms(s) will, by reference, become part of the formal agreement between the selected Firm and the Authority.
9. Compensation/Pricing. All fees shall be contingent upon completion of a financing. In the event the Authority elects to proceed with any financings, the Authority will use pricing and structuring information from the winning Firm's RFQ during the actual pricing. **The winning Firm must be willing to complete a financing based on the terms proposed in Exhibit A.** Fees are subject to further negotiation on the part of the Authority or its Financial Advisor in order for the Authority to accomplish its financing objectives, including negotiations due to actual market conditions at the time of any bond sale.
10. The Authority will not exclude from participation in, deny the benefits of, or subject to discrimination any person based on race, color, national origin, limited English Proficiency, income-level, sex, age, or disability, (or religion, where applicable), under any programs or activities conducted or funded by the NCDOT or the Authority.

Exhibit A- Schedule of Takedowns and Fees

BBB-Rated non-recourse Toll Revenue Bonds			
Date	Proposed Takedown		
	CIBs	CABs	CCABs
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
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Credit enhanced non-recourse Toll Revenue Bonds			
Date	Proposed Takedown		
	CIBs	CABs	CCABs
2020			
2021			
2022			
2023			
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2025			
2026			
2027			
2028			
2029			
2030			
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2032			
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AA-Rated State Appropriation Tax-Exempt Bonds	
Date	Proposed Takedown
	CIBs
2020	
2021	
2022	
2023	
2024	
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2028	
2029	
2030	
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Additional Fee Items		
	<u>\$/1000</u>	<u>Amount</u>
Management Fee		
Underwriter's Risk Expenses		
Other 1*		
Other 2*		
Total		

Additional Fee Items		
	<u>\$/1000</u>	<u>Amount</u>
Management Fee		
Underwriter's Risk Expenses		
Other 1*		
Other 2*		
Total		

Additional Fee Items		
	<u>\$/1000</u>	<u>Amount</u>
Management Fee		
Underwriter's Risk Expenses		
Other 1*		
Other 2*		
Total		

*Please explain "Other" fees, if any: _____

*Please explain "Other" fees, if any: _____

*Please explain "Other" fees, if any: _____

