REQUEST FOR PROPOSALS

FOR

UNDERWRITING SERVICES

CITY OF SOUTH SAN FRANCISCO

COMMUNITY CIVIC CAMPUS PROGRAM FINANCING

Responses will be accepted until 12:00 p.m. Pacific Time on April 22, 2019.

Questions regarding this RFP should be directed to the City’s Municipal Advisor,
PFM Financial Advisors LLC
Attn: Sarah Hollenbeck
(415) 982-5544
hollenbecks@pfm.com
I. INTRODUCTION

The City of South San Francisco (the “City”) is soliciting proposals from firms wishing to serve as Underwriter in connection with the proposed issuance of lease revenue bonds or certificates of participation in Fall 2019 (the “2019 Bonds”) to fund a portion of the Community Civic Campus Program. The Program includes the design and construction of a new Library and Park & Recreation Facility, and a new Police station. To date, the City has been funding the Program on a pay-as-you-go basis. Construction of the first phase of the project is anticipated to begin in January 2020. The 2019 Bonds are anticipated to fund $115 million of the project costs. It is anticipated that the City will need to capitalize of the interest on the bonds during construction, which is expected to be completed in July 2023. More information about the Community Civic Campus Program can be found at http://www.communityciviccampus.net.

The 2019 Bonds will be secured by the City’s General Fund and repaid from sales tax revenues collected under Measure W, which was approved by the voters in November 2015 and became effective April 1, 2016. The half-cent tax authorized by Measure W has a 30-year term, through March 31, 2046. Payment of debt service is intended to be limited to the revenue from the Measure W tax. The 2019 Bonds will be issued with the final maturity no later than March 31, 2046. The selected firm is expected to perform responsible, professional work as described in this Request for Proposal (“RFP”).

The City intends to select a senior manager and one or more co-managers in connection with the 2019 Bonds. PFM Financial Advisors LLC is serving as Municipal Advisor to the City. Bond and disclosure counsel have not yet been selected.

II. SCOPE OF REQUIRED SERVICES

The scope of services to be provided by the successful proposer or proposers is expected to include, but not be limited to, the following:

A. Providing review and comment on all documents related to the financing.

B. Identifying, evaluating, and explaining the benefits and risks of alternative financing structures.

C. Optimizing the overall debt structure.

D. Working with the financing team to seek the highest possible credit ratings for the proposed bonds.

E. Assisting the financing team to assess the benefits of credit enhancement for the bonds.

F. Advising the financing team regarding the timing, sizing and structure of the bond issue.
G. Developing and executing a marketing plan that will result in the most favorable terms for the bonds.

H. Providing assistance in closing the bond issue.

I. Preparing post-sale analyses, including, but not limited to, information on placement of the bonds, market conditions at the time of sale, orders, designations, allocations and results of comparable sales.

In addition, the City expects the Underwriters, as part of their responsibilities to investors under the Federal securities laws, to conduct such review as is necessary to attain a reasonable basis for belief in the accuracy and completeness of the key representations in the Official Statement.

III. PROPOSAL REQUIREMENTS

In developing a response to this request for proposals, proposers should be concise, limiting their response to the specific questions and requirements set forth herein. The proposal shall be limited to 12 one-sided pages using a minimum 11-point font size (excluding a maximum two-page cover letter and requested transaction lists). The proposal should respond to each question or requirement below in consecutive order, as follows:

A. Cover Letter

Each response should include a cover letter no longer than two pages (will not count against the 12-page limit). In the letter please specify whether you wish to be considered for the position of senior manager, co-manager or both. Please note that the City reserves the right to assign firms proposing as senior manager to a co-manager position.

B. Firm Information

1. Provide a brief description of your firm and its experience underwriting lease revenue bonds.

2. Provide a table, with a grand total, of all California Lease transactions on which the firm has served as senior or co-manager since January 1, 2016. Specifically identify the firm’s role, the staff members involved, the underlying rating(s) on the transaction, and any credit enhancement used.

C. Qualifications and Experience of Assigned Personnel

1. Identify the members of your firm who will be assigned to this project, and provide the name, address, telephone number and e-mail address of each. Include a brief biography of each person that specifically addresses their experience relevant to the City’s proposed financing and identify the responsibilities that he or she will be assigned for this engagement. Identify the day-to-day project manager and the back-up project manager for this engagement. Describe how you will ensure the accessibility of key personnel to the City during this engagement.

2. Provide the name, address and telephone number of three references for California municipalities for whom the proposed project manager and the back-up project manager have served as underwriter since 2016 carrying out similar responsibilities to those contemplated under this RFP.
D. Proposed 2019 Bonds

1. The City currently has no outstanding public debt secured by its General Fund and thus no General Fund credit ratings. Please discuss how many ratings you would recommend the City obtain on the 2019 Bonds, from which rating agency or agencies, and why.

2. Please discuss what you see as the key credit issues for the City in financing this major project and how you would approach presenting this credit to the rating agency or agencies.

3. Please discuss your perspective on the use of bond insurance in connection with the 2019 Bonds. If you would recommend seeking bond insurance, please provide your estimate of the cost of insurance and the yield benefit compared to uninsured bonds.

4. Describe how your firm would structure the 2019 Bonds assuming the issuance of traditional fixed rate bonds in September 2019. The City may partially capitalize interest on the bonds during construction. Please provide estimated coupons and yields as of April 15, 2019 and identify spreads to MMD on a maturity-by-maturity basis. Also, please include a Sources and Uses of Funds with a detailed breakout of all cost assumptions.

5. Please provide detailed pricing information (coupons, yields, and spreads to MMD) for the three most recent California lease revenue bonds your firm has priced.

E. Cost Proposal

1. Provide an estimate of your total, not to exceed, underwriting costs associated with serving as senior manager to the City on the proposed refunding. Please note that any payment to the underwriter is contingent on the closing of the bonds. In your response, please specifically include:
   a. Proposed takedowns on a maturity-by-maturity basis.
   b. Management fee, if any.
   c. Expenses. In this section, clearly break out the components of the expense estimates, excluding underwriter’s counsel fees.
   d. Underwriter’s Counsel. Please identify the firm and primary contact that you would propose to serve as underwriter’s counsel. Assuming the City’s Disclosure Counsel will prepare the Official Statement, please provide a not-to-exceed counsel fee (separate from your underwriting expenses).

F. Other

1. Provide responses to the following questions. Response to this section will not count against the 12-page limit.
   a. Within the past 24 months, has your firm and/or any of its principals been the subject of any investigation relating to the municipal securities industry by the SEC, NASD, NYSE, or any other State or Federal organization that oversees, regulates, licenses or is otherwise responsible for the municipal securities industry?
   b. Within the past 24 months, has your firm and/or any of its principals been involved in any
litigation, arbitration, disciplinary or other actions arising from the firm’s underwriting, management or handling of municipal securities?

c. Does there exist any relationship between your firm and any other non-affiliated firm(s) or individuals involving any compensation arrangement that may be associated with your possible engagement to assist with the City’s proposed debt issues?

IV. EXCEPTIONS TO THIS RFP

If the Proposer takes exception to any portion of the RFP, the specific portion of the RFP to which exception is taken shall be identified and the reason(s) for the exception explained.

V. PRELIMINARY SCHEDULE AND SUBMITTAL REQUIREMENTS

A. Authorization

The Proposal shall be signed by an individual or individuals authorized to execute legal documents on behalf of the Proposer.

B. Delivery

The Proposal must be received no later than the time and date specified on the cover page. Only electronic submissions will be accepted. Please submit the Proposal as a single pdf file to the City at the address provided below.

Justin Lovell
Financial Services Manager
City of South San Francisco
Justin.Lovell@ssf.net

FAILURE TO COMPLY WITH ANY OF THE REQUIREMENTS OF THIS RFP, INCLUDING FAILURE OF A PROPOSAL IN RESPONSE TO THIS RFP TO BE RECEIVED BY THE DEADLINE NOTED ABOVE, MAY RESULT IN DISQUALIFICATION OR REJECTION OF THE PROPOSAL.

VI. COMMUNICATION

All questions related to this RFP should be directed to the City's Municipal Advisor, Sarah Hollenbeck of PFM Financial Advisors LLC, phone: (415) 982-5544, email: hollenbecks@pfm.com. Other communications with the City related to this RFP are prohibited until the selection process is complete. FAILURE TO ADHERE TO THIS REQUIREMENT MAY RESULT IN DISQUALIFICATION.

VII. EVALUATION CRITERIA

The City expects to evaluate the proposals based on evaluation criteria including the following, which are
not necessarily listed in order of importance:

A. Quality of proposal and responses to specific questions included in this RFP.

B. Ability to structure and market the bonds in a manner that will result in the lowest possible cost of capital.

C. Experience on similar financings in California.

D. Relevant qualifications of key personnel assigned to this financing.

E. Accessibility of key personnel to the City’s staff during the engagement.

F. Understanding of the City’s financing objectives.

G. Distribution capabilities.

H. Reasonableness of fees.

The City will select an underwriter based upon the responding firms’ qualifications and experience, together with its responses to the requests for information set forth above. It should be noted that none of these factors in and of themselves are determinative, and the City reserves the right to select one or more firms on any basis that are in the best interests of the City. The City may contact firms in response to questions raised in their proposals and the City reserves the right to cancel this solicitation without selecting any firms.

After the submittals are evaluated, the City, at its sole discretion, may elect to interview all, some, or none of the proposers. The interview will help to clarify each proposal and the approach and qualifications for the project. Proposers may be asked to submit additional documentation at or after the interview stage. Based upon the interview and evaluation of the proposals, the top-ranked firm will be recommended to the City Council. In addition, the City reserves the right to select a proposal without conducting interviews or abandon this RFP. Final selection of a firm and authority awarding the contract to proceed with these services shall be at the sole discretion of the City Council.

VIII. LIMITATIONS

This RFP does not commit the City to award a contract, to defray any costs incurred in the preparation of a Proposal pursuant to this RFP, or to procure or contract for work.

All Proposals submitted in response to this RFP become the property of the City and public records, and as such may be subject to public review.

The City reserves the right to cancel, extend or revise, in part or in its entirety, this RFP including but not limited to: selection schedule, submittal date, and submittal requirements. The City reserves the right to waive any minor irregularities or informalities contained within this RFP, and/or reject any or all proposals received as a result of this request. If the City cancels, extends or revises the RFP, all RFP holders of record will be notified in writing. The City reserves the right to request additional information and/or clarifications from any or all responders to this RFP.

The City reserves the right to award in whole or in part, by item or group of items, by section or geographic area, when such action serves the best interests of the City. The City reserves the right to negotiate with any
qualified firm.

The selected firm(s) will be expected to provide sufficient insurance coverage that meet the City’s requirements. If the City is unable to negotiate a satisfactory agreement with the top-ranked consultant, with terms and conditions the City determines, in its sole judgment, to be fair and reasonable, the City may then commence negotiations with the next most qualified Proposer in sequence, until an agreement is reached or determination is made to reject all submittals.

The City and Proposer may agree to add additional areas to the contract by mutual agreement at a later date. The City may elect to stop work at any time in the contract and will pay for work completed to that point on a time and material basis.

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