



# CITY OF NORCO

*Request for Qualifications*

*for*

**FINANCIAL ADVISORS**

Request Date: May 23, 2017

**Due Date: Wednesday June 7<sup>th</sup>, 2017 , no later than 4:00 p.m.  
(PST)**

## **I. Introduction to the City of Norco**

The City of Norco (the “City”) is soliciting statements of qualifications from qualified firms for its financial advisory pool. It is the City’s intent to create a pool of financial advisors to work with the City over the next three fiscal years on its debt financings and other finance- related projects as appropriate. While it is currently intended that the pool will be in effect for the next three fiscal years, the City reserves the right to restructure the pool at any time.

The City’s portfolio of outstanding debt includes Successor Agency Tax Allocation Bonds, Wastewater Enterprise Revenue Refunding Bonds and acts as an agent for Community Facilities Development Bonds.

## **II. Information on Financial Advisory Pool**

The City will select its pool based upon the qualification of each financial advisor based on the various financing types. It is the City’s objective to select a pool of financial advisors that will work with the City to review and recommend financing vehicles that are consistent with the City’s overall financial goals.

Once selected into the City’s financial advisory pool, the firms will be selected for individual debt issuances or other applicable financial projects based on a number of factors, including:

- A.** The reputation of that firm with the debt instrument or project in question.
- B.** The knowledge and experience of the assigned personnel, especially as it relates to his/her direct knowledge of the structure and analysis of the financing method.
- C.** Fees and expenses.

The financial advisor for a specific transaction may be selected through an RFP process or at the City’s discretion based upon the firm’s historic performance and evaluation of the financial advisor’s understanding of the project or financing at hand. There is no guarantee of a minimum amount of work or compensation for any of the firms in the City’s financial advisory pool. No firm in the City’s financial advisory is guaranteed a contract.

## **III. Scope of Services**

All financial advisors selected into the City’s pool will be responsible for providing a broad platform of services that will result in the successful execution of financial transactions. The City’s financial advisors have traditionally advised the City in structuring the issuance and sale of bonds, notes, and other securities as well as providing assistance and analyses for various projects, including negotiating financing terms, drafting documents, and advising on legislation, regulations or other procedures.

The scope of services is a general guide to the work the City expects to be performed and is not a complete listing of all services that may be required or desired. The firm shall provide qualified personnel for services required by the City which include, but not be limited to, the following:

- A.** Advise and assist the City in the development, structure and timing of the issuance of bonds in accordance with applicable laws, customs, and practices governing such issuance.
- B.** Advise and assist the City in considering and structuring various modes of financing, including but not limited to refundings, Successor Agency/redevelopment bonds, water enterprise revenue bonds and community facilities development bonds that maximize the resources available to produce a financially sound and cost-effective transaction.
- C.** Advise on the amount, timing, and nature of borrowings, as well as the credit structure, maturity schedule, call provisions and other matters which may assist the City in obtaining the lowest practical interest cost and the widest competition for purchase of its bonds, as needed.
- D.** Advise on the merits of competitive, negotiated or private placement of debt.
- E.** Analyze and make recommendations relating to various financing options so as to secure the lowest practical interest rate; enhance the marketability of the bonds; achieve the widest competition for bond purchase to include retail, institutional, and other investor classes; and achieve optimal leverage of City resources, while maintaining a prudent level of risk, through debt obligations. Identify the advantages and disadvantages of any recommendations.
- F.** Assist in the preparation of the preliminary and final official statements, notices of sale (competitive offerings), other appropriate information to prospective bond and note investors, and any materials required to facilitate the sale of the bonds.
- G.** Assist in the preparation and review of legal and financing documents in coordination with City Attorney, bond counsel, underwriter's counsel (if any), disclosure counsel, City Staff, and other relevant parties. These documents shall include regulations, rules, proposed legislation, and other documents relating to the City's financing programs.
- H.** Assist in preparing and presenting timely and adequate information on proposed financings and the City's finances and operations to the bond rating agencies and institutions providing credit enhancement.
- I.** Evaluate the terms and recommendation of acceptance, rejection or renegotiation with respect to sale bids or final pricing as applicable. This includes confirmation of competitive bids, and verification reports in the case of refundings.
- J.** Advise on such matters as bond registration, printing, and other matters related to the settlement and delivery of the bonds or notes, as required.
- K.** Assist with preparation of RFP/Q's and evaluation of proposals for the procurement of:

- Bond Counsel, disclosure counsel
  - Investment banks/underwriters
  - Credit enhancements, including LOCs and bond insurance
  - Investment banking services
  - Financial printing
  - Competitive offerings
  - Paying Agent or Trustee
  - Escrow Agent, if required
  - Verification Agent, if required
  - Any other agents or consultants as required by the City
- L.** In the case of competitive offerings, assume responsibility for the following:
- Preparation and advertisement of Notice of Sale
  - Preparation of Bid Form
  - Advice as to manner of bid procedures
  - Management of competitive bidding procedures
  - Analyze the bids and identify the most favorable bid
- M.** Attend (in person or by telephone, as required) meetings related to debt offerings and participation in the deliberations at such meetings, including:
- Preparation of Official Statement with the entire working group
  - Due diligence
  - Rating agency presentations
  - Investors' presentation
  - Acquiring Insurance
  - Pricing
  - Closing
- N.** Provide ongoing financial advisory services as necessary, including:
- Review financial issues with the rating agencies (and arrange and support calls and meetings) relating to specific debt issues and to periodic updates.
  - Evaluate unsolicited financial proposals received by the City, including, but not limited to refundings and alternate forms of financing vehicles like risk management products.
  - Provide advice on investor relations and assistance in preparation of related presentation materials.
- O.** Advise and assist the City in structuring short-term financing programs including tax revenue anticipation notes, lines of credit, letters of credit, commercial paper programs, or other financings, as required.
- P.** Assist the City in drafting and preparing Continuing Disclosure documents for the investor community.
- Q.** Assist the City when necessary in the negotiation and preparation of any agreements between the City and other jurisdictions participating in any financing program.
- R.** As necessary, resolve issues regarding the sale and issuance of bonds that are raised by prospective purchasers, rating agencies, or public officials.
- S.** As requested, prepare and maintain projected debt service, debt outstanding and other schedules related to City debt for use in the City budgeting processes and official statements.

- T. Provide other technical assistance on debt financings, bond ratings and financing alternatives as requested by the City.
- U. Prepare a comprehensive “Final Pricing Book” for the financing transaction.

#### IV. Response Requirements

##### A. Cover Letter

All responses submitted should include a cover letter signed by an officer that is legally authorized to bind your firm. Also, a certification statement that the firm shall be a certified Municipal Advisor with the Municipal Securities Rulemaking Board and Securities and Exchange Commission as required by SEC rules and the Dodd-Frank Wall Street Reform and Consumer Protection Act. The firm shall possess all permits, licenses and professional credentials necessary to perform services as specified under this RFQ. The cover letter should be addressed to:

**Gina Schuchard  
Finance Officer  
City of Norco  
2870 Clark Avenue,  
Norco, California 92860**

##### B. Body of Response

1. **Text** – In consideration of the audience reading your response, please use a minimum 11-pt font.
2. **Length** – Your response to the RFQ should be limited to 12 pages in length. Given the page constraints, we STRONGLY encourage a minimum of boilerplate marketing material. While you are allowed to include appendices, there are NO guarantees that the appendices will be taken into consideration during the evaluation of your response.
3. **Content** – Please be sure your response is clearly organized such that the reader can easily identify which question/section you are answering. Showing the question at the beginning of each response is highly encouraged.

**C. Submittal Instructions**

Submit your PDF response via email to Gina Schuchard, Finance Officer, at [gschuchard@ci.norco.ca.us](mailto:gschuchard@ci.norco.ca.us) and two (2) bound copies of your response must be submitted to:

**Gina Schuchard  
Finance Officer  
City of Norco  
2870 Clark Avenue,  
Norco, California 92860**

Responses must be received at the above address ***no later than 4:00 p.m. (Pacific Standard Time) on Wednesday, June 7th, 2017.*** Late delivery of proposals for any reason may result in disqualification from consideration.

**IV. RFQ Inquiries & Other Information****A. Point of Contact for Questions Regarding RFQ**

The point of contact for all questions relating to this RFQ is:

**Gina Schuchard  
Finance Officer  
City of Norco  
2870 Clark Avenue,  
Norco, California 92860  
E-mail: [gschuchard@ci.norco.ca.us](mailto:gschuchard@ci.norco.ca.us)**

Inquiries regarding this RFQ shall be made in writing to Ms. Schuchard, via email only and must include the words "Financial Advisory RFQ" in the subject line. In order to avoid confusion or inconsistent responses, contact with other City staff or representatives is discouraged.

If modifications or clarifications to this RFQ are necessary, a written addendum will be issued to all firms sent the original RFQ by the City.

**B. Request for City Information**

Each firm may have different needs for information; it is incumbent upon each firm to make the inquiries it deems necessary in order to respond to this RFQ. If it is determined to be in the City's best interests, questions and responses asked by each firm may be distributed to all of the respondents.

Please refer to the City's website ([www.norco.ca.us](http://www.norco.ca.us)) to download the City's financials, budget and other information.

**C. Public Record/Proprietary Information**

All information submitted in response to this RFQ shall become public record upon opening and will be available for public review upon request. If a respondent desires that proprietary information in the response not be disclosed, the respondent is required to identify all such proprietary information in the response to the RFQ at the time it submits the response. If a respondent fails to identify clearly all proprietary information for which it is requesting non-disclosure, the respondent agrees by the submission of its response to the RFQ that any unspecified sections shall be deemed non-proprietary and made available upon request to the general public under the California Public Records Act.

**D. Right to Reject Proposal**

The City reserves the right to reject any and all proposals, cancel all or part of this RFQ, and waive any minor irregularities and to request additional information from firms.

The City reserves the right to modify the activities, time line, or any other aspect of the process at any time, as deemed necessary by the City. By requesting proposals, the City is in no way obligated to award a contract. The City will not be liable for any costs incurred by the firm in the preparation and production of a proposal, or for the costs of any services performed prior to the selection and the start date.

**V. RFQ Questionnaire****A. Company Background**

1. Please provide a broad overview of your firm, including its background and history in providing the services requested herein. Also, describe how your firm has helped guide your clients, especially municipalities, through changes in the financial industry, including changes in rating criteria, the diminishing of insurance available and disclosure requirements from local, state and federal regulations. Please give specific examples of how the firm and its staff have helped your client with debt issuance through these changes and what impacts it has on your clients.
2. Disclose any pending litigation related to your firm's municipal finance practice in the past three years by the SEC, other regulatory bodies or law enforcement agencies.

**B. Financial Advisory Team**

1. Please provide the name, address, telephone number, fax number, and email address of the primary contact person in the firm submitting the proposal and the office location from which the majority of the financial advisory services will be provided.
2. Please provide a summary of qualifications of the core advisory staff that will be assigned to the City account. What can the City expect for the core advisory staff in terms of availability and participation on a financing? List all current clients covered by the individual(s) that is proposed to cover the City account. Include any regulatory actions taken or pending related to each staff member.
3. Please include the qualifications of other key personnel who may be involved in special projects for the City. Include any regulatory actions taken or pending related to each staff member.

**C. Financial Advisory Approach**

1. What is the underlying philosophy of your firm in providing financial advisory services? What are your firm and your core advisory team’s particular strengths and weaknesses?
2. Describe in detail your process for developing and structuring procedures for the issuance of municipal bonds. What services do you actively provide on each issuance?
3. Describe the depth of your firm’s analytical capabilities (e.g., personnel assigned to modeling and other quantitative analyses, ability to analyze complex proposals, etc.).
4. What is your firm’s access to trading and market information for municipal bond market to provide comparable sales analysis and market outlook to assist the City to justify proposed scale?
5. Discuss how your firm would measure underwriter performance on City bond deals. What specific areas would your firm recommend the City to focus on to analyze and improve underwriter performance, thereby lowering interest costs and improving investor participation?
6. Describe the depth of your firm’s capabilities with structured products (e.g., swaps, hedges, etc.). Disclose any litigation that has arisen in the last five (5) years on any swap transactions your firm has provided advisory services.
7. Please provide a summary chart of advisory transactions for which your core advisory team played the senior financial advisory role in the past five (5) years.

Sale Date	Client Name	Par Amount	Transaction Name	Method of Sale	Brief Description/ Unique Financing Features

8. Please describe a transaction of note advised by the core advisory team within the last three (3) years. Describe in detail the particular “value-add” that each member of the advisory team was able to provide. If this particular transaction did not include all members of the core advisory team, it is sufficient to provide a case study detailing the role of the financial advisor who will be providing the primary relationship to the City.
9. Please describe the core advisory team’s experience with refunding California redevelopment or Successor Agency financings since the dissolution of the all California redevelopment agencies. Please provide a relevant case study detailing your firm/team’s experience with this redevelopment transaction. Highlight the particular role of the members of your advisory team that was involved on this transaction. Discuss any challenges your advisory team faced during this transaction.
10. If the Federal government passes the proposal of eliminating or reducing the tax-exempt status, what are some of impact that will have on municipalities and its bond?
11. What is your firm’s perspective on the impact of recent SEC changes to Municipal Advisor Rules?

12. What do you see as some of the upcoming challenges, if any in the municipal bond market and how would your firm assist your client in addressing these challenges?
13. Please provide any recommendations the City can implement to improve the marketing of the City's bonds given today's current market conditions. Please consider such topics as investor relations, new investors and investor types, and the timing of bond sales. Also, discuss investor's view on the City's credit and how the City can improve to increase the investor's demand.
14. What is your firm's commitment to the City of Norco? Have you provided advisory services to the City within the last five (5) years? Does your firm participate within the community of Norco at large? Please explain.

#### **D. References**

The City may seek information from references regarding subjects that include, but are not limited to, the quality of services provided, anticipated ability to perform the services required in this RFQ, and the responsiveness of the firm to the client during the engagement. Information provided by references may be used by the City for proposal evaluation purposes. The City is not responsible for the lack of responsiveness of the references listed by the firm, and the City is not required to alert firm of a reference's unresponsiveness during the proposal evaluation period. Inability to contact a reference will not be looked upon favorably.

The City reserves the right to deploy, at its sole discretion, a variety of methods and communication approaches to contact references, depending on what the City deems to be the most effective and efficient manner.

1. Please provide a minimum of three references from current clients similar to the City in size and sophistication. For each reference, please include name, address, e-mail address, and telephone numbers of individuals qualified to provide information from both the management and technical viewpoints. How long have you provided services to this client and in what context?
2. Please list all clients who have terminated your relationship during the past three years and their reason for doing so. Please include the name, title and telephone number of contact.

#### **E. Fees**

In general, the City requests a fee proposal from its pool of financial advisors at the time of a particular financing. While fees and compensation are an important factor in the evaluation of responses, the City is not required to select the lowest cost bidder. We reserve the right to select the bid that demonstrates the "best value" overall, including proposed alternatives that meets the objectives of the financing at hand. With that said, we would like to get an idea of the fee structure of your firm understanding that your firm is not bound to these numbers; actual fees will be negotiated once selected into the pool.

1. The City plans to pay fees contingent upon completion of specific financing transactions on a per project basis. Please provide a proposed fee schedule by type of financing (e.g., revenue bonds; lease financings; general obligation bonds). Also, please distinguish between new issues and refunding transactions.
2. The City may, from time to time, elect to hire an advisor for special projects. What is the hourly rate structure for your firm?

3. Please provide a list of all out-of-pocket items for which you will seek reimbursement during a transaction.
4. In general, what is your method of billing? Are your fees dependent on hourly cost, per issue, or another method?

**F. Disclosure**

Please disclose any professional or personal financial interest, which could be a possible conflict of interest in representing the City. The City also requires the firm to further disclose arrangements to derive additional compensation from various investment and reinvestment products, if applicable. The City may reject a Proposal from any firm that, in the City's opinion, would be in a conflict of interest if the firm is awarded a contract. Does your firm provide underwriting and investment banking services?

## **VI. RFQ Evaluation and Selection Criteria**

The City of Norco will conduct a fair and impartial evaluation of the proposals received in response to this RFQ. It is the City's intent to create a pool of financial advisors with the best overall qualifications. The factors to be used by the City of Norco in evaluating the proposals will include, but are not limited to, the following:

**A. RFQ Understanding**

1. Approach
2. Clarity
3. Creativity of proposal
4. Ability to provide services outlined in scope of services

**B. General Experience and Qualifications of Firm/Assigned Personnel**

1. Experience
2. Assigned Personnel
3. Any other resources assigned to the City

**C. Cost**

The City reserves the right to seek clarification of any proposal submitted, request oral presentations and to select the proposals considered to best promote the public interest.