

SUSSEX COUNTY GOVERNMENT

REQUEST FOR PROPOSALS

UNDERWRITINGS SERVICES



SUSSEX COUNTY GOVERNMENT
FINANCE DEPARTMENT
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PUBLIC ADVISORY CONSULTANTS
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AUGUST 6, 2020

SUSSEX COUNTY COUNCIL REQUEST FOR PROPOSALS

On behalf of Sussex County, Delaware (the “County”), Public Advisory Consultants, Inc. is requesting proposals for underwriting services. The County anticipates issuing approximately \$100,000,000 in General Obligation Bonds to fund its \$42,600,000 Capital Improvement Program (“CIP”). In addition, the County wishes to advance refund its Series 2012A and Series 2012B Bonds (\$35,275,000) on a taxable basis and refund on a tax-exempt basis 9 rural development loans in the amount of \$18,100,000. One or more firms may be selected for underwriting services. The criteria for selection are: (1) plan of finance/marketing plan; (2) experience; (3) capacity to meet requirements; and (4) pricing.

The County shall: (1) determine all applicants that meet the minimum qualifications to perform the services, (2) interview at least one of the qualified firms, and (3) negotiate with one or more firms. Negotiations may be terminated at any time. The County may require any firm it is negotiating with to execute a truth-in-negotiation certificate that the wage rates and other factual unit costs supporting compensation are accurate, complete and current. If applicable, within one year following the end of the contract, contracts may be adjusted to exclude significant sums based on inaccurate, incomplete and noncurrent rates.

Interested parties may obtain details from the County’s website <https://sussexcountyde.gov/legal-notices/bids>. Questions may be directed via e-mail to Les Guthorn, lguthorn@paconsults.com of Public Advisory Consultants.

Proposals are due by 2:00 PM, eastern daylight time, on August 26, 2020. Proposals shall be submitted electronically to Gina A. Jennings, Sussex County Finance Director/COO, at gjennings@sussexcountyde.gov. and Lester B. Guthorn, Managing Director, Public Advisory Consultants, lguthorn@paconsults.com. After a positive vote of debt issuance by County Council, negotiation with at least one qualified firm could begin the week of August 31, 2020.

Sussex County, Delaware
Request for Proposals
Underwriting Services
August 6, 2020

Summary:

On behalf of Sussex County, Delaware (the “County”), Public Advisory Consultants, Inc. is requesting proposals for underwriting services. The County anticipates issuing approximately \$100,000,000 in General Obligation Bonds to fund its \$42,600,000*1 Capital Improvement Program (“CIP”). In addition the County wishes to advance refund its Series 2012A and Series 2012B Bonds (\$35,275,000) on a taxable basis and refund on a tax exempt basis 9 rural development loans in the amount of \$18,100,000 (see below information related to the aforementioned bonds and loans). The County’s long-term general obligation debt is rated ‘Aaa’ by Moody’s and A by S&P. The County plans to have rating calls on or about August 18th, 2020. Additional information can be provided upon request. The County anticipates pricing of the bonds on or about September 16, 2020* with closing to occur on September 28, 2020*.

Purpose and Requirements:

The purpose of this Request for Proposals ("RFP") is to select a firm or firms to serve as senior and/or co-managing underwriter(s) in connection with the issuance of the bonds. Following the selection of underwriters, the County reserves the right to sell any such issues through a negotiated sale, a competitive sale or through a combined competitive and negotiated sale. The County reserves the right to change the managerial assignment of an underwriting team member from the selected respondents to this RFP.

Timetable:

<u>Event</u>	<u>Date</u>
Issuance of RFP	August 6, 2020
Deadline for Submission of Proposals	August 26 2020, 2:00 p.m. EDT
Anticipated Notification of Successful Firm(s)	Week of August 31, 2020

PROPOSAL REQUIREMENTS AND SELECTION CRITERIA:

Proposals should provide all information requested in Sections A and B below. Responses shall be limited to a maximum of fifteen pages, excluding an appendix and cover letter. Effort should be made to provide concise and brief responses.

A cover letter shall be limited to one page and should accompany your proposal, specifying the position or positions requested by your firm, i.e. senior managing underwriter and/or co-managing underwriter.

Preliminary amortization schedules are provided to display the manner in which the County allocates and amortizes its bonds by source and or purpose of funding. County debt is structured on a level basis for the life of the obligation

The selection and the award of the contract should the County determine that it wishes to proceed with a negotiated issuance shall be made of the respondent deemed to be fully qualified and best suited among those submitting proposals on the basis of the following evaluation factors and responses to questions below. The selection committee made up of members from Public Advisory Consultants and Sussex County Government will grade each proposal on four equal criteria: (1) plan of finance/marketing plan; (2) experience; (3) capacity to meet requirements; and (4) pricing.

A. Qualifications and Experience

1. Describe briefly your firm's underwriting experience for similarly sized bond issues in the State of Delaware, the region and nationally. Please identify any similar engagements that you are involved with currently that could lead to a call on capital or otherwise impact providing service to the County. (One page)

2. Describe briefly your firm's underwriting experience in Delaware and abutting States. Include negotiated and competitive financings. Provide a list of such issues including (a) date of sale, (b) firm's role, (c) bond rating, and (d) firm individual(s) involved in the transaction(s) and role(s) in this bond sale. If your firm specializes in competitive and or negotiated financing please explain why. Limit the information provided to the past three year period. (Two pages)

3. Please describe any contact your firm has had with the County its officials and staff, including meetings and/or presentations. Please describe the subject of the communications.

4. Please disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your being hired for this engagement. Identify fully the extent to which your firm or individual partners or employees are the subject of any ongoing securities investigation, are a party to any securities litigation or arbitration, or are the subject of a subpoena in connection with a municipal securities investigation, including any investigations involving auction rate securities. Include any such investigations which concluded in an enforcement or disciplinary action ordered or imposed in the last three years.

B. Marketing and Pricing

1. Provide your firm's assessment of the current market for Sussex County's general obligation bonds. Please provide a breakout by maturity of your scale to MMD as of August 21, 2020 incorporating the attached Total New Money amortization schedule provided in Exhibit 1. The first interest payment is March 15, 2021, the first principal payment is September 15, 2021 and the last principal payment is September 15, 2040. Please provide an explanation of this breakout and the likelihood that you will be able to maintain the spread displayed in the future. Provide a rate spread guarantee if applicable. You may provide alternative bond issuance options and respective application and benefit to the County. Provide other relevant information you deem appropriate. Refunding components are to match the existing amortization schedule. The County assumes that bonds and loans will be structured on a level basis.
(Three pages)

2. Please provide your firm's approach and any creative ideas for the marketing and distribution of the bonds and explain the investor base you intend on marketing to. (One page)

3. Provide not to exceed fees and expenses. (Note the County reserves the right to renegotiate the take-down for any sale that occurs during the term of this contract.) Please note that the Emilie Ninan of Ballard Spahr, is the County's bond counsel will control the preliminary and final official statement.

- a. Takedown (takedowns by maturity and average takedown)
- b. Management Fee
- c. Expenses (itemized, including syndicate, administrative, overhead and underwriter's counsel fee)
- d. Any other fees

4. Underwriter's Counsel - Identify one or more firms to serve as underwriter's counsel. Please provide a designated individual at each firm and contact information and affirm that the cost quoted above is applicable to each of the firms presented.

5. Underwriting Assignments – Please identify, current or recent municipal engagements that are comparable to the proposed \$100 million issue whose expected rating is similar to the County's ('Aaa'/'AA+'). As requested previously please focus upon those issues that have occurred in the Delaware and abutting states. In particular please discuss the benefits and challenges your firm faced and what you propose is the same or different in your approach in serving Sussex County. Further, identify firm staff that are assigned to those engagements and here within the past three years. Please also provide other assignments that are applicable in evaluating your firms' capability in pricing and related matters that would benefit the County. Please identify the underwriting responsibilities that your firm undertook in those e prior engagements including senior manager, co senior, book runner, co-manager and or other. (Two pages)

6. Explain why your firm should be selected as the sole underwriter and or explain the benefit to the County in choosing more than one firm as part of the County's underwriting team. Please identify the type of investor that will be drawn to one or more underwriter, one or another series and how that may benefit the County in the pricing of the bonds and achieving the lowest cost of financing. If you propose to price multiple series of bonds, please discuss your approach and the results of when you have done this before. (Two page)

7. Provide summary results of debt service schedules based upon August 21, 2020 market, identifying debt service results in a table format for each series of bonds, including total debt service, debt service savings, interest rate, yield, COI, U/W charges and other related information upon which your calculations and results are based. (An appendix may be submitted providing further supporting your submission). (Assume County cost at \$250,000). In your summaries identify, tax exempt and taxable issues if applicable. Supplemental schedules are not required. (Three-four pages)

DELIVERY OF INFORMATION:

In order to be considered for selection, a complete electronic response to this RFP must be received by Public Advisory Consultants, Inc. by 2:00 PM EDT on August 26, 2020. A cover letter should be submitted with your proposal stating that your firm agrees to serve as Underwriter to Sussex County in accordance with the attached proposal for the purposes outlined in the RFP. The County reserves the right to waive any irregularity in any proposal and to reject any or all proposals and to select an underwriter and or underwriting team based solely on the proposals submitted. Acceptance of a respondent's proposal submission nor possible engagement as an underwriter of

the County's bond issue does not in any way compel the County to go forward with the proposed negotiated based bond issue nor can the County commit to providing compensation to an underwriter until the bonds are sold and funded from bond proceeds. No joint proposals will be accepted.

Proposals may be submitted electronically to:

Gina A. Jennings
Sussex County Government

Ph.: (302) 855-7741

Email: gjennings@sussexcountyde.gov

Lester B. Guthorn

Public Advisory Consultants

(410).971.2079

Lguthorn@paconsults.com

Questions should be directed to Lester Guthorn.

Provided on the following page are loans and bonds exhibit savings sufficient to warrant being refunded at this time.

Outstanding Bonds and Rural Development loans:

Issue Number	Original Dated Date	Final Maturity Date of Outstanding Bonds	Original Bond Size	Purpose	Outstanding Principal
1	2/14/2012	9/15/2040	\$28,510,000	General Obligation Refunding Bonds, Series 2012A	\$21,980,000
2	2/14/2012	9/15/2048	\$32,865,000	General Obligation Refunding Bonds, Series 2012B	\$16,170,000
3	10/17/1996	10/17/2036	\$463,000	Ocean Way Estates Expansion Sewer Project Loan #92-32	\$286,281
4	3/19/2010	3/19/2050	\$7,500,000	SCRWF Improvements Loan #92-58	\$6,533,776
5	6/2/2011	6/2/2051	\$500,000	Dagsboro-Frankford Prince George's Acres Expansion Loan #92-72	\$477,605
6	6/2/2011	6/2/2051	\$2,113,000	Dagsboro-Frankford Piney Neck Land Purchase Project Loan #92-67	\$1,886,179
7	3/23/2011	3/28/2051	\$1,725,000	Millers Creek RD Loan #92-48	\$1,537,788
8	3/23/2011	3/28/2051	\$1,075,000	Millers Creek RD Loan #92-50	\$958,305
9	11/30/2011	11/28/2051	\$4,000,000	Millville Area Exp. of the BBSSD Project – Rural Utility Service – 2011 Loan #92-68	\$3,564,520
10	11/30/2011	11/28/2051	\$1,111,000	Fenwick Island – Route 54 – Rural Utility Service – 2011 Loan #92-34	\$990,009
11	9/27/2012	9/27/2052	\$4,000,000	Millville Series 2012-RUS Loan #92-70	\$3,649,299
Total			\$83,862,000		\$58,033,761