



# **NORTH CAROLINA TURNPIKE AUTHORITY**

**REQUEST FOR QUALIFICATIONS:**

**INVESTMENT BANKING SERVICES FOR THE AUTHORITY'S  
ISSUANCE OF**

**PROJECT TOLL  
REVENUE BONDS**

April 7, 2016

## NORTH CAROLINA TURNPIKE AUTHORITY

### REQUEST FOR QUALIFICATIONS FOR INVESTMENT BANKING SERVICES

#### **DESCRIPTION:**

The North Carolina Turnpike Authority (the “Authority”) desires to receive a statement of qualifications from Investment Banking firms to assist the Authority in completing the proposed issuance of its non-recourse Toll Revenue Bonds, Series 2016 (the “Monroe Expressway Bonds”) and potentially future project bonds. The projects currently under consideration include the Monroe Expressway (“Monroe”), the Triangle Expressway Southern Extension (“Tri-Ex SE”) and Mid-Currituck Bridge (“Mid-Currituck”), collectively known as the “Projects.” The Statement of Qualifications will be used to select a senior-managing underwriter and co-managers.

The current schedule contemplates the Monroe Expressway Bonds will be issued in the fourth quarter of 2016, however, if the bonds are not issued in 2016, then they will issued in 2017. Under the current plan of financing, the Toll Revenue Bonds for Monroe are scheduled to be issued in an approximate par amount of \$98 million, consisting of approximately \$85.5 million of Current Interest Bonds and \$12.5 million of Convertible Capital Appreciation Bonds, although the plan of finance is subject to further revision. NCTA is also currently in the creditworthiness phase with TIFIA for a \$150 million direct loan for the Monroe Expressway.

Future Project Bonds for Tri-Ex SE are tentatively scheduled to be issued in an approximate par amount of \$560 million, consisting of approximately \$425 million of Current Interest Bonds, \$100 million of Convertible Capital Appreciation Bonds and \$35 million of Capital Appreciation Bonds. Future Project Bonds for Mid-Currituck are tentatively scheduled to be issued in an approximate par amount of \$123.5 million, consisting of approximately \$93 million of Current Interest Bonds, \$20.5 million of Convertible Capital Appreciation Bonds and \$10 million of Capital Appreciation Bonds. The future Project Bonds may be a mix “AA” quality State Appropriation Bonds and “BBB” quality Toll Revenue Bonds, or appropriation and toll revenues may be combined into a single credit. NCTA may pursue TIFIA loans for either or both of TriEx SE and Mid-Currituck. The plan of financing and schedule for these Projects are subject to change and expected to be refined over time, and no commitment can be made that either project will definitely move forward.

Concurrent with the selection process for Investment Banking firms, the Authority’s staff, bond counsel, and financial advisor will be preparing certain necessary documents to complete these financings and also an application for a subordinate TIFIA loan for the Monroe Expressway. After the selection of the senior manager, the Authority will develop a final plan of finance, timeline and documents for accomplishing the financing. It is expected that the senior managing underwriter will be part of the financing team that develops and refines the plan of finance and develops the Project Bonds financing documents.

The Authority is soliciting Investment Banking firms specifically for the issuance of the Project Bonds. The Authority is in no way obligated to retain the selected proposer for any future financings. It is at the sole discretion of the Authority to solicit future investment banking services or retain the selected firm(s) for future financings. The Authority is requesting services specific to the issuance of tax-exempt municipal debt, and as such is not requesting services to arrange equity or other types of private sector financing related to any public-private partnership transactions.

A tentative calendar for the review of the Statements of Qualifications is as follows:

April 7, 2016	RFP circulated
April 15, 2016	Deadline for Questions
April 27, 2016	Proposals due to the Authority and PFM prior to 2:00pm
May 6, 2016	Selection Committee review proposals and shortlist
June 6, 2016	Interviews
TBD (Early June, 2016)	Authority's Governing Board Selection of Investment Banking Firm(s)

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

***SUBMISSION REQUIREMENTS:***

The Statements of Qualifications should be prepared in at least size 12 font and should be responsive to the items listed under "Proposal Requirements". The Statements of Qualifications should be marked "Statement of Qualifications for Project Bonds Investment Banking Services" and should be delivered via email to the following **no later than 2:00 p.m. eastern time on Friday, April 27, 2016:**

**David Roy, Finance Director**  
North Carolina Turnpike Authority  
5400 Glenwood Avenue, Suite 400  
Raleigh, NC 27612  
(919) 571-3000 phone  
(919) 571-3015 fax  
[dwroy@ncdot.gov](mailto:dwroy@ncdot.gov)

***with copy to:***  
Public Financial Management, Inc.  
Hope Davidson, Senior Managing Consultant  
[davidsonm@pfm.com](mailto:davidsonm@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.

***ADDITIONAL INFORMATION AND ADDENDUM:***

If it becomes necessary to revise or amend any part of this Request for Qualifications (RFQ), notice of the revision will be given to all prospective proposers. 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. Any questions concerning this RFQ should be submitted in writing and directed to Hope Davidson via email ([davidsonm@pfm.com](mailto:davidsonm@pfm.com)) by April 15, 2016.

## **STATEMENT OF QUALIFICATIONS REQUIREMENTS:**

*The Statement of Qualifications shall include the following (in the following order and in accordance to the specified page limits, excluding exhibits):*

1. A letter of transmittal stating the proposer'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 proposer. (2-page limit)
2. General information about the proposer, 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 the 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 proposer's senior-managed underwriting experience since January 1, 2011 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 proposer'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.
5. Provide a table summarizing the proposer's senior-managed underwriting experience since January 1, 2011 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 proposer'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.
6. Provide a table summarizing the proposer's senior-managed underwriting experience since January 1, 2011 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 proposer'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.
7. Enclosed with this RFQ is a preliminary plan of finance for the Monroe Expressway prepared by NCTA's financial advisor. Please discuss this plan of finance and any changes you might recommend with particular attention to coverage, maturities, structure, financial products, flow of funds, reserves, etc. In brief, what would you recommend for a senior lien bonds security pledge, rate covenant, additional bonds test, and reserves? Please note the provided plan of finance includes very conservative interest rates and perhaps coverage ratios. Should lower rates/ratios be achieved, the NCDOT STIP funding would be reduced. The plan of finance for each of Tri-Ex SE and Mid-Currituck are preliminary and thus there is no need for review at this time. (3-page limit)

8. Discuss your recommendation for approaching rating agencies and/or credit enhancement. Include how these decisions might affect the pricing of the Project Bonds. Specifically address any relevant experience with Start-up Toll Facility Financings. (3-page limit)
9. *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 9 should include three (3) separate fee structures. Please submit your response to Item 9 in Form 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

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 proposal, 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.

10. Please indicate the law firm, and the individuals at that law firm, which you propose to retain as counsel in this transaction 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 financing.

**STATEMENT OF QUALIFICATIONS EVALUATION:**

After reviewing the written responses, firms will be evaluated and selected based upon the following criteria and allocation. The Selection Committee reserves the right to amend these criteria and their point value.

<i>Criteria</i>	<i>Points</i>
Experience of the firm’s primary personnel	25
Experience with similar transactions	20
Plan of Finance Discussion	20
Credit/Marketing Analysis	20
Pricing – gross spread, takedowns	15
Total	100

**CONDITIONS AND LIMITATIONS:**

1. The Authority is soliciting Statements of Qualifications for the Project Bonds. The Authority is in no way obligated to retain the selected proposer for any future financings.
2. The Authority reserves the right to reject any and all statements of qualifications and to request clarification of information from any proposer.
3. All Statements of Qualifications received in response to this RFQ become the property of the Authority.
4. The Authority will not reimburse proposers for any costs associated with the preparation and submittal of any statements of qualifications, or for any travel costs that are incurred.
5. Proposer acknowledges that all information contained within their statement of qualifications is part of the public domain.
6. Proposers, their agents and associates, shall **refrain from contacting or soliciting any official of the Authority or NC Department of Transportation and their respective Board of Directors regarding this RFQ** upon the release of the RFQ. Failure to comply with the provision may result in disqualification of the proposer. Any and all questions regarding the RFQ should be submitted in writing and directed to Hope Davidson via email ([davidsonm@pfm.com](mailto:davidsonm@pfm.com)) by April 15, 2016.
7. This RFQ and the related responses of the selected proposer(s) will, by reference, become part of the formal agreement between the selected proposer and the Authority.
8. Compensation/Pricing. All fees shall be contingent upon completion of a financing. In the event the Authority elects to proceed with the financing, the Authority will use pricing and structuring information from the winning proposer’s RFQ during the actual pricing. **The winning proposer must be willing to complete a financing based on the terms proposed in Form 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.
9. The North Carolina Turnpike Authority is an equal opportunity Authority. All contracting and purchasing actions are made without regard to race, creed, national origin, color, sex, marital status, age, or disability.

**Form A: Schedule of Takedowns and Fees**

BBB-Rated non-recourse Toll Revenue Bonds			
Date	Proposed Takedown		
	CIBs	CABs	CCABs
2017			
2018			
2019			
2020			
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Credit enhanced non-recourse Toll Revenue Bonds			
Date	Proposed Takedown		
	CIBs	CABs	CCABs
2017			
2018			
2019			
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2026			
2027			
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AA-Rated State Appropriation Tax-Exempt Bonds	
Date	Proposed Takedown
	CIBs
2017	
2018	
2019	
2020	
2021	
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2026	
2027	
2028	
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Additional Fee Items	
	Amount
Management Fee	
Underwriter's Risk	
Expenses	
Other 1*	
Other 2*	
Total	

Additional Fee Items	
	Amount
Management Fee	
Underwriter's Risk	
Expenses	
Other 1*	
Other 2*	
Total	

Additional Fee Items	
	Amount
Management Fee	
Underwriter's Risk	
Expenses	
Other 1*	
Other 2*	
Total	

\*Please explain "Other" fees, if any: \_\_\_\_\_  
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\*Please explain "Other" fees, if any: \_\_\_\_\_  
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\*Please explain "Other" fees, if any: \_\_\_\_\_  
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