

---

**REQUEST FOR PROPOSAL  
FOR  
UNDERWRITING SERVICES**

**UTAH COUNTY, UTAH  
TRANSPORTATION SALES TAX REVENUE REFUNDING BONDS**

DECEMBER 4, 2018

---

## GENERAL INFORMATION

Utah County, Utah (the “County”) is soliciting underwriting firms through this Request for Proposal (“RFP”) to provide underwriting services in connection with the County’s planned issuance of Transportation Sales Tax Revenue Refunding Bonds. The County intends to hire one or more firms to serve as underwriters for the transaction. Interested firms are asked to read the following information and respond accordingly.

### Calendar of Events

Distribution of Requests for Proposal:	December 4, 2018
Deadline for Submission of Questions:	December 10, 2018
Proposal Due Date:	December 18, 2018
Expected Underwriter Selection:	December 21, 2018

### Proposal Submission

Proposals are due no later than **12:00 PM (Noon) Mountain Time on December 18, 2018**. The County will not consider proposals received after this deadline.

The County will not reimburse respondents for proposal preparation. No joint proposals will be accepted. All material that is submitted in response to this RFP will become the sole property of the County. The County reserves the right to change its underwriting selection at any time.

Responses are limited to 10 pages (exclusive of appendices) with a minimum of 10 point font.

Please submit your proposals as outlined below:

1 PDF email to:  
Matt Dugdale, *Senior Vice President*  
George K. Baum & Company  
[dugdale@gkbaum.com](mailto:dugdale@gkbaum.com) | 801-538-0351

1 PDF email to:  
Elizabeth Read, *Senior Vice President*  
George K. Baum & Company  
[reade@gkbaum.com](mailto:reade@gkbaum.com) | 801-538-0351

Any questions regarding this RFP should be directed to Mr. Dugdale or Ms. Read. Responses to all questions will be distributed to all responding firms.

Regarding this RFP, any contact with the County elected officials, staff, or County consultants other than George K. Baum & Company is prohibited and may be grounds for disqualification from the RFP process.

The County expressly reserves the right to utilize any and all ideas submitted unless covered by legal patent or proprietary rights which must be clearly noted in the proposal submitted in response to the RFP.

## OVERVIEW OF THE COUNTY

The County, incorporated in 1850, covers an area of approximately 2,143 square miles and is located in north-central Utah, immediately south of Salt Lake County, Utah. The County had an estimated 606,425 residents in 2017 according to the U.S. Census Bureau, making it the second largest county (out of 29 counties) by population in the State of Utah.

The City of Provo, incorporated in 1851, is the county seat of the County and is located approximately 50 miles south of Salt Lake City. The estimated 2017 population of the City of Provo was 117,335, ranking the City of Provo as the State's third largest city (out of approximately 240 municipal entities).

Information with regard to the County, its operations, and certain financial information (annual reports, annual disclosure reports, etc.) can be found on the County's website:

[www.co.utah.ut.us](http://www.co.utah.ut.us).

## 2019 REFUNDING

The County plans to issue fixed rate transportation sales tax revenue refunding bonds to advance refund the County's Taxable Transportation Sales Tax Revenue Bonds, Series 2009B (Build America Bonds), (currently outstanding in the aggregate principal amount of \$79,615,000) to achieve interest rate savings.

*Anticipated Pricing:* Week of January 21, 2019

*Closing:* On or after February 18, 2019

*Refunded Bonds:* Callable maturities of the County's Transportation Sales Tax Revenue Bonds, Series 2009B

*Security and Source of Payment:* The Series 2019 Bonds are special limited obligations of the County, payable solely from and secured solely by, a pledge of the Revenues, monies, securities and certain funds and accounts pledged therefor in the Indenture. The Revenues consist of (i) 100% of the revenues received by the County from the sales and use tax (the "Section 2218 Taxes") levied by the County pursuant to Title 59, Chapter 12, Section 2218, Utah Code (the "Airport, Highway and Public Transit Sales and Use Tax Act"); (ii) effective upon execution of the Second Supplemental Indenture, 8% of the revenues from the county option sales and use tax levied by the County pursuant to Title 59, Chapter 12, Section 2216, Utah Code (the "Fixed Guideway, Public Transit and Highway Sales and Use Tax Act"), being the portion of said tax to be received by the County (the "Section 2216 Taxes," and together with the Section 2218 Taxes, the "Pledged Taxes"); and (iii) Direct Payments (BAB Subsidy) and certain other funds as described in the Indenture.

*Pledged Taxes:* The County presently levies sales and use taxes under the Airport, Highway and Public Transit Sales and Use Tax Act and the Fixed Guideway, Public Transit and Highway Sales and Use Tax Act on the purchase price of taxable goods and services in the County at the maximum statutory rates of 0.25% and 0.30%, respectively.

FYE 2017 Coverage Table		
Revenues	Maximum Annual Senior Debt Service (1)	Maximum Annual D/S Coverage
\$20,430,702	\$9,161,347	2.23 x

(1) Net of federal subsidy on the Series 2009B Bonds.

*Outstanding Parity Bonds.* The Series 2019 Bonds will be issued on a parity with any other bonds issued from time to time under the Master Indenture. Below is a list of the County's currently outstanding parity bonds and the outstanding amortization for each of those bond issues.

Outstanding Transportation Sales Tax Revenue Bonds (Parity Bonds)			
Series	Original Par	Outstanding	
		Par*	Final Maturity
<i>Senior Lien</i>			
2009B	\$85,490,000	\$79,615,000	12/1/2034
2012	51,675,000	49,000,000	12/1/2039
Total Senior Lien	\$137,165,000	\$128,615,000	
<i>Subordinated Lien</i>			
2016	\$65,000,000	\$62,030,000	10/1/2034
Total	\$202,165,000	\$190,645,000	

\* As of December 3, 2018.

UTAH COUNTY, UTAH Transportation Sales Tax Revenue Bonds Total Outstanding Parity Bond Debt Service						
FYE 12/31	Senior Series 2009B		Senior Series 2012	Total Senior Lien	Subordinated Series 2016 (2)	Total
	Total P&I	Subsidy (1)	Total P&I		Total P&I	
2018	\$8,066,446	(\$1,663,314)	\$2,753,600	\$9,156,731	\$3,375,889	\$21,689,352
2019	8,074,846	(1,616,827)	2,715,800	9,173,819	3,377,592	21,725,229
2020	8,069,866	(1,565,947)	2,683,000	9,186,919	3,372,866	21,746,704
2021	8,074,256	(1,509,936)	2,640,000	9,204,320	3,376,872	21,785,512
2022	8,060,911	(1,448,102)	2,597,750	9,210,559	3,374,292	21,795,410
2023	8,067,606	(1,381,357)	2,550,250	9,236,499	3,375,285	21,848,282
2024	8,064,884	(1,308,237)	2,496,750	9,253,396	3,374,692	21,881,484
2025	8,080,388	(1,310,886)	2,434,000	9,203,502	3,377,512	21,784,516
2026	8,079,682	(1,214,389)	2,367,300	9,232,593	3,373,588	21,838,774
2027	8,081,486	(1,111,770)	2,291,800	9,261,516	3,373,078	21,896,109
2028	8,079,528	(1,002,585)	2,222,800	9,299,743	3,375,824	21,975,309
2029	8,082,854	(886,499)	2,112,600	9,308,955	47,216,666	65,834,575
2030	8,059,874	(762,956)	2,050,600	9,347,518	-	18,695,036
2031	8,062,086	(628,980)	1,970,000	9,403,106	-	18,806,211
2032	8,059,234	(486,232)	1,791,600	9,364,602	-	18,729,204
2033	8,055,017	(334,256)	1,754,400	9,475,161	-	18,950,322
2034	8,062,807	(172,482)	1,643,000	9,533,325	-	19,066,649
2035	-	-	7,385,400	7,385,400	-	14,770,800
2036	-	-	7,387,600	7,387,600	-	14,775,200
2037	-	-	7,390,000	7,390,000	-	14,780,000
2038	-	-	7,387,200	7,387,200	-	14,774,400
2039	-	-	7,384,000	7,384,000	-	14,768,000
Total	\$137,181,764	(\$18,404,753)	\$76,009,450	\$194,786,461	\$84,344,157	\$473,917,080

(1) Federal subsidy reduced by 6.2% until 2024, 35% thereafter.

(2) 2016 Subordinated Bonds: The County has entered into a contract with the Utah Transit Authority ("UTA") whereby UTA will pay off any remaining balances of the 2016 bonds no later than December 31, 2028.

*Debt Service Reserve Fund:* The Outstanding Parity Bonds have a Debt Service Reserve Requirement all of which have been satisfied by a debt service reserve policy issued by Assured Guaranty.

*Ratings:* For the most recent Transportation Sales Tax Revenue Bonds, Series 2012, the County obtained an underlying rating from S&P of AA- and an insured (Assured Guaranty) rating from S&P of AA-. (The RFP respondents are asked to provide rating suggestions in Question 4d on page 7 herein).

*Estimated Amortization:* The 2019 refunding bonds will be structured as serial bonds maturing in very similar structure as the 2009B (refunded bonds).

<b>\$70,600,000 Series 2019</b>	
Maturity	Principal
12/1/2020	\$3,270,000
12/1/2021	3,435,000
12/1/2022	3,605,000
12/1/2023	3,790,000
12/1/2024	3,975,000
12/1/2025	4,175,000
12/1/2026	4,385,000
12/1/2027	4,605,000
12/1/2028	4,835,000
12/1/2029	5,075,000
12/1/2030	5,330,000
12/1/2031	5,595,000
12/1/2032	5,875,000
12/1/2033	6,170,000
12/1/2034	6,480,000
Total	\$70,600,000

(The remainder of this page has been intentionally left blank.)

## **SCOPE OF SERVICES**

### **Senior Managing Underwriter**

The County intends to hire one or more underwriters for the transaction. The underwriter(s) shall perform the following services as directed by the County and its Municipal Advisor:

1. Propose structuring alternatives and innovations that minimize the cost of capital while maintaining future financing flexibility.
2. Prepare schedules based on alternative structures.
3. Adhere to the County's financing schedules and calendar of events.
4. Prepare pricing memos, discuss marketing conditions, compile market comparables, and prepare preliminary pricing scales, (if applicable: syndicate rules, syndicate price views) and marketing compensation.
5. Assist in the drafting and review of relevant documents.
6. Identify the market and potential investors that are most likely to purchase any and all securities offered at rates most favorable to the County.
7. Conduct bond sale conference calls
8. Assess market conditions and investor demand and their impact on the economics and/or optimal timing of the County's financing.
9. Market and distribute bonds.
10. Commit capital as necessary to maintain the lowest possible interest rates for the County.
11. Provide post-pricing analysis including pricing, orders, allotments, designations, etc.

## **EVALUATION AND SELECTION**

### **Evaluation Criteria**

An Evaluation Committee will evaluate all proposals and select the underwriter.

The Evaluation Committee will evaluate proposals based on an assessment of responses to the "Proposal Requirements" beginning on Page 6, including:

1. Proposed Finance Team and Availability (30%)
2. Firm Underwriting Experience and Performance (25%)
3. Proposed Fees, Proposed Pricing, and Structuring Recommendations (25%)
4. Marketing Capabilities, Approach, and Strategies (15%)
5. Other (5%)

Oral interviews are not anticipated.

### **Selection Process & Timeline**

The Evaluation Committee will review all proposals received. Any proposal that does not meet the requirements of the RFP or that does not address the questions as posed will be rejected.

The Evaluation Committee will evaluate all responsive and responsible proposals based on the “Evaluation Criteria” as referenced above, and may afford firms the opportunity to clarify the contents of their proposal for the purpose of assuring a full understanding of their response to the RFP. Each member of the Evaluation Committee will ordinarily rank all proposals from highest to lowest evaluation score, and the Evaluation Committee will compile the rankings of all members of the Evaluation Committee. If any proposal receives a majority of first place votes, that proposal will receive the #1 ranking. If not, the proposal that received the lowest average ranking will be removed from selection and the rankings will be recast. That process will be repeated until one proposal receives a majority of votes as the #1 ranked proposal. The process will be repeated to determine the #2 and #3 ranking selections. After taking into consideration the Evaluation Committee’s recommendations, tabulations, and rankings, the Board of County Commissioners shall award the contract to one of the top three ranked offerors, or may elect to reject all proposals. The Evaluation Committee and Board of County Commissioners will consider all criteria in performing a comprehensive evaluation of the proposals. A point-based evaluation system will be used to evaluate all proposals.

All firms submitting a response will be notified via email once an underwriter has been selected. The County expects to make a final decision on the underwriter no later than December 21, 2018.

The underwriter will be required to participate in conference calls, meetings, and other discussions as necessary, and to review the preliminary official statement and other pertinent documents.

Selection as underwriter for this engagement does not indicate an engagement for any other future issuance of bonds. The County reserves the right to maintain, modify, or cancel its underwriter selection. The County also reserves the right to add, subtract or combine projects. The County has no financial or other obligation to the firms selected if the proposed bonds are not offered or sold.

Any questions regarding the selection process should be directed to Mr. Matt Dugdale or Ms. Elizabeth Read.

### **PROPOSAL REQUIREMENTS**

Below is a list of the information to be provided by responding firms. Please draft your proposals clearly and concisely in response to the questions below. A proposal that does not include all the information required below shall be deemed non-responsive and subject to rejection.

Proposers shall indicate in their proposals what information, if any, is proprietary and confidential. Proposers are hereby advised that the County is subject to the State of Utah’s open

records law, the Government Records Access Management Act (“GRAMA”). Information marked as “Confidential” and/or “Proprietary” will be treated as such to the extent consistent with GRAMA.

### **Required Information**

#### **1) Proposed Finance Team and Availability**

- a. Describe your proposed finance team and include a list of the key professionals and location of professionals (investment bankers, underwriters, quantitative analysts, etc.) that will be assigned to the County’s financing. Indicate the availability of the assigned professionals specific to the County’s financing. Detailed résumés should be included in an appendix.
- b. Indicate how your firm will ensure the County’s bonds are marketed and priced without interference or dilution from other transactions in which your firm is engaged.

#### **2) Underwriting Experience and Performance**

- a. Provide a summary of your firm’s experience over the last three (3) years (1/1/15-12/1/18) as a sole/senior managing underwriter for each of the following categories:
  - (i) negotiated sales tax revenue bonds,
  - (ii) negotiated sales tax revenue bonds in the State of Utah,
  - (iii) negotiated revenue bonds, and
  - (iv) negotiated revenue bonds in the State of Utah.
- b. Provide 2 brief case studies for any transactions listed in 2a(i-iv) above.
- c. Provide a list of the transactions mentioned above in 2(a) as an appendix. Include the issuer name, sale date, par amount, bond type, and ratings.

#### **3) Marketing Capabilities, Approach, and Strategies**

- a. Provide a brief overview of your firm’s marketing and distribution capabilities.
- b. Describe your marketing plan and the approach your firm will take in pre-marketing and marketing the County’s bonds. Including a timeline of your expected activities leading up to the pricing and examples of materials you will generate internally and externally for marketing purposes.
- c. Describe the expected allocated investor percentage mix (retail vs. institutional investors).
- d. Describe any marketing strategies that you expect to deploy on the County’s behalf that will result in enhanced pricing results and a lower cost of capital.

#### **4) Proposed Fees, Proposed Pricing, and Structuring**

- a. ***Proposed Fees***: Provide a detailed description of your proposed underwriting fees for the deal size described above.



- Include a breakdown of your suggested takedowns for each maturity, management fees, and all associated expenses that your firm will charge in connection with your role as underwriter (including whether you will require underwriter's counsel, the name of the firm and attorney, and the estimated cost). Please indicate whether your proposed fees will affect (positively or negatively) your firm's willingness and ability to underwrite unsold balances on the day of pricing.
- b. ***Proposed Pricing Scale and Structure***: Please indicate how your firm would expect the County's proposed bonds to price (as a spread to the late MMD scale) assuming (i) yields as of the close of business on December 13, 2018, (ii) bond rating of AA- (S&P) and (iii) a 10-Year Optional Redemption, adhering to a similar principal maturity schedule as on Page 3. Illustrate your overall proposed structure (coupons and yields, proposed call date, etc.) that you propose to deliver the most effective cost of capital to the County.
  - c. Describe your firm's approach to re-pricing bonds at the end of an order period.
  - d. The County has previously obtained an underlying rating on its Transportation Sales Tax Revenue Bonds from S&P (AA-) and insurance (Assured Guaranty) with a rating of AA-. Please provide your Firm's opinion (and yield/spread difference, if any) regarding the County obtaining one rating (S&P) versus two ratings from either Moody's or Fitch.
  - e. Provide any rating suggestions, creative ideas or cost-effective measures that your firm feels might be a benefit to the County.
- 5) Disclose any investigations and or inquiries of your firm in the last five years by any regulatory entity. Please describe how such investigations or inquiries may impact the sale of the County's bonds.