



**REQUEST FOR PROPOSAL
FOR
UNDERWRITING SERVICES**

**UTAH COUNTY, UTAH
EXCISE TAX REVENUE REFUNDING BONDS**

NOVEMBER 14, 2019

RFP 2019-17

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 Excise Tax Revenue Refunding Bonds (the “Refunding Bonds” or “Series 2020 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.

Key Dates

Posting of Requests for Proposal:	November 14, 2019
Deadline for Submission of Questions:	November 26, 2019
Proposal Due Date:	December 4, 2019
Expected Underwriter Selection:	December 6, 2019

Proposal Submission

Proposals are due no later than **12:00 PM (Noon) Mountain Time on Wednesday, December 4, 2019**. 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 cancel or change its underwriting selection at any time.

Responses are limited to 10 pages (exclusive of appendices) with a minimum of 12 point font. Please submit your RFP responses as follows:

1 PDF email to:

Robert Baxter
Utah County Purchasing Manager
robertb@utahcounty.gov | 801-851-8233

Any questions regarding this RFP should be directed to Mr. Baxter. 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 Mr. Baxter 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.

The County’s Municipal Advisor is *Stifel, Nicolaus & Company, Incorporated*.

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 terrain ranges from lake bed flatlands through low rolling hills to rugged mountains. Utah Lake, the State's largest body of fresh water is located in the center of the County. The County had an estimated 622,213 residents according to the 2018 estimate of the U.S. Census Bureau, making it the second largest county by population in the State (out of 29 counties).

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 2018 population of the City of Provo was 116,702, 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.

PLAN OF REFUNDING

The County plans to issue fixed rate excise tax revenue refunding bonds to current refund the County's Taxable Excise Tax Revenue Bonds, Series 2010B Build America Bonds and Taxable Excise Tax Revenue Bonds, Series 2010C Recovery Zone Bonds (collectively, the "Refunded Bonds"). As of December 1, 2019, the Refunded Bonds are outstanding in the aggregate principal amount of \$4,100,000 and \$28,200,000, respectively. The refunding is being done to achieve interest rate savings.

Anticipated Pricing: January 15, 2020

Closing: On or after January 29, 2020

Refunded Bonds: Callable maturities of the County's Taxable Excise Tax Revenue Bonds, Series 2010B and Series 2010C

Security and Source of Payment: The Series 2020 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 Tourism, Recreation, Cultural and Convention Facilities Tax levied by the County pursuant to the Sales and Use Tax Act, Title 59, Chapter 12, Part 6, (the "TRCC Taxes"); (ii) 23.5% of the revenues received by the County from the Transient Room Tax levied by the County pursuant to the Sales and Use Tax Act, Title 59, Chapter 12, Part 3, Utah Code Annotated 1953, as amended (the "TRT" and together with the TRCC Taxes, the "Pledged Taxes"); plus (iii) Direct Payments and certain other funds as described in the Indenture (indenture available upon request).

Pledged Taxes: The County presently levies the TRCC Taxes, which include 7.00% on short-term leases and rentals of motor vehicles (the "Short-Term Lease Tax") and 1.00% on all restaurant sales of food and alcoholic beverages within the County (the "Restaurant Tax"), at the

maximum statutory rate. The revenues from the Short-Term Lease Tax and the Restaurant Tax constitute the TRCC Taxes and are collected by the Utah State Tax Commission (the “Tax Commission”) and distributed monthly to the County. Those distributions are based on formulas prescribed by Utah law and in some cases take into account the population of and taxable sales in all local governments in Utah that impose taxes like the TRCC Taxes.

The County presently levies the TRT at the maximum statutory rate of 4.25%; however, only 23.5% of the revenues received from the TRT are pledged as part of the Revenues for the Series 2020 Bonds. The TRT is currently collected by the Tax Commission.

The Pledged Taxes for the fiscal year ending December 31, 2018 totaled \$10,659,400 (the “2018 Pledged Taxes”). Of the 2018 Pledged Taxes, (i) the Short-Term Lease Tax comprises approximately 8.4%, (ii) the Restaurant Tax comprises approximately 80.5%, and (iii) the pledged TRT comprises approximately 11.1%.

Assuming no decrease (or growth) in the 2018 Pledged Taxes over the life of the Series 2020 Bonds, the 2018 Pledged Taxes are expected to provide approximately 4.7* times the maximum annual debt service requirement for the Series 2020 Bonds (see *Historical Debt Service Coverage* below).

Historical Debt Service Coverage: The following table illustrates the historical debt service coverage for the Refunded Bonds:

Year (1)	Pledged TRT(2)	Restaurant Tax (3)	Short-Term Lease Tax (4)	Total Pledged Taxes	Refunded Bond Debt Service (Net of BAB Subsidy) (5)	Debt Service Coverage
2018	\$ 897,232	\$ 8,584,096	\$ 1,178,072	\$ 10,659,400	\$ 2,193,867	4.86 x
2017	847,382	8,037,995	1,139,700	10,025,077	2,201,148	4.55 x
2016	781,202	7,609,729	1,087,059	9,477,990	2,196,123	4.32 x
2015	689,041	6,974,765	1,005,898	8,669,704	2,214,373	3.92 x
2014	598,381	6,242,780	927,235	7,768,396	2,184,311	3.56 x
2013	552,410	5,661,378	822,734	7,036,522	2,197,711	3.20 x
2012	499,991	5,268,599	779,637	6,548,227	2,203,461	2.97 x
2011	447,618	4,927,928	728,994	6,104,540	2,195,061	2.78 x
2010	401,250	4,514,695	649,021	5,564,966	2,263,248	2.46 x
2009	403,431	4,396,860	600,578	5,400,868	-	-

1) Utah County financials are on a calendar year basis.

2) Table reflects only the pledged amount of the Transient Room Tax (23.5%).

3) The Restaurant Tax levy was raised to 1.00% effective April 1, 2007.

4) The County began levying the Short-Term lease Tax effective April 1, 2004.

5) Reflects original debt service on the 2010A,B,&C Bonds net of 35% Build America Bond subsidy on 2010B Bonds (maturities 2019-2023) and 45% Recovery Zone Bond subsidy on 2010C Bonds (maturities 2024-2039).

Outstanding Parity Bonds: Upon refunding of the Refunded Bonds, the Series 2020 Bonds will be the only bonds outstanding under the Indenture.

Debt Service Reserve Fund: There is no Debt Service Reserve Requirement for the Series 2020 Bonds.

Ratings: On June 19, 2019 Standard & Poor’s upgraded the Refunded Bonds to ‘AA+’ from ‘AA-’.

Estimated Amortization: The 2020 Bonds will be structured as serial bonds with the same maturity structure as the Refunded Bonds.

**Estimated Maturity Schedule
 Refunding Bonds**

Maturity	Principal	Maturity	Principal
12/1/2020	\$920,000	12/1/2031	1,395,000
12/1/2021	935,000	12/1/2032	1,465,000
12/1/2022	985,000	12/1/2033	1,535,000
12/1/2023	1,035,000	12/1/2034	1,615,000
12/1/2024	990,000	12/1/2035	1,695,000
12/1/2025	1,040,000	12/1/2036	1,780,000
12/1/2026	1,090,000	12/1/2037	1,870,000
12/1/2027	1,145,000	12/1/2038	1,960,000
12/1/2028	1,205,000	12/1/2039	2,060,000
12/1/2029	1,265,000		
12/1/2030	1,330,000	Total	\$27,315,000

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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 6, 2019.

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. Robert Baxter.

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.
- c. The County currently has scheduled a document review/due diligence meeting on Thursday, December 12, 2019 at 10:00 AM Mountain. Please indicate your availability to join this meeting by phone.

2) Underwriting Experience and Performance

- a. Provide a summary of your firm’s experience over the last three (3) years (12/1/16-12/1/19) as a sole/senior managing underwriter for each of the following categories:
 - (i) negotiated excise tax revenue bonds,
 - (ii) negotiated excise 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 Monday, December 2, 2019, (ii) bond rating of AA+ (S&P) and (iii) a 10-Year Optional Redemption, adhering to a similar principal maturity schedule as on Page 4. 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. Please provide your Firm's opinion (and yield/spread difference, if any) regarding the County utilizing one rating (S&P) versus utilizing an additional rating from either Moody's or Fitch.
- e. Provide any additional suggestions, innovations, creative ideas, or cost-effective measures that your firm feels might be a benefit to the County.

5) Other

- a. 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.
- b. Provide your feedback on the County's proposed pricing date of January 15, 2020.