

REQUEST FOR PROPOSALS

To Serve as Book-Running Senior Managing Underwriter
In connection with the Potential Refunding of Certain Outstanding Bonds of the

**State Environmental Improvement and Energy Resources Authority
Missouri State Revolving Fund Loan Program**

October 7, 2019

IMPORTANT DATES

Due Date for Questions/clarifications: October 11, 2019

Due Date for Proposals: October 25, 2019

I. INTRODUCTION

The EIERA, in cooperation with the Missouri Department of Natural Resources (“DNR”), the Clean Water Commission and the Safe Drinking Water Commission, has implemented the Missouri Clean Water and Drinking Water State Revolving Fund Programs. As of the date of this Request for Proposals (“RFP”), approximately \$2.7 billion of State Environmental Improvement and Energy Resources Authority Water Pollution Control Revenue Bonds and Notes have been issued to finance wastewater treatment and drinking water facilities for approximately 545 participants in the State of Missouri.

The current SRF Loan Program operates under a cash-flow structure. In this structure, DNR enters into direct loans with program participants at an interest rate equaling 30% of the AAA 25 Revenue Bond Index at the time of loan closing. Program participants issue a bond to DNR evidencing their obligation to repay the loan. When additional funds are needed to recapitalize the program or generate state match, the EIERA issues SRF Bonds secured under its 2010 Master Trust and DNR pledges its rights, title and interest in and the principal and interest payments of designated participant loans as security for the payment of SRF Bonds. The most recent issue of bonds was the EIERA’s \$31,610,000 Series 2018A. The Official Statement for Series 2018A is available at www.eiera.mo.gov with this RFP.

Prior to 2009, the SRF Loan Program utilized a reserve fund model, which provided credit enhancement and the interest rate subsidy for the participants, with the direct loans reserved generally for participants not meeting the SRF Leveraged Program financial standards. A construction loan fund was funded from bond proceeds and disbursed as construction occurred, and contemporaneous with construction draws the reserve fund received deposits of state and/or federal funds in proportion to the construction disbursements. As the principal amount on the Bonds is repaid, a corresponding reserve amount is released from the series reserve accounts into the master trust where it is first available to cure shortfalls on any series of master trust bonds and, if there are no shortfalls, released back to DNR to finance new projects.

As of June 30, 2019, there was approximately \$612 million par amount of Bonds outstanding, some of which have the potential of being refunded to provide debt service savings. The EIERA is therefore seeking proposals in connection with a potential refunding. A summary of outstanding SRF bonds is available in the supplemental information posted at www.eiera.mo.gov with this RFP. The EIERA is also interested in consolidating its outstanding debt and is seeking proposals that will simplify its debt structure and reporting requirements.

II. OBJECTIVE

The EIERA is seeking Proposals to serve as book-running senior managing underwriter (“Underwriter”) from our existing underwriting team and those underwriters that have provided financing ideas to the Authority in connection with a potential Refunding. Firms must demonstrate their relevant experience in structuring refunding bonds for SRF or other complex pooled programs and marketing and underwriting refunding bonds for issuers similar to the EIERA. The Authority expects to appoint a syndicate of firms to serve as co-managers to the selected senior manager subject to designation rules approved by the Authority.

III. SCOPE OF SERVICES AND PROGRAM REQUIREMENTS

The Underwriter must provide the following services in connection with the Refunding:

1. Assist in development of a structure for the Refunding which, based on the EIERA and DNR’s parameters and goals and the outstanding SRF Leveraged Program structures, maximizes the efficiency of the Refunding while maintaining compliance with federal tax

law. Specific emphasis will be placed on proposals that provide a structure that simplifies EI ERA's overall debt structure.

2. Work cooperatively and effectively with other members of the existing financing team in order to structure and market (sell) the Refunding bonds on a retail and institutional basis at the best all in cost to the EI ERA. Apprise the EI ERA of information relating to refunding outstanding bonds of other revolving fund programs for which your firm has provided services, which information might be utilized to enhance the Refunding or maximize savings. Given recent market developments, the Authority will also consider a private placement as an alternative to a traditional public offering of the Refunding Bonds, provided that the private placement provides overall financing advantages to the EI ERA and DNR in terms of refunding savings, reduced issuance costs, reduced burdens on staff, or faster execution. The EI ERA will not consider any transaction that does not include a fixed rate of interest for the full term of the Refunding Bonds.
3. Prepare refunding and cashflow analysis of the proposed transaction through the sale and pricing of the bonds, provide all necessary information requested by bond counsel to assure compliance with state and federal law, including federal tax law, and coordinate and cooperate with the Authority's financial advisor on all matters related to the refunding and cashflow analysis.
4. Assist in development and implementation of a marketing plan for the Refunding Bonds.
5. Assist in development of rating agency presentation materials, as requested.
6. Provide the following services in connection with the Refunding:
 - a. Assist in the preparation and review of requisite financing, disclosure and offering documentation.
 - b. Coordinate the preparation, bidding and printing of the preliminary and final official statements to provide disclosure in accordance with the most recent guidelines established by the Securities and Exchange Commission (SEC), the Municipal Securities Rulemaking Board (MSRB), the Government Finance Officers Association (GFOA), and similar bodies or organizations and coordinate the printing of the preliminary and final official statements in a timely and cost-effective manner.
 - c. Present a post-pricing summary for the transaction, which "pricing book" will provide the following information:
 1. Preliminary and final pricing scales for the Refunding bonds, including a rationale for any pricing change resulting from market conditions and price views from each member of the underwriting team;
 2. Comparison to the MMD scale and any other market indicators leading up to, during and after pricing;
 3. Spread components;
 4. Pricing results for comparable sales, including rates, coupons and spreads;
 5. Description and characterization of the market leading up to and including day of pricing;
 6. Orders and allotments of bonds by firm and by priority of orders, including designations, and

7. Distribution of the bonds in the retail and institutional markets;
8. Post-pricing trading data.

IV. FEES, CHARGES AND EXPENSES OF THE UNDERWRITER

Fees and expenses of the underwriters, including fees for underwriters' counsel, will be paid at closing out of the Master Trust Bond Expense Fund. None of the EIERA, DNR or any other entity shall be liable to the underwriters or any other party for any amounts or from any source other than the Master Trust Bond Expense Fund.

V. PROPOSALS

To be considered, Proposals must respond to the questions listed below. Proposals should not exceed fifteen (15) pages exclusive of exhibits or appendices.

1. Organizational Structure. Provide a brief description of your firm and its organizational structure.
2. Experience.
 - a. Provide a list (attached as an exhibit to the proposal) of your firm's experience since January 1, 2016, as book-running senior managing underwriter for SRF financings or other pooled financings, denoting whether such financings were refundings. For each transaction, describe the unique contribution, if any, your firm provided in developing the plan of finance for the transaction and also include the amount of retail orders, institutional orders and member orders submitted by your firm as well as designations received. **Do not list experience other than book-running senior managing underwriter.**
 - b. For each of the past three years, provide the firm's national rankings, and the number and volume of bond issues for which the firm served as book-running senior managing underwriter.
 - c. Discuss your firm's distribution capabilities (particularly in Missouri) for both institutional and retail investors.
 - d. List the SRF programs for which your firm currently serves (or has served within the past three years) as book-running senior underwriter. Indicate the dates of tenure serving as underwriter, and for those programs that you no longer serve, briefly discuss the reasons the firm no longer serves in such capacity.
 - e. If you are proposing a private placement structure describe other SRF programs issues placed by your firm through a private placement, including the amount of the issue and how that SRF program included (or did not include) other members of its underwriting team in the transaction.
3. Key Personnel.
 - a. Please identify the key personnel who will be assigned to the Refunding and what role each will play in enabling the firm to successfully meet the scope of services. List each individual's experience in structuring pooled bonds, in particular refunding of pooled bonds. Include (as an attachment to the proposal) each

individual's resume. **Include resumes of only those personnel who will be assigned to the Refunding and actively involved in the Refunding.**

- b. If not identified in "a" above, please:
 1. Identify the personnel who will be responsible for marketing the Refunding bonds;
 2. Provide a short description of their background in marketing SRF or other pooled transactions with a particular focus on refunding transactions; and
 3. Identify the location of the pricing if your firm were to be selected as Underwriter.
4. Financial Commitment. Summarize your firm's total capital, equity capital and uncommitted excess net capital at the close of the firm's most recent quarter. Based on those numbers please indicate how much of your firm's excess net capital is available to put at risk to support the EI ERA's transactions, both as a legal matter and as a practical matter, based on the firm's policy and practice. Please provide your firm's latest Focus Report as an attachment to the Proposal.
5. Refunding Structure.
 - a. Describe your approach to identifying the maturities to be refunded and the structure you propose to utilize. Provide the key assumptions used in your refunding analysis, including, for tax-exempt refunding bonds, the MMD scale, bond coupons utilized, offering rates and spreads to the MMD, and for taxable bonds, the Treasury rates, bond coupons, offering rates and spreads to Treasury rates (including the mandatory redemption provisions discussed in paragraph 5.e. below), including identification of the reference treasury for each maturity. The analysis should be predicated on MMD and U.S. Treasury rates as of October 11 2019, and costs of issuance, other than underwriting discount equal to 1% of the face amount of the bonds issued.
 - b. Discuss how the proposed structure would streamline the EI ERA's debt structure and ease reporting and tracking requirements across existing bond programs.
 - c. Discuss the costs and the benefits of any early terminations of current collateralized guaranteed investment contracts (GIC) currently held by the EI ERA. Describe how you would apply those proceeds and potential premiums. Explain any federal tax law considerations applicable to those terminations and any termination payments received by the Authority. Identify any prior issues of bonds by any issuer that utilized the same tax analysis. A summary of GIC reserve balances is included in the supplemental information posted at www.eiera.mo.gov with this RFP. Based on the structure of the original bonds issued under the 2004 master trust indenture and refunding methodology implemented in connection with previous refundings of those original bonds, bond counsel has determined that a refunding that reduces the debt service on the original bonds below the scheduled earnings on its reserve fund will require valuation of the investments at their fair market value prior to any such transfer and allocation of any excess value to the original bonds. In the case of a taxable refunding, the reserve must be valued at its fair market value before any transfer. Any refunding strategy that does not take the above requirements into account will not be considered. To assist in any analysis of the implications of the valuation of a reserve fund at fair market value the net arbitrage position for each series of bonds is provided in the supplemental

information that is posted at www.eiera.mo.gov with this RFP. These estimates do not factor in certain adjustments that may reduce the negative arbitrage accrual for certain issues. These adjustments will be calculated as needed based on proposals received.

- d. Briefly discuss your recommendations related to the spreads to MMD (for tax-exempt maturities) and to Treasuries (for taxable maturities) for each maturity of the Refunding bonds. Discuss any marketing approaches that the EI ERA and the underwriting team should employ to assure the lowest all-in cost of financing for the Refunding bonds. If you are proposing a private placement structure how could the EI ERA assure that the rates remain competitive with market rates at the time of pricing.
- e. The Authority is particularly interested in marketing refunding bonds subject to redemption from any participant prepayments while otherwise offering standard optional redemption protection for ten years. When the Authority last issued refunding bonds (Series 2015B), the refunding bonds were subject to extraordinary redemption from prepayments of Authority Bond Participant Obligations previously financed by proceeds of the Refunded Bonds and allocable to the Bonds. Discuss the implications of including similar redemption provisions for the proposed refunding and the additional spread to MMD, if any, these provisions would incur. The refunding analysis described in paragraph 5.a. above should assume the mandatory redemption provisions are included for this refunding transaction. Discuss any other strategies the EI ERA should consider to minimize the adverse effects of participants undertaking refundings on a conventional basis or other redemptions of participant obligations, resulting in loss of refunding savings to the SRF program.
- f. Detail any issues, such as tax, policy or program issues, which could arise in structuring the Refunding other than those described in response to Question 5.c. This discussion should include the implications for the 2010 master trust indenture of adding a large amount of loans that essentially provide slightly over 1.0 times coverage to a cashflow master trust structure that relies on substantially higher debt service coverage to maintain the rating on the outstanding bonds. Briefly discuss how your refunding analysis has incorporated any such issues or steps the EI ERA might take to mitigate them. Assuming that the EI ERA and DNR will review any suggestions based on various policy considerations, provide any approaches or suggestions that may further increase the efficiency and/or savings related to the Refunding.
- g. Provide a refunding monitor for the potentially refundable Bonds listed in the supplemental information posted at www.eiera.mo.gov with this RFP. Provide a DBC, Munex, or comparable financial software analysis for the Refunding bonds, which should include a proposed bond pricing schedule, comparison of current and proposed bond debt service, calculation of savings in each period, overall savings and PV savings, and a breakdown of costs and fees related to the Refunding. All analysis should be based upon market conditions as of October 11, 2019.
- h. Identify any SRF program participants with which you are discussing possible conventional (i.e. outside the SRF program) refundings and a general statement of the basis for those discussions.

6. Missouri Underwriting Presence. Please describe in detail your firm’s underwriting presence in the State. Include locations of offices within the State and the number of employees nationally and within the State. If your firm offers both commercial banking and underwriting services please differentiate between the two and identify how the combined effort benefits the EIERA.
7. Minority/Female Employment Opportunities. Please discuss your firm’s commitment to minority and female employment opportunities and the success of those efforts. Provide a copy of your firm’s EEO policy as an attachment.
8. Investigations/Litigation/Compliance. Please indicate whether your firm, any related entity, any key personnel, the Public Finance department, or any personnel who would be assigned to the Refunding is or has been the subject of any criminal or regulatory investigation or action since January 1, 2016, with a full description of the matter and, if resolved, the resolution. Please indicate any pending or threatened litigation to which your firm is a party. Your response regarding litigation should be limited to material matters relative to your firm’s key personnel and all matters related to the public finance division or employees thereof. To confirm compliance with filing requirements, please include as an attachment a copy of the most recent G-37 filed by your firm with the MSRB.
9. Ratings. Please provide as an attachment the firm’s most recent Ratings Report from each Rating Agency. Also, please note any material event that could impact your firm’s standing since its last rating.
10. Conflicts of Interest. Please describe any potential or actual conflicts of interest in connection with your firm’s involvement with the State, DNR, the SRF Loan Program or public entities that participated in any of the potential refundable series. The Underwriter will be required to certify compliance with Section 409.107 RSMo., as amended for the Refunding.
11. Fees (including expenses).
 - a. Please provide a not-to-exceed takedown amount for each maturity. Please provide the information in a format substantially similar to the chart provided below. (Please include takedown amounts for only the maturities included in your Refunding proposal.)

Year	Not-to-exceed Takedown	Year	Not-to-exceed Takedown
Year 1:	_____	Year 13:	_____
Year 2:	_____	Year 14:	_____
Year 3:	_____	Year 15:	_____
Year 4:	_____	Year 16:	_____
Year 5:	_____	Year 17:	_____
Year 6:	_____	Year 18:	_____
Year 7:	_____	Year 19:	_____
Year 8:	_____	Year 20:	_____
Year 9:	_____	Year 21:	_____
Year 10:	_____	Year 22:	_____

Year 11:	_____	Year 23:	_____
Year 12:	_____	Year 24:	_____

- b. Under what circumstances you would propose payment of a management fee related to the Refunding. Provide a not-to-exceed management fee amount in nominal dollars. Do not provide a dollar per bond figure. The EIERA will determine the appropriateness of a management fee and, if deemed appropriate, the commensurate compensation amount in its sole discretion.
 - c. Provide a nominal not-to-exceed dollar amount per transaction for invoiced fees, such as printing, courier, MSRB and SIFMA fees, Dalcomp, Munifax, iPREO, computer, day loans, etc., which upon closing will be reimbursed at cost from bond proceeds. Normal operating expenses such as: travel, meals, telephone, postage and office support will **not** be reimbursed. Underwriter’s counsel will be reimbursed separately.
12. Underwriter’s Counsel. In the case of a public offering of bonds, underwriters’ counsel will be responsible for (i) preparation of the preliminary and final official statements, (ii) the bond purchase agreement, (iii) any Blue Sky matters, (iv) delivery of a 10b-5 opinion to the Authority or delivery of a letter to the Authority enabling it to rely upon a 10b-5 opinion delivered to the underwriter and (v) such other matters as may be necessary to serve as counsel to the underwriter. In the case of a proposal for a private placement or direct placement the proposal shall specify the expected responsibilities of counsel to the placement agent. Underwriters’ counsel or placement agent counsel may not be the firm of Gilmore & Bell, which will serve as bond counsel. Please identify the firm your firm would appoint as underwriters’ counsel or counsel to the placement agent and provide a firm quotation for the total fee, plus expenses, that firm will require to serve in that role. The fee may be stated as a fixed dollar amount or as a calculated amount, but the formula for the computation of the amount must be stated. Any fee request by underwriters’ counsel or placement agent’s counsel in excess of the quoted amount will be the responsibility of the underwriters to pay. Because of the complexity of its financings, the Authority prefers that underwriters work with firms experienced with the requisite expertise in state revolving fund bond issues to serve in these roles.
13. References. Provide two (2) references for SRF or other complex pooled refunding issues that have closed since January 1, 2018 for which your firm served as book-running senior underwriter. Include names of the issuers, names of the issuers’ principal representative with which your firm worked and telephone numbers.

VI. SUBMITTAL REQUIREMENTS

The bid proposal and accompanying transmittal letter signed by an individual authorized to legally bind the firm must be submitted via:

Email (a word searchable Adobe PDF formatted attachment, using 8.5” x 11” paper size) sent to eiera@eiera.mo.gov. A confirming email will be sent to the Proposer acknowledging receipt. If you do not receive a confirmation of receipt by noon of the business day following your submittal, contact us at (573) 751-4919.

Proposals must be submitted prior to 12:00 p.m. (noon) Central Time on October 25, 2019. Any proposals received after this deadline will be rejected.

If you have any questions regarding this solicitation, please e-mail them to eiera@eiera.mo.gov. All questions must be submitted by noon, Central Time on October 11, 2019. Written responses to questions will be available for viewing as soon as practical, but no later than noon, Central Time on October 16, 2019 via a link on the Authority's website at www.eiera.mo.gov. Questions submitted after the deadline will not be answered.

It is the responsibility of each potential proposer to check the Authority website for responses to questions and RFP revisions. We will not be sending questions and responses or RFP revisions to individual firms.

The proposals will remain confidential until the EI ERA has selected the book-running senior managing underwriter. All proposals become the property of the EI ERA and shall not be returned to the firm unless all proposals are rejected or the RFP is cancelled. Otherwise the contents of all proposals will be in the public domain and be open to inspection by interested parties subject to exceptions provided in Missouri law. The EI ERA may treat all information submitted by a firm as public information following the conclusion of the selection process unless the firm properly requests that information be treated as confidential at the time of submitting the proposal. Any request for confidential treatment of information must be included in the transmittal letter with the firm's proposal. In addition, the firm must enumerate the specific legal grounds for such request. If the firm designates any information in its proposal as confidential the firm must also submit by email one (1) copy of the proposal form which confidential information has been excised. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the proposal as possible.

VII. CRITERIA FOR SELECTION

All proposals will undergo an evaluation process conducted by a team selected by the EI ERA for the purpose of selecting the proposal which best meets the requirements of the RFP. The following criteria will be evaluated in the selection process:

1. Understanding the EI ERA SRF Leveraged Program. The Proposal should demonstrate that the Proposer understands the needs of the EI ERA and DNR in connection with the Refunding and the ability to structure and implement the Refunding.
2. Quality and Efficiency of the Refunding Analysis. The Proposal should demonstrate an understanding of issues related to the refunding of pooled SRF Bonds, including tax-related issues. The Proposal should demonstrate the applicability of the ideas and structure provided in the Proposal, and that the identified savings can be achieved **and** the desired improved efficiency can be obtained.
3. Legal Feasibility. Any legal analysis, particularly relating to federal tax law, underlying the proposal shall be acceptable to the Authority's bond counsel. While the Authority seeks innovative and creative proposals, the Authority will only undertake transactions upon which the Authority's bond counsel will deliver an opinion without reliance on any other firm's legal opinion. Proposals should reflect the conservative nature of the Authority's tax compliance history.
4. Proposer Qualifications. The proposal should demonstrate the firm's ability to meet the needs of the RFP. Proposals must demonstrate successful experience as senior book-

running underwriter for SRF or similar complex pooled programs and in particular, the structuring and marketing of complex Refunding bonds. All proposals must demonstrate knowledge of Missouri and national bond markets.

5. Financial Capability. Proposals must demonstrate the firm's financial capacity to underwrite the bonds and their willingness to do so if the need arises.
6. Personnel. The proposal should demonstrate the competency and experience of assigned personnel (particularly in SRF or similar programs and Refunding transactions for pool programs) and their ability to provide the scope of services.
7. Cost. Proposed cost will be an important, but not the sole, factor in proposal evaluation. Failure to propose costs in the manner requested may be considered non-responsive.
8. Missouri Preference. Chapter 34.073 RSMo. provides that, "in letting contracts for the performance of any job or service, all agencies, departments, institutions, and other entities of this state and of each political subdivision of this state shall give preference to all firms, corporations, or individuals doing business as Missouri firms, corporations, or individuals, or which maintain Missouri offices or places of business, when the quality of performance promised is equal or better and the price quotes is the same or less."

VIII. ACCEPTANCE OR REJECTION OF PROPOSALS

The EIERA reserves the right to cancel this solicitation, accept, reject or request changes in any or all proposals or to make inquiries of responding firms and their references and clients regarding qualifications or information submitted as part of this solicitation. Joint proposals will not be accepted. The EIERA may request additional information and/or an interview with individuals or firms prior to selection of the Underwriter.

The EIERA is not obligated to provide a debriefing for unsuccessful applicants. The EIERA is not liable for any costs incurred by any parties. The EIERA may waive any technicalities and make any award(s) that it determines is in the EIERA's best interest. The EIERA will not guarantee any minimum compensation will be paid to the firm or any minimum usage of the firm's services.

IX. MISCELLANEOUS

It is anticipated that selection of the Underwriter will occur during November 2019, although a meeting to finalize a staff recommendation and authorize the refunding bonds, if any, may not occur until December 2019.

If you have any questions regarding this solicitation, please e-mail them to eiera@eiera.mo.gov.

By selecting a Book-Running Senior Managing Underwriter in connection with the potential Refunding, the EIERA is not obligated to issue Refunding Bonds.

Please identify a contact person with email address for any questions that may arise. Also, the EIERA requires all vendors to participate in eVerify. Please provide proof of this participation.

YOU ARE NOT TO CONTACT THE EIERA BOARD MEMBERS, FINANCIAL ADVISOR, BOND COUNSEL, DNR'S FINANCIAL ASSISTANCE CENTER STAFF, OR MEMBERS OF THE CLEAN WATER COMMISSION OR THE SAFE DRINKING WATER COMMISSION REGARDING THIS REQUEST FOR PROPOSALS AT ANY TIME. ALL QUESTIONS MUST BE SUBMITTED AS DESCRIBED ABOVE.

THANK YOU FOR SUBMITTING YOUR PROPOSAL TO SERVE AS BOOK-RUNNING SENIOR MANAGING UNDERWRITER IN CONNECTION WITH THE POTENTIAL REFUNDING BONDS FOR THE MISSOURI SRF LOAN PROGRAM.