

**REQUEST FOR PROPOSALS (RFP)
FOR
INVESTMENT BANKING SERVICES:
SENIOR MANAGER, CO-SENIOR MANAGER, AND CO-MANAGER**

Appointment to the Casino Reinvestment Development Authority's
Luxury Tax Revenue Refunding Bond Sale – Summer 2012

**Issued by the
State of New Jersey
Treasurer's Office**

Date Issued: April 30, 2012

**Responses due by 3:00 PM N.J. time on
Friday, May 11, 2012**

John Palmieri
Executive Director
Casino Reinvestment Development Authority

Andrew Sidamon-Eristoff
State Treasurer
State of New Jersey
Department of the Treasury

REQUEST FOR PROPOSALS (RFP): INVESTMENT BANKING SERVICES

1. PURPOSE AND INTENT

The Treasurer of the State of New Jersey (the "State") is hereby soliciting proposals on behalf of the Casino Reinvestment Development Authority ("CRDA") from qualified firms interested in performing senior manager ("Senior Manager"), co-senior manager ("Co-Senior Manager") or co-manager ("Co-Manager") underwriting services for the CRDA as described below.

It is the State Treasurer's intent to solicit proposals for this transaction only from qualified firms that meet the following criteria:

- **Qualified firms include those firms whose 2011 Negotiated National Ranking by Average Deal Size are less than \$30.0 million, or**
- **Those firms whose 2011 Negotiated New Jersey Ranking by Average Deal Size are less than \$30.0 million.**

Based on a review of the responses to this Request for Proposals ("RFP"), the Authority intends to select a Senior Manager. Firms that apply for Senior Manager, Co-Senior Manager, and Co-Manager will also be considered when the syndicate is formed. Firms which apply for Senior Manager but are not selected will be considered for Co-Senior Manager or Co-Manager. All remaining firms, including those who have applied only for Co-Manager, will then be considered for the syndicate. All firms submitting proposals for consideration for inclusion in the syndicate must meet the average deal size criteria described above.

Current Situation

In connection with the Atlantic City Convention Center (the "Convention Center"), the New Jersey Sports & Exposition Authority ("NJSEA") has issued bonds secured by certain luxury tax revenues collected in the city of Atlantic City, New Jersey. The following series of luxury tax supported bonds are currently outstanding (the "Outstanding Bonds"):

- \$77,265,000 Convention Center Luxury Tax Refunding Bonds, Series 1999; and
- \$23,085,000 Convention Center Luxury Tax Refunding Bonds, Series 2004.

Pursuant to L. 2008, c. 47, the Convention Center is expected to be transferred from the NJSEA to the Atlantic City Convention and Visitors Authority ("ACCVA") and thereafter pursuant to L. 2011, c. 118, transferred from ACCVA to the CRDA. Thus, the CRDA currently expects to issue its own luxury tax refunding bonds in order to refund the Outstanding Bonds. The CRDA bonds will be secured by the luxury tax revenues currently securing the Outstanding Bonds. **In order to respond to this RFP, it is important to understand the nature of the luxury tax collections. Firms are encouraged to review the Official Statement for the Outstanding Bonds, available on the State's Office of Public Finance website: http://www.state.nj.us/treasury/public_finance/.**

In addition, the CRDA is reviewing the Convention Center to determine future capital needs. It is possible that the CRDA may wish to issue additional new money bonds to help meet such needs. While this determination has not yet been finalized, the selected syndicate will also be expected to manage the new money bonds (if any).

2. SCOPE OF SERVICES

The selected underwriter will work with the State Department of the Treasury, the CRDA, the Office of the Attorney General and other professionals selected by the CRDA, in the negotiated sale of bonds for refunding purposes. The Senior Manager selected will be required to provide some or all of the services identified below, at the request of the State and the CRDA. Co-Senior Managers (if any), and Co-Managers shall provide information and assistance upon request and shall act as members of the underwriting syndicate.

2.1. Recommend structures for each specific debt series being issued in order to minimize overall debt service costs.

- 2.2. Assist in drafting and reviewing relevant bond documents, including, but not limited to, official statements, purchase agreements, bond indenture and contracts.
- 2.3. Assist in preparation of materials or presentations, discussions and meetings or other communications with rating agencies, insurers, credit enhancers and investors.
- 2.4. Obtain bids for credit enhancement and recommend efficient utilization of available credit enhancement, including but not limited to bank facilities and bond insurance. Obtain bids for verification agent and bidding agent services as applicable.
- 2.5. Identify financing opportunities available to the CRDA.
- 2.6. Manage the underwriting process.
- 2.7. Commit capital to underwrite the bonds or notes being issued.
- 2.8. Provide post-closing analysis of the debt issuance, including but not limited to pricing, orders, allotments and all information required by Executive Order No. 26 (Whitman 1994).
- 2.9. Identify investment opportunities that provide savings and improve the efficiency or execution of a transaction.
- 2.10. Provide such other underwriting and investment banking services as requested by the State and/or the CRDA.

3. REQUIRED COMPONENTS OF THE PROPOSAL

Each firm submitting a proposal must follow the instructions contained in this RFP in preparing and submitting its proposal. You are advised to thoroughly read and follow all instructions. A proposal must contain all of the information in the order and format indicated below. All terms and conditions set forth in this RFP will be deemed to be incorporated by reference in their entirety into any response submitted by your firm. All proposals received and all information contained therein are subject to disclosure in accordance with the New Jersey Open Public Records Act and applicable law. Firms interested in being selected for the Senior Manager or Senior Co-Manager position (if any) must respond to all questions provided below. Firms interested in being selected only as Co-Managers must respond to questions 3.1 through and including 3.4.

In your proposal please respond to each question by repeating the question at the top of the section and referring to the question by the numbers used in this RFP.

- 3.1 In lieu of a cover letter, please state the positions (i.e., Senior Manager, Co-Senior Manager, and/or Co-Manager) for which you are applying. Provide an executive summary substantiating the basis of your contention that you are the best qualified firm to provide the requested underwriting services to the State and the CRDA. **Explicitly state in bold, underlined type that your firm meets the average deal size criteria identified in Section 1.**
- 3.2 Provide the name, title, business address, e-mail address, telephone number and fax number of the individual the State and the CRDA should contact regarding your proposal.
- 3.3 Provide a brief description of your firm, its ownership structure and its state/country of incorporation or formation. **Describe your firm's physical presence in the State of New Jersey**, including the number of offices, the number of employees and the type of business activity conducted in the State. Also, please describe the participation of women and minorities in your firm. Please indicate the percentage of your firm that is owned by women and minorities.
- 3.4 Briefly describe, and provide in tabular form, your firm's participation in negotiated, long-term debt issuances for the State and its authorities/agencies (excluding authorities/agencies for which the issuer acted as a conduit for a borrower other than the State) since January 2010. Please describe how your firm's performance evidences its ability to effectively distribute New Jersey paper. Your response should include the following information for each such transaction: (a) the position in which your firm served (for example: senior manager,

co-senior manager, co-manager, etc.); (b) the amount of orders placed by your firm during the order period (please differentiate between retail and institutional orders); (c) the amount of bonds allotted to such order; and (d) the amount of designation revenues received by your firm. Your response should also indicate, if possible, the ratio of the total amount of bonds allotted to your firm (retail, member and institutional) to the amount of underwriting liability assumed by your firm (as indicated in the AAU's for the transaction that your firm has participated in).

- 3.5 Provide two (2) descriptions of transactions that show your firm's ability to properly senior manage a transaction that totals approximately \$100 to \$150 million.

Provide your ideas for a structure that will help the CRDA complete the refunding transaction described in Section 1, while also minimizing debt service. Please describe any other possible benefits to the transaction while also addressing the various risks inherent to your proposed structure(s). Describe any key dates or market timelines that may affect the ability to execute a transaction(s) in that regard.

- 3.6 Given your response to Question 3.6, briefly describe the opportunities and challenges that may arise in introducing the proposed new CRDA Luxury Tax Bonds to the public, the rating agencies, and other interested third parties. Describe how your firm would propose to assist the State and the CRDA to most effectively and efficiently handle these opportunities and challenges.
- 3.7 List all Luxury Tax ideas that your firm has presented in writing to the Office of Public Finance or the Office of the State Treasurer for the period beginning January 1, 2010 through the date of this RFP. Include the submission date and a short synopsis of the idea.
- 3.8 List and describe the primary personnel that will be assigned to provide investment banking and underwriting services to the State and the CRDA. Please discuss in-depth all relevant experience they have with both the CRDA and NJSEA Luxury Tax Bonds.
- 3.9 List your proposed fees and expenses for this transaction, excluding fees and expenses of underwriter's counsel. Your fee must not be contingent on any specified syndicate policy.
- 3.10 In an appendix, provide all appropriate schedules of your quantitative analysis that supports Section 3.06.
- 3.11 In an appendix, identify any existing or potential conflict of interest, or any relationships that might be considered a conflict of interest, that may affect or involve transactions for the State or the CRDA, including but not limited to conflicts with financial advisors, law firms providing services to the State or the CRDA, and State employees or CRDA employees. Describe any relationships with any casino licensees or their affiliates.
- 3.12 In an appendix, describe any pending, concluded or threatened litigation, administrative proceedings or federal or state investigations or audits, subpoenas or other information requests of or involving your firm or the owners, principals or employees thereof. Describe the nature and status of the matter and the resolution, if any.
- 3.13 In an appendix, list any sanctions or penalties brought against your firm or any of its personnel (including suspension or disbarment) by any regulatory or licensing agencies. Include a description of the reasons for the sanction or penalties and whether such sanctions or penalties are subject to appeal.
- 3.14 In an appendix, provide the last two G37 reports your firm has filed and if applicable, form G38t.

4. SUBMISSION OF THE PROPOSAL

All respondents are required to limit their proposals to twelve (12) pages or less (exclusive of appendices) at no smaller than 12 point type. Excess pages and extraneous materials or appendices will detract from the overall quality of the response. JOINT PROPOSALS WILL NOT BE PERMITTED. All documents and information submitted in response to this RFP generally shall be available to the general public as required by Executive Order No. 26 and applicable law.

Communications with representatives of the State or the CRDA concerning this request, by you or on your behalf, are NOT permitted during the submission process (except as specified below). No telephone inquiries will be accepted. If you have questions or require clarification on any aspect of this RFP, please forward the request via email to: RFQresponses@treas.state.nj.us. Questions must be submitted by Thursday, May 3, 2012. The State will post answers on the Office of Public Finance website at: http://www.state.nj.us/treasury/public_finance/ on or about Monday, May 7, 2012.

The State and the CRDA will not be responsible for any expenses in the preparation and/or presentation of the proposals and oral interviews, if any, or for the disclosure of any information or material received in connection with the solicitation, whether by negligence or otherwise.

The State and the CRDA reserve the right to request additional information or clarification, if necessary, or to request an interview with firm(s), or to reject any and all proposals with or without cause, and waive any irregularities or informalities in the proposals submitted. The State and the CRDA further reserve the right to make such investigations as deemed necessary as to the qualifications of any and all firms submitting proposals. The State and the CRDA reserve the right to negotiate lower prices with responding firms as deemed in the best interests of the State and the CRDA. Responding firms may withdraw their proposal at any time prior to the filing date and time by written notification signed by an authorized agent of the firm. The proposal may thereafter be resubmitted, but only up to the final filing date and time.

The responding firm assumes sole responsibility for the complete effort required in this RFP. No special consideration shall be given after proposals are opened because of a firm's failure to be knowledgeable about all the requirements of this RFP. By submitting a proposal in response to this RFP, the firm represents that it has satisfied itself, from its own investigation, of all the requirements of this RFP.

Four (4) copies of your proposal (1 signed original and 3 copies) plus a CD with all appendices must be delivered by courier or overnight express mail, no later than 3:00 PM on Friday, May 11, 2012 to: James Petrino, Director Office of Public Finance, State of New Jersey, 50 West State Street, 5th floor (hand delivery) P.O. Box 005, Trenton, NJ 08625 and two copies must be delivered to Paul Weiss, Esq., Casino Reinvestment Development Authority, 1014 Atlantic Avenue, Atlantic City, NJ 08401. No fax or email proposals will be accepted. Proposals received after the time and date listed above will not be considered.

5. SELECTION PROCESS

All proposals will be reviewed to determine responsiveness. Non-responsive proposals will be rejected without evaluation. Responsive proposals will be reviewed and scored by an evaluation committee pursuant to the grading scale it creates. The State reserves the right to request clarifying information subsequent to submission of the proposal if necessary. The criteria used to evaluate responsive proposals shall include, but not be limited to, ideas, expertise, capacity, experience and personnel in accordance with Executive Order No. 26.

Interviews may be conducted, at the option of the evaluation committee, with any or all of the firms submitting a proposal. If interviews are to be held you will be notified approximately one week in advance.

6. STATUTORY REQUIREMENTS

6.1 Chapter 51 and Executive Order No. 117. In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the negotiation and award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, the Legislature enacted L. 2005, c. 51 (codified at N.J.S.A. 19:44A-20.13-25) ("Chapter 51"), on March 22, 2005, effective retroactive to October 15, 2004. In addition, on September 24, 2008, Governor Corzine issued Executive Order No. 117, effective on November 15, 2008 ("EO 117") setting forth additional limitations on the ability of executive branch departments, agencies, authorities or independent State authorities to contract with a business entity which has made or solicited certain contributions.

Prospective bidders are advised that at the time of execution of the bond purchase agreement between the CRDA and the winning bidder (the "Bond Purchase Agreement"), the winning bidder must be in compliance with Chapter

51 and EO 117. The requirements of Chapter 51 and EO 117 will be material in terms of the Bond Purchase Agreement.

To obtain the necessary forms and information on how to comply with Chapter 51 and EO 117, prospective bidders should access:

http://www.state.nj.us/treasury/purchase/forms/eo134/c51_eo117_cd_02_10_09.pdf for the necessary forms and http://www.state.nj.us/treasury/purchase/forms/eo134/c51_eo117_cd_instr%2002_2009.pdf for instructions on using the forms.

Under Chapter 51 and EO 117, the CRDA is not permitted, and will not enter into a Bond Purchase Agreement with a firm that is not in compliance with Chapter 51 and EO 177. The CRDA will verify with the Division of Purchase and Property of the New Jersey Department of the Treasury as to whether the prospective bidders are compliant with Chapter 51 and EO 117. By submission of a bid, the winning bidder shall be deemed to have agreed to maintain its compliance with Chapter 51 and EO 117 during the term of the engagement. Failure to do so would constitute a default by the winning bidder.

6.2 Chapter 271. Pursuant to L. 2005, c. 271 (“Chapter 271”), your firm is required to disclose its (and its principals’) political contributions within the immediately preceding twelve (12) month period prior to entering into a contract. No prospective firm will be precluded from entering a contract with the CRDA by virtue of the information provided in the Chapter 271 disclosure provided the form is fully and accurately completed. Prior to award of this engagement, the firm(s) selected pursuant to this RFP shall be required to submit Chapter 271 disclosures. Please refer to <http://www.state.nj.us/treasury/purchase/forms/CertandDisc2706.pdf> for a copy of the Chapter 271 disclosure form. It is not required to be completed in connection with the submission of your proposal.

If selected pursuant to this RFP, please also be advised of your firm’s responsibility to file an annual disclosure statement on political contributions with the NJ Election Law Enforcement Commission (ELEC) pursuant to N.J.S.A. 19:44A-20.13 (L. 2005, c. 271, section 3) if your firm receives contracts in excess of \$50,000 from a public entity during a calendar year. It is your firm’s responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at (888)313-3532 or www.elec.state.nj.us.

6.3. Executive Order No. 9. Pursuant to Executive Order No. 9 (Codey 2004), dated and effective as of December 6, 2004, it is the policy of the State that in all cases where bond underwriting services are or may be required by the State or any of its departments, agencies or independent authorities, such department, agency or independent authority shall deal directly with the principals of the underwriting firms or their registered lobbyists. The department, agency, or independent authority shall not discuss, negotiate or otherwise interact with any third-party consultant, other than principals of underwriting firms and their registered lobbyists, with respect to the possible engagement of the firm to provide bond underwriting services. Compliance with Executive Order No. 9 shall be a material term and condition of any bond purchase contract entered into by underwriters selected for this assignment.

6.4. Chapter 92. In accordance with L. 2005, c. 92 (codified at N.J.S.A. 52:34-13.2), all services performed pursuant to this contract shall be performed within the United States.