

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

Appointment to the New Jersey Transportation Trust Fund Authority's
Proposed New Money Transaction(s) – Calendar Year 2016

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

Date Issued: Monday, February 8, 2016

**Responses due by 3:00 PM NJ Time on
Friday, February 19, 2016**

Ford M. Scudder
Acting State Treasurer
State of New Jersey
Department of the Treasury

REQUEST FOR PROPOSALS FOR INVESTMENT BANKING SERVICES: SENIOR MANAGER, CO-SENIOR MANAGER, AND CO-MANAGER

1. PURPOSE AND INTENT

The Treasurer of the State of New Jersey (the "State") is soliciting proposals on behalf of the New Jersey Transportation Trust Fund Authority (the "TTFA") 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 upcoming TTFA transaction(s) planned for Calendar Year 2016. It is the State Treasurer's policy directive, that when competitive bidding is not appropriate, to issue a request for proposals for investment banking services. Based upon a review of the responses to this Request for Proposal, the State, intends to select a Senior Manager. Firms which apply for Senior Manager, Co-Senior Manager, and Co-Manager will 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.

2. SCOPE OF SERVICES

The selected underwriter will work with the Office of Public Finance, the Department of the Treasury, the Authority, the Office of the Attorney General and other professionals selected by the State and the TTFA, in the negotiated sale of debt for new money 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/or the TTFA. 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 resolutions and indentures, leases, contracts and other agreements.
- 2.3. Assist in preparation of materials or presentations, discussions and meetings or other communications with the rating agencies, insurers, credit enhancers and potential 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.
- 2.5. Identify all effective financing opportunities available to the State on behalf of the TTFA.
- 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 underwriting, investment banking and other services as requested by the State on behalf of the TTFA.

Note: Documentation

All documents and contractual arrangements will be governed by New Jersey Law and the form and substance of any agreement must be satisfactory to both Bond Counsel and the Office of the Attorney General.

3. REQUIRED COMPONENTS OF THE PROPOSAL

Each firm submitting a proposal must follow the instructions contained in this Requests for Proposals (“RFP”) in preparing and submitting its proposal. The proposing firm is 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 any information contained therein, are subject to disclosure in accordance with the New Jersey Open Public Records Act. 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 3.3.

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, provide a one-page Executive Summary identifying and substantiating the basis of your contention that you are the best qualified firm to provide the requested underwriting services to the State and the TTFA. Please state the position (i.e., Senior Manager, Co-Senior Manager, or Co-Manager) for which you are applying. Also, provide the name, title, business address, e-mail address, telephone number and fax number of the individual the State should contact regarding your proposal.
- 3.2 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.
- 3.3 List all ideas that your firm has presented in writing to the Office of Public Finance or the Office of the State Treasurer **that have been implemented** (please include the implementation date) by the State for the period beginning January 1, 2010 through the date of this RFP. Separately list all TTFA ideas that your firm has presented in writing during this same time period. Include the submission date and a short synopsis of the idea.
- 3.4 The State may wish to finance the TTFA through Fiscal Year 2017. Given the existing debt and capital needs of the TTFA, please provide your ideas for a structure that will optimize the TTFA in order to meet its financial goals and provide other benefits to the State. Given the structure that you are proposing, please provide in detail the following: (i) Are DOT, Local Aid and NJ Transit costs covered? If so, how and to what extent? Does your finance plan need any legislative actions? Is voter approval necessary?; (ii) What impact does your finance plan have on the State’s General Fund?; (iii) What impact does your finance plan have on the State’s Transportation Program?; and (iv) What potential impact does your finance plan have on the State’s rating as well as the TTFA’s rating? Provide as an appendix, all appropriate documents and schedules of your quantitative analysis that supports your proposed Plan of Finance.
 - Should your firm desire to propose a Bank Loan as a funding vehicle please provide your rationale for offering one as compared to a capital markets structure. Also, please provide as an appendix a term sheet of proposed changes (other than dates, amounts, etc.) to the attached EDA School Facilities Construction Bank Loan Agreement, if any.
- 3.5 Given the recent behavior of the public finance market, describe the marketing and underwriting risks associated with your proposed TTFA finance plan as well as your firm’s ability to properly address these risks. Also, please address your firm’s ability to overcome any rating agency misconceptions, as well as your firm’s ability to obtain a true market rate for the TTFA at the time of pricing. Please address any key dates or market timelines that may affect the ability to execute your proposed plan of finance.
- 3.6 The State may also wish to finance the TTFA beyond Fiscal Year 2017, even for a period of four or five fiscal years. Given the existing situation involving the TTFA, please provide your ideas for helping to solve a multi-year legislative reauthorization. Please provide in detail the following: (i) revenue options; (ii) bonding options,

including any structuring issues; and (iii) do your ideas need any legislative actions, Joint Budget Oversight Committee actions, or voter approval?

- 3.7 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. Given your fee quote, is your firm willing to make the fee adjustable based on your performance in the marketing of the bonds? If yes, how will this adjustment be based? **Please note that the State and the TTFA reserve the right to negotiate fees with responding firms as deemed in the best interests of the State and the TTFA.**
- 3.8 List and describe the primary personnel that will be assigned to provide underwriting, investment banking and other services to the State and the Authority with a discussion of their relevant experience.
- 3.9 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 TTFA, including but not limited to conflicts with financial advisors, law firms providing services to the State or the TTFA and State employees or TTFA employees.
- 3.10 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. Describe the nature and status of the matter and the resolution, if any.
- 3.11 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.
- 3.12 Provide as an appendix, 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 fifteen (15) 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 TTFA 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: uwrfq.Responses@treas.nj.gov. Questions must be submitted by Wednesday, February 10, 2016. The State will post answers on the Office of Public Finance website at: http://www.state.nj.us/treasury/public_finance/ on or about Friday, February 12, 2016.

The State and the TTFA 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 TTFA 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 TTFA 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 TTFA reserve the right to negotiate fees with responding firms as deemed in the best interests of the State and the TTFA. 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.

Five (5) copies of your proposal (1 signed original and 4 copies) plus a CD with all appendices must be delivered by courier or overnight express mail, no later than 3 PM on Friday, February 19, 2016 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. 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 (Corzine 2008). 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, superseding the terms of Executive Order No. 134 (McGreevey 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 TTFA and the winning bidder (the "Bond Purchase Agreement"), the winning bidder must be in compliance with Chapter 51 and EO 117. Pursuant to the requirements of Chapter 51 and EO 117, the terms and conditions set forth in Attachment I will be material 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/Chapter51.pdf>

Under Chapter 51 and EO 117, the TTFA 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 117. The TTFA 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 TTFA 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.nj.gov/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 New Jersey 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.

6.5. Certification of Non-Involvement in Prohibited Activities in Iran. Pursuant to N.J.S.A. 52:32-58, the bidder must certify that neither the bidder, nor any of its parents, subsidiaries, and/or affiliates (as defined in N.J.S.A. 52:32 – 56(e) (3)), is listed on the Department of the Treasury's List of Persons or Entities Engaging in Prohibited Investment Activities in Iran and that neither is involved in any of the investment activities set forth in N.J.S.A. 52:32 – 56(f). If the bidder is unable to so certify, the bidder shall provide a detailed and precise description of such activities.