REQUEST FOR PROPOSALS
FOR
INVESTMENT BANKING SERVICES

Appointment to the Tobacco Settlement Financing Corporation – Investment Banking Services
Winter 2014

Issued by the
State of New Jersey
Treasurer’s Office

Date Issued: Monday, November 18, 2013

Responses due by 3:00 PM NJ Time on
Tuesday, December 3, 2013

Andrew Sidamon-Eristoff
State Treasurer
State of New Jersey
Department of the Treasury
REQUEST FOR PROPOSALS: INVESTMENT BANKING SERVICES

1. PURPOSE AND INTENT
The Treasurer of the State of New Jersey (the “State”) is soliciting proposals from qualified firms interested in performing investment banking services. It is the State Treasurer’s policy directive that, when competitive sale is not appropriate, to issue a request for proposal (“RFP”). Based upon a review of the response to this RFP, the State, on behalf of the Tobacco Settlement Financing Corporation (“TSFC”), will select one or a number of firms to serve as senior manager (“Senior Manager”) to the TSFC. The Senior Manager(s) will assist the TSFC in the development and implementation of financial concepts, structures and/or transactions that will have the effect of reducing potential future issues concerning the TSFC and its outstanding bonds (the “Bonds”). Please note that the TSFC does not intend to issue new money bonds.

Your firm is invited to submit a proposal. The State, on behalf of the TSFC, will determine the number of firms selected. One or more Senior Manager(s) may then be appointed for a specific assignment based upon its response to this RFP. The Senior Manager(s) will be expected to have a thorough understanding of the TSFC’s statutes, rules and regulations, covenants and contracts and the outstanding Bonds.

2. MINIMUM REQUIREMENTS
Firms must meet ALL of the minimum requirements specified below. Subject to the right of the State and TSFC to waive any deficiencies, failure of a firm to meet all of the minimum requirements will result in the proposal’s immediate rejection.

- The firm must have served as a book-running Senior Manager on at least two (2) negotiated transactions for State-level issuers in the par amount of at least $500.0 million since January 1, 2010.

- Separately, the firm must have ranked in the Top 10 nationally by Securities Data Company as book-running Senior Manager on negotiated transactions for Calendar Years 2010 through 2012, inclusive.

3. SCOPE OF SERVICES
The selected Senior Manager(s) will work with the Office of Public Finance, the Department of the Treasury, the Office of the Attorney General, the TSFC, and other professionals selected by the State and the TSFC. The Senior Manager(s) will be required to provide, inter alia, all of the services identified below, where appropriate, at the request of the State and TSFC:

3.1. Advise the State on behalf of the TSFC regarding the identification, evaluation, and development of strategies to most effectively and efficiently satisfy the TSFC’s obligations. Recommend and evaluate structures for the State and the TSFC regarding the existing Bonds in order to minimize overall debt service costs. In connection therewith, provide a complete financial plan that assists in reviewing the structural issues, financial risks, benefits and public policy impacts the proposed strategies have to the State and the TSFC.

3.2. Assist in drafting and reviewing relevant documents, including, but not limited to, official statements, purchase agreements, resolutions and indentures, leases and contracts.

3.3. Assist in the preparation of materials for presentations, discussions and meetings or other communications with relevant parties, including but not limited to, rating agencies, insurers, credit enhancers, investors, legislative bodies and Executive Branch staff.

3.4. Attend all meetings as directed.

3.5. If required, obtain bids for credit enhancement and recommend efficient utilization of available credit enhancement, including but not limited to bank facilities and bond insurance. If required, obtain bids for verification agent and bidding agent services as applicable.
3.6. Manage the underwriting process, if any.

3.7. Assist in negotiations, when practical.

3.8. Commit capital to underwrite any bonds or notes being issued, if any.

3.9. Provide post-closing analysis for the debt issuance, if any, including but not limited to pricing, orders, allotments and all information required by Executive Order No. 26 (Whitman 1994), if any.

3.10. Identify investment opportunities that provide savings and improve the efficiency or execution of a transaction.

3.11. Provide such underwriting and investment banking services as requested by the State on behalf of the TSFC.

3.12. Advise and assist the State on behalf of the TSFC as applicable in all matters that are reasonably required to effectuate any transaction or transactions.

4. REQUIRED COMPONENTS OF THE PROPOSAL
Each firm submitting a proposal must follow the instructions contained in this 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. Interested firms must respond to all of the requests and inquiries listed below:

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.

4.1. In lieu of a cover letter, provide an executive summary of not more than one page substantiating the basis for your contention that your firm is best qualified to provide the requested services. Please provide the name, title, business address, e-mail address, telephone number and fax number of the individual the State on behalf of the TSFC should contact regarding your proposal.

4.2. 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, describe the participation of women and minorities in your firm. Please indicate the percentage of your firm that is owned by women and minorities.

4.3. Demonstrate specifically how your firm meets the minimum requirements set forth in Section 2.0 – MINIMUM REQUIREMENTS. Include the names, size, transaction/assignment dates, and any other relevant information.

4.4. Please present all ideas, in order of priority that you believe could be effectively implemented by the TSFC to achieve the goals outlined in Section 1.0 – PURPOSE AND INTENT. For each idea presented, describe how your firm’s proposal would be implemented by the TSFC. Also briefly describe all related benefits, as well as potential impediments, hurdles and obstacles.

4.5. Please provide an associated timeline for each idea presented in Question 4.4 and whether or not the ideas presented could be accomplished in Fiscal Year 2014 or Fiscal Year 2015. Describe any historical experience or other factors relating to your firm or your proposed team of professionals listed in Question 4.9 that would provide comfort to the State and the TSFC as to the ability of your firm to successfully implement the proposal(s) described in your response to Question 4.4 above.

4.6. Please provide any additional information relating to your firm or the members of your proposed team that you think would be relevant to the evaluation of your proposal.
4.7 List all ideas that your firm has presented to the Office of Public Finance or the Office of State Treasurer regarding the TSFC for the period beginning January 1, 2010 through the date of this RFP. Include the submission date and a short synopsis of the idea.

4.8 Fee Proposal. Please provide the proposed fees for the services described in your answer to Question 4.4. Please be specific as to how pricing will be determined, whether the fees will be fixed, billed on an hourly basis and if so, the proposed cap on these fees. Describe whether expenses are included in these fees, or if not, how they will otherwise be billed. The information provided will be taken into consideration as part of the selection process and will be the basis for negotiating a contractual agreement between the firm(s) selected and the TSFC for services to be provided.

4.9 As an appendix, provide a staffing plan listing those persons who will be assigned to the transaction, including the designation of the person who would have the primary responsibility for the engagement. Include detailed resumes describing the team leader(s) and primary team members’ employment background, education, and specifically, their experience. The team leader must be committed to work with the State and the TSFC. No substitution of the team leader will be permitted without written approval from the State on behalf of the TSFC. Additional team member resumes should be included in an appendix.

4.10 In an appendix, identify any existing or potential conflicts of interest, or any relationships that might be considered a conflict of interest, that may affect or involve your firm’s ability to provide the services that are outlined in this RFP, including but not limited to conflicts with financial advisors, law firms providing services to the State, TSFC, State employees and TSFC employees.

4.11 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. Describe the nature and status of the matter and the resolution, if any.

4.12 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.

4.13 Provide, as an appendix, the last two G37 reports your firm has filed and if applicable, form G38t.

5. SUBMISSION OF THE PROPOSAL
All respondents are required to limit their proposals to ten (10) pages or less (exclusive of appendices) at no smaller than twelve (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 applicable law, including the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq.

Communications with representatives of the State or TSFC 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, November 21, 2013. The State on behalf of the TSFC will post answers on the Office of Public Finance website at: http://www.state.nj.us/treasury/public_finance/ on or about Monday, November 25, 2013.

The State and TSFC 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 TSFC 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 TSFC reserve the right to make such investigations as deemed necessary as to the qualifications of any and all firms submitting proposals. The State and TSFC reserve the
The State and TSFC reserve the right to unilaterally change the work scope of this RFP. 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 (one (1) signed original and three (3) copies) plus a CD with all appendices must be delivered by courier or overnight express mail, no later than 3:00 PM on Tuesday, December 3, 2013 to: Mr. James Petrino, Director of the Office of Public Finance, 50 West State Street, 5th floor (hand delivery) P.O. Box 005, Trenton, N.J. 08625. No fax or email proposals will be accepted. Proposals received after the time and date listed above will not be considered.

6. 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 and the TSFC reserve the right to request clarifying information subsequent to submission of the proposal if necessary. The State and the TSFC reserve the right to negotiate and/or request best and final offers from firm(s) selected to provide services, as the State and the TSFC may deem appropriate in its sole discretion. 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 (Whitman 1994).

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.

7. STATUTORY REQUIREMENTS
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 or any other agreement between the TSFC and the winning bidder (collectively, the “Bond Purchase Agreement”) if any, 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, EO 117 and EO 7, 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, EO 117 and EO 7, the TSFC 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 TSFC 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.

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 State 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](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](http://www.elec.state.nj.us).

3. **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.

4. **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.