

**REQUEST FOR QUALIFICATIONS  
for  
UNDERWRITING SERVICES**

**CITY OF READING, PENNSYLVANIA**

**RESPONSES DUE:  
3:00 PM (Eastern Time)  
Friday, May 20, 2016**



I. **Introduction.** This Request for Qualifications (the “RFQ”) is an **informal** open solicitation for investment banking firms to assist City of Reading, Pennsylvania (the “City”) in connection with specific future financing activities. The City seeks to review the qualifications of underwriters who wish to assist the City in the structuring, issuance and sale of its anticipated obligation debts.

**The intended purpose of this RFQ is to establish a list of qualified firms to provide underwriting services to the City. Firms selected by the City for inclusion in this group may have the opportunity to serve as senior (book running) manager and/or co-manager on the City transactions. However, by the City soliciting responses to this RFQ DOES NOT assure that any transaction will be completed.**

While the City may consider a negotiated sale for its various obligations to the selected group of underwriter(s), it reserves the right to sell the obligations by competitive sale(s) at any time, before or after the selection of underwriters might be made.

The City may from time to time seek ideas, advice and proposals from selected group members. Neither the inclusion in the group nor providing ideas, advice and proposals offer any assurance that any firm will be selected to underwrite bonds to the City.

**The City will not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, disability or national origin or any other basis prohibited by federal and state law related to discrimination in employment.**

A. **Clarification of Specifications.** If additional information is necessary to interpret the requirements of this RFQ, questions should be submitted in writing **no later than Monday, May 16, 2016**, and directed to [tammi.reinhart@readingpa.gov](mailto:tammi.reinhart@readingpa.gov).

B. **Bond Counsel, Legal Opinions and Legal Questions.** The customary legal opinions with respect to state law, federal tax law, and the legality of the transaction will be rendered for all transactions by a qualified Bond Counsel firm to be determined by the City.

C. **Underwriter’s Counsel.** The necessity for underwriter’s counsel, the fees to be paid to underwriter’s counsel, and the choice of underwriter’s counsel are basically the determination of the underwriter, however, the City will require that it be consulted about the choice of underwriter’s counsel. The characteristics that the City looks for in underwriter’s counsel include:

- Demonstrated knowledge of Pennsylvania public finance law and applicable federal tax law.
- Knowledge of Pennsylvania bond issuance and disclosure procedures.
- Located in Pennsylvania or willing to travel without charge to meetings in Pennsylvania.

Such a preference will not be taken into consideration in the evaluation of underwriter qualifications.

**D. Underwriter Group.** The result of this RFQ may be the establishment of a group of qualified underwriters. This group of qualified underwriters may be used for designating underwriting syndicates for a period extending through the completion of the Sewer Projects. The City may designate more than one senior managing underwriter for each underwriting syndicate selected. On an issue-by-issue basis, the City may designate different or “rotating” bookrunning senior managers. As part of selecting the underwriting syndicates, the City may also appoint co-managers and selling group members.

**E. Evaluation of Performance.** The City will conduct a post-financing evaluation of the performance of senior managers, co-managers and selling group members after each transaction (if such a transaction is completed).

**F. Removal from and Additions to the Group.** Any underwriter(s) may be removed or suspended from the group for reasons which include, but are not limited to, the following:

- Unacceptable performance in any bond sale as determined by the City;
- A conflicting relationship exists or occurs;
- Filing for protections under Federal or State bankruptcy laws; and
- Being the subject of criminal action.

**The City may also make additions and/or subtractions to the underwriting group at its sole discretion.**

## **II. Scope of Services.**

**A. Senior Manager(s).** The scope of services to be provided by the senior managers will include, but not be limited to, the following:

- Develop and evaluate financing alternatives working with the City.
- Assist in the preparation of official statements and legal documentation.
- Manage an underwriting syndicate selected by the City to market the debt obligation.
- Follow the City’s policies, either oral or written, for liability, pricing procedures and the process of selling debt obligations.
- Assist the City in the successful structuring, marketing and sale of debt obligations to achieve the lowest overall borrowing cost.

**B. Co-Manager(s).** The scope of services to be provided by co-managers will include, but not limited to, the following:

- Participate, if requested, in informational and due diligence meetings.
- Assist the City in the successful marketing and sale of debt obligations to achieve the lowest overall borrowing cost.
- Follow the City's policies, either oral or written, for liability, pricing procedures and the process of selling debt obligations.

**III. Guidelines for the Statement of Qualifications.**

**Minimum Qualifications (Underwriting Services)**

- The firm must hold and maintain at all times all licenses and registrations required by applicable federal and state laws for businesses offering underwriting or investment banking services. All licenses and registrations must be current and in good standing with each of the following:
- U.S. Securities and Exchange Commission (SEC);
- National Association of Securities Dealers (NASD).
- Municipal Security and Rulemaking Board (MSRB)

**IV. Content of Responses. *Joint Responses Will Not Be Accepted.***

A cover letter that includes a brief executive summary will be appreciated (two page limit). The cover letter should also include a representation that the individual signing the response to this RFQ has the authority to commit his or her firm to the terms submitted.

**Underwriting Services.** The response to this section is subject to a **10-page limit**. Failure to meet the page limit requirements will be a consideration in the evaluation of your submittal.

**A.** Responses of firms interesting in providing underwriting services should contain the following information:

- 1) Name and address of firm submitting this response.
- 2) Name and phone number of banker or bankers preparing this response who may be contacted in the event of questions or notification.
- 3) Name and phone number of the underwriter(s), traders, and short-term dealers who will be responsible for marketing any issue.
- 4) Location of office at which the services to be provided hereunder will be performed.
- 5) Provide the following information concerning distribution capabilities:

- a. Number of professionals (analyst level or above)
  - b. Number of retail salespeople (nationwide and in Pennsylvania)
  - c. Number of retail municipal bond salespeople (nationwide and in Pennsylvania)
  - d. Number of institutional municipal bond salespeople
- 6) Provide your firm's expertise in selling and distributing fixed rate bonds, variable rate demand bonds and floating rate notes
- 7) Provide in attachments the following:
- a. Your bond underwriting (both negotiated and competitive) activity for calendar years 2012, 2013 and 2014 for selected Pennsylvania issuers. Do not include responses to this question within the page limits. For each transaction listed, show the following:
    - i. Name, dated date, and par amount of the issue
    - ii. Negotiated or competitive sale of the bonds
    - iii. Role your firm played in the transaction
    - iv. The amount of underwriting liability and the amount of bonds sold by your firm at the initial offering price
- 8) Describe the analytic capabilities of the firm and assigned individuals
- 9) Provide a brief summary identifying the individuals in charge of day-to-day management on the City's account:
- a. investment banker responsible for the response/subsequent engagement(s)
  - b. underwriter, trader, and/or short-term dealer who would be responsible for the marketing and/or placement of the obligations
  - c. individual(s) responsible for the analytical work related to the Sewer Projects or other issues requiring analytical work
- 10) List four public finance references, including name, address, telephone number, and type of financing(s) completed for these clients during the past year, preferably for comparable issuers
- 11) For 2013, 2014 and 2015 indicate your firm's capital, total capital, equity capital, net capital and uncommitted (excess net) capital.
- 12) Responses to this RFQ must include the following certifications:

- a. CERTIFICATION OF NO CONFLICTING RELATIONSHIP. The underwriter shall certify in writing that it maintains no relationships, which would constitute a conflict of interest in its selection to serve the City. The underwriter shall also certify that no relationship exists which interferes with fair competition with respect to its submittal.
- b. STATEMENT REGARDING CRIMINAL ACTIONS. Provide a statement as to the status of any pending or resolved criminal actions under federal law or by any state against your firm or registered principals of the firm (relating to the business of your firm) within the three years preceding the date of your submittal.

**Approach and Philosophy.** The response to this section is subject to a **10-page limit**. Failure to meet the page limits requirements will be a consideration in the evaluation of your submittal.

**B.** Firms should respond to the following questions as part of their submittal in connection with Underwriting Services:

1) Disciplinary Action & Litigation

- a. Please describe in depth any investigation of or action against your firm, any of its principals or any of the assigned individuals by the SEC, NASD, NYSE, Municipal Securities Rulemaking Board (MSRB), Internal Revenue Service (IRS), or any other federal, state or local governmental, prosecutorial or securities-industry based regulatory agencies that was commenced, ongoing or concluded at any time within the last 3 years. This includes any actions resulting in a settlement payment of civil fines or penalties and payments into restitution funds.
  - b. Please describe any litigation, arbitration, disciplinary or other official actions against your firm, any of its principals or any of the assigned individuals arising from the firm's underwriting, underwriting practices or management, or the purchase, sale or distribution of taxable or tax-exempt municipal securities or other governmental obligations (other than individual retail customer claims) that was commenced, ongoing or concluded at any time within the last 3 years.
  - c. Please describe any litigation, arbitration, disciplinary or other official actions arising from any other business of the firm for the last 3 years.
  - d. Has your firm ever filed for protection under federal or state bankruptcy laws?
- 2) Describe generally your firm's experience underwriting bonds issued in Pennsylvania. Does bond issuance in Pennsylvania present any unique challenges or opportunities?
- 3) Describe briefly three occasions in which your firm creatively solved a problem for a client similar to the City. Was your solution implemented? What was the outcome?

- 4) Describe briefly your firm's experience with the following:
  - a. Enhancing existing credit structures;
  - b. Originating financing programs for sewer systems; and
- 5) Describe how you believe an underwriter should be compensated for bringing creative ideas to the issuer.
- 6) Describe generally the firm's approach to serving as the lead manager on a transaction. Include discussions of marketing strategies, preliminary pricing determination, and coordination with co-managers, etc.
- 7) Describe your firm's perspective on the role of co-manager in a transaction. What should the issuer's expectations be of its co-managers? Describe a situation in which your firm added value to a transaction (structuring assistance, marketing efforts, underwriting levels, etc.) while serving as a co-manager.
- 8) From the perspective of distribution of the bonds, please describe your firm's perspective on the best way to sell bonds to achieve the lowest true interest cost (TIC).
- 9) Describe the firm's perspective on role of retail sales. How important is distribution to retail investors? What are the tools your firm recommends, if any, that issuers should use in order to enhance retail sales?

**V. General Conditions Of A Negotiated Sale**

- A. Disclosure by the City.** The City will provide to the underwriter(s) its customary disclosure and assurances in the general form of its Official Statements. While the City, its financial advisor, bond counsel and underwriter(s) will assist in the preparation of the City's disclosure, the underwriters will be expected to provide review and comment on the disclosure/offering documents.
- B. Not a Contract.** The underwriter(s) designated as a result of this RFQ process may be expected to perform analyses of outstanding the City's bonds and to provide recommendations based on their experience. It is the expectation that the City will enter into negotiations with the selected underwriter(s). Nothing in this RFQ, the responses, or the City's acceptance of qualifications and designation of underwriter(s) shall obligate the City to complete negotiations with the underwriter(s). The City will have the right to end negotiations and/or designate other underwriter(s) at any time up to approval and execution of a Bond Purchase Agreement between the City and the underwriter(s), at which time the terms of the Bond Purchase Agreement will prevail for the transaction.
- C. Oral Interviews.** If necessary the City will conduct interviews, in person or by telephone. If needed, the City reserves the right to request clarifying information.

**VI. Conditions for Responses to RFQ.** As a condition of submitting a response pursuant to this RFQ, the following conditions are understood:

- A. **Incurring Costs.** The City is not liable for any cost incurred by respondents in replying to this RFQ.
- B. **Response Submission.** Responses must be received **BY 3:00 PM (Eastern Time) on Friday, May 20, 2016.**
- C. **Selection.** The City is not obligated to select any underwriter(s) to work with the City in connection with the Sewer Projects as a result of a response to this RFQ.

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**Six printed copies of your complete response must be submitted at the address on the front cover of this RFQ. Facsimile and e-mail transmissions are specifically disallowed and will not constitute a valid submission.**

**All information submitted is subject to the Pennsylvania Freedom of Information Act and may be subject to public disclosure.**

**LATE RESPONSES WILL NOT BE PART OF THE EVALUATION OF QUALIFICATIONS. THE CITY IS NOT RESPONSIBLE FOR ANY FAILED ATTEMPTS TO DELIVER.**

**ANY SELECTED UNDERWRITERS MAY BE SUBJECT TO APPROVAL BY CITY COUNCIL**

**VII. Evaluation Criteria.** All responses to this RFQ will be reviewed and evaluated by members of the City's staff. The following areas will be reviewed in evaluating the qualifications included in your response:

**A. General Quality and Adequacy of Response**

- Responsiveness to Terms and Conditions
- Financial Capacity
- Distribution Strength

**B. Technical Ability & Qualifications**

- Demonstrated capability to provide required services
- Analytical Ability
- Responses to Specific Questions Above

**C. Organization, Personnel & Experience**

- Underwriter Experience
- Pennsylvania Underwriting/Sales Experience