

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
18	12/12/11	Open	Action	11/28/11

Subject: Authorizing the General Manager to Issue the Solicitation of Proposals for Procurement of Financial Advisory, Bond Counsel, Disclosure Counsel, and Underwriter Services.

ISSUE

Whether to authorize the General Manager to issue the solicitation of proposals for procurement of Financial Advisory, Bond Counsel, Disclosure Counsel, and Underwriter services.

RECOMMENDED ACTION

Adopt Resolution No. 11-12-_____, Authorizing the General Manager to issue the Solicitation of Proposals for Procurement of Financial Advisory, Bond Counsel, Disclosure Counsel and Underwriter Services.

FISCAL IMPACT

None as a result of this action.

DISCUSSION

On October 26, 2009, the RT Board adopted a resolution approving the funding plan for the South Sacramento Corridor Phase 2 project that included the issuance of Certificates of Participation (COPs) because state funds from the Traffic Congestion Relief Program (TCRP) will not be made available in the time frame needed. Since that date, with the passage of AB 1143, RT has gained the ability to issue revenue bonds directly without having to go through a third party financing organization to issue COPs. This will be RT's first direct issuance of revenue bonds.

The need to move forward with the financing has been determined by the cash flow requirements of the parking structure at CRC for which RT received a Letter of No Prejudice (LONP) from FTA. In order to meet the funding requirements of this segment of the project, RT's internal financing must be in place by the August - September 2012 time frame. The financing schedule provided to FTA had a process start date of January 2, 2012, concluding in the Summer of 2012. This action is consistent with that schedule.

Additional financing needs have come forward since the plan to partially finance the larger project was adopted by the Board. On February 14, 2011, August 8, 2011, and October 24, 2011, the RT Board adopted resolutions of intent to reimburse itself for certain capital expenditures from the proceeds of bond or other financing issuances it may later undertake. In addition to the expenditures on the Blue Line, intents to reimbursement from later financings were authorized to cover the funds needed to meet the local match requirements for the "Bus State of Good Repair" and "Regional Bus and Bike/Ped" grants; replacements for the Non-Revenue Vehicle and Equipment Program; and vehicles and equipment for the Community Bus Services (CBS).

Approved:

Presented:

Revised 12/7/11
General Manager/CEO

Chief Financial Officer

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The financing schedule provided to the Federal Transit Administration (FTA) for the Blue Line included initiating a financing process in January 2012 with the selection of the Financing Team members. This action is proposed as the first step in the process. In addition to RT staff, the financing team will be comprised of representatives of firms providing financial advisory, bond counsel, disclosure counsel and underwriter services. Staff will issue the RFP for Financial Advisory services first with the expectation that the firm selected will assist staff in evaluating proposals for the remaining financing team participants. An initial summary of the scope of work for each team participant is provided below. The final scope of work for each participant will be determined in the procurement process.

Financial Advisory Services

These services will be performed on an as-needed basis and may be revised at RT's discretion. It is anticipated the selected firm will provide advice and assistance in all issues handled by the financing team, including:

- Assist in the procurement and selection of the financing team necessary to the transaction.
- Assist with negotiating fees of financing team
- Assist in preparation of presentations to the RT Board, rating agencies, and investors, as appropriate
- Assist with rating agency presentations
- Assist in preparation of the Official Statement and all other disclosure documents
- Analyze financial alternatives and make recommendations on specific strategies
- Assist with the risk analysis of various financial products and strategies
- Assist with investor relations
- Assist in financial planning
- Provide on-going services as needed

Bond Counsel Services

These services will be performed on an as-needed basis and may be revised at RT's discretion.

- Advise RT on legal and tax issues pertaining to the structure of the transaction
- Draft/review documents required for the authorization, issuance, sale, and delivery of bonds
- Coordinate the authorization and execution of required documentation
- Review existing relevant legal documents

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- Deliver required legal opinions related to enforceability of bonds and exclusion of interest from gross income of bondholders for federal and state income tax purposes.
- Prepare closing documents
- Coordinate pre-closing and closing transactions
- Attend and participate as needed in meetings related to RT financings
- Assist in preparation of presentations to the RT Board, rating agencies, and investors, as appropriate.

Disclosure Counsel Services

These services will be performed on an as-needed basis and may be revised at RT's discretion.

- Advise RT on relevant disclosure matters
- Prepare the relevant disclosure documents required for the issuance of bonds, including the Preliminary Official Statement and the Official Statement
- Deliver the opinion(s) of disclosure counsel, as required
- Attend and participate in meetings related to RT financings
- Assist in preparation of presentations to the RT Board, rating agencies, and investors, as appropriate.

Underwriter Services

These services will be performed on an as-needed basis and may be revised at RT's discretion.

- Make recommendations on all aspects of the financing including, but not limited to, the timing of the bond sale, call provisions, marketing, and other structuring aspects.
- Purchase the bonds upon terms and conditions mutually acceptable to RT and the Underwriter(s) pursuant to the bond purchase agreement
- Assist in preparations, discussions, and meetings with ratings agencies
- Assist with investor relations, including accessing new buyers and market sectors for the RT bonds
- Participate in the review, editing, negotiation and as customary, drafting of the preliminary and Official Statements, the bond purchase agreement, bond resolution, and any other bond documents.
- Provide specific information as may be requested by RT regarding orders and allotments of the RT bonds
- Attend and participate in meetings related to RT financings

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- Assist in preparation of presentations to the RT Board, rating agencies, and investors, as appropriate.

Staff seeks authorization to move forward through each of the procurements and bring each recommendation for award back to the Board with associated costs. Staff recommends adoption of the proposed resolution authorizing the General Manager to issue solicitation of proposals for procurement of Financial Advisory, Bond Counsel, Disclosure Counsel, and Underwriter Services. Costs of these services will be folded into the financing issue itself and will not impact the operating budget.

RESOLUTION NO. 11-12-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 12, 2011

AUTHORIZING THE GENERAL MANAGER TO ISSUE SOLICITATION OF PROPOSALS FOR PROCUREMENT OF FINANCIAL ADVISORY, BOND COUNSEL, DISCLOSURE COUNSEL AND UNDERWRITER SERVICES.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the General Manager is hereby authorized to release a Solicitation of Proposals for the procurement of Financial Advisory, Bond Counsel, Disclosure Counsel, and Underwriter Services.

THAT, The Solicitation of Proposals be advertised pursuant to the provisions of the RT Procurement Ordinance.

DON NOTTOLI, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary