

March 2014

REQUEST FOR PROPOSAL FOR UNDERWRITING SERVICES
Sacramento County Sanitation Districts Financing Authority
(Sacramento Regional County Sanitation District)

The Sacramento Regional County Sanitation District (“Regional San” or “the District”) is inviting qualified firms to submit proposals to participate in the management group for the negotiated sale of revenue bonds. Please note that only proposals from firms with offices in California staffed by municipal finance banking professionals will be considered.

BACKGROUND

Regional San was formed by the Board of Supervisors of the County of Sacramento (the “County”) in October 1973, pursuant to the County Sanitation District Act, Chapter 3 of Part 3 of Division 5, Section 4700 et seq. of the California Health and Safety Code. The District was created to implement a Regional Wastewater Management Program (the “Program”) which eliminated over 20 treatment plants that were discharging to the American and Sacramento Rivers and their tributaries and replaced them with a single facility, the Sacramento Regional Wastewater Treatment Plant (the “Treatment Plant”), providing secondary treatment prior to discharge to the Sacramento River.

The Treatment Plant is part of the District’s Sanitation System and currently services the major portion of the urban areas of the County, which includes the Cities of Sacramento and Folsom as well as the Sacramento Area Sewer District (“SASD”) (formerly known as County Sanitation District No. 1). SASD, which includes the City of Citrus Heights, the City of Elk Grove, the City of Rancho Cordova, portions of the Cities of Sacramento and Folsom, and the developed areas in the unincorporated area of the County, was formed in 1978 as a result of the consolidation of four sewer maintenance districts and six county sanitation districts. In addition, pursuant to a Wastewater Services Agreement between the District and the City of West Sacramento, dated as of March 31, 2004 (the “Wastewater Services Agreement”), since November 1, 2007, the District has been providing wastewater conveyance and treatment services to the City of West Sacramento (“West Sacramento”).

On December 9, 2010, the Central Valley Regional Water Quality Control Board approved a new National Pollutant Discharge Elimination System permit (the “Permit”) for the District's wastewater treatment plant (the “EchoWater project”). The total capital cost for the EchoWater project is currently estimated to range between \$1.521 billion and \$2.178 billion, with the most likely estimate at \$1.657 billion. The District is targeting about 71% as the portion of capital costs that will be debt financed. [More information regarding the Permit and its potential impact on the District's finances and operations is provided in the Official Statement, dated August 2, 2011, relating to the Sacramento County Sanitation Districts Financing Authority Revenue Bonds, Refunding Series 2011A (Sacramento Regional County Sanitation District) (the “Series 2011A Official Statement”), which is available from the Municipal Securities Rulemaking Board Electronic Municipal Market Access System (“EMMA”) at [http://emma.msrb.org/.](http://emma.msrb.org/)]

Service Area

The District currently encompasses an area of approximately 370 square miles which constitutes approximately 28% of the area of the County. The population of the District's service area is 1,451,267 which accounts for 98% of the County's total population of 1,433,000 and the West Sacramento population of 47,885, as of June 30, 2010. Population within the cities of Sacramento (481,356) and Folsom (71,018) comprise approximately 38.1% of the District's total.

Outstanding Debt

As of June 30, 2013, Regional San had \$1.34 billion of outstanding bonds. Currently, the District plans to issue up to \$150 million in new money bonds and is considering refunding outstanding Regional San bonds for debt service savings.

SCOPE OF SERVICES

The scope of services to be provided by the selected firm(s) will include, but not be limited to, the following:

1. Evaluate and assist in refining financial plans and objectives with regard to the sale of new money and refunding bonds; assist in the identification of financing alternatives; and recommend adjustments where appropriate.
2. Assist the District in the successful structuring, marketing, and sale of the debt obligations to achieve the lowest possible borrowing cost consistent with the District's risk profile.
3. Assist in the preparation of the official statement and other legal and disclosure documents used in connection with the sale of bonds.
4. Recommend new money and refunding structures which most efficiently achieve the District's financing objectives while providing feedback with regard to investor acceptance and preferences.
5. Manage or participate in an underwriting syndicate selected by the District to underwrite and market the debt obligations to investors to achieve the most beneficial overall interest cost.
6. Follow the District's policies, either oral or written, for liability, designation and retention procedures, pricing procedures, allocation procedures, and the process of selling debt obligations.
7. Assist the District in the post-financing evaluation process through the timely submittal of all required reports, post-bond sale descriptions which include: the manner in which the District's bonds were sold, feedback from investors, and sales performance of the various members of the underwriting team.

PROPOSAL CONTENT

Proposals shall be limited to **a maximum of 12 pages (no smaller than 12 point font shall be used)**, excluding appendices. The proposal shall be delivered in electronic format only. The clarity, content, and completeness of the firm's proposal are considered in assessing the proposer's capabilities.

Firm Overview

1. Briefly describe the structure of your firm, including the number of nationwide municipal finance employees as well as those based in California. Identify the location of your firm's offices in California. Distinguish clearly between brokerage offices and offices with municipal banking personnel.
2. Provide a general description of the firm's current financial condition; identify any conditions (e.g., bankruptcy, pending litigation, planned office closures, impending merger) that may impede the ability to complete the Project.
3. Specify your firm's capital position (Total Capital, Equity Capital, Net Capital and Excess Net Capital) as of December 31, 2013. As of December 31, 2013, what was the firm's legal underwriting capacity? Please provide one example of how your firm committed capital on behalf of municipal clients in the past year.
4. Answer the following questions, and, if the response is affirmative, provide details and explanation in an appendix:
 - a. Within the past 24 months, has your firm and/or any of its employees been the subject of any investigation relating to the municipal industry by the SEC, NASD, NYSE, or any other State or Federal organization that oversees, regulates, licenses or is otherwise responsible for the municipal industry?
 - b. Within the past 24 months, has your firm and/or any of its employees been involved in any litigation, arbitration, disciplinary, or other actions arising from the firm's underwriting, management, derivatives, or municipal securities activities?
 - c. Is there any compensation arrangement or relationship between your firm and any other non-affiliated firm(s) or individuals that may be associated with or impact your possible engagement in the District's financing program? Is your firm receiving/paying any payment or consideration of any kind for securing the District's work?

Personnel

The firm should provide short professional resumes of the individuals being proposed for key roles in the underwriting team. Said resumes should be attached as an Appendix (which will not count against the page limit). In addition, provide the following information:

1. Identify the individual (Day-to-Day Contact) who will have the primary responsibility for your firm's relationship with the District. Provide a brief summary of the Day-to-Day Contact's relevant experience, specifying whether such experience was obtained while employed at another financial institution.
2. Identify a second individual (Back-Up Day-to-Day Contact) who will also have responsibility for your firm's relationship with the District. Provide a brief summary of the Back-Up Day-to-Day Contact's relevant experience, specifying whether such experience was obtained while employed at another financial institution.
3. Provide the name and brief summaries of the relevant experience of the individuals who will serve as the head underwriter and the sales manager for District's fixed rate debt.

Relevant Experience/Bond Structuring

1. Describe your firm's California water and wastewater financing underwriting experience from 2010 to present. In an Appendix, for each issue, include the name of the issuer, the size of the issue, the date of the financing, the structure of the issue, ratings, and the role of your firm.

2. Provide a discussion of your recommended financing approach to the new money and refunding issues. Discuss financing features including which refunding candidates the District should consider, call features, use of serial and term maturities, and other structuring options. Discuss timing and how quickly the District could access the market. Also, discuss the applicability of other financing vehicles such as direct purchases, forward starting loans and other alternative products your institution may offer.
3. Please provide indicative pricing information as of March 12, 2014 for a \$150 million new money issuance, using the amortization schedule provided as Attachment A. Provide material supporting your indicative pricing, including recent comparable new issues and/or relevant secondary market trading. If pricing indications for your refunding recommendation differ from your new money pricing indications, please include it as an appendix.
4. Describe your firm's involvement in the secondary market for the District's bonds, including data on the volume of trading.
5. Provide a minimum of three (3) references for work similar to the services being solicited in this RFP. Furnish the name, title, address, telephone number, and e-mail address of the person(s) at the client organization who is most knowledgeable about the work performed. References may also be supplied from other work not cited in this section as related experience.

Marketing

1. Discuss your marketing and distribution plan for the bonds.
2. Who do you anticipate the primary investors will be? Which specific investors will your firm target? What strategy will your firm take to broaden the District's current investor base? Would you recommend a retail order period?

Syndicate Structure

Discuss your recommendations for the syndicate structure, including number of co-managers, syndicate liabilities and designation rules for the bond sale. In particular, outline your recommended treatment of professional retail investors relative to individual retail investors.

Compensation

Include your proposal for underwriter's spread, specifying management fee (if any), takedown and estimated expenses. Please specify expenses to be covered, including underwriter's counsel. For purposes of responding to this question, assume the financing is structured as you have recommended, with a \$150 million new money component and a \$200 million refunding component (the \$200 million is for fee purposes only. Firms may propose a larger or smaller refunding transaction, depending on their view of the market, proposed products, etc.)

ADDITIONAL INFORMATION

1. The District will not be liable for any cost incurred in the preparation of proposals.
2. The submission of a proposal shall be prima facie evidence that the Proposer has full knowledge of the scope, nature, quantity and quality of work to be performed; the detailed requirements of the specifications; and the conditions under which the work will be performed.

Indicative Amortization Schedule

Date	Par Amount	Coupon	Yield
12/1/2015	2,260,000		
12/1/2016	2,370,000		
12/1/2017	2,490,000		
12/1/2018	2,615,000		
12/1/2019	2,745,000		
12/1/2020	2,880,000		
12/1/2021	3,025,000		
12/1/2022	3,175,000		
12/1/2023	3,335,000		
12/1/2024	3,500,000		
12/1/2025	3,675,000		
12/1/2026	3,860,000		
12/1/2027	4,055,000		
12/1/2028	4,255,000		
12/1/2029	4,470,000		
12/1/2030	4,695,000		
12/1/2031	4,930,000		
12/1/2032	5,175,000		
12/1/2033	5,435,000		
12/1/2034	5,705,000		
12/1/2035	5,990,000		
12/1/2036	6,290,000		
12/1/2037	6,605,000		
12/1/2038	6,935,000		
12/1/2039	7,280,000		
12/1/2040	7,645,000		
12/1/2041	8,030,000		
12/1/2042	8,430,000		
12/1/2043	8,850,000		
12/1/2044	9,295,000		