

# **SELECTING YOUR CONSULTANTS AND THE RFP OR RFQ**

Debt Essentials Program

Day 2: Planning a Bond Sale

Session 3

*Theresa Trevino, Chief Financial Officer*

# RCTC's Debt Experience

Commercial  
Paper  
Program

Sales Tax  
Revenue  
Bonds

Toll Revenue  
Bonds

- Fixed rate
- Variable rate
- Interest rate swaps
- Refundings

- Fixed rate
- TIFIA loan

## Financing Team Members

*Municipal advisor*

*Issuer's counsel*

*Bond counsel*

*Disclosure counsel*

*Underwriters (and counsel)*

*Trustee (and counsel)*

*Rating agencies*

*Other:*

*Issuing & paying agent (and counsel)*

*Liquidity providers (and counsel)*

*Swap providers (and counsel)*

*Dissemination agent*

*Arbitrage consultant*

*Verification agent*

*Escrow bidding agent*

*Traffic & revenue consultant*

*Independent engineer*

# RCTC's Consultant Procurements

## Competitive

- Negotiated or bid
- Promotes competition and equal access to all firms
- Fair and objective selection of best qualified
- Comparison of qualifications, ideas, prices and services
- Procurement process
  - **Request for Proposals (RFP)** for specific project perspective/creativity
  - **Request for Qualifications (RFQ)** for general credentials with price not a factor

## Non-competitive

- Sole source justification
  - Specific expertise and/or knowledge
- Simplified purchase for lower cost services
- Comparative pricing data

## Annual Recurring Contracts

- Unique/specialized professional services
- Subject to prior competition
- Retain historical knowledge, unique experience, and agency/project understanding
- More efficient and cost effective than rebidding
- Maintain consistency without interruption

# RFP Step 1: Make Decisions

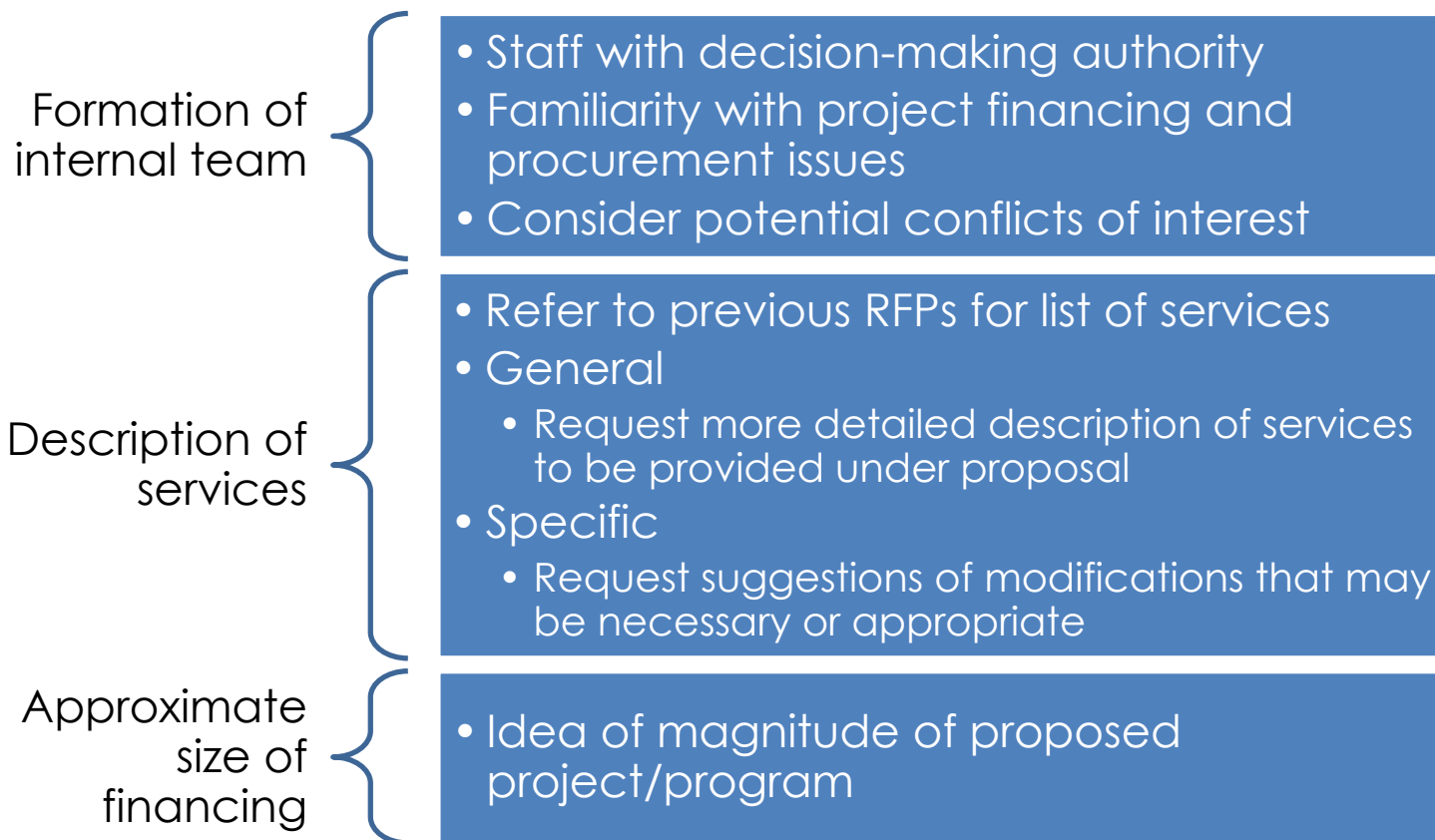
## Policy goals

- Financial or programmatic objectives
- Small or disadvantaged business participation
- Local or regional firm participation

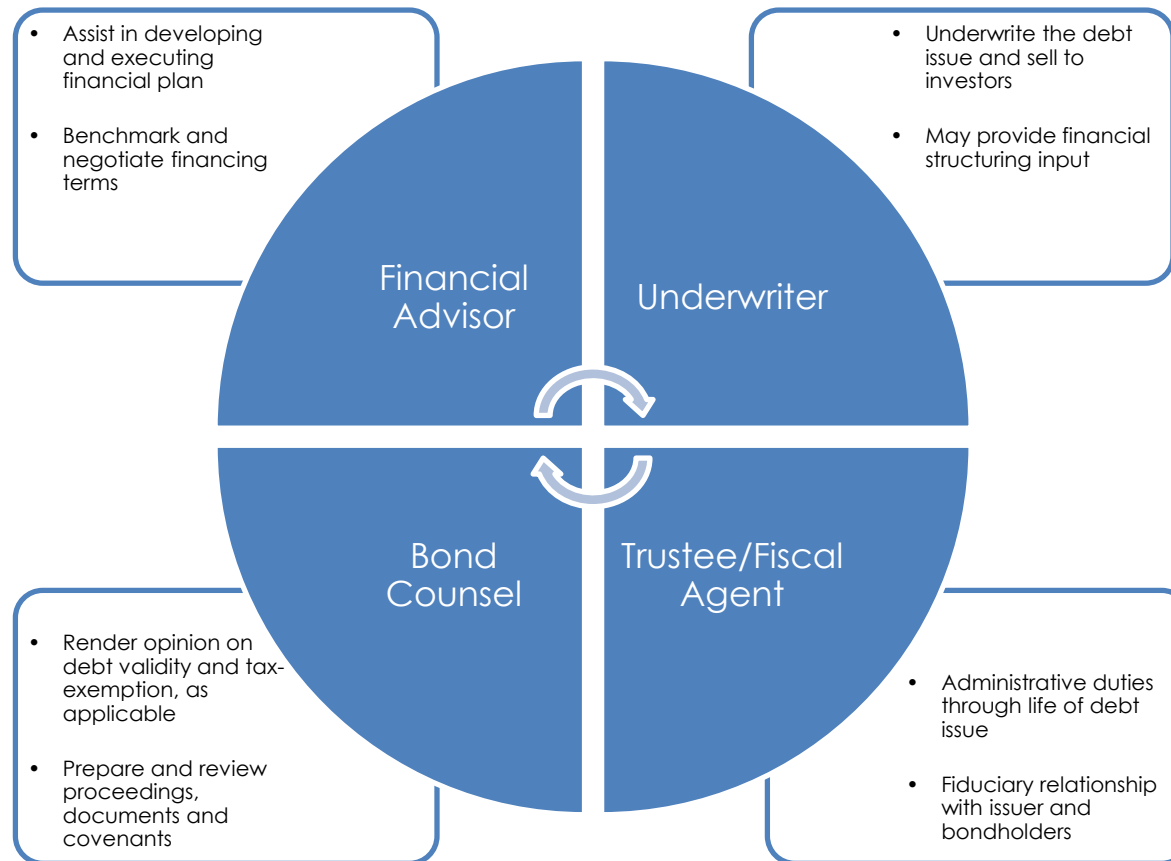
## Overall service needs

- Issuer role and task involvement
- Financial alternatives development, transaction advice or both
- Term of services over extended period or for one transaction
- Type of financing planned
- Method of sale
- Cost

# RFP Step 2: Define Scope of Services



# Common Types of Services



FEBRUARY 13, 2019

# RFP Step 3: Describe Issuer and Purpose

## General Information

- Issuer name and brief description of issuer
- Type of services requested

## Summary of Relevant Information

- Financing plan
- Organization overview, purpose, administrative functions, etc.
- Legal authority to issue debt
- Capital plans/projects to be financed
- Planned issuances/refundings
- Outstanding debt information
- Ratings

# RFP Step 4: Establish Evaluation Criteria

## Firm Qualifications

- Reputation
- Network
- Institutional memory
- Management
- Resources
- References

## Individuals Qualification

- Breadth of knowledge
- Experience
  - Similar financings
  - Similar jurisdictions
  - Distribution of work
- References

## Understanding & Approach

- Needs, circumstances and goals
- Degree of creativity needed
- Workplan
  - Tasks
  - Hours by individual
  - Completion dates
- Responses or recommendations to specific questions about financing and/or issues

## Proposed Fee Arrangements<sup>1</sup>

- Standardized format to ensure comparability

- Weighting
- Proposals
- Interviews

FEBRUARY 13, 2019

<sup>1</sup> Price consideration may be considered initially or later in RFP evaluation process; however, it is not an evaluation criteria in an RFQ



# RFP Step 5: List Technical Requirements

## Copies

- Number
- Electronic and/or paper
- Page limitations
- Submittal deadline

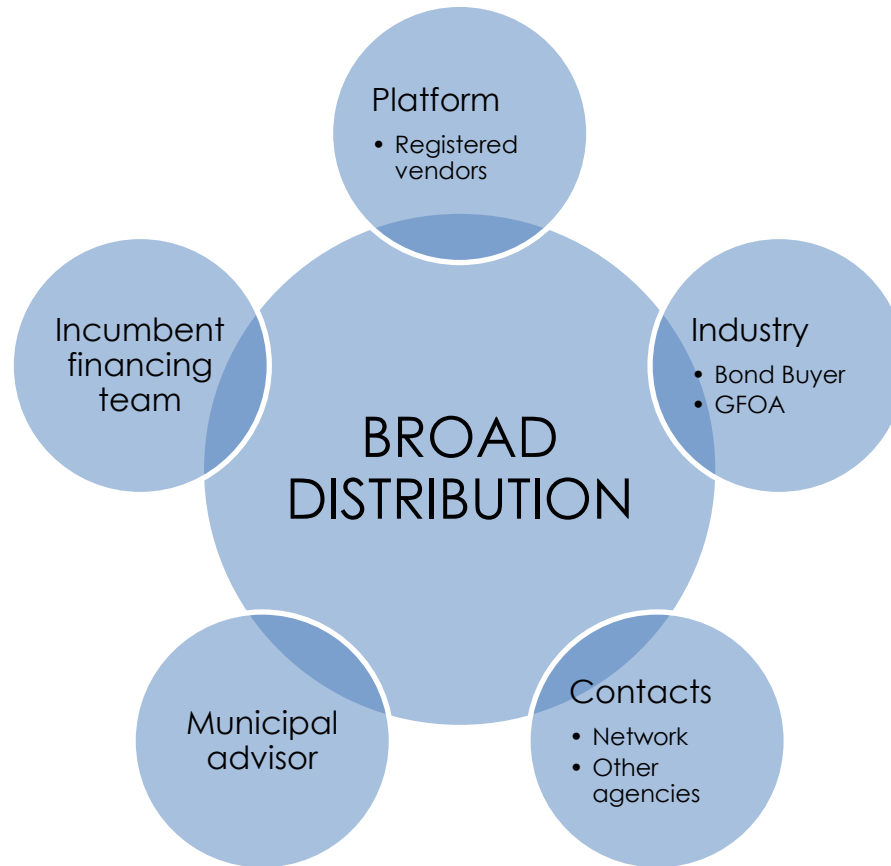
## Questions

- Prebid meeting, if necessary
- To whom should questions be directed
- Cutoff date for inquiries
  - Timing and distribution of responses

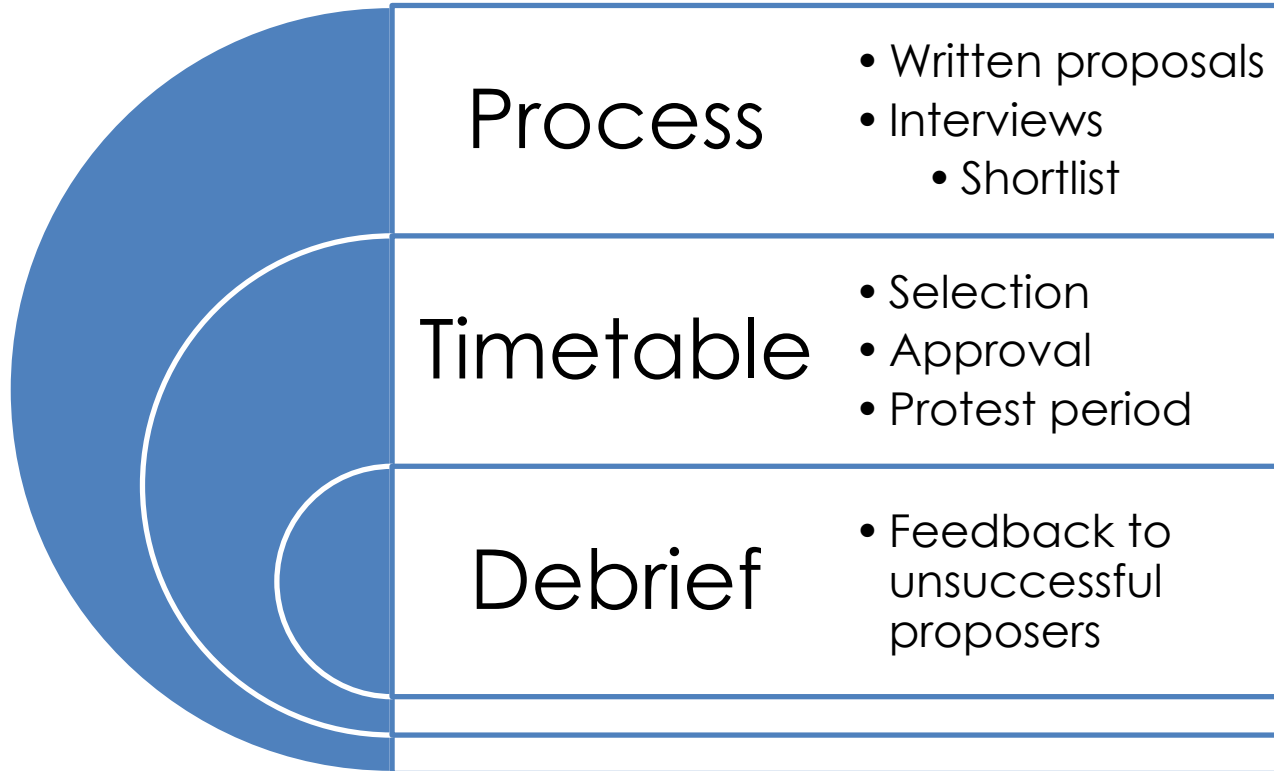
## Other

- Conflict of interest provisions and disclosure requirements
- Lobbying and political contribution restrictions
- Limitations on communications between proposers and staff/officials
- Contract terms
  - Cite any exceptions

# RFP Step 6: Distribute RFP



# RFP Step 7: Evaluate Proposals



# Final Thoughts

Request information important to you and your agency

- Avoid boilerplate proposals
- Satisfy your curiosity and ask questions

Select financing team that:

- Has experience and skills to achieve goals
- Will obtain lowest possible financing costs
- Will complete transaction in timely manner
- Makes you feel like you are its only client

Monitor and evaluate performance

# RESOURCES

## Government Finance Officers Association

Best Practices: *Selecting and Managing Underwriters for Negotiated Bond Sales*

<http://www.gfoa.org/selecting-and-managing-underwriters-negotiated-bond-sales>

Best Practices: *Selecting and Managing Municipal Advisors*

<http://www.gfoa.org/selecting-and-managing-municipal-advisors>

Best Practices: *Selecting Bond Counsel*

<http://www.gfoa.org/selecting-bond-counsel>

*Debt Issuance and Management: A Guide for Smaller Governments*, James Joseph (1994)

*A Guide for Selecting Financial Advisors and Underwriters: Writing RFPs and Evaluating Proposals*,  
Patricia Tighe (1997)

## California Debt and Investment Advisory Commission

*Preparing Requests for Proposals Issue Brief* (October 1994)

<https://www.treasurer.ca.gov/cdiac/publications/issue-brief/1994/199410.pdf>

# QUESTIONS & DISCUSSION

*Handouts:*

*Considerations for a Successful Request for Proposal*

*Underwriter RFP Example*

*Trustee RFP Example*



rctc.org



951.787.7141



[info@rctc.org](mailto:info@rctc.org)



@theRCTC