

**REQUEST FOR PROPOSALS FOR**

**Financial Advisory Services**

**ISSUING OFFICE**

**Pennsylvania Turnpike Commission**

**Finance and Administration Department**

**RFP NUMBER**

**12-10320-3667**

**DATE OF ISSUANCE**

**June 7, 2012**

# **REQUEST FOR PROPOSALS FOR**

## **Financial Advisory Services**

### **TABLE OF CONTENTS**

<b>Part I</b>	<b>- GENERAL INFORMATION FOR PROPOSERS</b>	<b>page 1</b>
<b>Part II</b>	<b>- INFORMATION REQUIRED FROM PROPOSERS</b>	<b>page 8</b>
<b>Part III</b>	<b>- CRITERIA FOR SELECTION</b>	<b>page 11</b>
<b>Part IV</b>	<b>- WORK STATEMENT</b>	<b>page 13</b>

## PART I

### GENERAL INFORMATION FOR PROPOSERS

**I-1. Purpose.** This request for proposals (RFP) provides interested Proposers with sufficient information to enable them to prepare and submit proposals for consideration by the Pennsylvania Turnpike Commission (Commission) to satisfy a need for **Financial Advisory Services**.

**I-2. Issuing Office.** This RFP is issued for the Commission by the **Finance and Administration Department**.

**I-3. Scope.** This RFP contains instructions governing the proposals to be submitted and the material to be included therein; a description of the service to be provided; requirements which must be met to be eligible for consideration; general evaluation criteria; and other requirements to be met by each proposal.

**I-4. Problem Statement.** The Commission is seeking proposals to provide the Commission with financial advisory services with respect to issuance of debt and protection of the Act 44 Financial plan in addition to general financial counseling.

**I-5. Type of Contract.** It is proposed that if a contract is entered into as a result of this RFP, it will be a contract based on one of the alternatives indicated in Part II-8(A). The Commission may in its sole discretion undertake negotiations with Proposers whose proposals as to price and other factors show them to be qualified, responsible, and capable of performing the work.

**I-6. Rejection of Proposals.** The Commission reserves the right to reject any and all proposals received as a result of this request, or to negotiate separately with competing Proposers.

**I-7. Subcontracting.** Any use of subcontractors by a Proposer must be identified in the proposal. During the contract period use of any subcontractors by the selected Proposer, which were not previously identified in the proposal, must be approved in advance in writing by the Commission.

A firm that responds to this solicitation as a prime may not be included as a designated subcontractor to another firm that responds to the same solicitation. **Multiple responses under any of the foregoing situations may cause the rejection of all responses of the firm or firms involved.** This does not preclude a firm from being set forth as a designated subcontractor to more than one prime contractor responding to the project advertisement.

**I-8. Incurring Costs.** The Commission is not liable for any costs the Proposer incurs in preparation and submission of its proposal, in participating in the RFP process or in anticipation of award of contract.

**I.9. Questions and Answers.** Written questions may be submitted to clarify any points in the RFP which may not have been clearly understood. Written questions should be submitted by email to [RFP-Q@paturnpike.com](mailto:RFP-Q@paturnpike.com) with **RFP 12-10320-3667** in the Subject Line to be received no later than 12:00 PM local time on **June 26, 2012**. All questions and written answers will be posted to the website as an addendum to and become part of this RFP.

**I-10. Addenda to the RFP.** If it becomes necessary to revise any part of this RFP before the proposal response date, addenda will be posted to the Commission's website under the original RFP document. It is the responsibility of the Proposer to periodically check the website for any new information or addenda to the RFP.

The Commission may revise a published advertisement. If the Commission revises a published advertisement less than ten days before the RFP due date, the due date will be extended to maintain the minimum ten-day advertisement duration if the revision alters the project scope or selection criteria. Firms are responsible to monitor advertisements/addenda to ensure the submitted proposal complies with any changes in the published advertisement.

**I-11. Response.** To be considered, proposals must be delivered to the Pennsylvania Turnpike Commission's Contracts Administration Department, Attention: **Stephanie Newbury**, on or before **12:00 PM** local time on **July 19, 2012**. The Pennsylvania Turnpike Commission is located at 700 South Eisenhower Boulevard, Middletown, PA 17057 (Street address). Our mailing Address is P. O. Box 67676, Harrisburg, PA 17106.

**Please note that use of U.S. Mail, FedEx, UPS, or other delivery method, does not guarantee delivery to this address by the above-listed time for submission.** Proposers mailing proposals should allow sufficient delivery time to ensure timely receipt of their proposals. If the Commission office location to which proposals are to be delivered is closed on the proposal response date, due to inclement weather, natural disaster, or any other cause, the deadline for submission shall be automatically extended until the next Commission business day on which the office is open. Unless the Proposers are otherwise notified by the Commission, the time for submission of proposals shall remain the same.

**I-12. Proposals.** To be considered, Proposers should submit a complete response to this RFP, using the format provided in PART II. Each proposal should be submitted in **Four (4) hard copies and "one complete and exact copy of the technical proposal on CD-ROM in Microsoft Office or Microsoft Office-compatible format"** to the Contracts Administration Department. No other distribution of proposals will be made by the Proposer. Each proposal page should be numbered for ease of reference. Proposals must be signed by an official authorized to bind the Proposer to its provisions and include the Proposer's Federal Identification Number. For this RFP, the proposal must remain valid for at least **120** days. Moreover, the contents of the proposal of the selected Proposer will become contractual obligations if a contract is entered into.

Each and every Proposer submitting a proposal specifically waives any right to withdraw or modify it, except as hereinafter provided. Proposals may be withdrawn by written or fax notice (fax number (717) 986-8714) received at the Commission's address for proposal delivery prior to the exact hour and date specified for proposal receipt.

Contracts Administration Department  
Attn: Donald Klingensmith  
Manager, Contracts Administration  
PA Turnpike Commission  
700 South Eisenhower Blvd.  
Middletown, PA 17057

However, if the Proposer chooses to attempt to provide such written notice by fax transmission, the Commission shall not be responsible or liable for errors in fax transmission. A proposal may also be withdrawn in person by a Proposer or its authorized representative, provided his/her identity is made known and he/she signs a receipt for the proposal, but only if the withdrawal is made prior to the exact hour and date set for proposal receipt. A proposal may only be modified by the submission of a new sealed proposal or submission of a sealed modification which complies with the requirements of this solicitation.

**I-13. Economy of Preparation.** Proposals should be prepared simply and economically, providing a straightforward, concise description of the Proposer's ability to meet the requirements of the RFP. The body of the proposal shall not exceed twenty (20) pages of 12 point type, excluding required tables and appendices. The cost proposal, Commitment to Diversity items and Technical appendices are not included in the 20 page limit. However, the review of the committee will be primarily focused on the materials contained in the body of the proposal, rather than the appendices.

**I-14. Discussions for Clarification.** Proposers who submit proposals may be required to make an oral or written clarification of their proposals to the Issuing Office to ensure thorough mutual understanding and Proposer responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification.

**I-15. Best and Final Offers.** The Issuing Office reserves the right to conduct discussions with Proposers for the purpose of obtaining "best and final offers." To obtain best and final offers from Proposers, the Issuing Office may do one or more of the following: a) enter into pre-selection negotiations; b) schedule oral presentations; and c) request revised proposals. The Issuing Office will limit any discussions to responsible Proposers whose proposals the Issuing Office has determined to be reasonably susceptible of being selected for award.

**I-16. Prime Proposer Responsibilities.** The selected Proposer will be required to assume responsibility for all services offered in its proposal whether or not it produces them. Further, the Commission will consider the selected Proposer to be the sole point of contact with regard to contractual matters.

**I-17. Proposal Contents.** Proposals will be held in confidence and will not be revealed or discussed with competitors, unless disclosure is required to be made (i) under the provisions of any Commonwealth or United States statute or regulation; or (ii) by rule or order of any court of competent jurisdiction. All material submitted with the proposal becomes the property of the Pennsylvania Turnpike Commission and may be returned only at the Commission's option. Proposals submitted to the Commission may be reviewed and evaluated by any person other than competing Proposers at the discretion of the Commission. The Commission has the right to use any or all ideas presented in any proposal. Selection or rejection of the proposal does not affect this right.

In accordance with the Pennsylvania Right-to-Know Law (RTKL), 65 P.S. § 67.707 (Production of Certain Records), Proposers shall identify any and all portions of their Proposal that contains confidential proprietary information or is protected by a trade secret. Proposals shall include a written statement signed by a representative of the company/firm identifying the specific portion(s) of the Proposal that contains the trade secret or confidential proprietary information.

Proposers should note that “trade secrets” and “confidential proprietary information” are exempt from access under Section 708(b)(11) of the RTKL. Section 102 defines both “trade secrets” and “confidential proprietary information” as follows:

Confidential proprietary information: Commercial or financial information received by an agency: (1) which is privileged or confidential; **and** (2) the disclosure of which would cause substantial harm to the competitive position of the person that submitted the information.

Trade secret: Information, including a formula, drawing, pattern, compilation, including a customer list, program, device, method, technique or process that: (1) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; **and** (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The term includes data processing software by an agency under a licensing agreement prohibiting disclosure.

65 P.S. §67.102 (emphasis added).

The Office of Open Records has determined that a third party must establish a trade secret based upon factors established by the appellate courts, which include the following:

- the extent to which the information is known outside of his business;
- the extent to which the information is known by employees and others in the business;
- the extent of measures taken to guard the secrecy of the information;
- the value of the information to his business and to competitors;
- the amount of effort or money expended in developing the information; and
- the ease of difficulty with which the information could be properly acquired or duplicated by others.

*See Crum v. Bridgestone/Firestone North Amer. Tire.*, 907 A.2d 578, 585 (Pa. Super. 2006).

The Office of Open Records also notes that with regard to “confidential proprietary information the standard is equally high and may only be established when the party asserting protection shows that the information at issue is either ‘commercial’ or ‘financial’ and is privileged or confidential, and the disclosure **would** cause substantial competitive harm.” (emphasis in original).

For more information regarding the RTKL, visit the Office of Open Records’ website at [www.openrecords.state.pa.us](http://www.openrecords.state.pa.us).

**I-18. Debriefing Conferences.** Proposers whose proposals are not selected will be notified of the name of the selected Proposer and given the opportunity to be debriefed, at the Proposer’s request. The Issuing Office will schedule the time and location of the debriefing. The Proposer will not be compared with other Proposers.

**I-19. News Releases.** News releases pertaining to this project will not be made without prior Commission approval, and then only in coordination with the Issuing Office.

**I-20. Commission Participation.** Unless specifically noted in this section, Proposers must provide all services to complete the identified work.

**I-21. Cost Submittal.** The cost submittal shall be placed in a separately sealed envelope within the sealed proposal and kept separate from the technical submittal. **Failure to meet this requirement will result in disqualification of the proposal.**

**I-22. Term of Contract.** The term of the contract will commence on the Effective Date (as defined below) and will end **three years from that date with the option of two one-year contract extensions** which may be exercised at the Commission's sole discretion. The Commission shall fix the Effective Date after the contract has been fully executed by the Contractor and by the Commission and all approvals required by Commission contracting procedures have been obtained.

**I-23. Proposer's Representations and Authorizations.** Each Proposer by submitting its proposal understands, represents, and acknowledges that:

- a. All information provided by, and representations made by, the Proposer in the proposal are material and important and will be relied upon by the Issuing Office in awarding the contract(s). Any misstatement, omission or misrepresentation shall be treated as fraudulent concealment from the Issuing Office of the true facts relating to the submission of this proposal. A misrepresentation shall be punishable under 18 Pa. C.S. 4904.
- b. The price(s) and amount of this proposal have been arrived at independently and without consultation, communication or agreement with any other Proposer or potential Proposer.
- c. Neither the price(s) nor the amount of the proposal, and neither the approximate price(s) nor the approximate amount of this proposal, have been disclosed to any other firm or person who is a Proposer or potential Proposer, and they will not be disclosed on or before the proposal submission deadline specified in the cover letter to this RFP.
- d. No attempt has been made or will be made to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- e. The proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
- f. To the best knowledge of the person signing the proposal for the Proposer, the Proposer, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four (4) years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as disclosed by the Proposer in its proposal.
- g. To the best of the knowledge of the person signing the proposal for the Proposer and except as otherwise disclosed by the Proposer in its proposal, the Proposer has no outstanding, delinquent obligations to the Commonwealth including, but not limited to,

any state tax liability not being contested on appeal or other obligation of the Proposer that is owed to the Commonwealth.

- h. The Proposer is not currently under suspension or debarment by the Commonwealth, or any other state, or the federal government, and if the Proposer cannot certify, then it shall submit along with the proposal a written explanation of why such certification cannot be made.
- i. The Proposer has not, under separate contract with the Issuing Office, made any recommendations to the Issuing Office concerning the need for the services described in the proposal or the specifications for the services described in the proposal.
- j. Each Proposer, by submitting its proposal, authorizes all Commonwealth agencies to release to the Commission information related to liabilities to the Commonwealth including, but not limited to, taxes, unemployment compensation, and workers' compensation liabilities.
- k. Each proposer acknowledges that, during the term of any contract with the Commission, the financial advisor(s) may not serve as underwriter or swap counterparty for any Commission financing and the financial advisor(s) may not terminate a contract prematurely for the purpose of then serving as underwriter or swap counterparty for a Commission financing.
- l. Proposers understand that although the Commission seeks financial advisory services through the issuance of this RFP, due to the complex nature of the Commission's financial transactions, it reserves the right to retain, outside the RFP process and on a case by case basis, special financial advisory services or such other services as it may deem necessary, in its sole judgment.

#### **I-24. Insurance.**

**A. General.** Before the execution of a Contract, Provider must provide the Commission with certificates of insurance evidencing the coverage required acceptable to the Commission, as described below. Have all policies endorsed to contain the following clause: "Thirty (30) days written notice of any cancellation, non-renewal, limit or coverage reduction is to be sent to the Commission by Certified Mail." The preceding is subject to existing Commonwealth of Pennsylvania statutory cancellation provisions relating to non-payment of premium and misrepresentation by the insured. Maintain the insurance described herein for the entire duration of the Contract. All insurance policies must be written by an Insurance Company licensed and/or authorized to do business in Pennsylvania and acceptable to the Commission having an A.M. Best's rating of no less than A-, with a financial size category of IX, or better. Have all insurance policies and certificates signed by a resident Pennsylvania Agent of the issuing Company. However, in the case of an eligible surplus lines insurer, have all policies and certificates also signed by a party duly authorized to bind, on behalf of the eligible surplus lines insurer, the certified coverage's.



**B. Commercial General Liability Insurance.** Commercial general liability insurance (CGL) with limits not less than \$1,000,000 each occurrence with a \$2,000,000 aggregate. If the CGL contains a general aggregate limit, it shall apply separately each site or location. CGL insurance shall be written on the Insurance Services Office Inc. (ISO) occurrence form CG 00 01 12 07 (or substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, independent contractors, products completed operations, personal injury and advertising injury, and liability assumed under contract (including the tort liability of another assumed in a business contract but not including breach of contract damages).

**C. Business Auto Liability Insurance.** Business auto liability insurance with a limit of not less than \$1,000,000 each accident. Such insurance shall cover liability, including bodily injury or death and property damage, arising out of any auto (including owned, hired, and non-owned autos). Business auto coverage shall be written on the current ISO form or a substitute form providing equivalent liability coverage.

**D. Worker's Compensation and Employer's Liability Insurance.** Take out, pay for and maintain during the life of the contract, Worker's Compensation Insurance in statutory required limits for the protection of all employees. Provide, pay for and maintain during the life of the contract, Employer's Liability Insurance in limits of not less than \$100,000 bodily injury each accident, \$500,000 bodily injury by disease- Policy Limit, and \$100,000 bodily injury by disease each employee.

**E. Professional Liability Insurance.** Insurance coverage for Errors and Omissions (Professional Liability Insurance) in an amount not less than \$1,000,000. Insurance shall be provided on a form acceptable to the Pennsylvania Turnpike Commission.

## PART II

### INFORMATION REQUIRED FROM PROPOSERS

Proposals must be submitted in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Any other information thought to be relevant, but not applicable to the enumerated categories, should be provided as an appendix to the proposal. Each proposal shall consist of two (2) separately sealed submittals. The submittals are as follows: (i) Technical Submittal, in response to Part II-1 through II- 7 hereof; (ii) Cost Submittal, in response to Part II-8 hereof.

The Commission reserves the right to request additional information which, in the Commission's opinion, is necessary to assure that the Proposer's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFP.

The Commission may make such investigations as deemed necessary to determine the ability of the Proposer to perform the work, and the Proposer shall furnish to the Issuing Office all such information and data for this purpose as requested by the Commission. The Commission reserves the right to reject any proposal if the evidence submitted by, or investigation of, such Proposer fails to satisfy the Commission that such Proposer is properly qualified to carry out the obligations of the agreement and to complete the work specified.

**II-1. Statement of the Problem.** Summarize the proposer's understanding of the work to be done and make a positive commitment to perform the work in accordance with the terms of the proposal being submitted. This section should summarize the key points of your submittal. In addition, you must include a statement that your firm understands that if selected as financial advisor, your firm is prohibited from proposing any financing transactions or serving as underwriter or swap counterparty for any Pennsylvania Turnpike Commission financing for the duration of the contract and may not terminate the contract to do so.

This letter should be signed by the person in your firm who is authorized to negotiate terms, render binding decisions and commit the firm's resources.

Limit to two pages.

**II-2. Management Summary.** Provide a brief description of how your firm is organized, including the businesses in which it is engaged, the location of offices, the number of public finance professionals in each office, and the role of the municipal department in your firm. Indicate your firm's commitment to the municipal bond industry and comment on any recent significant changes in your organization. Discuss your firm's presence in and commitment to the Commonwealth of Pennsylvania. Include a discussion of the specific expertise and services that distinguish your firm.

**II-3. Work Plan.** Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in Part IV-3 and IV-4 of this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of personhours allocated to each task.

**II-4. Prior Experience.** Include experience in Financial Advisory Services as described in part IV of this proposal. Provide a description of your proposed personnel's relevant experience over the last five years with transportation clients and other clients that you believe are relevant to this proposed engagement. Identify the transportation agencies for which you are currently serving as financial advisor or underwriter. Provide, in tabular form, the financial advisory experience of the firm and the proposed project team over the past five years in the following areas:

- Toll road/bridge financing
- Experience with the Pennsylvania Turnpike Commission
- Other transportation financing
- Strategic financial planning
- Issuance of tax-exempt bonds
- Issuance of taxable bonds (including Build America Bonds)
- Utilization of derivative products (strategy, not pricing)

Provide no more than five case studies that detail your approach to financial advisory services and your contributions to the relevant transactions.

Describe your firm's knowledge, experience and resources in tracking and monitoring the tax-exempt and taxable bond markets, including tax-exempt fixed rate, variable rate, and taxable fixed rate products. Include a discussion of how you evaluate the success of any pricing.

Describe the technical and analytical resources available to your firm in the process of structuring, analyzing and pricing of bond issues.

List any and all disciplinary action, administrative proceeding, malpractice claim or other like proceeding against your firm or any of its personnel relating to your firm's services as financial advisor or investment banker current, pending or occurring in the last ten (10) years. Describe any investigations conducted by any state or federal regulatory and/or law enforcement agencies that have involved your firm during the last five (5) years.

Identify any potential conflict known by your firm and discuss how, if selected, your firm would address any concerns raised by such dual representation. If your firm is selected as the Pennsylvania Turnpike Commission's financial advisor, during the contract period your firm must notify the Pennsylvania Turnpike Commission when you enter into any new contracts which may present a conflict of interest.

**II-5. Personnel.** Provide the names, proposed roles, background and experience, office location and availability of the personnel that would work on the Pennsylvania Turnpike Commission's account, and specifically identify the primary person(s) who will be responsible for managing the relationship with the Pennsylvania Turnpike Commission. Identify who will provide any computer financial analysis services. For the proposed personnel, provide a list of five clients worked with in the last 36 months; a brief description of the type and size of transaction and the services you provided; and the names, titles, addresses and telephone numbers of the government officials primarily responsible for the transactions. You should only list clients and transactions which are similar to financings contemplated by the Pennsylvania Turnpike Commission as described in part IV of this proposal.

**II-6. Training.** If appropriate, indicate recommended training of Commission personnel. Include the personnel to be trained, the number to be trained, duration of the program, place of training, curricula, training materials to be used, number and frequency of sessions, and number and level of instructors.

**II-7. DBE/MBE/WBE Participation.** The Turnpike Commission is committed to the inclusion of disadvantaged, minority, and woman firms in contracting opportunities. Responding firms shall clearly identify DBE/MBE/WBE firms, expected to participate in this contract, in their Proposal. Proposed DBE/MBE/WBE firms must be certified by the Pennsylvania Department of General Services ([www.dgs.state.pa.us](http://www.dgs.state.pa.us)) or the Pennsylvania Unified Certification Program ([www.paucp.com](http://www.paucp.com)) at the time of the submission of the proposal. While D/M/WBE participation is not a requirement for this RFP, inclusion of D/M/WBEs will be a factor in the evaluation determination. **If further information is desired concerning DBE/MBE/WBE participation,** direct inquiries to the Pennsylvania Turnpike Commission's Contract Administration Department by calling (717) 939-9551 Ext. 4241.

**II-8. Cost Submittal.** The information requested in this section shall constitute your cost submittal. **The Cost Submittal shall be placed in a separate sealed envelope within the sealed proposal, separate from the technical submittal.**

Proposers should **not** include any assumptions in their cost submittals. If the proposer includes assumptions in its cost submittal, the Issuing Office may reject the proposal. Proposers should direct in writing to the Issuing Office pursuant to Part I-9 of this RFP any questions about whether a cost or other component is included or applies. All Proposers will then have the benefit of the Issuing Office's written answer so that all proposals are submitted on the same basis.

- A. Present a concise list of the scope of services and the work products that your firm proposes to provide. Given your proposed scope of services and work products, discuss your proposed fee arrangement *based on each of the following alternatives*:
1. Compensation on a fixed annual cost, payable monthly.
  2. Compensation on a time and expense basis, with a list of hourly billing rates for the proposed personnel and any proposed increases in such rates during the term of the contract, and the types of reimbursable expenses with proposed charges.
  3. Compensation on a fixed monthly cost plus an additional fixed fee to be paid per transaction.
- B. Expectations for reimbursement of "Out-of-Pocket" Expenses.

**Any costs not provided in the cost proposal will be assumed as no charge to the Commission.**

**The selected Proposer shall only perform work on this contract after the Effective Date is affixed and the fully-executed contract sent to the selected Proposer. The Commission shall issue a written Notice to Proceed to the selected Proposer authorizing the work to begin on a date which is on or after the Effective Date. The selected Proposer shall not start the performance of any work prior to the date set forth in the Notice of Proceed and the Commission shall not be liable to pay the selected Proposer for any service or work performed or expenses incurred before the date set forth in the Notice to Proceed. No Commission employee has the authority to verbally direct the commencement of any work under this Contract.**

## PART III

### CRITERIA FOR SELECTION

**III-1. Mandatory Responsiveness Requirements.** To be eligible for selection, a proposal shall be (a) timely received from a Proposer; (b) properly signed by the Proposer; and (c) formatted such that all cost data is kept separate from and not included in the Technical Submittal.

**III-2. Proposal Evaluation.** Proposals will be reviewed, evaluated, and rated by a Technical Evaluation Team (TET) of qualified personnel based on the evaluation criteria listed below. The TET will present the evaluations to the Professional Services Procurement Committee (PSPC). The PSPC will review the TET's evaluation and provide the Commission with the firm(s) determined to be highly recommended for this assignment.

The Commission will select the most highly qualified firms for the assignment or the firms whose proposal is determined to be most advantageous to the Commission by considering the TET's evaluation and the PSPC's determination as to each firm's rating.

Award will only be made to a Proposer determined to be responsive and responsible in accordance with Commonwealth Management Directive 215.9, Contractor Responsibility Program.

**III-3. Evaluation Criteria.** The following criteria will be used, in order of relative importance from the highest to the lowest, in evaluating each proposal:

**a. Understanding the Problem.** This refers to the Proposer's understanding of the Commission needs that generated the RFP, of the Commission's objectives in asking for the services or undertaking the study, and of the nature and scope of the work involved.

1. Responsiveness, organization, and clarity of proposal related to the scope of work including the Proposer's Approach to the Engagement
2. Presence in and commitment to the Commonwealth of Pennsylvania
3. Agreement to meet the Pennsylvania Turnpike Commission's general terms and conditions

**b. Proposer Qualifications.** This refers to the ability of the Proposer to meet the terms of the RFP, especially the time constraint and the quality, relevancy, and recency of studies and projects completed by the Proposer. This also includes the Proposer's financial ability to undertake a project of this size.

1. Demonstrated ability to track and monitor relevant tax-exempt and taxable bond, swap and other derivative products and government securities markets.
2. Commitment to public finance.
3. Responses of references.

**c. Personnel Qualifications.** This refers to the competence of professional personnel who would be assigned to the job by the Proposer. Qualifications of professional personnel will be measured by experience and education, with particular reference to experience on studies/services similar to that described in the RFP. Particular emphasis is placed on the qualifications of the project manager.

1. Qualifications and experience in structuring, negotiating and implementing the full range of tax-exempt and taxable bond and note financings, and other derivative product options.
2. Experience and knowledge of transportation and toll road, municipal and Pennsylvania issuers and financings, including experience with the Pennsylvania Turnpike Commission.
3. Location and availability to Pennsylvania Turnpike Commission staff.
4. Tenure with firm and length of time in the industry.
5. Responses of references.

**d. Soundness of Approach.** Emphasis here is on the techniques for collecting and analyzing data, sequence and relationships of major steps, and methods for managing the service/project. Of equal importance is whether the technical approach is completely responsive to all written specifications and requirements contained in the RFP and if it appears to meet Commission objectives.

**e. Cost.** While this area may be weighted heavily, it will not normally be the deciding factor in the selection process. The Commission reserves the right to select a proposal based upon all the factors listed above, and will not necessarily choose the firm offering the best price. The Commission will select the firm with the proposal that best meets its needs, at the sole discretion of the Commission.

**f. DBE/MBE/WBE Participation.** This refers to the inclusion of D/M/WBE firms, as described in Part II-7, and the extent to which they are expected to participate in this contract. Participation will be measured in terms of total dollars committed or percentage of total contract amount To certified D/M/WBE firms.

## PART IV

### WORK STATEMENT

#### IV-1. Objectives.

a. **General.** The Commission will accept proposals from individual firms or team of financial advisory firms. The Commission reserves the right to select a single firm, multiple firms, or a team of firms to meet its financial advisory needs.

#### IV-2. Nature and Scope of the Project. Background

##### 1. *The Pennsylvania Turnpike System*

The present System is composed of: the 359 mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west; the 110 mile north/south section identified as the Northeast Extension; the approximately 18 mile north/south connection, known as the Beaver Valley Expressway, which intersects the Turnpike Mainline in the southwestern portion of the Commonwealth; the approximately 13 mile Amos K. Hutchinson Bypass which adjoins the Turnpike Mainline near the New Stanton Interchange; four completed segments of the Mon/Fayette Expressway project totaling 39 miles (with an additional 7.7 miles expected to open in the summer of 2012); and a six mile section of the Southern Beltway project from PA 60 to US 22.

The System has a total of 64 interchanges which connect it with major arteries and population centers in its 545 mile traffic corridor. Thirty-one of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 10 interchanges are situated on the Northeast Extension. The additional 23 interchanges are located on the Beaver Valley Expressway, Amos K. Hutchinson Bypass, and completed segments of the Mon/Fayette Expressway and Southern Beltway. There are 17 service plazas along the Pennsylvania Turnpike System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services.

##### 2. *Financial Condition and Outlook*

As of December 31, 2011, the Commission had over \$7.6 billion in long-term debt, issued under four separate indentures. Outstanding debt and debt ratings are as follows:

	<b><u>Outstanding Debt</u></b> (mill)	<b>Ratings (M,S&amp;P,F)</b>
Mainline Senior Revenue	\$2,802	Aa3, A+, A+
Mainline Subordinate Revenue	\$3,147	A3, A-, A-
Motor License Fund Enhanced	\$494	Aa3, N/R, AA
Oil Franchise Tax	\$784	Aa3, AA (Sr.); A2, A+ (sub.)
Registration Fee Revenue	\$430	Aa3, A, AA-

Net toll revenue for the fiscal year ended May 31, 2011 exceeded \$739 million, and will increase with yearly toll increases. The Commission also received revenue from the Commonwealth from oil company franchise taxes and motor license registration fees in excess of \$89 million.

### ***3. Capital and Financing Plan***

The Commission prepares a ten-year capital plan and financing plan which shows anticipated funding sources, including Commission funds and revenue bonds. The capital plan currently addresses projects estimated at nearly \$6.4 billion scheduled for construction through fiscal year 2021.

### ***4. Act 44***

On July 18, 2007, Pennsylvania Governor Edward G. Rendell signed Act 44 into law, creating a “public-public partnership” between the Commission and PennDOT to provide funding for roads, bridges, and transit throughout the Commonwealth, thus greatly expanding the Commission’s previous focus on operating and improving the Turnpike. Under Act 44, a Lease was entered into between the Commission and PennDOT. The Lease contains certain provisions dealing with various items including, among other things, the payment by the Commission of annual payments to PennDOT, and the issuance of special revenue bonds by the Commission. The Commission is required to make payments to PennDOT in fiscal 2012 totaling \$450 million in quarterly installments. These payments have been funded through the issuance of Subordinate Bonds and Motor License Fund Enhanced Special Revenue Bonds. The term of the Lease is 50 years from its effective date, October 14, 2007.

Act 44 requires the Commission to fix toll rates such that revenues from tolls and other sources to the Commission are sufficient to pay the cost of the System’s operation, construction, expansion and maintenance, all Commission obligations and interest thereon, sinking fund requirements of the Commission, other requirements in any trust indentures, notes or resolutions, and payments to the Pennsylvania Department of Transportation under the Lease.

### **IV-3. Requirements.**

Proposing firms must demonstrate how they meet the following minimum qualifications in order for their proposals to be evaluated:

- Firm existence – The proposing firm shall have been in the business of providing financial advisory services to governmental agencies for a minimum of five years.
- Experience of senior professionals – The proposing firm shall offer a team of professionals in which the senior professionals have a minimum of ten years experience in the public finance industry.
- Experience with municipal bonds – The proposing firm shall offer a team of professionals in which the team members have worked on a minimum of \$3 billion of financing over the past three years, have worked on a minimum of three toll road/toll bridge revenue financings over the past five years, and have worked on a minimum of two Build America Bond issues.



#### **IV-4. Tasks.**

Requested financial advisory services will include, but are not limited to, assisting the Commission by providing the following services:

- Provide as-needed financial advice regarding market conditions and trends, financial products, credit and credit analysis, third party alternative financing and special facility financing, and keep the Commission abreast of market developments and financing techniques which might be applicable to the Commission's financing programs.
- Preparation of yearly Act 44 Financial Plan.
- Prepare analyses and evaluations of potential refundings and new money issues, including reviews of financial feasibility and debt capacity.
- Review and evaluate financing options, derivative and other innovative products, financial feasibility studies, legal documents, and pricing of any financing and any escrow.
- Participate in rating agency presentations and preparation of official statements.
- Manage the development of rating agency presentations and attend, as requested.
- Participate in the development of investor presentations and attend, as requested.
- Assist in the development of a Request for Qualifications for underwriting firms and participate in the evaluation of responses thereto.
- Assist in selection of financing team members, including underwriters, trustees, verification agents and printers.
- Provide advice on and participate in the selection of credit enhancement providers, if deemed appropriate for a particular financing.
- Assist in the evaluation of unsolicited proposals from commercial and investment banks and other financial services providers.
- Review and assist in the preparation of disclosure and other legal documentation for both issuance of debt and continuing disclosure.
- Assist in the process of negotiated sales of Commission bonds, including negotiation of pricing terms and preparation of a post-sale Financial Advisor's Memorandum.
- Provide general advice on the investment of bond proceeds.
- Review and comment upon proposed legislation and assist in development of proposed legislation that may affect the financial operations of the Commission.

- Prepare remarketing performance reports.
- Provide other financial services as requested.

**During the term of its contract, the financial advisors may not serve as underwriter or swap counterparty for any Pennsylvania Turnpike Commission financing. Furthermore, the financial advisors may not terminate their contracts prematurely for the purpose of then serving as underwriter or swap counterparty for any Pennsylvania Turnpike Commission financing.**

**Addendum No. 1**

**RFP 12-10320-3667**

**Financial Advisory Services**

**Prospective Respondents: You are hereby notified of the following information in regard to the referenced RFP:**

Following are the answers to questions submitted in response to the above referenced RFP as of June 26, 2012. All of the questions have been listed verbatim, as received by the Pennsylvania Turnpike Commission.

1. Page 2 of 16 appears to indicate two different points of contact for our submittal of the proposal. Should the proposal be submitted to Donald Klingensmith or Stephanie Newbury?

**ANSWER: I-11. Response. To be considered, proposals must be delivered to the Pennsylvania Turnpike Commission's Contracts Administration Department, Attention: Stephanie Newbury, on or before 12:00 PM local time on July 19, 2012. The Pennsylvania Turnpike Commission is located at 700 South Eisenhower Boulevard, Middletown, PA 17057 (Street address). Our mailing Address is P. O. Box 67676, Harrisburg, PA 17106.**

2. Page 2 Of 16 may we submit the electronic copy of the technical and cost proposal in PDF format?

**ANSWER: "Section I-12.: Proposals- To be considered, Proposers should submit a complete response to this RFP, using the format provided in PART II. Each proposal should be submitted in four (4) hard copies and one complete and exact copy of the technical proposal on CD-ROM in Microsoft Office or Microsoft Office-compatible format to the Contracts Administration Department."**

*As long as your PDF file is in a Microsoft Office, or Microsoft Office-compatible format it will be fine. Only the technical proposal is required to be on CD-ROM.*

3. Page 3-16 does the 20 page limit for the body of the technical proposal include or exclude the cover letter?

**ANSWER: The 20 page limit excludes the cover letter.**

4. Page 8 of 16, II-1 under Statement of the Problem—is this section included in the body of the proposal or in the cover letter?

**ANSWER: The Statement of the Problem should be included in the body of the proposal.**

All other terms, conditions and requirements of the original RFP posted June 7, 2012 remain unchanged unless modified by this Addendum.