



Request For Qualifications for Underwriting Services

Posted: December 13, 2019

The City of Charlotte, located in Mecklenburg County, is in the Piedmont region of North Carolina and centered between the Appalachian Mountains and the Atlantic Ocean. Incorporated in 1768, Charlotte became the county seat of Mecklenburg County in 1774. With an estimated population of 872,498, Charlotte is now the 16th most populated city in the United States.

The mission of the City of Charlotte (the City) is to ensure the delivery of a full range of quality public services and to promote the safety, health and quality of life of its citizens. The city provides services including police and fire protection; street construction and maintenance; solid waste services; water and sewer utilities; storm water management; airport facilities management; and public transit services.

The City is seeking responses to this request for qualifications (RFQ) in order to establish a pool from which the City will select qualified firms to serve as senior and co-managing underwriters with respect to certain City of Charlotte bonds and notes. Any firms added to the pool as a result of their response to this RFQ solicitation will be included in the pool for a 3-year time period.

The City intends to periodically review the pool, no more than semi-annually, to provide firms with the opportunity to present their qualifications to serve the City and assure the pool reflects the needs of the City.

The acceptance of a firm into the pool does not guarantee participation in bond deals or vest the firm with any rights with respect to the City.

This RFQ applies, but is not limited, to the following City credits:

- General Government/Tourism/Convention
- Water and Sewer
- Airport
- Storm Water
- Transit

The transactions during the course of such service may include; New Money, Refundings and Short-Term Notes.

The City reserves the right to modify or terminate this solicitation at any stage if the City determines this action to be in its best interest. The receipt of responses or other documents at any stage of the RFQ will in no way obligate the City to enter into any contract of any kind with any party. The City reserves the right to reject any and all responses, to waive any irregularities in any response and to request clarification or additional information from any institution.

For additional information concerning certain City financial reports and City information please go to:

<https://charlottenc.gov> and

<https://emma.msrb.org/IssuerHomePage/Issuer?id=8DB91442EAF6538AE053151E6E0AC95B&type=M>

SCOPE OF UNDERWRITING SERVICES

Underwriting Services will be subject to the following requirements:

1. Senior Manager will be expected to provide comprehensive “book-running” services related to the structuring, marketing, selling, and underwriting of debt. This shall include, but may not be limited to, the following:
 - I. Provide surveillance of City debt and identify opportunities in the market for the City;
 - II. Develop financing structures reflecting the City’s existing debt portfolio and long-term financial issues and policy goals;
 - III. Develop marketing and pricing strategies;
 - IV. Manage the syndicate, including co-managers and selling group, and be inclusive of team participation;
 - V. Provide relevant market and economic data, pricing views, comparable prices, and pricing proposals prior to pricing (weekly updates and calls including spread levels, pricing of comparable issuances, summaries of investor interest, etc.);
 - VI. Assist the City in obtaining ratings and compiling rating agency presentations;
 - VII. Provide thorough review of preliminary and financial official statements (POS and OS)
 - VIII. Review and provide comments on other bond documents
 - IX. Coordinate with the City and bond counsel to ensure compliance with federal tax and securities law
 - X. Manage investor outreach and marketing, including developing investor presentations and electronic or other road show materials as needed in support of specific bond issues.
 - XI. Follow City policies, either oral or written, for liability designation and retention, pricing procedures and the process of selling debt obligations;
 - XII. Underwrite bonds;
 - XIII. Participate in meetings and conference calls with City staff, bond counsel and other bond financing team members as needed;
 - XIV. Provide certifications as required by bond counsel;
 - XV. Provide post-pricing support, including:
 - (1) Fulfill orders and allotments, upon approval of the City,
 - (2) Market support for underwritten bonds,
 - (3) Provide all relevant pricing information to the City, including orders (retail, member, priority), debt service schedule, rates, yields, true interest cost, compensation for each member of the syndicate, information related to comparable transactions.
 - (4) Provide post-pricing trading information
 - XVI. Support secondary market trading of City bonds; and
 - XVII. Provide comments on continuing disclosure undertakings (CDUs)

2. Co-Managers will be expected to provide services related to marketing, selling, and underwriting of City debt, including, but not limited to:
 - I. Participate with the book-running senior manager in the development of marketing and pricing plans;
 - II. Market the City's bonds;
 - III. Follow City policies, either oral or written, for liability designation, pricing procedures and the process of selling debt obligations;
 - IV. Underwrite bonds, if necessary;
 - V. Provide certifications as required by bond counsel; and
 - VI. Provide post-pricing market support for underwritten bonds.

SELECTION CRITERIA AND PROCESS

The City will review all applications received will select financing participants based on compliance with all regulatory criteria, demonstrated service to the City or experience in providing similar services to municipal clients, analysis and ideas provided, capital resources, status as a Minority Women and Small Business Enterprise (MWSBE) firm and ability to address the City's credit and financing needs. The City reserves the right to seek supplemental information about specific financing ideas, analysis or pricing prior to selecting one or more financial services providers.

RESPONSE REQUIREMENTS

Responses should be on 8 ½ x 11 inch paper with a font size no smaller than 10 points. The RFQ questions are divided into two sections as follows: I. General Questions regarding the responding firms and II. Questions specific to underwriting.

The City anticipates the following schedule for review of the responses. At the discretion of the City, late and/or incomplete responses will not be accepted.

Opportunity Posted	December 13, 2019
Deadline for questions	December 20, 2019
Response to questions	December 27, 2019
RFQ response to submission deadline	January 17, 2020
Estimated Pool Selection	January 31, 2020

One (1) PDF copy via email must be delivered to Matt Hastedt, Debt Manager, at mhastedt@charlottenc.gov no later than 5:00 PM (Local Time) on January 17, 2020.

Questions regarding this RFQ are to be submitted by email to the attention of Matt Hastedt (mhastedt@charlottenc.gov) no later than **5:00 PM local time on December 20, 2019**. All questions received by this date and time will be answered appropriately. **The subject of such emails should read, "RFQ – Underwriter – [insert firm name]."** Questions emailed by respondents and any additional information the City provides in response to such questions will be distributed to all respondents but the identity of the question provider will not be released.

ATTN: No questions are to be directed to any other City office or person.

Using the format displayed below. Please respond to all information in a separate document.

Firm Legal Name: _____

Representative: _____

Address: _____

City/State/Zip: _____

Email address: _____

Telephone: _____

I. GENERAL APPLICATION QUESTIONS

A. Services Provided

Please indicate the credits for which the firm would like to be considered. All firms applying for Senior Manager will automatically be considered for a Co-Manager position.

Credit	Senior Manager	Co-Manager
General Government/Tourism/Convention		
Water and Sewer		
Airport		
Storm Water		
Transit		

Does your firm wish to be considered for the position of Co-Manager ONLY?

B. Firm Qualifications.

- a. Please provide your firm's, and any of its affiliates doing business with the City, ratings and outlooks by Moody's, S&P, and Fitch. If not rated, please note.

If this response is provided as an attached document, please note that in the field below.

- b. Please describe any previous extension of credit support (e.g., letters of credit, lines of credit, direct purchases, interest rate swaps etc.) to the City.
- c. Please describe your firm's recent involvement in the Charlotte community.
- d. Please provide a copy (if available) of your Focus Reports Statement of Financial Condition as of latest date available showing the firm's capital position as required by SEC rule 15 c3-1.

How much uncommitted excess net capital was allocated to support public finance operations.

How large of a bond issue your firm can underwrite based on your daily uncommitted excess net capital.

Note: Firms with capital position of less than \$250,000 or who have been below the "early warning" levels established by the SEC and/or any self-regulatory organization may not qualify to perform Underwriting Services for the City.

C. Legal and Firm Issues

- a. Please indicate if the Firm is any of the following:
 ___ MBE ___ WBE ___ SBE ___ None of the above

If the Firm has been certified with the designations above, indicate which agency, and the effective and expiration dates of that certification below:

Agency Certifying: _____

Effective Date: _____

Expiration Date: _____

- b. Please disclose and explain any significant negative events in your firm's municipal finance department's recent history including criminal charges, civil litigation, or administrative actions involving allegations of securities law violations by your firm or its employees during the past five (5) years. Please comment on the resolution and/or status of the actions.
- c. Are there any other lines of business conducted by your firm that could complement or conflict with your role on City transactions? Please disclose any arrangements that might present an actual or apparent conflict of interest with this role.
- d. Disclose any existing or contemplated relationship with any other person or entity, including relationships with City staff, which would constitute an actual or potential conflict of interest in connection with the rendering of services detailed in this response. If a conflict does or might exist, please describe how your firm would resolve the conflict.

D. Assigned Professionals

- a. Provide by the name, title, contact information, location, and brief background for key professional(s) in each of the following areas. For each person, include number of years of experience, number of years at the firm, and experience applicable to City financings. DO NOT include resumes. Include the MWSBE status of each member of the team.
Note: If selected, your firm will be expected to provide an update of any personnel changes as they occur:
 - i. Investment Banking – primary investment banking team (by credit).
 - ii. Underwriting, Marketing and Sales – key pre-sale marketing professionals, key sales, underwriting and distribution management professionals (by credit).
- b. Please provide any additional relevant information regarding the team who would be providing the Underwriting services to the City.

II. Questions specific to underwriting

A. Experience with the City and other North Carolina-based issuers

- a. Discuss the firm's relevant experience with the City and North Carolina-based issuers over the past five (5) years.

B. Underwriting Experience

- a. Please highlight in narrative form no more than five (5) transactions within the last year that your firm has been involved for a new money issue, refunding, or restructuring (a brief case study).

Include the issuer's name and ratings, credit type, par amount, credit/liquidity provider (if applicable), tax-exempt or taxable, structure (fixed, variable), and your firm's role (bookrunner, senior manager, co-manager).

If applying to participate in multiple credits please include examples of each credit. Do not include transactions that have involved the City.

- b. Please discuss any issues, benefits, or challenges associated with pricing and marketing bonds in the current market given the current rating levels and financial issues confronting the City.
- c. Discuss why your firm is well-suited to market and sell each credit of the City's bonds for which you are applying.
- d. Detail your firm's relevant experience with bond financings in the last 24 months. (please include in the above the issuer's name, credit ratings, credit type, par amount, structure (fixed, variable), and your firm's role (bookrunner, senior manager, co-manager). On this list, highlight or otherwise indicate any transaction for the City.

Issuer Name		Type of Credit	
Taxable/Tax-Exempt		Par Amount	
Your Firm's Role		Rating	
Structure		Issue Date	

- e. Describe your firm's secondary market support for the City's bond credits including your firm's average daily inventory of City securities over the last 24 months.

C. *Financing Specific Questions*

- a. Provide any recommendations on a proposed rating agency approach for each of the City's credits for which you are applying.
- b. Detail any recommendations for how the City could improve its securities disclosure process and practices for bonds.
- c. Provide any recommendations for how the City can strengthen the financial or legal structure of its bond credits. Such recommendations should be designed toward maintaining or improving ratings and/or improved market pricing.
- d. Describe what the City may do to enhance the receptivity of its investors. How can the City better diversify its investor base? Which institutional investors that do not currently hold the bonds would you target?