



Metropolitan Water Reclamation District of Greater Chicago

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Attachments: 1. Contract 20-RFP-04 Eligible Firms List.pdf

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TRANSMITTAL LETTER FOR BOARD MEETING OF OCTOBER 1, 2020

COMMITTEE ON PROCUREMENT

Mr. Brian A. Perkovich, Executive Director

Report on Request for Proposal 20-RFP-04 Professional Underwriting Services for District Bond Sales.

Dear Sir:

The Government Finance Officers Association (GFOA) recommend that issuers select professional service providers on the basis of merit using a competitive process of either a request for proposal (RFP) or request for qualifications. Such a process allows the issuer to compare the qualifications of proposers and to select the most qualified firm based upon the scope of services and evaluation criteria outlined in the RFP.

It is required that the underwriting teams utilized in District bond sales be knowledgeable and experienced, exhibit professionalism, and possess the expertise to carry out the required functions correctly and with the necessary timeliness. The Request for Proposal (RFP) 20-RFP-04, Professional Underwriting Services for District Bond Sales, was advertised on January 8, 2020. Twenty-eight acceptable proposals were received by February 21, 2020. The RFP evaluation team, comprising staff from the Treasury, Law, and Procurement and Materials Management departments, rated each firm's proposal for experience and qualifications in public finance and the underwriting and sale of general obligation bonds; technical approach and understanding of the requirements; and financial capability to underwrite bonds.

The evaluation committee created two lists as a result of this qualification process: eligible Senior Managing Underwriter and eligible Co-Senior Managing Underwriter. The lists of eligible firms identified by the RFP process is attached (Attachment A) and will be maintained for a five-year period ending September 30, 2025. Firms will be recommended from these lists to provide services for any bond sales that occur during that period based upon their ranking on the list, the specific requirements of the bond sale, and the District's MBE/WBE/VBE participation goals. The number of firms recommended will be dependent upon the size of each bond sale. The District provides no assurances that every firm ranked as eligible will be appointed to participate in a bond sale during the five-year period. The District may extend the life of the lists for a period of

up to one year at the conclusion of the five-year period with the approval of the Board of Commissioners.

Thirteen firms from the eligible lists also submitted a Minority-Owned Business Enterprise (MBE)/Women-Owned Business Enterprise (WBE)/Veteran-Owned Business Enterprise (VBE) Verification Form; these firms are noted in Attachment A. Whenever possible, a minimum of 30% of the work and services required by the RFP for each bond sale will be awarded to one or more MBE/WBE/VBE firm(s) from the lists of eligible firms. At the time of each bond sale, the Diversity Section will verify the recommended firms' MBE/WBE/VBE status if recommended for appointment.

All underwriters appointed for each bond sale will be removed from the respective eligible list for the remaining bond sales executed during the five-year period. The two lists are independent of each other; therefore, if a firm is appointed as Senior or Co-Managing Underwriter for a bond sale and is also eligible as Co-Managing Underwriter, only the listing on the Senior Managing Underwriter list is removed; if a firm is appointed as a Co-Managing Underwriter for a bond sale and is also eligible as Senior Managing Underwriter, only the listing on the Co-Managing Underwriter list is removed. The District reserves the right to reinstate eligible MBE/WBE/VBE firms to the lists within this period if there are not enough firms remaining to meet the bond sale's participation goals.

The evaluation committee believes this is a fair process which accomplishes the District's goal to utilize multiple eligible underwriting firms in order to ensure that the District's bonds become available to the broadest possible marketplace of investors at the lowest interest cost.

The next bond sale is expected to take place in 2021. Best and Final Offer (BAFO) cost proposals will be requested from firms eligible to serve as Senior Managing Underwriter when the bond sale timing and structure is defined. The BAFO cost proposals will be scored and added to the Technical Scores to arrive at a composite score for each firm; these composite scores will be used to determine a final ranked list of eligible Senior Managing Underwriters.

Firms will be recommended for appointment for the 2021 bond sale at a future Board Meeting date in 2021. The Senior Managing Underwriter will be selected from the final ranked list, which includes a technical component for competence/experience and a cost component. The Co-Managing Underwriters will be selected based upon technical competence and experience, and an ability to meet the District's MBE/WBE/VBE participation goals.

The underwriters' discount (fee for services) and administrative expenses will be paid according to the BAFO cost proposal, at a specified rate per \$1,000 principal amount of bonds sold; therefore, an exact cost will not be available until the size of the bond issuance is determined. No fees for professional services connected with the bond issuance will be paid unless the sale is completed.

The Board of Commissioners will be asked to approve the appointment of all professional underwriting services firms for each bond sale. Industry practice is to execute a bond purchase agreement (BPA) with only the Senior Managing Underwriter for each bond sale; therefore, the District will execute a BPA with the Senior Managing Underwriter and Book-Runner appointed for each sale.

Requested, Mary Ann Boyle, Treasurer

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for October 1, 2020

Attachment