



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 18, 2010

COMMITTEE ON FINANCE

Mr. Richard Lanyon, Executive Director

Report on the evaluation process for 10-RFP-21 Professional Underwriting Services for District Bond Sales

Dear Sir:

The Government Finance Officers Association (GFOA) recommends 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 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. The District implemented an RFP process in October 2010 in order to qualify the technical competence and experience of firms that provide professional underwriting services for bond sales, their financial capacity for underwriting bonds, and the overall cost to provide these services.

The RFP process was coordinated through the Director of Procurement and Materials Management. The evaluation committee which reviewed and evaluated the submitted RFP's consisted of staff from the Treasury, Finance, Law, and Procurement and Materials Management Departments. Responses were evaluated according to the criteria defined in the RFP. Firms were ranked based on the numeric score calculated by the evaluation committee. All firms with a technical score of 70 and above were considered qualified to participate in a District bond sale. A best and final cost proposal was required from all qualified firms submitting a proposal for the senior managing underwriter position. The best and final cost proposal results were calculated to arrive at a total score for each proposal. The firms with the two highest combined scores were recommended as the senior manager and book-runner and the co-senior manager. The co-managing underwriters were recommended based upon technical score and District requirements for regional sales representation and participation goals for minority-owned and women-owned business enterprises (collectively known as Protected Class Enterprises or "PCE").

It is the goal of the District that PCE firms shall have the maximum practicable opportunity to participate in the performance of District agreements. A minimum of 30% of the work and services described in this RFP for each bond sale will be awarded to PCE firms from the list of qualified candidates identified by the RFP process. It will be the responsibility of the District to award this work directly to firms. See Appendix A for firms which meet such requirements of this RFP (denoted by *).

The evaluation committee created two lists as a result of this qualification process: qualified senior managing underwriter and qualified co-managing underwriter. The list of qualified firms identified by the RFP process is attached (See Appendix A). The list of qualified firms will be maintained for a three-year period ending November 18, 2013. Firms will be recommended from this list by the evaluation committee to provide services for any bond sales that occur during that period based upon its ranking on the list, the specific requirements of the bond sale, and the District's requirements for regional sales representation and PCE firm(s) participation goals. The number of firms recommended will be dependent upon the size of the bond sale. The District provides no assurances that every firm ranked as qualified will be appointed to participate in a bond sale

during the three-year period.

All underwriters appointed for the 2010 bond sale will be removed from the respective qualified list for remaining bond sales executed during the three year-period. Underwriters to be appointed for future bond sales during the three year-period ending November 18, 2013, will be recommended by the evaluation committee from the firms remaining on the list based upon the technical scores established in the 2010 RFP process, the score associated with a new best and final cost proposal which will be requested for that sale from the qualified senior manager firms remaining on the list, and the District's requirements for regional sales representation and PCE participation goals. The Director of Procurement and Materials Management will request a new best and final cost proposal from the list of candidates remaining identified as qualified Senior Managers (See Appendix A).

The Senior Manager and Co-Manager lists are exclusive. If a firm is appointed as Senior Manager or Co-Senior Manager for a bond sale and is also qualified as a Co-Manager, only the listing on the Senior Manager list is removed. If a firm is appointed as a Co-Manager for a bond sale and is also qualified as Senior Manager, only the listing on the Co-Manager list is removed. The District reserves the right to reinstate qualified PCE firms to the lists within this period if there are not enough firms remaining to meet the District's PCE participation goals.

The evaluation committee believes this is a fair process which accomplishes the District's goal to utilize multiple qualified 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 Board of Commissioners will be asked to approve the appointment of all professional underwriting services firms for each bond sale. A bond purchase agreement will be executed with the senior managing underwriter and book-runner appointed for each sale. Industry practice is to execute a bond purchase agreement only with the senior managing underwriter.

Respectfully Submitted, Harold G. Downs, Treasurer, HGD:MAB:wns

Attachment