



For Agenda Of:

July 27, 2006

ITEM # 13

To: Sacramento Transportation Authority

Subj: Request for Proposals for Investment Banking Services

RECOMMENDATION

Authorize staff to distribute the attached request for proposals (RFP) for investment banking services in anticipation that the STA will issue public debt later this year to begin financing accelerated delivery of *New* Measure A capital projects.

DISCUSSION

Staff anticipates that your Board will adopt a Plan of Finance for the *New* Measure A transportation sales tax program at today's meeting. Consistent with the ambitious project delivery schedules submitted by Caltrans, RT, and the local jurisdictions, the Plan of Finance calls for debt financing of future Measure A sales tax and Countywide development impact fee revenues beginning later this year. In order to proceed with an issuance of securities, the STA must engage the services of an investment banking team.

Investment bankers are retained by municipal governments to assist in raising capital funds through the issuance of public debt. They act as intermediaries between the municipal issuer and private capital markets by purchasing debt instruments (bonds, notes, etc.) from the issuer and offering them for resale to investors. They also advise issuers on effective ways to structure debt instruments to generate more revenue, reduce the cost of issuance, and improve marketability. Investment bankers are compensated by the "spread" between the amount that they pay the issuer for notes or bonds and the price at which they are able to sell them to investors.

It is important to begin soliciting the services of investment bankers now so that we can begin compiling the underwriting team and preparing the securities instruments in the next couple of months. If approved by your Board, the RFP will be circulated tomorrow, with proposals due by August 14th. Staff will coordinate with our consulting financial advisors to review the proposals, conduct interviews if necessary, and recommend firms for consideration by your Board at the August 31st meeting. We may also request some of the local agency finance directors to evaluate a short-list of preferred proposals.

Please note that the STA's consulting financial and legal advisors and their affiliated companies are not eligible to compete for this procurement.

Respectfully Submitted,

Brian A. Williams
Executive Director

Attachment

C: Keith Curry – PFM, Inc.
Mark Harris – The Pineapple Group