

SACRAMENTO TRANSPORTATION AUTHORITY

Request for Proposals

Bond Counsel Services
Disclosure Counsel Services

PURPOSE

The Sacramento Transportation Authority (STA) is soliciting proposals from consulting legal firms interested in providing bond counsel and/or disclosure counsel services related to the Sacramento County Measure A transportation sales tax program:

- Assist the STA staff and the consulting financial advisor to identify and implement the most prudent and effective strategy(ies) for issuing public debt.
- Prepare and record all legal documentation associated with the issuance of public debt, as required by law and professional custom.
- Provide on-going advice and information to the STA staff, legal counsel, governing board, and consulting financial advisor on the legal requirements and implications of the STA's debt financing program.

It is anticipated that--subject to successful negotiation with a qualified consultant(s)--the associated services would commence in August 2011, with an engagement period of about five years.

BACKGROUND

The Measure A transportation sales tax program was first approved by Sacramento County voters in 1988. It imposed a ½-percent Countywide sales tax for 20 years (1989-2009) to fund a comprehensive program of roadway and transit improvements and services. On November 2, 2004, Sacramento County voters approved an Ordinance to extend and amend the ½-percent transportation sales tax program for 30 years (2009-2039). Eligible expenditures are set forth in "Sacramento County Transportation Expenditure Plan," which is part of the Ordinance.

Measure A is administered by the Sacramento Transportation Authority (STA), a 16-member panel of elected representatives of the County and incorporated cities. The Board consists of all five members of the County Board of Supervisors, 5 members of the Sacramento City Council, 2 members from the City of Elk Grove City Council, 1 member each from the city councils of Citrus Heights, Folsom, and Rancho Cordova, and one member appointed concurrently by the city councils of Galt and Isleton. The STA is a *Local Transportation Authority* as set forth in the California Public Utilities Code, Sec. 180000.

The STA issued Bond Anticipation Notes (BANs) in 2006 and 2007. In 2009, the STA issued three series of long-term sales tax revenue bonds (Variable Rate Demand Bonds backed by three Standby Bond Purchase Agreements). At that time the BANs were refunded. Future interest rates on the 2009 bonds are hedged with three interest rate swap agreements.

This Request for Proposals (RFP) is being distributed by the STA in its capacity as the administering agency for the Measure A transportation sales tax program. The RFP is intended solely to identify consulting legal firms interested and qualified to assist the STA and its consulting financial advisor with the issuance of public debt. It is not intended to solicit legal advisory services related to other work elements for which STA is responsible.

REQUESTED SERVICES

The STA is seeking to select a firm to serve as Bond Counsel and a firm to serve as Disclosure Counsel for any upcoming debt financings or associated transactions. The selected firms will also provide on-going legal advice as requested by the Executive Director. Interested firms may submit proposals for Bond Counsel or Disclosure Counsel or both. Responders shall indicate in the cover letter to the Proposal for which category(ies) of service they wish to be considered. STA anticipates selecting one preferred firm in each category. The same firm will not be selected for both categories.

Anticipated services may include, but not be limited to:

Bond Counsel

- Advise the STA on legal and tax issues pertaining to the structuring of transactions
- Draft and review documents required for the authorization, issuance, sale, and delivery of bonds
- Coordinate the authorization and execution of required documentation
- Review existing legal documents including indenture, supplemental indentures, standby bond purchase agreements, and swap agreements
- Obtain consents and documentation required for potential liquidity replacement
- Amend swap agreements and bank liquidity agreements, as appropriate
- Deliver required legal opinions related to enforceability of bonds and exclusion of interest from gross income of bondholders for federal and California income tax purposes
- Prepare closing documents
- Coordinate pre-closing and closing transactions
- Attend and participate in meetings related to STA financings
- Assist in the preparation of presentations to the STA Governing Board, rating agencies, and investors, as appropriate

Disclosure Counsel

- Advise the STA on relevant disclosure matters
- Prepare the relevant disclosure documents required for the issuance of bonds, including the Preliminary Official Statement and the Official Statement
- Deliver the opinion(s) of disclosure counsel, as required, including a 10b-5 opinion

- Attend and participate in meetings related to STA financings
- Assist in the preparation of presentations to the STA Governing Board, rating agencies, and investors, as appropriate

PROPOSAL CONTENTS

Transmittal Letter

The Proposal should include a cover letter of no more than two pages summarizing the firm's interest in providing the described services. It should be signed by an individual authorized to negotiate and execute a contract.

Firm Overview

Provide a brief overview of the organization, size, and ownership structure of the firm. Please describe your firm's commitment to public finance and the firm's available resources and presence in California.

Qualifications and Experience

1. Describe the firm's experience serving as bond counsel and/or disclosure counsel on the following types of transactions:
 - Variable rate bonds supported by bank liquidity facilities (LOCs and SBPAs)
 - Alternative variable rate products (e.g. floating rate notes, proprietary bank products, etc.)
 - Interest rate swap agreements
 - Fixed rate bonds
2. Describe the firm's experience working with municipal entities similar to the Sacramento Transportation Authority. Please review relevant transactions from the following categories and provide a list of transactions (in an appendix) since 2008 for which the firm has served as counsel:
 - Transportation transactions nationally and in California
 - Sales tax transactions nationally and in California
 - California Self Help County transactions
3. Provide three brief case studies of California transportation transactions (preferably involving county sales tax agencies) managed by the lead attorney proposed to oversee an STA engagement, including:
 - Engagement description and location
 - Client name and primary contact
 - Key personnel involved
 - Fee arrangement and total value of services

Personnel

Provide a complete listing of the legal team to be assigned to an STA engagement, including lead attorney, tax counsel, and associates. For each key person, provide a description of his/her background and experience with California sales tax and transportation debt and his/her office location. Resumes should be attached in an appendix.

Approach

1. Identify and describe legal and tax issues the STA should consider as it contemplates replacing liquidity providers or restructuring a portion of its existing underlying variable rate bonds as floating rate notes or a similar alternative variable rate product.
2. What issues should the STA consider with respect to its outstanding interest rate swaps as it contemplates restructuring some portion of its existing bond portfolio?

Other Requirements

1. Provide a statement that the firm is not in default to the State of California or any public agency in Sacramento County for taxes, licenses, or previous agreements. The statement should include a summary of legal or regulatory violations, pending or actual investigations by regulatory agencies, or other legal matters involving the firm during the prior three years.
2. Provide a statement that the firm is an Equal Opportunity Employer (EOE) as defined by federal and state statutes.
3. Indicate any conflict of interest the firm might have in serving as Bond Counsel or Disclosure Counsel for the STA.

Fees

1. Indicate the firm's proposed fees and estimated expenses for the types of transactions listed below. The STA prefers to pay a fixed fee or a not-to-exceed fee per transaction. Indicate whether the proposed fees are subject to a cap; if so, identify the not-to-exceed amounts. Note whether such fees are contingent upon successful implementation of the transaction:
 - Fixed rate bonds
 - Fixed rate notes
 - Variable rate bonds or notes (VRDBs, FRNs, etc.)
 - Bank facility / Letter of Credit renewal or replacement
 - Swap agreement amendment and termination
2. Present the proposed hourly charge rate (including overhead) for each member of the legal team for on-going advisory and consultation services on matters not related to any specific transaction.

3. Describe any limitations to the proposed fees and/or list any exception items and the associated list cost. Such items might include preparing or reviewing non-standard documents or opinions, or performing a significant amount of tax analysis.

SUBMITTAL REQUIREMENTS

The Proposal is due at close of business on **Wednesday, July 20, 2011**. It should be submitted in a sealed envelope or container labeled: ***PROPOSAL FOR MEASURE A BOND/DISCLOSURE COUNSEL***. Proposals submitted after the deadline will not be considered. Facsimile or electronically transmitted proposals will not be accepted. The Proposal should be simply bound and measure 8½” x 11.” Annual reports and marketing materials not directly related to the information requested in this RFP should not be submitted. Please limit the response to 20 pages or less, not including the appendices.

Four (4) copies of the Proposal should be sent to the attention of:

Gloria Busby
Office Manager
Sacramento Transportation Authority
431 I Street, Suite 106
Sacramento, CA 95814-2320

In addition, two copies of the Proposal should be sent to the attention of the STA’s consulting financial advisor:

Peter Shellenberger
Managing Director
Public Financial Management, Inc.
50 California Street, Suite 2300
San Francisco, CA 94111

All submittals become the property of STA, and will be considered public records after an associated agreement is executed.

Addenda/Questions

Any adjustment made by STA to the provisions set forth in this RFP after it has been distributed will be made by written addendum distributed to all parties that have received an RFP packet. Responders should acknowledge receipt of any such addenda in the transmittal letter enclosed with the Proposal. STA is not bound to any modifications or variations from the requirements set forth herein as the result of any oral communication.

All questions from Responders regarding the provisions set forth in this RFP must be submitted to the STA in writing no later than close of business on **Tuesday, July 12, 2011**. Questions submitted after this date will not be acknowledged. Questions may be submitted (Attn: GLORIA BUSBY) via the following methods:

US Mail: Sacramento Transportation Authority
431 I Street, Suite 106, Sacramento, CA 95814
Pvt. Courier: Sacramento Transportation Authority
431 I Street, Suite 106, Sacramento, CA 95814
Facsimile: 916-323-0850 – Attn: Gloria Busby
E-mail: gloria@sacta.org

EVALUATION

STA will convene a panel of local public agency finance professionals and/or attorneys to review the proposals and develop a recommendation on the preferred firm(s). Interviews may be conducted. On July 28, 2011, the STA Governing Board will select the preferred firms with which to negotiate formal agreements. The preliminary evaluation schedule is as follows:

June 16: STA Governing Board authorizes distribution of RFP
June 17: RFPs distributed to consultant list and posted on STA website
July 12: Deadline for submitting questions on the RFP
July 14: Answers to questions posted on STA website
July 20: Proposals due to Authority
July 21-26 Panel reviews proposals and recommends “preferred” consulting firm(s);
panel conducts interviews (if necessary)
July 28: STA Governing Board selects “preferred” consulting firm(s)

STA reserves the right to award contracts to the firms whose qualifications and price proposals, in the sole judgment of the STA, most closely match the needs of the Measure A program. The STA also reserves the right to reject any or all of the submittals, or to waive minor irregularities in the proposal process. Solicitation of proposals in no way obligates the STA to contract with any firm. Selection of preferred firms may be made without subsequent discussion with any Responder. As such, the Proposal should emphasize qualifications and experience directly relevant to the advisory needs of the STA, and it should contain the Proposer’s most favorable terms and conditions.

Thank you for your interest in this important matter.

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Enclosures: *New* Measure A Ordinance (#STA-04-01)