



**FEBRUARY 14, 2013**

**AGENDA ITEM # 11**

**REQUEST FOR QUALIFICATIONS FOR UNDERWRITING SERVICES**

**Action Requested:** Authorize Distribution of RFQ

**Key Staff:** Brian Williams, Executive Director

---

**Recommendation**

Authorize staff to distribute the attached RFQ for underwriting services.

**Discussion**

Investment bank underwriters are retained by municipal governments to assist in raising capital funds through the issuance of public debt. They act as intermediaries between a municipal issuer and the 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. The STA has engaged an assortment of investment banks during the past six years to facilitate bond deals, interest-rate swap agreements, and liquidity contracts associated with the Measure A transportation sales tax program.

STA maintains a pool of candidate investment banking underwriters that have an interest and ability to assist it in conducting financial transactions. As your Board prepares to issue debt or conduct related transactions, proposals and fees for specified underwriting services are solicited from the firms in the pool. These firms are effectively “pre-qualified” to provide underwriting services to STA.

The existing pool of 14 banks expired at the end of 2012. There has been substantial change in the investment banking industry during the past few years, with many firms leaving the municipal finance market and others adding that practice. While we don't expect to issue additional Measure A bonds until at least 2016, staff must begin renewing or replacing existing liquidity contracts associate with the Series 2009 Bonds later this year.

*Attachment*