

State of Georgia
Request for Qualifications (“RFQ”)
For Underwriting Services
April 17, 2020

The State of Georgia (the “State”), acting by and through the Georgia State Financing and Investment Commission, plans to issue general obligation bonds in June 2020. Tentatively, the bond issue(s), subject to market conditions, is expected to consist of both tax-exempt and taxable bonds to provide funds for various capital outlay projects in the State totaling up to \$850 million. The State also may contemplate a small series of tax-exempt refunding bonds and/or a “taxable advance refunding” of outstanding general obligation bonds. The issuance of any refunding bonds is subject to the State’s determination that it will achieve significant debt service savings, which is dependent upon market conditions and other events beyond the control of the State. Gray Pannell & Woodward LLP has been selected to serve as bond counsel, Kutak Rock LLP as disclosure counsel, and Public Resources Advisory Group and Terminus Municipal Advisors as co-financial advisors to the State. The State, bond counsel, and disclosure counsel will have primary responsibility for preparation of all major documents such as the Preliminary and final Official Statement, the Continuing Disclosure Certificate, and the Bond Purchase Agreement.

The State primarily has sold its general obligation bonds by the competitive sale method. Due to current market conditions, however, the State is requesting qualifications for book-running senior managing underwriter and co-managing underwriters in the event the State decides to proceed with one or more negotiated sales of bonds in June 2020. The State reserves the right to sell all or some of the bonds via competitive sale(s) if the State believes that market conditions are favorable for competitive sales. The selection of an underwriting syndicate does not guarantee that this transaction will be executed as a negotiated sale, if at all; however, the State reserves the right to use the results of this selection process for subsequent negotiated sales of general obligation bonds. The expenses of preparing and submitting the response to this RFQ will be the responsibility of the responding firm. *The State may amend or cancel this RFQ at any time if the State deems it to be necessary, appropriate or otherwise in the best interests of the State and reserves the right to waive any irregularity in any responses.*

Responses are due not later than **12:00PM EDT on May 1, 2020**. Please e-mail your responses to the following:

Diana Pope
Director
Georgia State Financing and Investment
Commission
diana.pope@gsfic.ga.gov

Lee McElhannon
Director of Bond Finance
Georgia State Financing and Investment
Commission
lee.mcelhannon@gsfic.ga.gov

Steven Peyser
Public Resources Advisory Group
speyser@pragadvisors.com

Janet Lee
Public Resources Advisory Group
jlee@pragadvisors.com

David Corbin
SMC Terminus Group, Inc.
david.corbin@smcterminus.com

The following is the projected schedule for this request for qualifications process:

<u>Event</u>	<u>Date</u>
Issuance of RFQ	April 17, 2020
Deadline for Questions Related to RFQ	April 21, 2020, 2:00PM EDT
Deadline for Submission of Responses	May 1, 2020, 12:00PM EDT
Anticipated Notification of Successful Firm(s)	Week of May 11, 2020

All questions related to this request for qualifications should be directed by e-mail to Janet Lee at Public Resources Advisory Group (E-mail: jlee@pragadvisors.com) not later than 2:00PM EDT on April 21, 2020. Any contact with State officials or other members of the financing team regarding issues raised by this request for qualifications is prohibited and may result in disqualification.

Selection Criteria

The selection of underwriters will be made upon review of the following factors:

- Experience with underwriting bond issues since January 1, 2019.
- Experience in underwriting bonds by Georgia issuers since January 1, 2018.
- Firm's participation in the State's competitive sales of general obligation and guaranteed revenue bonds since January 1, 2015.
- Approach to marketing the proposed bonds.
- Project team assigned.
- Firm presence in Georgia.
- Firm's experience with making a secondary market in the State's general obligation and guaranteed revenue bonds from January 1, 2015 through March 31, 2020; initial underwritings of the State's general obligation and guaranteed revenue bonds are not considered secondary market activities.

Questions

Firms requesting to be considered for the book-running senior managing underwriter position should respond to all questions. The State may designate more than one firm as senior managing underwriters, but only one firm per sale will be designated as the book-runner. Firms requesting to be considered only for co-manager underwriting positions should respond to questions 3, 4, 5, 6, 13, 14 and 15. ***Responses must be submitted as a "pdf" file and limited to a maximum of 11 pages in a 12-point font with minimum margin of 3/4 inch on all sides, not including the firm's cover letter (not to exceed one (1) page) and any appendices provided in response to questions 1, 2, 3, 4, 5 and 15. Efforts should be made to provide concise and brief responses.***

1. Briefly describe your firm's experience serving as book-running senior manager for tax-exempt bond issues of \$250 million or more since January 1, 2019. Multiple series of bonds which are issued under the auspices of a single Official Statement and which have the same security for each separate series may be combined to constitute a single issue for purposes of this item.
2. Briefly describe your firm's experience serving as book-running senior manager for bonds issued by Georgia governmental issuers of \$100 million or more since January 1, 2018; conduit financings by an issuer for use by a non-governmental obligated person are not considered governmental issues, unless security also is provided by a governmental devise such as an absolute pledge of a governmental unit's taxing power.
3. Provide the firm's history of submitting bids as syndicate manager or sole underwriter for the State's competitive bond sales since January 1, 2015, noting the winning bid and your firm's bid for the competitive sale. If your firm bid as part of a syndicate which submitted the winning bid, indicate the role of your firm in the syndicate and percentage participation level.
4. Describe your firm's experience in "making a secondary market" in the State's general obligation bonds (base CUSIPs 373382, 373383, 373384, and 373385) and guaranteed revenue bonds (base CUSIP 37358M) from January 1, 2015 through March 31, 2020. Information may

include daily average balance held in inventory, daily average amount of bonds sold and number of trades, daily average amount of bonds traded and number of trades to other dealers, and daily average amount of bonds purchased for resale and number of such trades. Tabular information may be presented on a monthly or annual basis prior to 2020, and on a monthly basis for 2020. Other information may be presented in addition to, or as an alternative to the information categories cited above.

5. Identify the personnel that will be assigned to the sale. Be specific regarding the person or persons who would have day-to-day responsibility. Please provide phone number and e-mail address of the primary contact. Brief resumes as to experience with state level general obligation bond issues and with any issuers in the state of Georgia may be provided in an appendix.
6. Describe your assessment of current market conditions for tax-exempt and taxable bonds and how your firm would market the State's general obligation bonds in the current municipal bonds market environment. Describe your firm's institutional marketing network for municipal bonds and your ability to market the bonds on a retail basis within Georgia. Include the number and locations of institutional and sales offices in Georgia, number of institutional retail brokers working in those offices, the approximate number of institutional retail accounts in Georgia, and the total number of employees located in offices within the State. Numbers cited may reflect pre-COVID-19 operations within the State except if permanent closures of locations and employee reductions have been instituted as part of your firm's response to the COVID-19 pandemic, in which case the response should provide information describing the changes.
7. While the State currently does not anticipate having any short-term borrowing needs, given the uncertainty of the COVID-19 impact, the State may need to explore short-term borrowing options for intra-fiscal year cash flow purposes. Describe options that the State may consider. Briefly describe the current market for tax anticipation notes and your firm's experience serving as book-running senior manager for tax anticipation notes in the current environment. Also, describe any ability of your firm to provide other short-term financing alternatives such as a bank loan, line-of-credit, standby bond purchase for other short-term borrowing alternatives the State might consider.
8. Discuss one transaction in which your firm served as book-runner which would serve as a comparable for the State's transaction including approaches to address the challenges faced in the current market. (For this purpose, the general demarcation point would be beginning March 1, 2020.)
9. Provide indicative tax-exempt and taxable pricing scales (coupons, spreads to MMD/UST, as applicable, and yields) for the proposed bond issue(s) based on market conditions as of 3:00PM EDT, April 29, 2020, assuming a 10-year par call and 20-year amortization. For taxable bonds, the State's preference is to have a 10-year par call; provide the pricing difference with a make-whole call and factors the State may want to consider in determining this or alternative call provisions.
10. If the State pursues a "taxable advance refunding," the State likely would need to issue taxable premium bonds to meet its constitutional requirement that the refunding par amount cannot exceed the refunded par amount (on a yearly basis and in aggregate). Also, the final maturity of refunding bonds cannot exceed the final maturity of the refunded bonds. Please indicate how the indicative pricing for the taxable bonds could change.

11. Note – this item is requested as a matter of information only at this stage (and the amounts cited could change considerably either up or down); so that responses may be compared on an equal footing, assume the issue consists of \$600 million of tax-exempt new money bonds, level annual debt service amortization using 5% as the rate of interest, and a final maturity of July 1, 2040; and taxable new-money bonds of \$250 million at current market rates, level annual debt service amortization, and a final maturity of July 1, 2040. Provide the estimated fees and expenses for the bond issue:
 - a. Takedown (takedowns by maturity and average takedown),
 - b. Expenses (itemized, including underwriter's counsel),
 - c. Any other fees (itemized).
12. Please identify one or more firms, with name of designated individual and contact information, to serve as underwriters' counsel and their estimated cost.
13. Provide a discussion of the proposed, potential, or preferred structure of the syndicate, including a brief discussion of the use and number of co-managing underwriters and/or selling group members. Provide recommended priority and designation rules, but in-State retail should receive maximum award of bonds, if possible.
14. Provide your firm's capital position as of the date of its most recently published statement of financial position (include information on your total capital, equity capital, excess net capital and daily average uncommitted capital). Discuss your firm's ability and willingness to underwrite bonds given the current market situation.
15. Please disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your being hired for this engagement. Identify fully the extent to which your firm or individual partners or employees are the subject of any ongoing securities investigation, are a party to any securities litigation or arbitration, or are the subject of a subpoena in connection with a municipal securities investigation, including any investigations involving auction rate securities. Include any such investigations which concluded in an enforcement or disciplinary action ordered or imposed in the last three years. In addition, describe the current status and timing of any previously announced mergers with, or acquisitions of, any other firm which could impact your engagement with the State.