



REQUEST FOR PROPOSALS

to serve as

SENIOR MANAGING UNDERWRITER

or

CO-MANAGING UNDERWRITER

A. REQUEST FOR PROPOSALS

The Rhode Island Infrastructure Bank (the “Bank”) is requesting proposals for SENIOR MANAGING UNDERWRITER or CO-MANAGING UNDERWRITER with respect to its borrowing programs for a twenty (24) month period commencing with the date of appointment.

The Bank closed 6 bond issues during fiscal 2016. Three new money issues comprising two Clean Water and one Drinking Water totaling \$97.7 million dollars and three refunding issues, two Clean Water refundings and one conduit refunding for the City of Pawtucket totaling \$97.6 million dollars.

It is anticipated, but not assured, that the Bank will issue approximately \$40 million in bonds as part of its existing leveraged Water Pollution Control Revolving Fund Pool during calendar year 2017 and a yet to be determined amount for calendar year 2018. The Bank also administers the Drinking Water State Revolving Fund (DWSRF). It is anticipated, but not assured, that the Bank will issue approximately \$35 million in bonds as part of its existing leveraged Drinking Water Revolving Fund Pool during calendar year 2017 and a yet to be determined amount for calendar year 2018. As of 2013, the Bank administers the Municipal Road and Bridge Revolving Loan Fund Program. The Bank anticipates that during 2017 it will issue its initial Municipal Road and Bridge Bonds. The Bank could issue approximately \$30 million in Municipal Road and Bridge bonds and a yet to be determined amount for calendar year 2018. The Bank also administers the recently created Efficient Buildings Fund program and anticipates working with a selected underwriter in further developing the program, including the initial issuance of EBF bonds in calendar year 2017. The initial issuance is expected to be \$40 to \$60 million. The Bank administers a number of other programs which do not necessarily involve the issuance of bonds. See the Bank’s website (www.riinfrastructurebank.com) and annual report for further information regarding the Bank and its programs.

Proposals must conform to the requirements of this Request for Proposals and should not exceed fifteen pages in length, including exhibits. A concise executive summary and cover letter should accompany each proposal. The proposal must indicate whether your firm is proposing to be considered for Senior Managing Underwriter, Co-Managing Underwriter, or both and include contact information for your firm’s primary Bank contact.

Three copies and an electronic copy of the proposal shall be submitted to the Bank with the electronic copy to Michael Larocque, Chief Financial Officer, at mlarocque@riinfrastructurebank.com:

Rhode Island Infrastructure Bank
235 Promenade Street, Suite 119
Providence, Rhode Island, 02908

Proposals are due at the offices of the Bank no later than 4:00 pm, Wednesday, December 21, 2016. Proposals received after this time will not be accepted.

Questions are due by December 8, 2016, and responses to questions received will be posted on the Bank's website no later than 4:00pm on December 13, 2016. All questions should be directed by email to Michael Larocque at mlarocque@riinfrastructurebank.com.

Respondents are advised that all submissions (including those not selected for engagement) may be made available to the public on request upon completion of the process. Accordingly, any information included in the proposal that the respondent believes to be proprietary or confidential should be clearly identified as such.

B. DEFINITIONS

The words and phrases used within this Request for Proposals have the same meaning as the words and phrases in Chapter 46-12.2 for the Water Pollution Control Revolving Fund (the WPCRF), Chapter 46-12.8 for the Safe Drinking Water Revolving Loan Fund (SDWRLF) to be herein after referred to as the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF), and any other Rhode Island General Laws governing the administration of Bank administered programs.

C. BACKGROUND INFORMATION

The Bank was established in 1989 as a body politic and corporate and public instrumentality of the state having distinct legal existence from the state and not constituting a department of the state government to administer certain federal and state programs relating to municipal or community wastewater and drinking water financial assistance.

The powers of the Bank are vested in a five member Board of Directors. The Board appointed Jeffrey R. Diehl as Executive Director and Chief Executive Officer in March, 2016. Harrington and Vitale, LTD. serves as Bank legal counsel. Nixon Peabody serves as bond counsel and First Southwest, a Division of Hilltop Securities Inc. serves as Financial Advisor to the Bank. US Bank National Association serves as the trustee for the Clean and Drinking Water pooled loan programs and commencing in FY16, RSM serves as the Bank's Independent Auditor. Additional information regarding the Bank may be obtained from the most recent Official Statement which is available upon request.

D. BANK PROGRAMS

1. **Clean Water State Revolving Fund (CWSRF):** The CWSRF is a loan program for local governmental units to finance wastewater infrastructure projects. For a project to be eligible for funding, it must be on the Department of Environmental Management's (DEM) Project Priority List (PPL) and receive a Certificate of Approval (CA) from DEM. Prospective borrowers apply to DEM, which prepares a PPL on an annual basis, and then apply to RIIB for funding of the proposed projects. Since the inception of the CWSRF, loans totaling \$1.3 billion have been made to municipalities, the Narragansett Bay Commission (NBC) and the Rhode Island Airport Corporation. RIIB's financing structure allows borrowers to receive a reduction from their market borrowing rate.

To provide funding for the CWSRF, RIIB borrows funds in the private or public capital markets and combines this capital with government funds. Government funding for the program is available from three main sources: federal capitalization grants provided by the EPA, State match monies, and revolved capital. Federal funds are made available under Title VI of the Federal Clean Water Act that established the CWSRF loan program. A state match of 20% of the total Federal grant award is required to receive a capitalization grant. The annual grant award to Rhode Island is based on a specific percentage of the total amount appropriated for the program each year by Congress and is not based on project needs in any given year. Each year, RIIB applies for and receives a capitalization grant from the EPA. After receiving the capitalization grant, RIIB leverages the funds to mobilize private sector capital and maximize the amount of funding that is available to provide loans.

2. **Drinking Water State Revolving Fund (DWSRF):** The DWSRF was created in 1996 by the Federal Safe Drinking Water Act Amendments of 1996 to finance drinking water projects. The DWSRF provides low-interest loans to local governmental units and publicly and privately organized water suppliers. Projects relate to the planning, design and construction of safe drinking water supply, treatment and transmission infrastructure. The Department of Health (DOH) prepares a PPL to rank potential projects according to several health and economic criteria prior to eligibility for DWSRF financing. One priority of the program, as mandated by the Federal government, is to assist small water suppliers and disadvantaged communities. To date, RIIB has made \$428.7 million in DWSRF loans to Rhode Island communities and water suppliers, including \$42.4 million in FY 2016.

The DWSRF receives federal funding under Section 1452 of the Safe Drinking Water Act Amendments of 1996, with RIIB agreeing to provide State matching funds. RIIB leverages Federal capitalization grants to mobilize private sector capital so as to maximize the dollar amount available for loans and reduce the cost of funds for borrowers. DWSRF funds are used to:

- Assist small systems in preparing applications for revolving fund assistance;
- Assist all public water supply systems in maintaining financial, managerial and technical abilities and to maintain compliance with the Safe Drinking Water Act Amendments of 1996;
- Assist small systems in meeting compliance with the Act; and
- Provide financing assistance, primarily through the issuance of RIIB Drinking Water revenue bonds and direct loans.

3. **Municipal Road and Bridge Revolving Fund (MRBRF):** The MRBRF was established in 2013 to provide a source of affordable financing for road and bridge projects in Rhode Island's cities and towns. Communities seeking funding for projects through the MRBRF must apply to the Rhode Island Department of Transportation (RIDOT), which produces a PPL on an annual basis. Communities receiving loans through the program receive a reduction in borrowing costs from their market rate. Loan terms can range from five to twenty years, but may not exceed the useful life of the project being financed. Funding for the program is provided from existing RIIB capital and the premium received on state bond issuances that are allocated to RIIB. To date, RIIB has made 19 loans to 14 communities totaling \$24.8 million through the MRBRF, including loans to four communities totaling \$6.2 million in FY 2016.

4. **Efficient Buildings Fund (EBF):** Authorized by Chapter 46-12.2-4.2 of the Rhode Island General Laws, the EBF was created to fill a funding gap in the State by providing attractive long-term financing for energy efficiency and renewable energy projects in buildings owned by municipalities or quasi-state agencies. Entities seeking to finance projects through the EBF must first apply to the Office of Energy Resources (OER), which ranks and scores the applications, resulting in the production of a PPL. After the PPL is released, applicants may apply to RIIB for financing. The EBF seeks to finance deep energy retrofits that will result in electric and heating savings greater than 20% across all properties receiving improvements in a given community or agency. Working in partnership with OER, RIIB finalized rules and regulations for the program late in 2015 and the first PPL was released by OER in early 2016. In total, 28 applications were received with a total request for financing of \$62.2 million. \$27.0 million in projects did not proceed to financing and we are expecting many of these applicants to reapply for financing during the second application period. Approximately \$18.0 million of projects were financed by applicants using their own resources and through other short-term private capital solutions. EBF closed \$17.2 million in attractive long-term financing for projects in six communities that reduced energy and maintenance costs and resulted in cash flow positive projects.

E. ITEMS TO BE INCLUDED WITH YOUR PROPOSAL

I. GENERAL INFORMATION

- a. Provide a brief description of your firm, including but not limited to the following:
 - * Discuss your firm's Public Finance Department and its ability to handle both leveraged and market-rate pool financing, utilizing tax-exempt bonds.
 - * Discuss your firm's institutional sales capability
 - * Discuss your firm's retail sales capability
 - * Discuss the issues which should be addressed in developing a marketing strategy for the Bank, including but not be limited to, how you would deploy retail and institutional sales distribution, identify target investors for each maturity range,

marketing strategy methods to communicate the sale to potential investors, and other ideas to obtain the best price. Include information as to how best to balance the objectives of obtaining the lowest effective interest rate for the Bank's bonds with optimal call flexibility.

- * Discuss your firm's structured finance capabilities and how they might be applied to the Bank's balance sheet and risk management strategy.
- * Discuss your firm's underwriting and trading group and indicate equity capital, net capital, and excess net capital calculated in accordance with SEC Rule 15c3-1 for the past three years. Please include examples of underwriting unsold balances.
- * For Senior Managers - Discuss the procedures which would ensure efficiency and provide equity for bonds to all participants of the syndicate and selling group.
- * In today's market what is your preferred method of hedging interest rate risk on variable rate debt or the future issuance of fixed rate debt? Please discuss the risks and benefits associated with each method.
- * For Co-managers - Discuss the procedures which the book-running manager should adopt to ensure equity to all participants of the syndicate and selling group.
- * Describe the affirmative action programs undertaken by your firm and the number and percentage of minorities and women in key managerial positions within your Public Finance Department.
- * Identify any material litigation, administrative proceedings or investigations in which your firm is currently involved or which may be threatened against your firm or which have been settled during the past two years. State whether there is currently any litigation between your firm and the State of Rhode Island or related entities.
- * Identify any material contracts, fee sharing agreements or other arrangements or dealings, direct or indirect, with the Bank or any of its consultants, employees, directors or the appointing authorities for any of its directors which may have a material effect on your selection or, if selected, on your performance, costs and profits. Describe the internal review, control or other process used by your firm to ensure that all such matters are identified and brought to the attention of the Bank.
- * Identify whether there are any pending investigations or completed investigations within the past five years by the SEC or any other regulatory body regarding the conduct of your firm or the firm's management.

II. RELEVANT EXPERIENCE AND RESOURCES

- a. List (i) all State Revolving Fund Agencies bond issues, (ii) all municipal loan pool bond issues and (iii) all other leveraged pool bond issues for which your firm served as Senior Managing Underwriter or Co-Managing Underwriter in the past three years. (This information may be presented as an exhibit to your proposal in addition to the 15 page limitation).

For Senior Managing Underwriters - Please include information in the following format:

Name of issuer
Size of issue
Date of issue
Taxable or tax-exempt issue
Ratings
Underwriting participation
Amount taken down
Management Fee
Underwriting Fee
Expenses
Takedown
Gross spread
TIC
Special structural features

For Co-Managers - Please include the information in the following format:

Name of issuer
Size of issue
Date of issue
Taxable or tax-exempt issue
Underwriting participation
Amount taken down

- b. Summarize your experience as a Senior Manager and as a Co-Manager of Rhode Island bonds for the past three years.
- c. Indicate which member(s) of your Public Finance Department would be involved with the Bank. Provide appropriate background information on such persons and identify what their responsibilities would be in serving the Bank.

- d. If your proposal relies on capabilities of your firm outside of your Public Finance Department, provide examples where professionals outside of your department have made meaningful contributions to activities of your State Revolving Fund and other public finance clients.
- e. Describe your firm's technical capabilities including a description of your computer hardware and software. Indicate whether you rely upon external sources for cash flow analyses of leveraged pool financings.
- f. Provide three references from among your public finance clients including names, addresses and phone numbers.
- g. Describe any recent innovative public finance techniques or structures which your firm has developed. Identify the transactions in which they were used.
- h. If chosen as a Co-Manager, what do you perceive your role to be? How would you serve the Bank?

III. COSTS

- a. Describe what your firms' underwriters' discount (management fee, underwriting fee, expenses and takedown) would be for a \$35 million market-rate issue. Would your fees be different if you priced for a \$75 million SRF deal?

IV. FINANCING RECOMMENDATIONS

- a. List your firm's experience in structuring financing programs that would be attractive to municipal borrowers.
- b. What recommendations would you give to the Bank to improve and/or change the structure of the two SRF Bond Issues/Programs?
- c. Please comment on current market conditions and recommend appropriate financing strategies to the Bank.
- d. Please describe the methodology your firm employs or would recommend to generate going-away retail orders for Rhode Island investors in connection with the negotiated sale of Bank bonds. In particular, please comment on the appropriate use of a separate retail order period preceding the institutional pricing of a Bank issue, its optimal length, the rules which should govern such a period, and the extent to which particular market conditions or other factors related to any specific issuance would change your recommendations.

- e. List your firm's experience in structuring balance sheet management programs that would be attractive to municipal borrowers.
- f. The successful lead underwriter may be required to host a Bank investors meeting.

F. MISCELLANEOUS

1. The Rhode Island Infrastructure Bank encourages the participation of persons of color, women, persons with disabilities and members of other federally and State-protected classes. Describe your firm's affirmative action program and activities. Include the number and percentage of members of federally and State-protected classes who are either principals or senior managers in your firm, the number and percentage of members of federally and State-protected classes in your firm who will work on Rhode Island Infrastructure Bank's engagement and, if applicable, a copy of your Minority- or Women- Owned Business Enterprise state certification.
2. Discuss any topics not covered in this Request for Proposals that you would like to bring to the Rhode Island Infrastructure Bank's attention.
3. The Rhode Island Infrastructure Bank insists upon full compliance with Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors. This law requires State Vendors entering into contracts to provide services to an agency such as the Rhode Island Infrastructure Bank, for the aggregate sum of \$5,000 or more, to file an affidavit with the State Board of Elections concerning reportable political contributions. The affidavit must state whether the State Vendor (and any related parties as defined in the law) has, within 24 months preceding the date of the contract, contributed an aggregate amount in excess of \$250 within a calendar year to any general officer, any candidate for general office, or any political party.
4. Does any Rhode Island "Major State Decision-maker," as defined below, or the spouse or dependent child of such person, hold (i) a ten percent or greater equity interest, or (ii) a Five Thousand Dollar or greater cash interest in this business?

For purposes of this question, "Major State Decision-maker" means:

(i) All general officers; and all executive or administrative head or heads of any state executive agency enumerated in § 42-6-1 as well as the executive or administrative head or heads of state quasi-public corporations, whether appointed or serving as an employee. The phrase "executive or administrative head or heads" shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff;

(ii) All members of the general assembly and the executive or administrative head or heads

of a state legislative agency, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff;

(iii) All members of the state judiciary and all state magistrates and the executive or administrative head or heads of a state judicial agency, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel, chief of staff or state court administrator.

If your answer is “Yes,” please identify the Major State Decision-maker, specify the nature of their ownership interest, and provide a copy of the annual financial disclosure required to be filed with the Rhode Island Ethics Commission pursuant to R.I.G.L. §§36-14-16, 17 and 18.

5. Please include a letter from an authorized officer of your firm certifying that (i) no member of your firm has made inquiries or contacts with respect to this Request for Proposals other than in an email or written communication to Michael Larocque, mlarocque@riinfrastructurebank.com from the date of this RFP through the date of your proposal, (ii) no member of your firm will make any such inquiry or contact until after selection of a firm is made by the Bank, (iii) all information in your proposal is true and correct to the best of her/his knowledge, (iv) no member of your firm gave anything of monetary value or promise of future employment to a Rhode Island Infrastructure Bank employee or Board Member, or a relative of the same, based on any understanding that such person’s action or judgment will be influenced and (v) your firm is in full compliance with Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors.
6. To the extent not addressed in this Request for Proposals, the Bank’s General Terms and Conditions of Purchasing, found at the Bank’s website (www.riinfrastructurebank.com) shall apply to any engagement for services.

F. SCHEDULE & SELECTION

The Bank may request interviews with some, all or none of the proposing parties. The Bank may reject any proposal which does not comply with the requirements of this RFP, or it may waive noncompliance and consider any such proposal. The Bank may conduct negotiations with any proposing party concerning the cost and the substance of that party's proposal, before or after accepting or rejecting any proposal.

RFP Issued	December 1, 2016
Deadline for Respondents to submit questions	December 08, 2016
Response to questions posted	December 13, 2016

RFP Responses due

December 21, 2016

Final Selection

January, 2017

Any questions should be submitted to Chief Financial Officer Michael Larocque at mlarocque@riinfrastructurebank.com no later than 4:00 P.M. Eastern on December 8, 2016. All questions and answers will be aggregated and posted publically on the RFP section of www.riinfrastructurebank.com. The Bank will not answer questions verbally or individually during the RFP process.

Selection will be made solely on the basis of the Bank's judgment as to the proposals which best meets its needs taking into account the experience and capability of the proposing parties as reflected in the proposals or otherwise determined, the critical understanding of the needs of the Bank and its programs as reflected in the proposals or otherwise, and the cost of services as stated in the proposals or otherwise negotiated with the Bank.

By this Request for Proposals, the Rhode Island Infrastructure Bank has not committed itself to undertake the work set forth. The Bank reserves the right to reject any and all proposals, to rebid the original or amended scope of services and to enter into negotiations with one or more respondents. The Bank reserves the right to make those decisions after receipt of responses. The Bank's decision on these matters is final.