



CITY OF HAILEY

BLAINE COUNTY, IDAHO

REQUEST FOR PROPOSAL FOR UNDERWRITING SERVICES

WASTEWATER REVENUE BONDS, SERIES 2023

PURPOSE:

The City of Hailey (the “City”) seeks to retain the services of a qualified underwriting firm to prepare and market Wastewater Revenue Bonds, Series 2023 (the “2023 Bonds”) in an amount of approximately \$6 million. The 2023 Bonds are being issued to (i) finance the costs of design, acquisition and construction of improvements to the wastewater treatment system and facilities of the City (the “Improvements”), and (iii) finance the Costs of Issuance of the 2023 Bonds. The 2023 Bonds were approved at a May 16, 2023 election held in the City, receiving 89.29% approval of the 850 votes that were cast.

The underwriter will work closely with the City’s core financing team, which includes the following individuals and firms –

City of Hailey – Lisa Horowitz, City Administrator
Becky Stokes, Treasurer
Brian Yeager, Public Works Director

Bond Counsel /Disclosure Counsel –Hawley Troxell Ennis & Hawley

Michael Stoddard, Chelsea Porter & Brandon Helgeson

Municipal Advisor – Eric Heringer; Piper Sandler & Co.

DUE DATE: 4:00 p.m. (Mountain Time) on August 23, 2023

SECURITY FOR THE BONDS

The 2023 Bonds will be issued on parity with the City’s outstanding wastewater system debt that is evidenced by a 2014 Loan Agreement with the Idaho Bond Bank Authority (the “IBBA Loan Agreement” or the “2014 Debt”). Current debt outstanding under the IBBA Loan Agreement is \$5,495,000 with a final maturity in 2034. The 2014 Loan Agreement with the IBBA is included with this RFP package. Provisions of the 2014 Loan Agreement include:

- Standard System Net Revenue pledge (however hook-on fees are not included in the definition of Revenues)
- Debt Service Reserve Fund (DSRF) requirement if coverage is less than 1.5x
- Additional Bonds Test (ABT) – see section 4.3 of the IBBA Loan Agreement
- Rate Stabilization Fund

HISTORICAL COVERAGE

The table below outlines historic debt service coverage from System Net Revenues for the past 5 years.

	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022
OPERATING REVENUES					
Total Operating Revenues	2,007,893	1,973,676	2,179,656	2,192,452	2,439,202
OPERATING EXPENSES					
Salaries and Benefits	355,591	611,865	652,429	666,398	869,752
Administrative and supplies	703,740	464,390	601,780	626,527	608,178
Depreciation	484,196	675,639	493,443	494,327	518,258
Total Operating Expenses	1,543,527	1,751,894	1,747,652	1,787,252	1,996,188
NET OPERATING INCOME	464,366	221,782	432,004	405,200	443,014
Add: Investment/Interest income	63,189	109,899	79,383	16,117	28,503
Add: Depreciation expense	484,196	675,639	493,443	494,327	518,258
AVAILABLE FOR DEBT SERVICE	1,011,751	1,007,320	1,004,830	915,644	989,775
DEBT SERVICE					
Series 2014C Wastewater Revenue Bonds	297,175	295,875	298,925	295,425	566,925
Series 2012D Wastewater Revenue Bonds	269,700	270,000	270,400	270,400	-
Series 2023 Wastewater Revenue Bonds	-	-	-	-	-
Total Debt Service	566,875	565,875	569,325	565,825	566,925
DEBT SERVICE COVERAGE (Recurring Revenues)	1.78	1.78	1.76	1.62	1.75
Hookups, connections, and fees	101,050	107,534	179,168	352,935	483,066
Grant Revenue	-	-	-	-	-
DEBT SERVICE COVERAGE (Including Non-recurring Revenues)	1.96	1.97	2.08	2.24	2.60

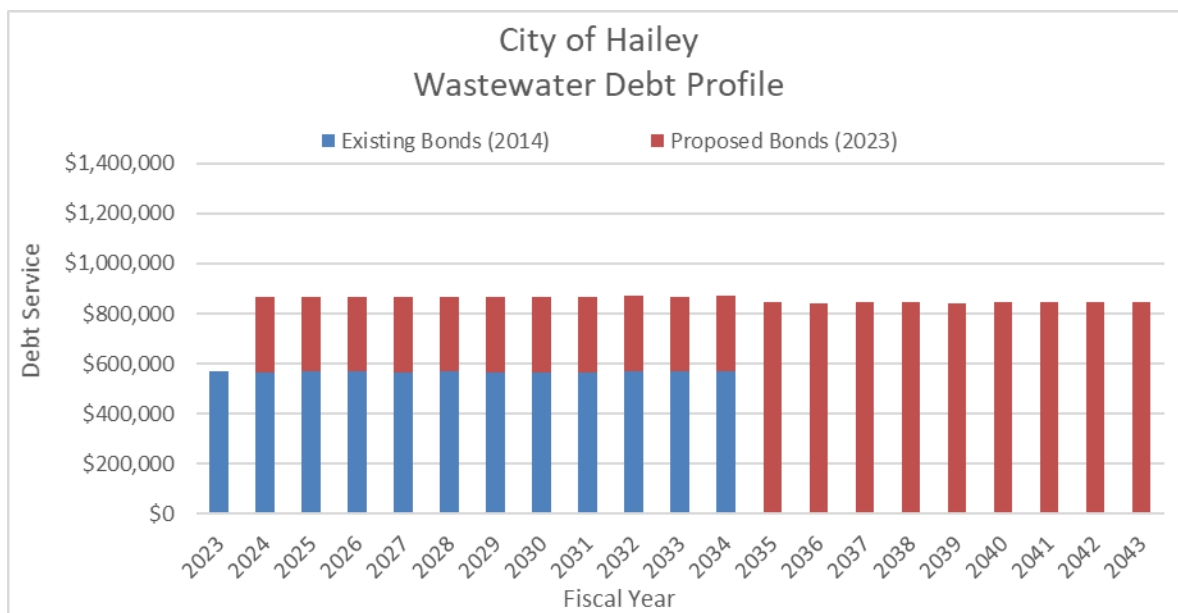
OTHER RELEVANT FINANCIAL INFORMATION

The City plans to adopt a wastewater system user fee rate increase that will be effective October 1, 2023 (beginning of FY 2024 fiscal year). The City has historically included a bond payment component as part of its monthly Base Fee for the Wastewater System.

The DSRF is cash funded with a current balance of \$632,512.
The City has established a Rate Stabilization Fund (RSF) with a current balance of \$868,303.
The DSRF will be increased from available funds of the City (not financed).

PROPOSED DEBT STRUCTURE

The City intends to wrap the Series 2023 Bond payment around the existing 2014 Debt with a 20-year final maturity. It is likely that the Series 2023 Bonds will be interest only through the 2034 final maturity of the 2014 Debt. The following is an illustration of the preliminary structure for the Series 2023 Bonds:



BASIC DOCUMENTATION

Hawley Troxell (Bond & Disclosure Counsel) will draft the Preliminary and Final Official Statement, Bond Ordinance and ancillary financing documents.

CALENDAR OF EVENTS

The following calendar will generally be adhered to for the selection process. The City, however, reserves the right to alter this calendar as it deems necessary.

July 24, 2023	Circulate RFP
August 23, 2023	RFP responses due
August 24-25, 2023	Evaluate RFP responses
August 28, 2023	Make selection of underwriting firm (City Council)
October 17, 2023	Anticipated Pricing
October 31, 2023	Close Financing

PROPOSAL SUBMISSION REQUIREMENTS

All responses and any questions and/or requests for information should be submitted to both:

Lisa Horowitz City Administrator	Eric Heringer Municipal Advisor
Email: lisa.horowitz@haileycityhall.org Phone: (208) 788-4221	Email: eric.heringer@psc.com Phone: (208) 344-8561

Please deliver an electronic PDF copy by email to Lisa Horowitz and Eric Heringer no later than 4:00 p.m. (Mountain Time) on August 23, 2023. Please provide any questions regarding the RFP by no later than August 16, 2023 to allow adequate time to respond. Late proposals may not be accepted.

The City and its Municipal Advisor, Piper Sandler & Co. ("PSC"), are familiar with the general capabilities of your firm. This Request for Proposals (the "RFP") has been designed to solicit specific responses to the questions asked. Brief, to the point, responses are preferred and therefore we request that responses be limited to succinct responses to the questions that are being asked.

TERM OF AGREEMENT

The term of the agreement shall be for the 2023 Bonds specified in this RFP.

SCOPE OF WORK

The scope of work requested by this RFP includes:

- Become a member of the City’s financing team for the 2023 Bond issue;
- Provide input regarding the structure and terms of the 2023 Bond issue;
- Provide input regarding the City’s disclosure and legal documents (draft disclosure and legal documents will be prepared by Hawley Troxell).
- Provide input regarding the rating presentation(s) and participate in those presentations by phone or virtual meeting(s) if requested;
- Develop a marketing plan for the 2023 Bonds based on rating outcome to maximize results for the City;
- Advise on market conditions and timing of the 2023 Bond sale;
- Provide a thorough distribution of the issue and be willing to underwrite unsold balances if warranted;
- Execute a definitive Bond Purchase Agreement; and
- Assist in closing the Bonds.

SELECTION CRITERIA

The City intends to select a firm to serve as an underwriter on the 2023 Bonds as described above. The City intends to make a decision on awarding this RFP by August 28, 2023. However, the City reserves the right to modify this date and forgo, without cause, the selection process. General criteria for selection will include the following factors:

1. Qualification and experience of assigned personnel.....30%
2. Experience and underwriting capabilities of firm.....30%
3. Marketing and structuring recommendations10%
4. Estimated pricing, proposed fees, and expenses30%

CONTENT OF PROPOSAL

Your proposal must include the following:

(1) Team Description

- a) Please provide the name, title, address, telephone, and e-mail of the banker who will serve as your firm's lead contact. Include a brief résumé for this individual that includes his or her years of experience in this role.
- b) Please provide the name, title, address, telephone, and e-mail of the individual who will serve as your firm's lead underwriter. Include a brief résumé for this individual that includes his or her years of experience in this role.
- c) Please provide contact information for any other core team members who would work on the proposed transaction. Please summarize the function of these individuals within your organization as well as their professional background and experience.
- d) Please provide information concerning any legal or disciplinary events in the last 10 years with a securities regulatory body involving the individuals identified in a), b) or c) above.

(2) Experience and Underwriting Capability

- a) Please provide, in an appendix, a list of comparable water or wastewater revenue bonds for which your firm has acted as the senior managing underwriter since January 1, 2020. Include both the ratings and the par amount of each issue. Please total the columns detailing the number of transactions and the par amounts.
- b) Please provide a statement of the net underwriting capital of your firm as of March 31, 2023 (do not include capital of any firm without full common ownership with your own).
- c) Please provide three narrative examples from the last twelve months of your firm's willingness to put your capital at risk by underwriting unsold balances.

(3) Market and Structure Recommendations

- a) Please provide your opinion regarding which rating agency or agencies to utilize for this issuance.
- b) Briefly describe market conditions for Bank-Qualified bonds and the types of investors you anticipate participating in the 2023 Bond sale given recent market conditions.

c) Please provide your estimate of yields for this issue under a tax-exempt (Federal and State of Idaho) structure as of August 17, 2023. Using the sample amortization provided below, please provide the spread to the August 17th end-of-day MMD scale (no interpolation) on a maturity-by-maturity basis. Include term bonds where you deem appropriate. Please provide estimates based on the following ratings & optional redemption features:

1. S&P “A” underlying rating without bond insurance, bank qualified, 5% coupon structure, 9/15/2033 first call date.
2. S&P “A” underlying rating with bond insurance, bank qualified, 5% coupon structure, 9/15/2033 first call date.

Year	Coupon	Principal 9/15	MMD	Yield	Spread to MMD
2035	5.00%	\$ 545,000			
2036	5.00%	570,000			
2037	5.00%	600,000			
2038	5.00%	630,000			
2039	5.00%	660,000			
2040	5.00%	695,000			
2041	5.00%	730,000			
2042	5.00%	765,000			
2043	5.00%	805,000			

(4) Fees and Expenses

- a) Please provide your proposed maturity-by-maturity takedowns for this issue, as well as a detailed breakdown of other fees and expenses. Please include dollar amounts of estimated expenses and include the cost of the Gameday service from IPreo, or another comparable service. Do not include expenses that the underwriter is not traditionally responsible to pay.
- b) Please indicate whether your firm will require the use of underwriter’s counsel. If yes, please provide an estimated or not-to-exceed cost for your counsel’s services. The City has retained Hawley Troxell Ennis & Hawley (Boise, ID) as disclosure counsel, who will draft the Preliminary and Final Official Statements and render a 10b-5 opinion on which the underwriter may rely.

ADDITIONAL INFORMATION

The City creates no obligation, expressed or implied, of any kind or description in issuing this RFP or receiving a response. Neither the RFP nor the response shall be considered as a legal offer.

The City anticipates completing the 2023 Bond sale contemplated in this RFP by October 31, 2023 at the latest; however it is possible that the City will choose to postpone the 2023 Bond sale or abandon the 2023 Bond sale plans entirely.

The City assumes no responsibility or liability for any expense incurred by a respondent or prospective respondents in connection with the preparation or delivery of a response, or any action related to the process of completing and submitting a response to this RFP.

The City reserves the right to reject any and all submissions without cause, waive irregularities in all procedures related to the RFP, make inquiries of responding firms and their references and clients regarding qualifications or information submitted as part of a response, as deemed necessary, and request and receive additional information as the City deems necessary.

The City shall be deemed the owner of all information and papers submitted by a respondent. Respondent's responses are public records and are subject to disclosure.

Additional documents Included in Financing Package:

- 2014 Idaho Bond Bank Authority Loan Agreement
- FY 2022 Audited Financial Statements
- Additional financial statements can be obtained from the Cities website here:
<https://haileycityhall.org/city-administration/finance-and-records/>