



**ALLEGHENY COUNTY SANITARY AUTHORITY**

**REQUEST FOR PROPOSALS (RFP)**

**FOR BOND UNDERWRITER**

**DATE ISSUED: November 15, 2023**

**RESPONSES DUE: December 15, 2023**



**1. INTRODUCTION**

The Allegheny County Sanitary Authority (“Authority”) is a Pennsylvania municipal existing pursuant to the Pennsylvania Municipal Authorities Act as amended. The Authority is authorized by law to plan, design, locate, acquire, hold, construct, improve, maintain, operate, own and lease sanitary sewer systems within Allegheny County. In furtherance of the foregoing, the Authority is further authorized by law to borrow money and issue bonds to finance its operations.

The Authority has most recently issued bonds in 2022 and is interested in the issuance of one or more series of Sewer Revenue Bonds (the “Bonds”). Proceeds from the sale of the Bonds will be used to (1) pay for a portion of the costs associated with various capital expenditures relating to the Authority’s routine capital budget and implementation of the Authority’s Clean Water Plan; (2) fund any necessary capitalized interest and debt service reserves; and (3) pay all costs associated with the issuance. The Bonds will be secured by a lien on the receipts and revenues generated by the Authority’s sewer system as permitted under the Authority’s Trust Indenture dated as of July 1, 1997.

As more fully set forth in this RFP, the Authority is requesting proposals from investment banking firms interested in serving as a senior or co-manager in the issuance of the Bonds (the “Underwriter Services”). The Authority at its sole discretion may select multiple firms to participate in the creation of an Underwriting Syndicate in connection with the issuance of the Bonds.

**2. ABOUT THIS DOCUMENT**

This document is a Request for Proposals. It differs from an invitation for bid in that the Authority is seeking a solution, not a quotation meeting firm specifications for the lowest price. As such, the lowest price proposal does not guarantee an award recommendation. Instead, proposals will be evaluated based upon the criteria set forth herein and factors such as, among others, experience in the field, availability and/or capability may figure into the evaluation.

3. The request for proposal process allows the Authority to negotiate with respondents prior to awarding a contract. The Authority will thoroughly review all proposals received in a timely fashion and will utilize its best judgment when determining which respondents, if any, to schedule meetings with after receipt of all proposals. Subject to the other terms and conditions of this RFP, only those respondents that are qualified and responsible, as determined by the Authority, in its sole and absolute discretion, will be considered for an award of a contract hereunder.

**4. SCHEDULE AND DEADLINES FOR RFP**

RFP Issued	November 15, 2023
Deadline for Submission of Proposals	2 p.m. on December 15, 2023
Anticipated Board Action	Early 2024



**5. ADMINISTRATIVE REQUIREMENTS AND RELATED INFORMATION**

a. Respondents must submit two (2) hard copies and 1 electronic copy in a PDF format via email of their proposal in a clearly marked envelope by 2:00 p.m. Pittsburgh time on December 15, 2023, to the following address:

Karen Fantoni, CPA, Director of Finance  
Allegheny County Sanitary Authority  
3300 Preble Avenue  
Pittsburgh, PA 15233  
Email: karen.fantoni@alcosan.org

And electronic copies to Lori McKay at [Lori.McKay@alcosan.org](mailto:Lori.McKay@alcosan.org) and Authority's Financial Advisor at :

BNY Mellon Capital Markets, LLC  
Email address: [charles.goodwin@bnymellon.com](mailto:charles.goodwin@bnymellon.com)

b. Any proposals received after 2:00 p.m. Pittsburgh time on December 15, 2023, may be rejected. The Authority may determine in its discretion whether to accept any responses that are not received by the date and time set forth in this Section.

c. The Authority reserves the right to extend or postpone the date and time for accepting proposals through an addendum.

d. All proposals should be signed by an individual authorized to bind the respondent and execute contracts on its behalf.

e. All proposals, responses, inquiries, or correspondence relating to or in reference to this RFP, and all electronic media, reports, charts and other documentation submitted by a respondent shall become the property of the Authority when received. Nothing submitted shall be considered confidential or proprietary and each respondent acknowledges and agrees that all information submitted in response to this RFP, irrespective of whether it is marked "Confidential," "Proprietary," "Trade Secret," or the like, may be disclosed by the Authority pursuant to a request submitted in accordance with Pennsylvania's Right-to-Know Law.

f. The Authority reserves the right to request additional information which, in the Authority's opinion, is necessary to assure that the respondent is qualified to perform in accordance with this RFP and any resultant contract.

g. The Authority and/or its Financial Advisor may make such investigation as they see fit to determine the ability of the respondent to perform the work, and the respondent shall furnish the Authority and its Financial Advisor all such information and data for this purpose as requested by the Authority. The Authority reserves the right to reject any proposal if the proposal submitted by, or investigation of, such respondent fails to satisfy the Authority that such respondent is properly



qualified to carry out the obligations of a subsequent contract with the Authority and to satisfactorily perform the work specified herein.

h. The Authority reserves the right to reject any or all proposals, waive any irregularities or defects in any proposal, and modify or postpone or terminate the project detailed herein in its entirety or with respect to any respondent, at any time, for any reason or no reason.

i. All costs and expenses incurred by a respondent in the preparation and delivery of a proposal will be the sole responsibility of the respondent. The Authority will not be liable for any amounts to any respondent in any manner, under any circumstances, including without limitation, as a result of the termination of the RFP process.

j. The receipt of proposals or other documents by respondents during any stage of the process will in no way obligate the Authority to enter into any contract with any respondent or make the Authority liable for any respondent costs. This RFP is a solicitation only and is not intended to be nor should it be construed to be an offer to enter into any contract or other agreement.

k. No respondent, team member, employee, servant, agent, advisor, consultant or representative of that respondent may communicate with any other respondent, team member, employee, servant, agent, advisor, consultant or representative of any other respondent about the preparation of proposals. Each proposal shall be prepared without any connection, knowledge, comparison of information, or arrangement with any respondent, team member, employee, servant, agent, advisor, consultant, or representative of any other respondent. Each respondent is responsible to ensure that its participation in this RFP process is conducted fairly and without collusion or fraud.

6. It is the Authority's intention that respondents to this RFP qualify for an exemption from the SEC's and the MSRB's definition of a municipal advisor. This RFP is being sent to at least three financial services firms that are active underwriters of municipal bonds. Respondents are advised to consult with their legal advisor to determine the available exemptions to the SEC's and MSRB's municipal advisor rules. In that regard, respondents are advised that the Authority has retained BNY Mellon Capital Markets, LLC ("BNYMCM"), as its municipal advisor. The Authority has and will confer with BNYMCM in connection with this RFP, the issuance of bonds for the projects described herein and any ideas, structuring suggestions and other information provided by respondents and proposed underwriters in their response to this RFP. BNYMCM has informed the Authority that it is an Independent Registered Municipal Advisor. The individuals employed by BNYMCM that are expected to advise the Authority on this transaction include: Charles Goodwin, Timothy Comerford, Luke Guglielmo and Natalino Castelli.

**7. CLARIFICATION OF REQUIREMENTS, ADDENDA & MODIFICATIONS**

a. Any respondent in doubt as to the true meaning of any part of this RFP may request a clarification, interpretation and/or modification thereof from the Contact Person (as hereinafter defined). In the event the Authority deems the response to the request to be substantive, the clarification, interpretation and/or modification shall be made by an addendum.

b. The purpose of this RFP is to promote competitive proposals and avoid the imposition of requirements that limits the project to a single source or makes it impossible for any source to



satisfy the requirements set forth herein. In furtherance of the foregoing, it shall be the responsibility of each respondent to advise the Contact Person if any language, requirements, or any combination thereof inadvertently restricts or limits the requirements stated in this RFP to a single source or makes it impossible for any source to satisfy the requirements set forth herein. Any amendments to this RFP to address the foregoing concerns, if deemed necessary by the Authority in its sole and absolute discretion, shall be made via an addendum to this RFP.

c. Inquiries regarding the RFP and all requests for clarification, interpretation or modification of the RFP must be directed in writing to the Authority's Financial Advisor at [charles.goodwin@bnymellon.com](mailto:charles.goodwin@bnymellon.com) (the "Contact Person").

d. If any alleged errors are noted in the RFP, a respondent should immediately notify the Contact Person and, if confirmed, an addendum shall be issued.

e. The Authority will not accept telephone calls or any other forms of communication pertaining to this RFP, except as set forth in Section 5.c.

This RFP may be updated, supplemented, amended or cancelled at any time by the Authority. Any changes, additions, deletions, or clarifications to the RFP will be made by addendums issued by the Authority.

f. Any addendum issued by the Authority shall be considered part of the RFP.

g. Addenda will be delivered to respondents via e-mail only. Each person/entity that obtains a copy of the RFP for purposes of submitting a proposal must provide to the Authority an e-mail address for delivery of addenda. The Authority will make reasonable efforts to notify respondents in a timely manner of modifications to the RFP. Notwithstanding the foregoing, each respondent shall be responsible for ensuring that its proposal reflects any and all addenda issued by the Authority prior to the proposal due date.

## **8. PROPOSAL REQUIREMENTS**

Each proposal should be in the format set forth below and will be rated on a 150-point scale. Rating will be according to the degree to which a respondent demonstrates its capacity to satisfy the requirements set forth herein.

Each response should include the following parts, which will be assigned the indicated point values:

a. **Cover Page** (*Total Possible score: 0 points*): Please prepare a cover letter that briefly describes your firm's proposal, states that the person signing the cover letter has the authority to bind the firm and has complied with Paragraph 4(k) above.

b. **Organization Qualifications** (*Total Possible Score: 35 points*): Please organize your Response so that it addresses each of the following items.



(i) Identify the individual charged with the day-to-day management responsibility for the Underwriter Services and their experience in managing large, complex revenue bond transactions as well as their contact information. The Authority will expect that this person will be the primary point of contact between it and the proposing firm. Please also identify two to four other individuals who will also be actively involved in structuring, marketing and underwriting the proposed Bonds.

(ii) Provide three (3) references (including name, title, address, telephone number and e-mail address) from issuers that can attest to the relevant qualifications and capabilities your organization.

(iii) Describe recent examples of municipal underwritings that demonstrate your organization's willingness to commit capital to underwrite unsold balances.

(iv) Please disclose any other lines of business conducted by your organization that might present an actual or apparent conflict of interest with providing the Underwriter Services. Please include any relationships that your firm may have with other water and sewer authorities in Western Pennsylvania and any material relationships your firm may have with vendors or customers of the Authority.

(v) Please disclose and explain any allegations of securities law violations directed at your organization in the past five (5) years, including any criminal charges, civil litigation or administrative actions related thereto and any other allegations relating to your organization's public finance activities.

(vi) Please list the issuer names, par amounts and sale dates of any sewer revenue bonds sold in the last 3 years in which your organization served as senior manager or co-manager and describe your organization's role in that transaction. Provide information on your organization's participation and sales results for each of the aforementioned issues, including, without limitation, liability, allotments and designations. This list can be included as an Exhibit to your proposal.

(vii) Describe your organization's Pennsylvania presence. State the number of full-time employees from your organization that are based in Pittsburgh and the location of your offices in Pennsylvania.

c. **Fee Proposal** (*Total Possible Score: 15 points*): Please indicate what your organization proposes as a management fee, underwriting expenses (excluding underwriters' counsel), and takedown for the underwriting of the Bonds if any, assuming the principal amount of the Bonds will be at least \$200 million. Please provide the takedowns on a maturity by maturity basis. Please state if your firm will be willing to provide a not to exceed number for its proposed management fee, expenses or takedown. Please state under what circumstances those not to exceed amounts might change. Please also state if the proposed fees, expressed as a percentage would change if the par amount of Bonds issued were to be decreased or if the Authority included co-managers in its underwriting syndicate.

d. **Distribution Capabilities** (*Total Possible Score: 10 points*): Please provide a description of your firm's municipal securities distribution capabilities. Please include number of the retail focused



sales representatives located in Western Pennsylvania, Pennsylvania overall and nationally. Does your firm have any distribution agreements with non-affiliated firms? If so, please describe. Please discuss your firm's institutional sales force including number of institutional sales representatives and where those representatives are located.

e. **MBE/WBE/SDVBE Participation** (Total Possible Score: 15 points): The Authority is committed to providing equal employment opportunities to minorities and women and equal opportunities for business growth and development to minority and women entrepreneurs as well as enterprises owned and operated by Service Disabled Veterans. To that end, the Authority requires that all contractors and subcontractors performing work for the Authority demonstrate a good faith effort to obtain the participation of minority, women and service disabled veterans business enterprises in the work to be performed for the Authority and to employ minorities, women and service disabled veterans during performance of the work. It is the Authority's objective to obtain minority, women's and service disabled veterans participation in its contracts. The Authority promotes the full utilization of subcontracting activities to ensure a successful Minority Women's and Service Disabled Veterans Participation Plan. The Authority anticipates that it will be able to meet much of its participation goals through the composition of the members of the underwriting syndicate and therefore does not require that proposing firms develop joint ventures with M/W/SDBE firms as part of their proposal. Rather the Authority is interested in your firm's efforts to promote equal opportunities. If your firm is a MBE/WBE, please provide evidence of that designation.

f. **Prior Authority Experience** (Total Possible Score: 20 points): Explain any substantive prior work experience with the Authority or other public sewer systems across the country that have entered into a Consent Decree with the US EPA. Please provide a description of any innovative financing ideas that your firms have implemented for other water or sewer authorities. Please provide a Case Study of one financing that demonstrates your firm's capabilities in the sewer revenue bond financings.

g. **Structuring Ideas** (Total Possible Score: 15 points): Please describe your firm's recommended approach to financing the Authority's capital projects taking into account the future capital needs of the Authority regarding the implementation of its Clean Water Program. Please provide any ideas on how the Authority could mitigate future debt issuances on its ratepayers. The Authority has traditionally issued new money debt every other year, however given the size of its anticipated future borrowings, should the Authority consider issuing on an annual basis? What would your firm anticipate to be the optimal size of a bond issue for the Authority?.

h. **Refinancing Ideas** (Total Possible Score 10 points): Please discuss any ideas you have any refinancing any of the Authority's outstanding debt. If your ideas include the use of a forward refunding, what would be the longest period of time that your firm would expect between the execution of a Bond Purchase Agreement and the Closing Date as well as your estimates of any forward premium.

i. **Subordinated Indenture** (Total Possible Score 5 points): The Authority currently issues debt under one Indenture that has a senior claim on all revenues of the Authority. Please discuss your views on the provisions of the current Indenture and whether the Authority should consider the creation of a subordinated indenture. If your firm believes that a subordinated indenture would be helpful, please provide an estimate of where your firm believes that Moody's and Standard & Poor's



would rate such an Indenture. Please also provide what covenant changes that you would suggest be included in that subordinated indenture.

j. **Rating Agency Strategy** (*Total Possible Score: 5 points*): Please describe your firm’s strategy for approaching the rating agencies regarding the this new money issue in light of the contemplated financings that the Authority will need to undertake in order to comply with its Consent Decree? Based on the Authority’s recent financial results and its capital plans, what ratings does your firm believe that the Authority would obtain on its proposed refunding issues? The Authority has posted its financial statements on EMMA.

k. **Bond Insurance** (*Total Possible Score: 5 points*): Does your firm believe that it would make financial sense for the Authority to obtain bond insurance for the Bonds? Please provide an estimate of the insurance premium as well as an estimate of the benefits of the insurance. Does your firm believe that the bond insurance firms would be willing to provide a Surety Policy to fund the required Debt Service Reserve Fund? Please do not approach any of the bond insurance companies regarding the proposed debt of the Authority.

l. **Marketing Plan** (*Total Possible Score: 5 points*): Please explain how your firm would approach the process for marketing the Bonds to retail and institutional investors. Does your firm believe that a Retail Only Order Period would benefit the Authority? How would your firm educate investors regarding the Authority, its debt and its capital plans?

m. **Syndicate Composition** (*Total Possible Score: 5 points*): Please describe what you believe to be the optimal underwriting syndicate composition including suggested liabilities for a \$200 million transaction. State whether if not selected as a senior managing underwriter, if your firm would be interested in serving as a co-manager.

n. **Finder Fees and other Fee Sharing Arrangements** (*Total Possible Score: 5 points*): Please disclose any engagement or finder’s fees or other contractual arrangements of the firm that could present a real or perceived conflict of interest regarding your firm’s relationship with the Authority.

## 9. **EVALUATION AND SELECTION**

The Finance Committee of the Board of Directors will review and recommend proposals to the Board of Directors of the Authority (the “Board”). The Board has the final authority, in its sole and absolute discretion, for authorizing a contract with the Authority.

A shortlist of respondents may be scheduled for a structured oral presentation or interview and for discussions regarding best and final offers. Any such presentations shall be at no cost to the Authority. At the end of the oral presentation/interview process, if any, any shortlisted respondents may be required to submit revised proposals to be reviewed again in accordance with Section 6. Subject to the other terms and conditions of this RFP, the successful respondent will be recommended for contract negotiation.

The Authority anticipates executing a contract with the successful respondent within 60 days following award of the contract.



**[END OF RFP]**