
Request for Qualifications

Underwriting Services

March 23, 2021



City of Redondo Beach

Redondo Beach Community Financing Authority

Proposed Lease Revenue Bonds

Refinancing of CalPERS UAL

Submissions Due:

March 31, 2021
12:00 p.m. Pacific Time

*Kosmont Transactions Services, Inc. is serving as the City's
Independent Registered Municipal Advisor for this financing*



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**REQUEST FOR QUALIFICATIONS FOR UNDERWRITING SERVICES
CITY OF REDONDO BEACH
REDONDO BEACH COMMUNITY FINANCING AUTHORITY
PROPOSED LEASE REVENUE BONDS**

SUBMISSION SUMMARY

Responses will be accepted until **12:00 pm Pacific Time on March 31, 2021**

Questions regarding this RFQ should be directed to the City's Municipal Advisor:

Kosmont Transactions Services, Inc.
Attn: Dan Massiello
858.220.3445
DMassiello@KosmontTransactions.com

I. INTRODUCTION

The City of Redondo Beach (the "City") has issued this Request for Qualifications ("RFQ") to invite qualified firms to submit a Statement of Qualifications ("SOQ") to provide bond underwriting services as described herein. The City anticipates issuing approximately \$200 million in Lease Revenue Bonds to finance all or a portion of its Unfunded Accrued Liability ("UAL") with the California Public Employees' Retirement System ("CalPERS").

II. BACKGROUND

The City's aggregate UAL owed to CalPERS is projected to be over \$200,000,000 by 6/30/2021. The City is looking to issue its own municipal bonds to refinance its UAL repayments to significantly lower levels. The proposed Lease Revenue Bonds will be issued by the Redondo Beach Community Financing Authority (the "Authority"). It is expected that issuing taxable lease revenue bonds will result in debt service payments that are significantly lower than the amortization payments currently being paid by the City to CalPERS to retire its UAL.

III. SCOPE OF SERVICES

The scope of services to be provided by the selected firm(s) will include, but not necessarily be limited to, the following:

- Assist the City in the successful structuring, marketing, and sale of the bonds to achieve the lowest possible borrowing cost.
- Identify, evaluate and explain the benefits and risks of alternative financing structures to most efficiently achieve the City's objectives.
- Evaluate and make recommendations for the optimal sizing and structuring of the bonds, including but not limited to security provisions, credit enhancement, maturity schedules, redemption provisions, covenants, and other features.
- Assist with financial modeling, including preparation of bond cash flows, as needed.

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- Work with the financing team to seek the highest possible credit ratings for the bonds.
- Provide feedback regarding investor acceptance and preferences for proposed financing structures.
- Assist with the preparation and development of rating agency, bond insurer and investor presentations.
- Review and comment on all documents related to the financing.
- Provide information regarding market conditions and trends. Provide pricing information for comparable transactions. Make recommendations regarding the timing of the bond sale.
- Provide information on orders and allotments during the order period.
- Participate in meetings and presentations as appropriate or requested.
- Prepare post-sale analyses, including, but not limited to, information on placement of the bonds, market conditions at the time of sale, orders, designations, allocations and results of comparable sales.

IV. PROPOSAL REQUIREMENTS

Firm Qualifications

Firms interested in working with the City will provide a Statement of Qualifications that includes and/or addresses the following items. Firms are encouraged to keep their responses succinct and avoid the use of “boiler plate” marketing materials.

- Provide a brief description of your firm, including years in business, corporate headquarters, ownership structure, number of employees and locations of offices in California.
- Provide a description of your firm’s underwriting and distribution capabilities, including number of municipal finance professionals (e.g. bankers, underwriters), number of securities trading desks, and number of retail sales locations, both nationally and in California.
- Provide a listing of all municipal securities transactions for which your firm served as sole or senior book running manager for the past three (3) years. Please do not include issues where your firm was co-manager or a sales group member. Please highlight or segregate pension obligation bonds or similar financings where proceeds were used to refinance or restructure unfunded pension or “OPEB” liabilities.
- Provide the name, address, telephone number, and email address of three (3) references for whom the proposed personnel have served as underwriter since 2017 with responsibilities similar to those requested in this RFQ.
- Provide the latest available information regarding your firm’s capitalization, including excess net capital and underwriting capacity.
- Provide the resumes and contact information of the personnel who will be working on this assignment for the City.

Proposed Bonds

- Discuss what you see as the key credit issues for the City in refinancing its UAL and how you would approach presenting this credit to rating agencies and bond insurers.
- Discuss your approach to marketing the City’s credit to potential investors, including thoughts on how the City might strengthen the credit of the proposed Lease Revenue Bonds.

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- Discuss your marketing and distribution plan for the bonds. Who do you anticipate the primary investors will be? What types of investors will your firm target? What strategy will your firm take to broaden the City's current investor base? Would you recommend a retail order period?
- Discuss your initial structuring ideas for refinancing the City's UAL. Should the City refinance 100% of its UAL? Why or why not? If not, what process would you undertake to help the City determine an appropriate funding level target and which discrete/annual underlying UALs to target for refinancing?
- Describe the firm's approach to pricing and marketing taxable bonds in a volatile capital market.

Compliance

Answer the following questions, and, if the response is affirmative, provide details and explanations as necessary in an appendix to your SOQ:

- Within the past 24 months, has your firm and/or any of its employees been the subject of any investigation relating to the municipal industry by the SEC, MSRB, FINRA, or any other state or federal organization that oversees, regulates, licenses or is otherwise responsible for the municipal industry?
- Within the past 24 months, has your firm and/or any of its employees been involved in any litigation, arbitration, disciplinary, or other actions arising from the firm's underwriting, management, derivatives, or municipal securities activities?
- Is there any compensation arrangement or relationship between your firm and any other nonaffiliated firm(s) or individual(s) that may be associated with or impact your possible engagement in the City's financing program? Is your firm receiving or paying any payment or consideration of any kind for securing the City's work?
- Disclose any existing or contemplated relationship which would constitute an actual or potential conflict of interest or appearance of impropriety in connection with the services requested in this RFQ.

V. SUBMITTAL REQUIREMENTS

SOQs should be submitted via email to Dan Massiello (DMassiello@KosmontTransactions.com; 858-220-3445) by **12:00 P.M. PT on Wednesday, March 31, 2021.** Please do not send any hard-copy submittals. Neither the City nor KTS assumes any liability for any transmission errors or inability to access the internet that may interfere with the transmission of your firm's SOQ by the submittal deadline. The City reserves the right to reject any late submittals.

VI. EVALUATION CRITERIA

The City intends to select the most qualified firm(s) based on their capability to structure and market the Bonds in a manner that will result in the lowest possible borrowing costs to the City which will include, among other qualifications: the relevant experience of the firm(s) and the specific personnel assigned to the City; the ability of the firm(s) to market and sell California taxable bonds; and experience of the firm(s) on similar financings in California.

VII. FEES

The City will negotiate the Underwriting Fees with the firm(s) the City determines to be the most qualified to provide the required investment banking and underwriting services as contemplated herein.

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VIII. COMMUNICATION

All questions relating to this RFQ should be directed to the City’s Municipal Advisor, Kosmont Transactions Services, Inc., attn: Dan Massiello, 858.220.3445, DMassiello@KosmontTransactions.com. Communications directly with City elected officials or staff related to this RFQ are prohibited until the selection process is complete. Failure to adhere to this requirement may result in disqualification.

IX. TIMELINE

RFQ Issued:	March 23, 2021
Questions from Proposers:	By March 29, 2021
Responses due by:	12:00 pm Pacific Time on March 31, 2021
Anticipated Selection:	City selection process should conclude no later than early May

X. LIMITATIONS

The City reserves the right to select an underwriter or team of underwriters on any basis that it believes is in the best interests of the City. This RFQ does not commit the City to award a contract, to defray any costs incurred in the preparation of a Statement of Qualifications pursuant to this RFQ, or to procure or contract for any work whatsoever.

The City reserves the right to cancel or revise, in part or in its entirety, this RFQ including but not limited to selection schedule, submittal date, and submittal requirements. The City reserves the right to request additional information and/or clarifications from any or all responders to this RFQ.