



Topic: **Reservoir Committee Agenda Item 3-3** **2018 Aug 16**

Subject: **Bank Facilities Request for Proposal**

Requested Action:

Consider approval of a recommendation to the Sites Project Authority Board of Directors to approve the Bank Facilities Request for Proposal (RFP) and to authorize its release.

Detailed Description/Background:

The Sites Project Authority’s Independent Financial Advisor (Montague DeRose and Associates) in coordination with the Ad Hoc Finance & Economics Work Group and staff have developed a draft Bank Facilities RFP to solicit interim financing services for Phase 2 of the Sites Project.

The joint Authority’s Ad Hoc Budget and Finance Committee and Reservoir Committee’s Ad Hoc Finance & Economics Work Group (Joint Finance Group) has been meeting approximately every other week starting on June 7, 2018 to develop a finance plan for both Phase 2 and subsequent phases (and to work on inter-related matters). At the August 6, 2018 Joint Finance Group’s conference call, the participants recommended:

1. Options: The lender RFP be structured to request proposals for interim financing provide both a single transaction for the duration of Phase 2 or two transactions for each of Phases 2A and 2B.
2. Status: The Reservoir Committee consider approving the release of this RFP and request the Authority consider approving the release of this RFP.

Prior Reservoir Committee Action:

This item builds from the July 9 and 10, 2018 joint Authority and Reservoir Committee Workshops and incorporates input received during meetings with individual Reservoir Committee participants.

Fiscal Impact/Funding Source:

None

Staff Contact:

Jim Watson

Attachments:

Attachment A - Overview, Bank Facility RFP

Status:	Final	Preparer:	Spesert	Phase:	1	Version:	0
Purpose:	Sites Reservoir Committee Staff Report	Checker:	Watson	Date:	2018 August 16		
Caveat:	Informational	QA/QC:		Ref/File #:	12.221-210.018		
Notes:				Page:	1	of	1

Topic: **Sites Reservoir Project**

2018 Aug 13

Subject: **Overview, Bank Facility RFP**

Working with its municipal advisor and bond counsel, the Authority has prepared a “Bank Credit Facility Request for Proposals” (RFP) to solicit a revolving line of credit to finance Reservoir Project costs projected to be incurred in Phases 2A and 2B.

The RFP requests pricing and terms for:

- A \$150 million line of credit that will cover costs expected to be incurred through July 1, 2021. This is six months beyond the December 31, 2020 planned end of Phase 2A to allow for potential delays in scheduling; and
- A \$350 million line of credit that will cover costs expected to be incurred through July 1, 2022. Again, six months beyond the December 31, 2021 planned end of Phase 2B to allow for potential delays.

Bidders will be allowed to bid on one of these two options or both. Banks bidding on the longer \$350 million credit facility will have approval rights to any changes in the composition of the Phase 2 Project Participant group that occur at the end of Phase 2A per the “offramp” now included in the proposed Phase 2 Participation Agreement.

The Authority will evaluate the proposals for the \$150 million and \$350 million lines of credit and will make recommendations to the Reservoir Committee and Authority Board taking into account both the economics of the proposals as well as any risks of proceeding with one approach over the other.

The RFP also requests the following additional information from each bidder.

Firm Experience - Prior experience in providing bank tax-exempt and taxable revolving lines of credit for projects in excess of \$100 million.

Assigned Personnel - Relevant water financing experience of the key personnel assigned to the financing and assurances regarding the accessibility of the key personnel to the Authority during the engagement.

Line of Credit Facility Fees and Expenses – Bidders are asked to provide the details of their bids using a pricing matrix provided as an exhibit to the RFP. The Authority requests that pricing be provided on a “utilized” and “unutilized” basis. This would provide a lower cost to the Authority on the amount of the line that is undrawn until it is drawn to pay Phase 2 costs.

In addition to the ongoing commitment fee proposals, bidders are asked to provide pricing for the fees for the following items:

- Draw fees – Transaction fees paid each time the Authority makes a draw on the line of credit;
- Default rate - Rate to be paid if the Authority defaults on its obligations during the term of line of credit;
- Term-out interest rate and repayment terms - Rate to be paid if the Authority fails to refinance the line of credit by its expiration date and the number of years the bank will allow the Authority take to repay the loan (five-year minimum); and
- Legal fees and expenses

Proposed legal counsel – Bidders are asked to identify two law firms that they would propose to serve as bank counsel, along with the name of the attorney for each firm;

Alternative Financial Products – Bidders are allowed to present proposals for financial products other than a revolving line of credit, if the product provides similar functionality for the Authority.

Once the release of the RFP is approved by the Reservoir Committee and the Authority Board, Authority staff will post the RFP on its website and will also distribute it to a list of potential bidders prepared with the assistance of Montague DeRose, the Authority’s municipal advisor. Bidders will have approximately three weeks to respond to the RFP.