

**Department of Transportation – Highways Division**  
**869 Punchbowl Street, Room 202**  
**Honolulu, Hawaii 96813**

**FINANCIAL ADVISORY SERVICES**  
**HiEPRO Solicitation**

**TITLE**

Financial Advisory Services for the State of Hawaii Highway Revenue Bonds, Series 2019

**INTRODUCTION**

The State of Hawaii, Department of Transportation Highways Division (“Highways Division”) is soliciting quotations from qualified persons and qualified firms to provide financial advisory services and to act in the capacity of an Independent Registered Municipal Advisor (IRMA) (as defined by the Securities and Exchange Commission (SEC) for Highways. In particular, the Highways Division is engaging the services of the financial advisor to evaluate proposals/ information submitted to the Highways Division by investment banking firms and financial institutions which will allow these firms to qualify for the exemption provided by 17 CFR §240.15Ba1-1(d)(3)(vi) (the “IRMA exemption”).

The Highways Division is planning for the issuance of Highway Revenue Bonds in the amount of approximately \$80,000,000, and for the possible refunding opportunities of outstanding Highway Revenue Bonds. In addition, the issuance of Revenue Bonds may include specific requirements associated with Act 215, SLH 2018 that is related to the new \$2.00/out of state rental vehicle surcharge revenue.

The Highway Revenue Bonds issue is planned for no later than August 31, 2019.

Services under this agreement may be used on an as-needed basis for a maximum term of 3 years from the execution date.

**REQUEST FOR QUOTATION**

This Solicitation shall be conducted exclusively through the HiEPRO electronic procurement system and in accordance with 103D-304 and 103D-305, Hawaii Revised Statutes and Section 3-122-78, Hawaii Administrative Rules. Proposals shall not exceed 10 pages, excluding resumes.

This is not a RFP. This is a Small Purchase solicitation and has a \$99,999.99 maximum limit.

Firms/persons shall provide resumes and hourly rates of all persons who will perform the work assignments, as well as a maximum fee cap for the firm/person. In determining the maximum fee cap for services provided to the Highways Division, firms/persons should estimate its fees based on SCOPE OF WORK rendered for Work Tasks nos. 1 through 11 inclusive, and to this amount, shall add a fixed \$10,000 allowance for Optional or Other Work Tasks (nos. 12 – 14 inclusive).

Pricing for the financial advisory services shall be on an hourly rate for each person and shall be inclusive of all direct and indirect costs, profit, taxes, and fees. Any MSRFB fees imposed upon MAs should not be passed through to the State.

## **QUALIFICATIONS:**

Firms/persons must meet the following requirements in order to qualify for an award under this solicitation:

1. Provide documentation (i.e., registration numbers) that the firm/person is registered with the SEC and the Municipal Securities Rulemaking Board (MSRB) as a municipal advisor;
2. Demonstrate that the firm/person is ranked in the Top 50 of Financial Advisors of Long-Term Issues based on the most recently available "The Bond Buyer's Municipal Marketplace" (known as The Red Book);
3. Demonstrate documented experience as a financial advisor for the past five (5) years on at least three (3) highway or transportation revenue bond financing transactions totaling at least \$80 million par value issued;
4. Identify its Project Leader who has provided financial advisory services for highway or transportation revenue bond financing transactions to at least three (3) states or state agencies;
5. Designate experienced and qualified support staff who have at least five (5) years of experience providing financing advisory services for highway or transportation revenue bond financing transactions totaling at least \$80 million par value issued;
6. Documentation showing compliance with applicable laws (ref. State of Hawaii Procurement Office, Hawaii Compliance Express ("HCE")).

## **SCOPE OF WORK:**

At the request of the Highways Division, the financial advisor will perform services which include, but are not limited to, the following:

### Work Tasks (nos. 1 – 11 inclusive)

1. Advise and assist the Highways Division on the issuance of the Highways Division's Revenue Bonds, to include assistance with the planning, structuring, timing, market dynamics, market supply, economic data, pricing, method of sale, selling (e.g. performing pricing advisory services) and closing of the Highways Division's Revenue Bonds;
2. Advise and assist the Highways Division in identifying and evaluating Highways Division bond refunding opportunities;
3. Advise the Highways Division on recommended strategies to pursue with rating agencies to enhance, or at a minimum, maintain current ratings on bonds;
4. Identify specific institutional investors that the Highways Division would individually meet with and recommend strategies to achieve enhanced investor interest and demand for the bonds;
5. Participate in pre-pricing and pricing activities with the issuer and underwriter;

6. Provide independent view of appropriate pricing levels and set expectations for pricing performance;
7. Monitor order flow during pricing period;
8. Advise the Highways Division as to final bond structure and interest rate levels;
9. Recommend acceptance or rejection of pricing provided by the underwriter;
10. Assist in the preparation and review of the presentation to Rating agencies (Bond Rating Presentation);
11. Advise and assist the Highways Division in the preparation of the Highways Division's financing document, official statements, certificates and other offering documents;

Optional or Extra Work Tasks (Nos. 12-14 inclusive)

12. If required, advise or assist the Highways Division regarding other municipal finance products, such as short-term loans or lines of credit;
13. Advise and assist the Highways Division regarding the investment of bond proceeds; specifically, with respect to defeasance escrows;
14. Other work as requested, agreed and approved by the Highways Division.

Deliverables

1. Prepare written reports and presentations to the Highways Division for all work items and a final report;
2. Provide the Highways Division with a summary written report, within 10 business days of its request, which is to include the financial advisor's comments and recommendations based on its review of the proposal/information provided by the various investment banking firms and financial institutions. This may include Post Pricing Summary Report that shall include at a minimum, summary of transactions as well as information on the final bond structure, market conditions and pricing results;
3. For each proposal/information reviewed, certify that the financial advisor has not been associated with the particular investment banking firm and/or financial institution who is seeking to utilize the "IRMA Exemption" for the previous two years.

**EVALUATION OF OFFERORS:**

The Highways Division has determined that it is in the best interest of the State to award per Hawaii Administrative Rules 3-122-1, "Best Value" determination, to the offeror whose proposal provides the best value to the State, as award to the lowest responsive offeror is not practicable.

The Highways Division will award on the basis of demonstrated competence and qualifications for services at a reasonable price and will utilize the following criteria in evaluation of offerors: Offeror's value of service, experience, capability and strength of proposal to provide the financial advisory

services to support the issuance of Highway Revenue Bonds.

The Offeror awarded work under this solicitation will be hereinafter referred to as the “Contractor.”

## **GENERAL REQUIREMENTS**

All work performed shall be on a “Work Order” basis under the direction of the Administrative Services Officer (“ASO”), or designee by the Highways Division. A Work Order shall be prepared by the Contractor, based on mutual understanding of work scope between the Contractor and the ASO, for approval by the ASO prior to any work being performed. The Work Order shall contain cost items such as 1) Work to be performed, 2) total labor costs which includes estimated hours and cost per hour of assigned personnel to perform the work, and 3) other costs which may include travel, reproduction, and other incidental expenses directly related to the assigned work as applicable.

## **PAYMENT:**

The Contractor shall be paid on a Work Order basis issued by the Highways Division. Payment requests shall include an invoice for work performed, inclusive of all costs, direct or indirect, including taxes, with a signed copy of the Work Order before any payment can be made. Work Order shall be based on time, materials and hourly rates. Payment shall be made to the Contractor only after the work has been performed and accepted by the Highways Division and shall be signed via wet ink signature by the Contractor.

No payment will be made for any work that was not authorized by an executed Work Order.

In addition, the financial advisor will be required to submit the Certificate of Vendor Compliance (pursuant to the State’s Hawaii Compliance Express which can be found at <http://vendors.ehawaii.gov>), at the time the contract is executed and prior to receiving the final payment under the contract.

Invoices may be submitted by mail to the following address:

Department of Transportation, Highways Division  
869 Punchbowl Street, Room 202  
Honolulu, Hawaii 96813

Attention: Scot Urada (or other designee provided by the State in writing to the Contractor)

## **QUOTATION SUBMISSION DEADLINE:**

Firms/persons shall submit their quotations through the Hawaii Electronic Procurement System on or before **2:00 p.m. (HST), Tuesday March 19, 2019.**