

SOUTHERN CALIFORNIA  
PUBLIC POWER AUTHORITY



Request for Proposals  
for  
Financial Advisory Services

RFP Date: May 27, 2005

Response Deadline: July 1, 2005, by 4:00 p.m. PST

# 2005 FINANCIAL ADVISOR RFP

## PROCESS TIMELINE

Review RFP at FCM	2-May
Finalize RFP	9-May
Run ad in Bond Buyer and LA Business Journal / Post SCPPA website	20-May
Mail RFP to interested firms	27-May
Deadline for receipt of RFP's	1-Jul
Distribute proposals to FCM / Selection Team	8-Jul
Develop short-list of respondents	15-Jul
Notify respondents to be interviewed	18-Jul
Interviews by FCM (week of)	25-Jul
Finance Committee - recommendation for Board Approval	1-Aug
Negotiate agreement	5-Aug
Seek Board approval for agreement	18-Aug
Notify firms of selection results	19-Aug
Effective date of new contract	1-Oct

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**REQUEST FOR PROPOSALS**  
**FOR FINANCIAL ADVISORY SERVICES**

The Southern California Public Power Authority (Authority) is soliciting proposals from qualified firms to provide financial advisory services.

The Authority intends to enter into an agreement with a qualified firm offering financial advisory services during the period October 1, 2005, through June 30, 2007. The agreement would be subject to termination by either party upon thirty days' written notice. SPPA may extend the agreement beyond June 30, 2007, with the consent of the selected financial advisory firm.

The Authority, a joint powers authority and a public entity organized under the laws of the State of California, was created pursuant to the Government Code of California and a Joint Powers Agreement for the purpose of planning and financing, as well as development, acquisition, construction, operation and maintenance of projects for the generation or transmission of electric energy. Membership consists of eleven cities and one irrigation district which supply electric energy in Southern California.

During the period of the agreement, new money financings may include generation and transmission facilities and natural gas resources. The Authority also desires to continue to reduce Project costs and to help its members maintain their competitive position in the electric industry. The Authority is authorized to issue revenue bonds on a competitive or negotiated basis, in fixed or in variable rate form.

The firm selected to be the Authority's independent Financial Advisor will be precluded from underwriting the Authority's securities. However, the firm selected may purchase and sell obligations of the Authority in the secondary market.

**SCOPE OF WORK**

The Authority reserves the right to engage the services of an independent pricing agent in negotiating sales of its securities and/or terms and conditions of swaptions or swaps. The firm selected will be required to provide the following base level services and other general advisory services as may be requested from time to time:

1. Assist the Authority in updating and implementing strategies, plans, and policies. This includes analyzing short-term, intermediate, long-term financing options, and ongoing surveys of the financial activities of public and private electric utilities.

2. Provide the Authority with information, judgments, and forecasts regarding economic, capital market, and money market conditions.
3. Advise the Authority on the timing, method, and structure of its security sales and provide, when requested, consultation in negotiating the components of the underwriters' spread and the pricing and other terms of the securities offered.
4. Assist the Authority in preparing and reviewing documents necessary for the sale of its securities and the investment of the proceeds thereof.
5. Assist the Authority, in coordination with the Authority's bond counsel, in ensuring that applicable laws and regulations relating to security offerings are followed.
6. Assist the Authority in preparing for meetings with rating agencies and investors.
7. Assist the Authority in evaluating the performance of syndicate members, distribution of bonds, settlement and post-settlement analyses.
8. Assist the Authority in restructuring its debt, including changes in variable rate exposure and early retirement of outstanding obligations.
9. Assist the Authority in reviewing and analyzing legislation that may have a financial impact on the Authority.
10. When requested, assist the Authority in negotiating contracts, such as swaptions, investment agreements, purchases and sales of assets.
11. Upon request, prepare special studies of a financial nature and review new financial products or techniques which may be proposed to the Authority from time to time.
12. Assist the Authority in reviewing draft financial reports prior to publication.
13. Assist the Authority in developing and maintaining mailing lists for its financial statements.
14. Cooperate and coordinate with the Intermountain Power Authority on financial matters.
15. Attend monthly Finance Committee and Magnolia Finance Committee meetings and, upon request, attend meetings of the Board and the Investment Committee. From time to time, the Financial Advisor will be asked to meet with staff and to make presentations to the Finance Committee.

A fee structure for the services to be provided should be furnished in a separate envelope or under separate cover as part of your proposal, and should indicate any billing practices that are believed to be unusual. Please identify in your proposal billing practices relating to direct costs, and indirect costs, if applicable. The Authority prefers to receive monthly billing statements. The Authority

reserves the right to negotiate fees prior to awarding a contract. The Authority reserves the right to reject any or all proposals relating to financial advisory services.

In recognizing that the Authority may issue new money bonds, will continue to restructure and reduce its outstanding debt, and engage in forward and/or current refundings to reduce interest costs, please provide fee quotations as follows:

1. Specify an annual retainer (which would be paid at the end of each month) and expenses for general financial advisory work, indicating the total number of hours of work you propose to provide the Authority under such retainer. List the work and provide a schedule of hourly rates for each individual to be assigned to this account, as well as an average composite rate.
2. Upon approval of specific transactions or other non-routine work by the Board, indicate in your proposal how you will charge the Authority for such assignments.

In addition to reserving its right to negotiate an agreement, the Authority reserves its right to negotiate fees for services not anticipated by the proposer in its annual retainer prior to authorizing commencement of such work. Should the hours projected to be worked exceed the number of hours specified as part of the proposers annual retainer, the Authority reserves its right to negotiate an adjustment in fees to compensate the Financial Advisor.

The Authority has taken a position that the duties described above will cause the firm selected to be deemed “consultant” under the Political Reform Act of 1974 (Gov. Code, §8100 et seq.), as amended, and subject to that Act’s restrictions and mandatory disclosure provisions.

### **EVALUATION CRITERIA**

The key criteria for selecting a Financial Advisor will be: (1) the capability of the firm, (2) the experience of personnel assigned to the SPPA account, and (3) the economics involved in providing service, taking into consideration the locations and travel requirements of assigned personnel.

The Authority will short-list those firms to be interviewed. The Authority will establish an order of preference of those firms interviewed, and negotiation of an agreement with the preferred firm will be undertaken. The criteria used by the Authority will include, but not be limited to, the qualifications and experience of the firm and the individuals who will provide financial advisory services on behalf of the firm to the Authority, the bidder’s understanding of the Authority’s requirements, the bidder’s understanding of the energy industry, and the bidder’s methodology and approach to financial advisory work.

The Authority reserves the right to reject any or all submittals and to waive irregularities in any submittal if that is determined to be in the best interest of the Authority. The Authority may request additional information from any of the firms submitting proposals. The Authority shall not be responsible for the cost of preparing a proposal, or travel or other costs incurred should an interview opportunity be offered. The interviews will take place in Southern California in July, with the date,

time, and location to be announced by the Authority.

If you have questions about the Authority or the process described herein, please contact the Finance and Accounting Manager, Mr. Craig A. Koehler, at (626) 793-9364. You are requested to limit your questions to matters relating to the Authority and this proposal process. Any matters relating to the qualifications of your firm should be raised only in the proposal submitted and, if applicable, the interview. **Please do not contact Board members or any members of the Finance Committee members during this selection process regarding this RFP or your proposal.**

Firms not chosen for the interview process or as final candidates for the negotiation and selection process will be notified.

To be considered, please submit your proposal, plus 10 copies and a CD, to be received no later than the close of business on July 1, 2005. One additional proposal should be e-mailed to [ckoehler@scppa.org](mailto:ckoehler@scppa.org). Proposals should be addressed to:

Mr. Craig A. Koehler  
Finance and Accounting Manager  
Southern California Public Power Authority  
225 S. Lake Ave., Suite 1250  
Pasadena, CA 91101

Proposals shall be submitted in a sealed package, clearly marked with:

**RFP for Financial Advisory Services**

The proposed fee schedule as specified in the RFP, should be furnished in a separate envelope or under separate cover.

Attachments:

- (1) Request for Proposal Instructions
- (2) The Authority's 2003/2004 Annual Report

# SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

## **REQUEST FOR PROPOSAL INSTRUCTIONS**

To achieve a uniform review process and obtain the maximum degree of comparability, it is requested that **one original plus ten copies and CD** (and an e-mail to [ckoebler@scppa.org](mailto:ckoebler@scppa.org) ) of your proposal be tabbed and organized as follows:

*(Please note that reference to firm shall include firms if joint proposals or subcontractors are to be used.)*

1. Letter of Transmittal

**Interested bidders must sign the proposal.**

2. Title Page

Show the RFP subject, name of the proposer's firm, address, telephone number, name of contact person, date proposal submitted.

3. Table of Contents

Clearly identify the material by section and page number.

2. Narrative

(a) Give a brief description of your firm's experience serving as a financial advisor and/or independent investment advisor, and provide a narrative description of relevant experience and/or capabilities, particularly with major operating utilities and joint action agencies in and outside of California. State whether your focus is as a regional firm, an east coast firm, a west coast firm, or a national service area firm. Provide recent public agency and independently owned utility references, at least three if possible, including phone numbers of clients for which the lead individuals in your proposal served.

(b) Describe any situations that have occurred in the last five years where your services as a Financial Advisor were terminated.

- (c) Identify the members of the team who will primarily be assigned to work on this account including their normal work location. Include resumes for such individuals. The individual(s) responsible for the day-to-day relationship with the Authority should be clearly identified. All individuals primarily assigned to work on this account must participate in the interview if your firm is selected as a finalist.
- (d) State your understanding of the work to be done and how resources will be provided to best serve the Authority.
- (e) Describe any innovations you have developed or worked on for tax-exempt issues, and taxable issues in domestic or international markets, with a brief outline of the problem, your solution, and the results.
- (f) Describe your firm's role in evaluating financing alternatives other than bonds. Briefly mention alternatives that you believe may be appropriate for the Authority's use.
- (g) Outline the circumstances under which either a competitive or negotiated underwriting would be preferred. What role would your firm expect to play as Financial Advisor under each method?
- (h) Outline the activities your firm would undertake to facilitate the sale and marketing of the Authority's debt. Describe your firm's experience with these activities.
- (i) What role would your firm expect to play in refinancing the Authority's debt? Describe your firm's experience in this area.
- (j) What technical support services does your firm have available? How would you use these services in formulating financing strategies for the Authority?
- (k) If your firm is an independent advisor not engaged in underwriting securities, indicate your role in structuring and pricing negotiated sales (i.e., contacts with underwriting firms, trading desks, etc. to ascertain price indications). Provide samples of structures and savings you believe your approaches generated.
- (l) Provide a brief discussion of any other information that you believe to be relevant to your firm's qualifications and of particular interest to the Authority (i.e., your role in assisting other electric utilities in becoming lower-cost service providers and any reports that your firm prepared regarding competition and the restructuring of the electric industry).



*(If you desire to furnish statistical data or other tabulated material, please include such information as a separately bound appendix to your proposal.)*

5. Fees and Costs

Describe your proposed fee schedule as specified in the RFP and should be furnished in a separate envelope or under separate cover. The Authority reserves the right to negotiate proposed fees for general financial advisory services prior to awarding a contract, and to negotiate fees or costs for any work not covered by the retainer.

6. Insurance

Describe the limits of your errors and omissions coverage.

In addition, interested bidders must include the following declaration:

This proposal is genuine, and not a sham or collusive, nor made in the interest or in behalf of any person not herein named; the proposer has not directly or indirectly induced or solicited any other proposer to submit a sham bid, or any other person, firm or corporation to refrain from submitting a proposal; and the proposer has not in any manner sought by collusion to secure for themselves an advantage over any other proposer.

To be considered, please submit one original proposal, plus 10 copies and a CD, to be received **no later than 4:00 p.m. on July 1, 2005**. One additional proposal should be e-mailed to [ckoehler@scppa.org](mailto:ckoehler@scppa.org). Proposals should be addressed to:

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