

**SOUTHERN CALIFORNIA  
PUBLIC POWER AUTHORITY**



**REQUEST FOR  
UNDERWRITER QUALIFICATIONS**

**RFQ Date:** August 8<sup>th</sup>, 2024

**Response Deadline:** September 5<sup>th</sup>, 2024 by 5:00 PM PT

# **REQUEST FOR UNDERWRITER QUALIFICATIONS (RFQ)**

## **Purpose**

The Southern California Public Power Authority (“SCPPA”) is soliciting statements of qualification (“proposals”) from qualified firms (“Respondents”) to potentially serve as senior manager(s) or co-manager(s) on future financings and refinancings. SCPPA expects to qualify a pool of firms (“the SCPPA Underwriter Pool”) from which SCPPA will select senior manager(s) or co-manager(s) as needed for underwriting services during the next five years.

Underwriter assignments, for individual financings in the future, will be made based in part on value-added financing and refinancing proposals recommended to SCPPA by individual firms within the pool, and other relevant factors such as firm experience and fees. Assignments will be established at the time of each transaction from firms selected from SCPPA’s Underwriter Pool. SCPPA does not guarantee that all firms within the pool will participate in transactions during the five-year period and reserves the right to determine the number of firm(s) selected for each transaction. While SCPPA does not anticipate making changes to the Underwriting Pool, SCPPA does retain the right to make changes for any reason without liability or cost to SCPPA.

## **Background**

SCPPA is a California joint powers agency comprising eleven municipal utilities and one irrigation district. SCPPA’s members consist of the municipal utilities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, Vernon, and the Imperial Irrigation District. Further information about SCPPA and its projects can be found on its website, [www.scppa.org](http://www.scppa.org).

## **Questions**

Please include the following information in your proposal:

### **A. General Firm Information**

1. Provide the names, addresses, telephone numbers, and email addresses of the two principal contacts from your firm which SCPPA would contact for all future engagements.
2. Which representatives from your firm will SCPPA see and interact with on an ongoing basis? Which representatives from your firm’s underwriting desk would SCPPA work with on pricing transactions? Why do you believe these individuals are the best representatives from your firm for this job? Provide detailed information regarding these individuals’ public power resumes and the value you believe that each will add to SCPPA.

3. Please describe any recent or contemplated significant restructuring, organizational change, or personnel turnover at your firm or within the municipal banking, underwriting, or trading divisions which you believe would be of interest to SCPPA.
4. If applicable, provide credit ratings by nationally recognized rating organizations (short and long-term debt) of your firm, and its related subsidiaries and/or affiliates that may provide products and/or services to SCPPA.
5. If applicable, please describe your firm as one of the following: Regional, Certified Minority-Owned or Minority-Owned/Women-Owned Business Enterprise. Describe the ownership structure and the ownership percentages which have allowed your firm to maintain such a designation. If your firm has offices with municipal finance bankers in California or is headquartered in California or has a municipal bond underwriting or trading desk in California, specify the locations of each.
6. Indicate if your firm is involved in any Securities Exchange Commission (SEC) investigation regarding municipal sales methods, security dealings, underwritings, or related practices. Please disclose the status of such matters to the extent possible.

## **B. Senior Manager or Co-Manager Interest**

Indicate whether your firm would like to be considered as a senior manager or as a co-manager for SCPPA's Underwriting Pool. Certain questions (as indicated below) do not pertain to firms interested only in consideration as a co-manager. Firms interested in serving as senior manager will automatically be considered for co-manager positions.

## **C. Firm Experience**

For purposes of this section, firm experience should be specific to the responding firm and should not include information about experience of members of your team which was acquired while employed by a different firm. Information about individual team member experience can be included in resumes in an appendix. These will not be counted towards the page limit.

1. Provide the number of transactions and total par amount of transactions which your firm has completed as a senior manager only, for each of the following categories: 2021, 2022, and 2023 national transactions, 2021, 2022, and 2023 national public power transactions, 2021, 2022, and 2023 California transactions and 2021, 2022, and 2023 California public power transactions.

Responses should be provided in a form similar to the form of table given below. Transactions with multiple senior managers can be claimed under number of transactions by all senior managers and should be claimed in proportion to SDC credit received under total par amount.

Senior Managed Transactions				
Transaction Category	Applicable Year			
	National	National Public Power	California	California Public Power
Par Amount				
# Transactions				

Please also include a table listing the details for each of the National and California public power transactions your firm has completed since 2021 as an Appendix. These tables will not be included in the page limit.

2. Please provide 3 case studies which are not related to SCPA or its participants, that your firm believes demonstrate the type of relevant value added you would bring to SCPA as a member of its Underwriting Pool. Please have 1 case study for each for the following: National public power account, California public power account, and a renewable power transaction. If your firm does not have case studies across these three areas, please provide case studies for clients that are most similar to SCPA in financing needs.
3. Please describe what your firm views its value-added has been to SCPA over the last five years.
4. Please include any other relevant experience related information you believe is important to SCPA as it evaluates your proposal.

#### **D. Transaction Pricing**

1. What investor accounts do you cover that your competition does not as it relates to adding value to SCPA?
2. Please provide current spread to BVAL estimates for 5, 10, 20, and 30 years, assuming SCPA were to price bonds for the STS Renewal Project (Aa2/-/AA-), Magnolia Power Project (-/AA-/AA-), Canyon Power Project (-/AA-/AA-), Mead-Adelanto Project (Aa2/AA-/), and Mead-Phoenix Project (Aa2/AA-/). Please explain your justification for these spread levels, both by project and as it relates between projects.
3. Please provide an example of when your underwriter added real value as a co-manager on a transaction with regard to a pricing scale or the pricing discussion. Who from your desk would work on SCPA's co-managed deals? If different than your proposed underwriter, please explain.
4. How should SCPA judge performance by your firm as a co-manager on its bond sales?

## **E. Financing Ideas (Not Required for Co-Manager Only Proposals)**

1. What structures do you suggest SCPPA pursue to lower its all-in cost on renewable projects? In what way is your firm uniquely qualified with respect to these suggestions?
2. What thoughts or ideas would you suggest SCPPA consider regarding potential refinancing opportunities in the next three years?
3. Please discuss any other financing ideas which may be relevant to SCPPA and its members.

## **F. Ability to Extend Credit**

1. Describe your firm's position on providing credit either in the form of a Letter-of-Credit, Standby Bond Purchase Agreement, or Direct Purchase to municipal issuers at the current time.
2. How much credit capacity does your firm currently have available for SCPPA, excluding credit facilities which are already in place?

## **G. Fees**

SCPPA is not asking for fee proposals with this RFQ. SCPPA reserves the right to negotiate appropriate fee arrangements at the time of any engagement based upon the specifics of the transaction and current market dynamics.

## **H. Conflicts/Disclosure**

Indicate any conflicts or potentially conflicting situations your firm might have in executing your proposal. Is your firm involved in any SEC or comparable investigation regarding sales methods, security dealings, underwritings or related practices? Please disclose the status of such matters.

## **Form of Proposals**

Proposals should consist of:

1. A signed and dated cover letter (not to exceed 2 pages);
2. A proposal including all the information requested in Sections A-H of this Proposal, not to exceed 20 pages, excluding Section E – Financing Ideas;
3. Section E – Financing Ideas, not to exceed 6 pages;
4. Appendices (no page limit)

Resumes should be included as an appendix and will not be counted towards the page limit. A summary of transactions should be included as an appendix as part of your firm’s response to Question C and will not be counted towards the page limit. No marketing information should be included within the resumes or transaction list. SCPPA encourages your firm to answer the questions herein as directly and succinctly as possible and to refrain from providing excessive marketing information other than that which is requested.

## **Timeline**

SCPPA’s expected timeline for RFQ review and Underwriting Pool establishment is as follows:

<b><u>Activity</u></b>	<b><u>Timing</u></b>
RFQ Distributed	August 8 <sup>th</sup>
Clarification Questions Deadline	August 16 <sup>th</sup>
Responses to Clarification Questions Due	August 23 <sup>rd</sup>
RFQ Deadline for Submittal	September 5 <sup>th</sup> by 5:00 PM PT
SCPPA RFQ Review	September 2024
Follow-up Information Requests or Interviews (if needed)	September 2024
SCPPA Finance Committee Meeting and finalization of RFQ process	October 7 <sup>th</sup>
Notice of Selection	October 2024

Note: SCPPA reserves the right to make adjustments to this timeline.

## **Clarification Questions and Communications**

The deadline to submit clarification questions on this RFQ is specified in the timeline table above. All questions should be submitted electronically via email to Aileen Ma at [ama@scppa.org](mailto:ama@scppa.org) and Louise Houghton at [houghtonl@pfm.com](mailto:houghtonl@pfm.com) referencing SCPPA Request for Underwriter Qualifications in the subject line. Answers to questions that SCPPA, at its sole determination and discretion, deems to be substantive or that would place the inquisitor at a distinct and unfair advantage to other potential Respondents will be posted on SCPPA’s website alongside the solicitation at <http://scppa.org/page/RFPs-Finance> as soon as a practicable after the date received, but no later than the date noted in the timeline table. It is the responsibility of potential Respondents to review this website for any and all postings.

**During this RFQ period, communications with SCPPA other than in the manner specified in this solicitation are prohibited. No contact shall be made with the SCPPA Board of Directors, SCPPA staff, SCPPA Finance Committee, or any SCPPA Members concerning this request for underwriter qualifications. Failure to abide by this requirement may result in disqualification of the proposal.**

## **Submission Requirements**

Proposals should be addressed to the following individual:

Ms. Aileen Ma  
Chief Financial & Administrative Officer  
Southern California Public Power Authority  
1160 Nicole Court  
Glendora, CA 91740

Your response should be emailed to Aileen Ma at [ama@scppa.org](mailto:ama@scppa.org), Mike Berwanger at [berwangerm@pfm.com](mailto:berwangerm@pfm.com), Jim Carbone at [carbonej@pfm.com](mailto:carbonej@pfm.com), Louise Houghton at [houghtonl@pfm.com](mailto:houghtonl@pfm.com) and Jonathan Wang at [wangj@pfm.com](mailto:wangj@pfm.com).

**Late or non-responsive proposals will be rejected.**

## **Confidentiality; California Public Records Act**

All information received by SCPPA in response to this RFQ may potentially be subject to disclosure under the California Public Records Act and the California Brown Act and all submissions may be subject to review in the event of an audit.

**Respondent must identify all copyrighted material, trade secrets, or other proprietary information (“protectable documents”) that the Respondent included in its proposal which Respondent believes should be exempt from disclosure under the California Public Records Act.** By listing the documents, Respondent agrees to indemnify, defend, and hold harmless SCPPA, its Members, and their respective officers, agents, and employees from and against any action, claim, lawsuit, or proceeding, including costs and expenses, arising out of or connected with SCPPA’s refusal to disclose the protectable documents to any party making a request for those items.

SCPPA will treat any Respondent who fails to identify documents that the Respondent believes should be exempt from disclosure as having waived its right to an exemption from disclosure, as the Public Records Act provides. SCPPA reserves all rights to assert exemptions from disclosure under applicable law.

## **Terms and Conditions**

1. SCPPA reserves the right to cancel this RFQ at any time, reject any and all proposals and to waive irregularities.

2. SCPPA shall determine at its sole discretion the value of any and/or all proposals.
3. SCPPA reserves the right to submit follow up questions or inquiries to request clarification of information submitted and to request additional information from any one or more of the Respondents.
4. SCPPA reserves the right, without qualification and in its sole discretion, to accept or reject any or all proposals for any reason without explanation to the Respondent.
5. SCPPA is under no obligation to execute a transaction as a result of this RFQ.
6. Those Respondents who submit proposals agree to do so without legal recourse against SCPPA, its Members, their directors, officers, employees and agents for rejection of their proposal(s) or for failure to execute or act on their proposal for any reason.
7. SCPPA shall not be liable to any Respondent or party in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this RFQ.
8. SCPPA shall not be liable for any costs incurred by any Respondents in preparing any information for submission in connection with this RFQ process or any and all costs resulting from responding to this RFQ. Any and all such costs whatsoever shall remain the sole responsibility of the Respondent.
9. SCPPA is not responsible or liable for individual Members' interactions with the Respondent which are not entirely conducted through SCPPA or at SCPPA's option or election to engage the Respondent as defined within the RFQ.
10. Submission of a proposal constitutes acknowledgement that the Respondent has read and agrees to be bound by the terms and specifications of this RFQ and any addenda subsequently issued by SCPPA.
11. Respondents understand and acknowledge that all recommendations submitted within the proposals will remain firm for a period of 90 days from the due date.

## **EVALUATION CRITERIA**

Proposals will be evaluated according to the following principles:

1. An evaluation team, composed of qualified reviewers, will judge the merits of the proposals received in accordance with the criteria defined in the RFQ.



2. The proposal will first be assessed as to whether it is complete and meets the minimum requirements (responding to all Questions) on a pass or fail basis.
3. The proposals will then be evaluated on the basis of criteria including the following:
  - a. Firm's qualifications and experience
  - b. Qualifications of key personnel
  - c. Transaction pricing
  - d. Credit support capabilities
  - e. Other capabilities
  - f. Financing ideas (Senior Manager proposals only)

Protest Procedure:

Any protest challenging SCPPA's selection of its Underwriter Pool must be submitted within five business days following SCPPA's issuance of Notice of Selection. The protest must be submitted in writing via email to [ama@scppa.org](mailto:ama@scppa.org) and must clearly specify the basis for the protest. The protest will be reviewed by SCPPA's Executive Director in consultation with SCPPA's General Counsel, and their determination on the protest is final. No public hearing will be held on the protest. Time being of the essence, SCPPA reserves the right to proceed with the engagement of services notwithstanding any pending protest or legal challenge. The procedure and time limits set forth in this section are mandatory and are the Applicant's sole and exclusive remedy in the event of protest. The Respondent's failure to comply with these procedures shall constitute a waiver of any right to further pursue a protest, including filing a Government Code claim or initiation of legal proceedings.