

Cherelle Parker, Mayor  
Jacqueline Dunn, City Treasurer, City Treasurer's Office  
The City of Philadelphia

## REQUEST FOR QUALIFICATIONS FOR ***UNDERWRITERS***

### **SUMMARY:**

The City Treasurer's Office (the "CTO" or "Department") is seeking proposals from investment banking firms to serve as senior manager and co-manager underwriters in connection with all City of Philadelphia (the "City") General Obligation Bonds ("GO"), Other Tax-Supported Bonds ("OTB"), Airport Revenue Bonds ("Airport"), Philadelphia Gas Works Revenue Bonds ("PGW"), Water and Wastewater Revenue Bonds ("Water") (collectively the "Bonds") and Tax and Revenue Anticipation Notes ("Notes").

### **RFQ ISSUE DATE:**

January 15, 2025

### **RESPONSE DEADLINE:**

No later than 5 pm Philadelphia Time on March 7, 2025. **A complete proposal must be submitted by this time to be considered. Proposals in-process are incomplete.**

### **OFFICIAL RFQ CONTACT:**

*Matt Bowman*

*Deputy City Treasurer*

[matthew.bowman@phila.gov](mailto:matthew.bowman@phila.gov)

### **SUBMISSION REQUIREMENTS:**

All proposals must be submitted via email no later than 5:00 PM Philadelphia local time on March 7, 2025 to:

[cto.bonds@phila.gov](mailto:cto.bonds@phila.gov)

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# Summary

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## CTO Overview

The City Treasurer's Office (CTO) safeguards City funds, serves as the disbursement agent for all City-related payments, and invests those funds that are in excess of the amount needed to meet daily cash requirements. The CTO also manages new and outstanding debt in accordance with the City's debt management policies, and works to improve and maintain the City's credit ratings.

## Background

The City is seeking to select qualified underwriting firms demonstrating extensive knowledge of municipal finance, City policies and procedures, and expertise and experience for each credit for which an applicant proposes. This Request for Qualifications ("RFQ") shall apply to the City and relevant City-related Agencies (as applicable) for tax-exempt and taxable debt issued under the stated financing programs. This RFQ contains a specific section for each credit covered. Firms responding to this RFQ (an "Applicant") must respond to the sections of every credit.

The City intends to develop and maintain a group or groups (also referred to as pools) of investment banking firms qualified to provide senior manager services and co-manager underwriting services for up to a four-year period. The term of the pools is expected to start on or about July 1, 2025, and end on or about June 30, 2029.

A qualified senior manager pool and co-manager pool will be chosen, with firms eligible to serve in the respective roles on transactions for any of the following credits:

1. GO, OTB and Notes
2. Airport
3. PGW
4. Water and Wastewater

The City reserves the right to appoint additional firms to its pools at its sole discretion during the term of the pools if a firm demonstrates it meets the selection criteria herein described.

### Please note the following:

- Joint proposals will not be accepted.
- Please indicate in the cover letter of your response if your firm wishes to be considered for the position of Co-Manager only.
- All firms proposing to serve as a Senior Manager will automatically be considered for a Co-Manager position.

The transactions that may be included during the course of such service include:

- New Money Bond Transactions
- Refunding Bond Transactions
- Restructurings/Conversions (as applicable)
- Short-term issuance for Notes (as applicable)
- Remarketing/Placement Agent Services

- Swap terminations/transactions (as applicable).

The City anticipates negotiating a market takedown with the book-running senior manager prior to the pricing of each transaction.

**Please note that should the City undertake any new transactions prior to the selection of pools for this RFQ, the syndicate(s) for such transactions may be selected based on responses to this RFQ from the members of the current pools.**

## RFQ Schedule

<b>RFQ Posted</b>	January 15, 2025
<b>Applicant Questions Due</b>	Applicants must submit questions regarding this opportunity by January 29, 2025, at 5pm Philadelphia time. All questions must be submitted via email to <a href="mailto:matthew.bowman@phila.gov">matthew.bowman@phila.gov</a>
<b>Answers Posted on <a href="#">City's website</a></b>	February 14, 2025, 5pm Philadelphia time
<b>Proposals Due</b>	March 7, 2025, 5pm Philadelphia time
<b>Interviews, Presentations</b>	June 2 - June 6, 2025
<b>Pool Selection</b>	June 2025
<b>Commencement of Pool</b>	July 1, 2025

The above dates are estimates only. Notice of changes in any pre-proposal meeting or site visit date, time or location, due date for Applicant questions, or proposal due date will be posted as a notice/Addendum with the original RFQ on <https://www.phila.gov/departments/office-of-the-chief-administrative-officer/contract-opportunities-with-special-application-processes/> and will become a part of the RFQ.

# General Requirements

CTO requires that each firm provide at a minimum, the services and tangible work products listed below, including the specific tasks and work activities described.

- Serve as a senior or co-manager.
- Serve as remarketing agent or commercial paper dealer.
- Make recommendations on all aspects of relevant financings including, but not limited to, the timing of sales of bonds, marketing, call provisions, and other structuring considerations.
- Assist with investor relations, including accessing new buyers and market sectors for City Bonds and other City-related Agency Bonds.
- Assist in the development/refinement of investor presentations.
- Assist in the development/refinement of rating agency presentations including strategy focused on optimizing credit ratings.
- Identify, evaluate, and explain the benefits and risks of alternative financing structures.
- Develop a comprehensive marketing plan, including identification of potential investors to achieve the lowest possible borrowing cost.
- Assist in pre-sale marketing and development of price views.
- Provide for effective institutional and/or retail distribution of the bonds.
- Commit firm capital to underwrite unsold balances as necessary.
- Provide as-needed financial information regarding market conditions and trends, financial products, credit and credit analysis, third party alternative financings and special facility financings.
- Keep the City abreast of market developments and financing techniques which might be applicable to the City's financing programs.
- Prepare analyses and evaluations of potential refundings and new money issues.
- Review and evaluate financing options, financial feasibility studies (if applicable), legal documents, etc.
- Assist the City's municipal advisor(s) in identifying tasks, assigning responsibilities and coordinating dates for completing activities related to the plan of finance.
- Based on market conditions, identify alternative products and structures.
- Provide information on and participate in the selection of credit enhancement providers, if deemed appropriate for a particular financing.
- Review and assist in the preparation of disclosure and other legal documentation for both issuance of debt and continuing disclosure.
- Coordinate disclosure "due diligence" review of the City in consultation with underwriter's counsel.
- Coordinate the investment banking process leading to the negotiated sale of the bonds, including preparation of detailed pre-pricing books. Underwrite bonds if necessary to enable an orderly pricing and to meet the City's goals for pricing. This includes the willingness to underwrite the bonds in a manner that does not negatively affect the long-term cost of the City's bonds.
- During the pricing of bonds, provide:
  - Investor feedback and reverse inquiries
  - The ability to remotely monitor the placement of orders on a real-time basis, including the type of order and the firm placing such order
  - On-site facilities for City staff and municipal advisor(s) to monitor and oversee the process of pricing the bonds
  - Status reports summarizing order flow by maturity as well as intra-day developments that affect the pricing
- Provide post-sale analysis of the transaction, including but not limited to:

- A summary of the marketing and pricing of the bonds (including all relevant information pertaining to rates and yields, arbitrage yield and true interest costs, etc.)
- Preliminary Pricing Information
- Pricing Wires
- Orders and Allotments
- Marketing Materials
- Sales Memorandum, POS/OS Cover and Maturity Schedule
- Closing Memo
- Final Cash Flows
- Secondary Trading Activity
- Provide issue price certification as required by the City's bond counsel.
- Coordinate closing of the bond transaction with other working group members.
- Related services as deemed necessary by the City Treasurer.

In addition, the City expects the Underwriter, as part of their responsibilities to investors under the Federal securities laws, to conduct such review as is necessary to attain a reasonable basis for belief in the accuracy and completeness of the key representations in the Official Statements.

# Proposal Content

## 1. Cover Letter (Limit: 1 page)

Provide a cover letter addressed to the City Treasurer and the representatives from the credits, signed by the person authorized to issue the proposal on behalf of the Applicant.

## 2. Background/Firm Introduction (Limit: 4 pages)

- a. Please provide a narrative description of the firm, including the following information:
  - i. Name and contact information for Primary Contact
  - ii. Business Organization type (i.e. corporation, partnership, LLC, etc.)
  - iii. Are you registered to do business in Philadelphia and/or Pennsylvania?
  - iv. Are you registered as a minority-, woman-, or disabled-owned business or disadvantaged business with which certifying agency?
  - v. Federal Taxpayer Identification Number or Federal Employer Identification Number
- b. Please describe your firm's commitment to the municipal finance industry.
- c. If rated, please provide your firm's long and short-term ratings from Moody's, S&P, and Fitch.

## 3. Overall Experience (Limit: 5 pages)

- a. Describe the nature of the current market and investor base for municipal bonds and investor structuring preferences. Comment on your expectations for the market in 2025 and 2026. Provide any commentary you find appropriate on implications the City should be aware of with new Federal laws or actions enacted, proposed or proffered by the new Presidential Administration pertaining to the issuance of municipal securities.
- b. Describe your coverage/day-to-day manager and team for the City. Provide name, title, location, brief background, and which of the City's credits each of the professionals would be assigned to for key professional(s) in each of the following areas:
  - i. Investment Banking – primary investment banking team (provide contact information for these individuals, including any credit specialists)
  - ii. Underwriting, Marketing, Sales, and Analytics professionals
  - iii. Please include the number of years of experience, number of years at the firm, and experience applicable to these financings. **Do not include resumes.**
- c. Please describe the size and composition of your firm's sales force.
- d. Please describe your firm's capital position, including total capital, equity capital, net equity capital and excess net equity capital for the last three years. Please describe any restrictions your firm has regarding the use of capital for municipal underwriting. Describe recent examples of municipal underwritings that demonstrate your firm's willingness to commit capital to underwrite unsold balances.
- e. Describe your firm's secondary market support of the City's obligations, including a table showing your firm's average daily inventory of City securities, by credit, over the last two years.
- f. Discuss any financial arrangements your firm has with other financial companies for the sale and distribution of bonds.

#### **4. GO Bonds, OTB, and Notes (Limit: 9 pages)**

- a. Discuss your firm's knowledge and understanding of the decision-making process, rules, and regulations applicable to the issuance of GO/OTB/Notes. Summarize how your firm provided services to the City and City-related agencies over the past five (5) years, including transaction services, credit support, and/or materials on relevant and meaningful financing ideas.
- b. Describe your firm's experience and capabilities to serve as underwriter on GO Bonds and Notes. Please provide no more than three (3) case studies of GO, OTB (e.g. service contract, lease revenue, etc.) and/or Note transactions within the past three (3) years in which your firm was involved as an underwriter. Please include in the above the issuer's rating, insurer or letter of credit bank (if applicable), your firm's role (i.e. bookrunner, senior manager, co-manager, selling group) and par amount. Do not include transactions that have involved the City of Philadelphia or City-related agencies.
- c. Please discuss any recommended strategies for improving or maintaining the credit ratings for the GO, OTB and Note programs. Please include comments specific to each rating agency. Please discuss your firm's experience with similar credits regarding rating upgrades or maintenance. Please also discuss the optimal number of ratings for each transaction. If fewer than three, would you recommend rotating between agencies on a per deal basis, or dropping one agency entirely?
- d. Please discuss any structuring or marketing ideas you may have to improve the general market reception and pricing performance of the GO, OTB and Note programs. Please describe any innovations in marketing or structuring that your firm has recently developed for similar credits.
  - i. Discuss how the City can tighten the spread to relevant benchmarks for GO/OTB/Note debt relative to historic transactions. Discuss how the City can create strong demand and broad distribution for its bonds by maximizing the participation of its syndicate members, including how designation policies for the institutional order period can incentivize the senior, co-senior and co-managers.
  - ii. How can the City expand and better diversify its investor base? Which institutional investors that do not currently participate in the City's GO/OTB/Note sales would you target? Please explain why and how.
- e. Please show indicative pricing levels for both Tax-exempt and Taxable \$200 million bond transactions issued under the City's GO credit. Assume the bonds are uninsured and amortize over 20 years. Please show pricing levels, including couponing, spread to AAA MMD or US Treasuries (as applicable), and optional redemption provisions, as of February 21, 2025. Do not include detailed bond schedules. Please discuss any other index, in addition to MMD, that the City should consider in pricing its tax-exempt bonds.
- f. Please describe any potential refunding opportunities for the City's GO/OTB obligations.
- g. Affordable housing is a longstanding priority for the City, and the City funds a variety of programs to this aim. If applicable, please share one example of a publicly funded transaction that your firm participated in with an affordable housing component. The response should include a short description of the program, the par size, the results of the transaction, and the nature of your firm's role on the transaction team. Please do not include housing finance authority transactions. This question is for informational purposes only and will not impact a firm's ability to participate in the underwriting pool.



- h. As Appendix A-I, provide a list of the firm's relevant experience since 1/1/2022 with general obligation bond financings (please indicate for each transaction the date of the issue, the name of the issuer, the name of the transaction, par amount, credit structure, type of sale, and your firm's role (i.e. bookrunner, senior manager, co-manager, selling group member). On this list, highlight or otherwise indicate any City transactions
- i. As Appendix A-II, provide a list of the firm's relevant experience since 1/1/2022 with tax and revenue anticipation notes or other similar forms of short term tax-exempt indebtedness (please indicate for each transaction the date of the issue, the name of the issuer, the name of the transaction, par amount, credit structure, type of sale, and your firm's role (i.e. bookrunner, senior manager, co-manager, selling group member). On this list, highlight or otherwise indicate any City transactions.

## 5. Airport (Limit: 8 pages)

- a. Discuss your firm's knowledge and understanding of the decision-making process, rules and regulations applicable to the issuance of the City's Airport Revenue Bonds. Summarize how your firm provided services to the City for the Airport credit over the past five (5) years, including transaction services, credit support, and/or materials on relevant and meaningful financing ideas.
- b. Describe your firm's experience and capabilities to serve as underwriter on airport transactions. Please provide no more than three (3) case studies of airport transactions within the past three (3) years in which your firm served as an underwriter. Please include the issuer's rating, insurer or letter of credit bank (if applicable), your firm's role (bookrunner, senior manager, co-manager, selling group), and par amount. Do not include transactions that have involved the City of Philadelphia or PHL.
- c. Please discuss your recommended credit ratings strategies for the Airport. Include your understanding of the Airport's current operational and financial challenges, and how to address these with the rating agencies. Please include comments specific to each rating agency. Please discuss your firm's experience with similar credits regarding rating upgrades or maintenance. Please also discuss the number of ratings you recommend for each transaction.
- d. Please discuss any relevant and actionable structuring or marketing ideas you may have to improve the general market reception and pricing performance of the Airport program (for Non-AMT, AMT and Taxable bonds). Please describe any innovations in marketing or structuring that your firm has recently developed for similar credits.
  - i. Discuss how the City and Airport can continue to create strong demand and broad distribution for its bonds by maximizing the participation of its syndicate members including how designation policies for the institutional order period can incentivize the senior, co-senior and co-managers.
  - ii. Describe what the City and Airport may do to enhance the receptivity of its bonds to the market. How can the City and Airport better diversify its investor base? What is the current appetite of investors for City of Philadelphia airport bonds – be specific about who is participating in airport issues and who is not? Which institutional investors that do not currently participate in the City's Airport Revenue Bond sales would you target? Please explain why and how.
- e. Please show indicative pricing levels for Tax-exempt (Non-AMT and AMT) and Taxable \$300 million Airport Revenue Bond transactions. Assume the bonds are uninsured and amortize over 30 years. Please show pricing levels, including couponing, spread to AAA MMD or US Treasuries (as applicable), and optional redemption provisions as of February 21, 2025 for Non-AMT, AMT, and Taxable bonds. Do not include detailed bond schedules.
- f. Please describe any potential refunding opportunities for the City's Airport obligations. The Airport expects to have an overfunded reserve fund once the Series 2015A bonds are refunded in their entirety. What should the Airport use those excess amounts for? What strategies should the Airport consider for the taxable Series 2017 bonds that have a mandatory tender in June 2025?
- g. Please discuss any debt management/structuring recommendations the City and Airport should consider when implementing its capital plan. If applicable, please incorporate any thoughts regarding management of the Airport's Commercial Paper Program.

- h. As Appendix A-III, provide a list of the firm's relevant experience since 1/1/2022 with Airport Revenue Bond financings (please indicate for each transaction the date of the issue, the name of the issuer, the name of the transaction, par amount, credit structure, type of sale, tax status (Non-AMT, AMT or Taxable), and role of your firm- bookrunner, senior manager, or co-manager). On this list, highlight or otherwise indicate any transactions of the City.

## 6. Gas Works (Limit: 8 pages)

- a. Discuss your firm's knowledge and understanding of the decision-making process, rules and regulations applicable to the issuance of Philadelphia Gas Works Revenue Bonds. Summarize how your firm provided services to the City for the PGW credit over the past five (5) years, including transaction services, credit support, and/or memos or materials on relevant and meaningful financing ideas.
- b. Describe your firm's experience and capabilities to serve as underwriter on gas works or municipal utility transactions. Please provide no more than three (3) case studies of gas or municipal utility transactions within the past three (3) years in which your firm served as an underwriter. Please include in the above the issuer's rating, insurer or letter of credit bank (if applicable), your firm's role (bookrunner, senior manager, co-manager, selling group), and par amount. Do not include transactions that have involved the City of Philadelphia or PGW.
- c. Please discuss any recommended strategies for improving the credit ratings for PGW. Please include comments specific to each rating agency. Please discuss your firm's experience with obtaining upgrades for similar credits. Please also discuss the optimal number of ratings for each transaction. If fewer than three, would you recommend rotating between agencies on a per deal basis, or dropping one agency entirely?
- d. Please discuss any structuring or marketing ideas you may have to improve the general market reception and pricing performance of the PGW program (for tax-exempt and taxable bonds). Please describe any innovations in marketing or structuring that your firm has recently developed for similar credits.
  - i. Describe what the City may do to enhance the receptivity of its bonds to the market. How can the City and PGW better diversify its investor base. Which institutional investors would you target that do not currently participate in the City's PGW sales? Please explain why and how.
  - ii. How can PGW proactively address investors' concerns about the impacts of climate change and the role of natural gas when selling long-term debt?
- e. Please show indicative pricing levels for Tax-exempt and Taxable \$200 million Philadelphia Gas Works Revenue Bond transactions. Assume the bonds are uninsured and amortize over 30 years. Please show pricing levels, including couponing, spread to AAA MMD or US Treasuries (as applicable), and optional redemption provisions for both Tax-Exempt and Taxable bonds as of February 21, 2025. Do not include detailed bond schedules.
- f. Please describe any potential refunding opportunities for PGW obligations.
- g. Discuss a strategy for the timing of the issuance of fixed-rate bonds in the context of the management of PGW's commercial paper program.
  - i. Please discuss any debt management/structuring recommendations the City and PGW should consider including thoughts on how City/PGW should best deploy its Commercial Paper Program?
  - ii. Discuss your thoughts on the issuance of subordinated bonds in the context of PGW's existing debt and discuss your evaluation of the pros and cons of issuing future new money bonds on a senior or subordinated basis.
- h. As Appendix A-IV, provide a list of the firm's relevant experience since 1/1/2022 with tax-exempt Gas and/or Power Utility Revenue Bond financings (please indicate for each transaction the date

of the issue, the name of the issuer, the name of the transaction, par amount, credit structure, type of sale, tax status (Non-AMT, AMT or Taxable), and role of your firm- bookrunner, senior manager, co-manager, or selling group). On this list, highlight or otherwise indicate any transactions of the City.

## 7. Water (Limit: 8 pages)

- a. Discuss your firm's knowledge and understanding of the decision-making process, rules and regulations applicable to the issuance of the City's Water and Wastewater Revenue Bonds. Summarize how your firm provided services to the City for the Water Department over the past five (5) years, including transaction services, credit support, and/or memos or materials on relevant and meaningful financing ideas. Specifically address your firm's understanding of the City's general Water and Wastewater Revenue Bond Ordinance of 1989, as amended and supplemented. Please include any specific experience structuring and marketing Green Bonds and the resulting benefit, if any.
- b. Please provide no more than three (3) brief case studies of water and/or wastewater transactions within the past three (3) years in which your firm served as an underwriter. At least one of the case studies should be a transaction which occurred under challenging circumstances and should describe your firm's contribution to overcoming these challenges. Please include in the above the issuer's rating, insurer or letter of credit bank (if applicable), your firm's role (bookrunner, senior manager, co-manager, selling group), and par amount. Do not include transactions that have involved the City of Philadelphia or the Water Department.
- c. Please discuss any recommended strategies for maintaining or improving the credit ratings for the City's Water and Wastewater System Revenue Bonds. Please refer to the Water Department's Fiscal Year 2023 financial statements and prepare a peer comparison. Please include comments specific to each rating agency and the results of your peer comparison. Please also discuss the optimal number of ratings for each transaction. If fewer than three, would you recommend rotating between agencies on a per deal basis, or dropping one agency entirely?
- d. Please discuss any structuring and marketing ideas you may have to improve the general market reception and pricing performance of the City's Water and Wastewater System Revenue bonds. Please describe any innovations in marketing or structuring that your firm has recently developed for similar credits.
  - i. Discuss how the City can continue to create strong demand and broad distribution for its Water and Wastewater System Revenue bonds by maximizing the participation of its syndicate members including how designation policies for the institutional order period can incentivize the senior, co-senior and co-managers.
  - ii. Describe what the City and the Water Department can do to enhance the receptivity of its bonds to the market. How can the City and the Water Department better diversify its investor base. Please identify the institutional investors that have not recently participated in a Water and Sewer Revenue Bonds transaction that your firm would target for any future issuance? Please explain the reasons why and your approach.
- e. Please show indicative pricing levels for Tax-exempt and Taxable \$200 million Water and Wastewater Revenue Bond transactions. Assume the bonds are uninsured and amortize over 30 years. Please show pricing levels, including couponing, spread to AAA MMD or US Treasuries (as applicable), and optional redemption provisions for both Tax-Exempt and Taxable bonds as of February 21, 2025. Do not include detailed bond schedules.
- f. Please describe any potential refunding opportunities for Water and Wastewater System Revenue obligations.

- g. Given the current ratings and flow of funds, please discuss any debt issuance and/or debt restructuring recommendations the City and the Water Department should consider, including your thoughts on the issuance of a subordinated structure or second lien bonds in the context of the existing debt and discuss your evaluation of the pros and cons of issuing future new money bonds on a senior or subordinated basis.
- h. Please provide your thoughts on how the Water Department could best utilize Commercial Paper as a financing tool in the implementation of its capital program.
- i. As Appendix A-V, provide a list of the firm's relevant experience since 1/1/2022 with Water and Wastewater Revenue Bond financings (please indicate for each transaction the date of the issue, the name of the issuer, the name of the transaction, par amount, credit structure, type of sale, and the role of your firm-bookrunner, senior manager, co-manager, selling group). On this list, highlight or otherwise indicate any transactions of the City or a City-related agency.