

Memorandum

August 6, 2021

To: CVTA Finance Committee Members
From: Martha Heeter, PlanRVA
Re: Solicitation of Financial Advisory and Bond Counsel Services

Members

- Town of Ashland
- Charles City County
- Chesterfield County
- Goochland County
- Hanover County
- Henrico County
- New Kent County
- Powhatan County
- City of Richmond
- VA House of Delegates
- Senate of VA
- Commonwealth Transportation Board
- VDRPT
- VDOT
- GRTC
- RMTA

Background:

During the May 28, 2021 meeting of the Central Virginia Transportation Authority, the Finance Committee report included a summary of the May 12, 2021 Finance Committee presentation from Davenport Public Finance – the financial advisors for Chesterfield County - regarding: Hypothetical Borrowing Capacity, Comparison of debt load with Other Regional Authorities, Moody’s Special Tax Rating Overview, and Borrowing Considerations. Based upon the presentation and guidance from legal counsel, and following discussion among the members, the Authority directed the Finance Committee to “develop and issue an RFP to procure a Financial Advisor and Bond Counsel” for the CVTA.

In preparation for the August Finance Committee and in accordance with the Authority’s directive, staff collected sample Requests for Proposals for the identified services, drafted and circulated documents to the members of the Finance Directors Working Group. Staff also researched the existing agreements of the CVTA and its fiscal agent partners and consulted with legal counsel regarding the requirements of public bodies to procure the identified services in accordance with Virginia Code.

Staff consulted with Mr. Harris from Chesterfield County as representative for the Fiscal Agent Agreement between the CVTA and the County as well as Mr. Gregory, legal counsel for the Authority in examining the options for procurement of the identified services.

Enclosed, members will find a draft Scope of Services for both Financial Advisory and Bond Counsel services. These scopes were developed as part of a larger package of draft Requests for Proposals and circulated to the Finance Directors Working Group on July 30, 2021, with a request for review and comment to be provided no later than August 6, 2021.

Findings and Options:

Financial Advisory Services:

1. The Request for Proposals for Financial Advisory Services issued on December 31, 2020 by Chesterfield County included language providing for eligibility of cooperative procurement under the Code of Virginia, Section 2.2-4304, as amended, which states that “other public bodies may utilize this contract, except for 1) contracts for architectural and engineering services; or, 2) construction contracts”. The RFP also included in its Scope of Work a request for provision of “direction in debt planning and management for County, Schools and Utility projects, special purpose commissions and multi-jurisdictional authorities”.

2. The CVTA Financial Policies and Procedures most recently approved on February 26, 2021 provide for use of support from the Fiscal Agent with regard to Advisory Services as follows: “The designated representative of the CVTA Fiscal Agent, in conjunction with the financial advisory firm as provided via the fiscal agent agreement for advisory services, will make necessary recommendations to the finance committee on a range of topics including but not limited to: investments, reserve levels, and the consideration of any future debt issuances.” Further, the Fiscal Agent Agreement with Chesterfield County provides for additional support through this agreement in provision b of Section 1 of the Services to be provided: “Financial Advisory Services to the Authority on an as needed basis via County’s contract for advisory services.”

The Authority could pursue an open solicitation for Financial Advisory Services through a Request for Proposals or exercise the agreement that was put into place last year to leverage this capacity and the cooperative procurement provisions of the Chesterfield County Contract with Davenport Public Finance.

Should the Authority pursue the latter, the Scope of Services should be submitted to Davenport Public Finance for their response via a formal submission of a proposal. The Proposal would then be evaluated, and an engagement would be negotiated for the Authority’s review and consideration.

Bond Counsel:

1. Virginia Code exempts public bodies from the requirements of open solicitation for legal services, which includes bond counsel.

The Authority could pursue release of a Request for Qualifications for bond counsel or identify a specific firm with whom it would like to contract.

Should the Authority pursue the former, the Request for Qualifications will be released and submittals reviewed at the direction of the Finance Committee.

Conclusion and Requested Action:

Staff is requesting direction regarding the next steps for procurement of financial advisor services and bond counsel services with specific action regarding the following:

1. Exercise the existing Fiscal Agent Agreement with Chesterfield County to leverage the cooperative procurement provisions of the contract with Davenport Public Finance:
 - a. Solicit a proposal from Davenport Public Finance in response to the drafted Scope of Work (provided herein)

Scope of Work: Financial Advisory Services

The Authority is seeking proposals from qualified financial advisors to advise on the development of an investment and project financing strategy for the regional projects fund administered by the Authority. The following are a listing of services required through this RFP.

- A. Provide assistance with the development of a financing plan for regional transportation projects, including development of financial models that evaluate financing alternatives to debt.
 - 1. Proposals should give examples of project financing options that inform the Authority on key factors such as:
 - a. Debt Service Coverage
 - b. Amortization Structure and Term
 - c. Reserve Policy Guidance
 - d. Prioritization of projects in a Pay-Go model
 - 2. In addition, Proposals should advise the Authority on preparatory activities to be undertaken to cultivate and strengthen indicative ratings of the Authority. These activities may include, but not be limited to establishment of a project prioritization list and policies for liquidity, reserves and debt service.
- B. Provide advice and assistance with presentations to credit rating agencies, underwriters, institutional investors and other capital market entities, as needed.
- C. Provide debt management and financial policy planning assistance with an emphasis on achieving high rating status.
- D. Provide assistance with the issuance of General Obligation Public Improvement Bonds or other financing options permitted by the Code of Virginia, including, but not limited to, the timing, evaluation, sizing and structuring of the issues.
 - 1. Assist in determining the most appropriate method of sale, competitive or negotiated.
 - 2. Assist in developing policies and practices that meet the Authority's objective of obtaining the lowest practical interest cost and the widest competition of purchasers for its securities.
- E. Assist with selection of underwriters and the review and evaluation of all underwriting bids submitted. Assist in re-sizing the bond proceeds, as needed, to

- meet funding requirements. Also, confirm terms with the successful bidder.
- F. Be proactive in providing advice and assistance on refunding of bond issues.
 - 1. Review the Authority's outstanding debt and debt structure over time.
 - 2. Recommend strategies and opportunities to maximize savings and establish low cost financing where appropriate.
 - G. Assist in the preparation and review of all legal and financing documents in coordination with legal counsel, special Bond Counsel and other relevant parties.
 - H. Provide investment advice and/or strategies on issues such as, but not limited to:
 - 1. Overall investment policy and philosophy
 - 2. Debt service reserve accounts
 - 3. Escrow fundq
 - 4. Other long-term investments
 - I. Provide direction in debt planning and management.
 - J. Perform other financial advisory services as required by the Authority.

Scope of Work- Bond Counsel

The Authority seeks a qualified law firm to serve as bond counsel for issuance of general bonds, and related long term debt instruments and to deliver legal opinions on the issues of debt and/or funding, advising whether bonds are legal, valid and binding, and to advise the Authority on various legal issues and actions taken by the Authority related to bonds and other issues of debt.

The Contractor shall provide legal advice and services to the Authority's public finance matters, including but not limited to:

- A. Preparation of legal documents and oversight of bond proceedings;
- B. Obtaining required government approvals;
- C. Ensuring that the County meets all legal requirements of the bond issuance;
- D. Disclosing and analyzing legal proceedings that may have a bearing on the validity of the offering;
- E. Interpreting laws and regulations and assisting in structuring bond issues;
- F. Drafting required documents; and
- G. Advising on post-issuance compliance to ensure that the County meets all requirements of law which may include, but is not limited to, review of current and draft of new Authority policies and procedures, if needed.

With respect to the issuance of bonds, the Contractor shall undertake the following tasks, as applicable and appropriate:

- A. Meet and confer with Authority officials, including the Authority's general counsel, auditor, financial advisor and staff or agents, as often as necessary for the issuance of the bonds and items related thereto;
- B. Review of draft all legal documents necessary to effectuate a bond issuance. Contractor shall advise the Authority with respect to tax law, securities law, and state and local law related to the financing, and shall review the proposed use of the bond proceeds to ensure compliance with the provisions of the Internal Revenue Code and the regulations promulgated thereunder;
- C. Attend meetings with Authority officials with rating agencies as necessary to assist in obtaining a credit rating for the bonds;
- D. Prepare all applications and filings and appear before state and federal agencies, as needed, in connection with the sale of the bonds.
- E. After the sale of the bonds, the Contractor will prepare and arrange for the preparation of the bonds for execution, shall prepare and oversee the

execution of the necessary closing certifications and will establish a time and place for delivery of the bonds to the purchaser. The Contractor shall participate in the closing with appropriate Authority officials, at which time the bonds will be delivered, payment will be made for the bonds and the Contractor will issue a written legal opinion based on facts and laws existing as of the closing date that:

1. The bonds are legal, valid and binding obligations of the Authority, enforceable in accordance with the terms thereof,
 2. The security for the offering satisfies all requirements of law, and
 3. Whether and to what extent interest on the bonds is exempt from income and other taxation.
- F. In rendering opinions, Contractor shall rely upon the Authority's certified proceedings and other certifications received from Authority officials and furnished to the Authority by other persons, without independently verifying the facts contained in such certified proceedings and certifications.
- G. While the Contractor represents the Authority and its interests, the Contractor is responsible for rendering an objective opinion. The Contractor shall presume that other parties to the transaction will retain such counsel as they deem necessary and appropriate to represent their interests.