

**REQUEST FOR QUALIFICATIONS
for
UNDERWRITING SERVICES**

**Relating to
FIXED RATE BONDS TO BE ISSUED BY**



**RESPONSES DUE:
5:00 PM (Eastern Time)
FRIDAY, APRIL 29, 2022**



**Michael Vind
Managing Director
FSL Public Finance, LLC
607 Washington Street
Reading, PA 19601
michael.vind@fslpf.com**

I. Introduction. This Request for Qualifications (the “RFQ”) is an **informal** open solicitation for investment banking firms to assist the Lancaster County Convention Center Authority (the “Authority”) in connection with specific financing activities. The Authority seeks to review the proposals and qualifications of underwriters who wish to assist the Authority in the issuance and sale of its anticipated series of federally taxable Hotel Room Rental Tax Revenue Bonds, Series A of 2022 (the “2022 A Bonds”) and a series of tax-exempt Hotel Room Rental Tax Revenue Bonds, Series B of 2022 (the “2022 B Bonds”, and together with the 2022 A Bonds, the “2022 Bonds”). The Authority plans on issuing a total of approximately \$72,045,000 of traditional fixed rate bonds.

The 2022 A Bonds (federally taxable) are expected to be issued in the par amount of approximately \$18,280,000 and is expected to amortize through May 1, 2037. The 2022 Bonds will be used to (i) terminate the two outstanding interest rate swap agreements with Wells Fargo; (ii) fund a portion of the expected debt service reserve fund; and (iii) pay the costs of issuing the 2022 A Bonds.

The 2022 B Bonds (tax-exempt) are expected to be issued in the par amount of approximately \$53,765,000 and will amortize through May 1, 2057. The 2022 Bonds will be used to (i) currently refund the Authority’s outstanding Hotel Room Rental Tax Revenue Bond, Series of 2014; (ii) fund a portion of the expected debt service reserve fund; and (iii) pay the costs of issuing the 2022 B Bonds.

The intended purpose of this RFQ is to establish a list of qualified firms to provide underwriting services to the Authority for the 2022 Bonds. Firms selected by the Authority for inclusion in this group may have the opportunity to serve as senior (book running) manager and/or co-manager on the Authority’s 2022 Bonds.

Your firm may serve as an underwriter to the Authority in connection with the Authority’s 2022 Bonds. However, the solicitation of responses to this RFQ DOES NOT assure that any transaction will be completed or that your firm will be selected.

Neither the inclusion in the group nor providing ideas, advice and proposals to the Authority should be considered as offering any assurance that any firm will be selected to underwrite bonds for the Authority.

A. Clarification of Specifications. If additional information is necessary to interpret the requirements of this RFQ, questions should be submitted in writing **no later than Friday, April 22, 2022**, and directed to Michael Vind michael.vind@fslpf.com.

B. Bond Counsel, Legal Opinions and Legal Questions. The customary legal opinions with respect to state law, federal tax law, and the legality of the Authority will be rendered for all transactions by Stevens & Lee, Bond Counsel to the Authority.

- **Underwriter’s Counsel.** The necessity for underwriter’s counsel, the fees to be paid to underwriter’s counsel (if the fee is included in the UW Discount, we don’t need a breakout of counsel fees – see Section 10 on page 4) and the choice of underwriter’s counsel are basically the determination of the underwriter, however, the Authority requests that it be consulted about the choice of underwriter’s counsel.

- **Underwriter Group.** The result of this RFQ may be the establishment of a group of qualified underwriters. This group of qualified underwriters may be used for designating an underwriting syndicate for a period extending through the completion of the 2022 Bonds.
- C. Removal From and Additions to the Group.** Any underwriter may be removed or from the group for reasons which include, but are not limited to, the following:
- Unacceptable performance prior to the 2022 A & B Bond sale as determined by the Authority in its sole discretion;
 - A conflicting relationship exists or occurs as determined by the Authority in its sole discretion;
 - Filing for protections under Federal or State bankruptcy laws; and
 - Being the subject of criminal action.

The Authority may also make additions and/or subtractions to the underwriting group and/or the selling group in its sole discretion.

II. Scope of Services.

- A. Senior Manager(s).** The scope of services to be provided by the senior manager may include, but not be limited to, the following:
- Work directly with the Authority, the Authority’s Bond Counsel and the Authority’s Financial Advisor – FSL Public Finance, LLC to successfully market and sell the 2022 Bonds at the lowest borrowing cost to the Authority.
 - Assist in the preparation of official statements and legal documentation.
 - Manage an underwriting syndicate selected by the Authority to market the debt obligations.
 - Follow the Authority’s policies, either oral or written, for liability, pricing procedures and the process of selling debt obligations.
 - Assist the Authority in the structuring, marketing and sale of debt obligations to achieve the lowest overall borrowing cost.
 - Assist the Authority in the preparation and review of offering documents, rating agency presentations and investor presentations.
- B. Co-Manager(s).** The scope of services to be provided by co-managers may include, but not be limited to, the following:
- Participate, if requested, in informational and due diligence meetings.

- Assist the Authority in the successful marketing and sale of debt obligations to achieve the lowest overall borrowing cost.
- Follow the Authority's policies, either oral or written, for liability, pricing procedures and the process of selling debt obligations.
- Assist the Authority in the preparation and review of offering documents, rating agency presentations and investor presentations (if necessary).

III. Guidelines for the Statement of Qualifications.

Minimum Qualifications (Underwriting Services)

- The firm must hold and maintain at all times all licenses and registrations required by applicable federal and state laws for businesses offering underwriting or investment banking services. All licenses and registrations must be current and in good standing with each of the following:
- U.S. Securities and Exchange Commission (SEC);
- National Association of Securities Dealers (NASD).

UNDERWRITER RESPONSES

IV. Content of Responses. *Joint Responses Will Not Be Accepted.*

A cover letter that includes a brief executive summary will be appreciated (two page limit). The cover letter should also include a representation that the individual signing the response to this RFQ has the authority to commit his or her firm to the terms submitted.

Underwriting Services. Please respond in full to all of the questions listed under Sections A & B below.

- A.** Responses of firms interested in providing underwriting services should contain the following information:
- 1) Name and address of firm submitting this response.
 - 2) Name and phone number of banker or bankers preparing this response who may be contacted in the event of questions or notification.
 - 3) Name and phone number of the underwriter(s), traders, and dealers who will be responsible for marketing the 2022 Bonds.
 - 4) Location of office at which the services to be provided hereunder will be performed.
 - 5) Provide the following information concerning distribution capabilities:
 - a. Number of professionals (analyst level or above)

- b. Number of municipal bond salespeople (in Pennsylvania)
 - c. Number of institutional municipal bond salespeople
- 6) Provide your firm's expertise in selling and distributing fixed rate bonds for similar issuers – specifically hotel tax secured or other special tax secured revenue bonds.
- 7) Provide in attachments the following:
 - a. Your bond underwriting activity for the last five (5) years for similar issuers – specifying transactions for hotel tax secured or other special tax secured revenue bonds. Do not include responses to this question within the page limits. For each transaction listed, show the following:
 - i. Name, dated date, and par amount of the issue
 - ii. Role your firm played in the transaction
- 8) Provide a brief summary identifying the individuals in charge of day-to-day management on the Authority's account:
 - a. Investment banker responsible for the response/subsequent engagement(s)
 - b. Underwriter, trader, and/or dealer who would be responsible for the marketing and/or placement of the obligations
 - c. Individual(s) responsible for the analytical work related to the 2022 Bonds or other issues requiring analytical work
- 9) List three issuer references, including name, address, telephone number, and type of financing(s) completed for these clients for comparable issuers.
- 10) Please submit an estimate of the total underwriter discount that your firm (as the senior manager – assume 75% liability) would charge the Authority for the marketing, sale and distribution of the 2022 Bonds, the discount must not have a negative impact on the marketing and sale of the 2022 Bonds:
 - 2022 A Bonds - Assume a \$18,280,000 fixed rate (federally taxable), 10 year callable transaction at par maturing in 2037.
 - 2022 B Bonds - Assume a \$53,765,000 fixed rate (tax-exempt), 10 year callable transaction at par maturing in 2057.

Rating Scenario 1 - Assume the 2022 Bonds carry an underlying credit rating of "A3" (stable outlook) from Moody's Investor Service and an enhanced rating of "AA" (stable outlook) from Standard & Poor's Global Ratings assuming the 2022 Bonds are insured by Assured Guaranty.

Rating Scenario 2 - Assume the 2022 Bonds carry a credit rating of “Aa2” (stable outlook) from Moody’s Investor Service based on the County of Lancaster, Pennsylvania’s anticipated full faith credit and taxing power guaranty of the replenishment of the debt service reserve fund securing the 2022 Bonds in the amount equal to the combined maximum annual debt service on the 2022 A & B Bonds through final maturity as described below.

In each rating scenario your underwriter’s discount has to include the total underwriter’s counsel fees and all other fees and expenses associated with underwriting the 2022 Bonds.

- **Note: The Authority is anticipating that the County of Lancaster, Pennsylvania (the “County”) will be providing a guarantee based on the County’s full faith credit and taxing power to the replenishment of the debt service reserve fund for as long as the 2022 Bonds are outstanding. The Debt Service Reserve Fund securing the 2022 Bonds will initially be funded by a portion of the proceeds of the 2022 Bonds. It is anticipated the guarantee from the County will be substantially similar to the guaranty currently provided by the County to the replenishment of the debt service reserve fund securing the Authority’s outstanding Hotel Room Rental Tax Revenue Bonds, Series of 2014 (to be refunded in full by the 2022 Bonds). The amount of the Debt Service Reserve Fund and the County’s Guarantee will equal the combined maximum debt service on the 2022 A & B Bonds. A copy of the County’s current guarantee agreement will be provided by the Financial Advisor.**

11) Please describe what your firm sees as the current trading differential in basis points to the applicable US Treasury rate for the 2022 A Bonds and in basis points to MMD for the 2022 B Bonds described above (**both rating scenarios**) based on the estimated 2022 A & B Bond principal amortization schedules attached hereto as Appendices A, B, C & D.

- The structure of the combination of the 2022 A & B Bonds will result in level annual debt service requirements through the final maturity of the anticipated 2022 Bonds. The Authority’s goal for the maximum annual debt service resulting from the sale of the 2022 Bonds is \$3.90 million or lower. **Understanding current market volatility and investors’ current preference for higher rated coupon structures – please provide a scale for the tax-exempt series with a coupon structure what your firm would currently market to investors with the goal of minimizing total annual debt service.**

12) Please describe your firm’s capital capacity – specifically describing its ability to underwrite unsold bond balances. Please provide at least one example of where your firm was able to underwrite (take down) unsold bond balances where your firm was the senior manager. What spread (in basis points) did your firm increase yields on the unsold balances in order to underwrite them?

13) Responses to this RFQ must include the following certifications:

- a. CERTIFICATION OF NO CONFLICTING RELATIONSHIP. The underwriter shall certify in writing that it maintains no relationships, which would constitute a conflict of interest in its selection to serve the Authority. The underwriter shall also certify that no relationship exists which interferes with fair competition with respect to its submittal.
- b. STATEMENT REGARDING CRIMINAL ACTIONS. Provide a statement as to the status of any pending or resolved criminal actions under federal law or by any state against your firm or registered principals of the firm (relating to the business of your firm) within the three years preceding the date of your submittal.

B. Firms should respond to the following questions as part of their submittal in connection with Underwriting Services:

1) Disciplinary Action & Litigation

- a. Please describe in depth any investigation of action against or subpoena or other informal request, your firm, any of its principals or any of the assigned individuals by the DOJ, FBI, SEC, NASD, NYSE, Municipal Securities Rulemaking Board (MSRB), Internal Revenue Service (IRS), or any other federal, state or local governmental, prosecutorial or securities-industry based regulatory agencies that was commenced, ongoing or concluded at any time within the last 3 years. This includes any actions resulting in a settlement payment of civil fines or penalties and payments into restitution funds.
 - b. Please describe any grand jury proceedings, litigation, arbitration, disciplinary or other official actions against your firm, any of its principals or any of the assigned individuals arising from the firm's underwriting, underwriting practices or management, or the purchase, sale or distribution of taxable or tax-exempt municipal securities or other governmental obligations (other than individual retail customer claims) that was commenced, ongoing or concluded at any time within the last 3 years.
 - c. Please describe any litigation, arbitration, disciplinary or other official actions arising from any other business of the firm for the last 3 years.
 - d. Has your firm ever filed for protection under federal or state bankruptcy laws?
- 2) Describe generally the firm's approach to serving as the lead manager on a transaction. Include discussions of marketing strategies, preliminary pricing determination, and coordination with co-managers, etc.
- 3) Describe your firm's perspective on the role of co-manager in a transaction. What should the issuer's expectations be of its co-managers? Describe a

situation in which your firm added value to a transaction (marketing efforts, underwriting levels, etc.) while serving as a co-manager.

- 4) From the perspective of distribution of the bonds, please describe your firm's perspective on the best way to sell bonds to achieve the lowest true interest cost (TIC).

V. General Conditions of a Negotiated Sale

- A. Disclosure by the Authority.** The Authority will provide to the underwriters its customary disclosure and assurances in the general form of its Official Statements. While the Authority, its financial advisor, bond counsel and underwriter(s) will assist in the preparation of the Authority's disclosure, the underwriters will be expected to provide review and comment on the disclosure/offering documents.
- B. Not a Contract.** The underwriters designated as a result of this RFQ process may be expected to perform analyses of outstanding the Authority bonds and to provide recommendations based on their experience. It is the expectation that the Authority will enter into negotiations with the selected underwriters aimed at selling the bonds to the underwriters. Nothing in this RFQ, the responses, or the Authority's acceptance of qualifications and designation of underwriters shall obligate the Authority to complete negotiations with the underwriters. The Authority will have the right in its sole discretion to end negotiations and/or designate other underwriters at any time up to approval and execution of a Bond Purchase Agreement between the Authority and the underwriter(s), at which time the terms of the Bond Purchase Agreement will prevail for the transaction.

VI. Conditions for Responses to RFQ. As a condition of submitting a response pursuant to this RFQ, the following conditions are understood:

- A. Incurring Costs.** The Authority is not liable for any cost incurred by respondents in replying to this RFQ.
- B. Response Submission.** Responses must be **received BY 5:00 PM (Eastern Time) on Friday, April 29, 2022.**
- C. Selection.** The Authority is not obligated for any reason to select any underwriter(s) to work with the Authority in connection with the 2022 Bonds as a result of a response to this RFQ.

VII. Timing of Underwriter Selection and the 2022 Bonds.

- A. Underwriting Selection.** The Authority anticipates selecting one or more underwriters for the 2022 Bonds by May 6, 2022.
- B. Pricing / Closing of the 2022 Bonds.** The Authority currently anticipates pricing the 2022 Bonds in June / July of 2022 and closing the 2022 Bonds on or about the end of July / beginning of August 2022.

One emailed copy of your complete response must be submitted to Michael Vind at michael.vind@fslpf.com.

LATE RESPONSES WILL NOT BE PART OF THE EVALUATION OF QUALIFICATIONS. THE AUTHORITY IS NOT RESPONSIBLE FOR ANY FAILED ATTEMPTS TO DELIVER.

ANY SELECTED UNDERWRITERS MAY BE SUBJECT TO APPROVAL BY THE BOARD OF DIRECTORS OF THE AUTHORITY

VIII. Evaluation Criteria. All responses to this RFQ will be reviewed and evaluated by members of the Authority's Administration. The following areas, among others, will be considered in evaluating the qualifications included in your response:

A. General Quality and Adequacy of Response

- Responsiveness to Terms and Conditions
- Distribution Strength
- Willingness / Ability to Underwrite Unsold Bond Balances (Capital capacity)

B. Technical Ability & Qualifications

- Demonstrated Capability to Provide Required Services
- Responses to Specific Questions included in this RFQ

C. Organization, Personnel & Experience

- Underwriter Experience
- Underwriting/Sales Experience for Hotel Tax Secured or other Special Tax Secured Revenue Bonds

APPENDIX A – (Rating Scenario 1)

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
FEDERALLY TAXABLE HOTEL ROOM RENTAL TAX REVENUE BONDS, SERTIES A OF 2022**

ESTIMATED PRINCIPAL AMORTIZATION SCHEDULE

DATE	PRINCIPAL	COUPON	YIELD	APPLICABLE TREASURY RATE	SPREAD TO TREASURY RATE
1-Nov-22	1,200,000				
1-May-23	900,000				
1-May-24	925,000				
1-May-25	955,000				
1-May-26	990,000				
1-May-27	1,025,000				
1-May-28	1,065,000				
1-May-29	1,105,000				
1-May-30	1,150,000				
1-May-31	1,200,000				
1-May-32	1,250,000				
1-May-33	1,310,000				
1-May-34	1,370,000				
1-May-35	1,435,000				
1-May-36	1,505,000				
1-May-37	895,000				
	<u>18,280,000</u>				

OPTIONAL REDEMPTION DATE: May 1, 2032 @ 100%
UNDERLYING CREDIT RATING: A3 (Stable Outlook) from Moody's
DEBT SERVICE RESERVE FUND: Yes
INSURANCE: Yes - Assume Assured Guaranty
INSURED RATING: AA (Stable Outlook) from S&P

APPENDIX B – (Rating Scenario 1)

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES B OF 2022**

ESTIMATED PRINCIPAL AMORTIZATION SCHEDULE

DATE	PRINCIPAL	COUPON	YIELD	MMD	SPREAD TO MMD
1-May-23	0				
1-May-24	0				
1-May-25	0				
1-May-26	0				
1-May-27	0				
1-May-28	0				
1-May-29	0				
1-May-30	0				
1-May-31	0				
1-May-32	0				
1-May-33	0				
1-May-34	0				
1-May-35	0				
1-May-36	0				
1-May-37	685,000				
1-May-38	1,650,000				
1-May-39	1,715,000				
1-May-40	1,795,000				
1-May-41	1,885,000				
1-May-42	1,985,000				
1-May-43	2,075,000				
1-May-44	2,155,000				
1-May-45	2,240,000				
1-May-46	2,345,000				
1-May-47	2,465,000				
1-May-48	2,590,000				
1-May-49	2,725,000				
1-May-50	2,860,000				
1-May-51	3,010,000				
1-May-52	3,165,000				
1-May-53	3,325,000				
1-May-54	3,495,000				
1-May-55	3,675,000				
1-May-56	3,865,000				
1-May-57	4,060,000				
	<u>53,765,000</u>				

OPTIONAL REDEMPTION DATE:	May 1, 2032 @ 100%
UNDERLYING CREDIT RATING:	A3 (Stable Outlook) from Moody's
DEBT SERVICE RESERVE FUND:	Yes
INSURANCE:	Yes - Assume Assured Guaranty
INSURED RATING:	AA (Stable Outlook) from S&P

APPENDIX C – (Rating Scenario 2)

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
FEDERALLY TAXABLE HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES A OF 2022**

ESTIMATED PRINCIPAL AMORTIZATION SCHEDULE

DATE	PRINCIPAL	COUPON	YIELD	APPLICABLE TREASURY RATE	SPREAD TO TREASURY RATE
1-Nov-22	1,200,000				
1-May-23	900,000				
1-May-24	925,000				
1-May-25	955,000				
1-May-26	990,000				
1-May-27	1,025,000				
1-May-28	1,065,000				
1-May-29	1,105,000				
1-May-30	1,150,000				
1-May-31	1,200,000				
1-May-32	1,250,000				
1-May-33	1,310,000				
1-May-34	1,370,000				
1-May-35	1,435,000				
1-May-36	1,505,000				
1-May-37	895,000				
	<u>18,280,000</u>				

OPTIONAL REDEMPTION DATE: May 1, 2032 @ 100%
CREDIT RATING: Aa2 (Stable Outlook) from Moody's - (Based on County DSRF Guaranty)
DEBT SERVICE RESERVE FUND: Yes (Replenishment - County Guaranteed)
INSURANCE: No

APPENDIX D – (Rating Scenario 2)

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
HOTEL ROOM RENTAL TAX REVENUE BONDS, SERTIES B OF 2022**

ESTIMATED PRINCIPAL AMORTIZATION SCHEDULE

DATE	PRINCIPAL	COUPON	YIELD	MMD	SPREAD TO MMD
1-May-23	0				
1-May-24	0				
1-May-25	0				
1-May-26	0				
1-May-27	0				
1-May-28	0				
1-May-29	0				
1-May-30	0				
1-May-31	0				
1-May-32	0				
1-May-33	0				
1-May-34	0				
1-May-35	0				
1-May-36	0				
1-May-37	685,000				
1-May-38	1,650,000				
1-May-39	1,715,000				
1-May-40	1,795,000				
1-May-41	1,885,000				
1-May-42	1,985,000				
1-May-43	2,075,000				
1-May-44	2,155,000				
1-May-45	2,240,000				
1-May-46	2,345,000				
1-May-47	2,465,000				
1-May-48	2,590,000				
1-May-49	2,725,000				
1-May-50	2,860,000				
1-May-51	3,010,000				
1-May-52	3,165,000				
1-May-53	3,325,000				
1-May-54	3,495,000				
1-May-55	3,675,000				
1-May-56	3,865,000				
1-May-57	4,060,000				
	<u>53,765,000</u>				

OPTIONAL REDEMPTION DATE: May 1, 2032 @ 100%
CREDIT RATING: Aa2 (Stable Outlook) from Moody's - (Based on County DSRF Guaranty)
DEBT SERVICE RESERVE FUND: Yes (Replenishment - County Guaranteed)
INSURANCE: No