

REQUEST FOR INFORMATION FOR  
INVESTMENT BANKING ANALYTICAL SERVICES  
TO DEVELOP FINANCING PROPOSALS FOR  
THE STATE OF VERMONT TO FUND  
TRANSPORTATION INFRASTRUCTURE NEEDS

Office of the Vermont State Treasurer

June 23, 2008

## **Purpose**

The Vermont State Treasurer's Office issues this Request for Information (RFI) in order to gather information on funding options and recommendations for long-term financing of the repair, maintenance, and rehabilitation of bridges and culverts in the State. The State Treasurer's Office is seeking information on funding options including but not limited to prudent debt issuance including general obligation, revenue, and GARVEE bond options; public private initiatives; and the development of long-term revenue models to sustain bridge and transportation needs. This RFI is meant to solicit information about infrastructure financing that may be used in developing a Request for Proposals (RFP) and is NOT a request for bids. No contract will result directly from the RFI process.

Any future opportunity to bid for investment banking services shall be contingent upon, among other factors, presentation of a financing opportunity that is judged favorably by a special committee that includes legislative and executive branch members under advisement by the State's current financial advisor, and ultimately upon State legislative approval. The responses to this RFI will be used to determine, in part, whether procurement of additional services, including possible issuance of a Request for Proposals (RFP), should take place. There are no guarantees that any such opportunity will develop and/or receive the appropriate approvals.

## **Background**

This RFI is issued pursuant to House Act 889 of the 2008 General Legislative Session. A copy of that legislation accompanies this RFI. In addition, the following background information is provided:

1. Vermont Agency of Transportation, Program Development – Structures Section, 2008 Annual Report. This report provides detail on the bridge population, age and condition as well as the Agency's long-term plans and system for prioritizing projects and current funding challenges.  
<http://www.aot.state.vt.us/progdev/Documents/Structures/2008StructuresAnnualReport.pdf>
2. Joint Fiscal Office, Transportation Fund Revenue, Excel data file provides monthly information on planned and actual transportation revenues and sources over a period several years. <http://www.leg.state.vt.us/jfo/Transportation.htm> [Transportation Fund Review \(xls\) 5-16-2008](#)
3. RSG Inc., VT Long Range Transportation Business Plan Working Paper 3: Financial Analysis. Prepared in 2007 for the Agency of Transportation. This report provides data on existing revenues, anticipated needs and funding gaps.  
<http://www.rsginc.com/vtplan/vermontplan/reports.htm>

In the month of July 2008, the Agency of Transportation (AOT) is expected to complete a preliminary assessment including:

1. An evaluation of bridges and culverts using the established performance measures defined and used by the AOT's program development division, and a plan, with estimated costs, for meeting such performance measures;

2. A definition of preventive maintenance, presentation of the Agency's five-year plan for doing such maintenance, and the estimated costs for this maintenance; and
3. An estimate of the cost of replacing structures over the age of 70 years.

In addition, the Governor and the Legislature will complete a "consensus revenue estimate" in late July 2008, including anticipated transportation revenues.

The information developed in July will be provided to firms that pass through the first stage of review ("Stage 1" as described below) for the purposes of their completing any analysis to be provided pursuant to this RFI

### **RFI Review Process**

In order to meet the timeframes established by the Legislature and to screen interested parties to limit the review of funding proposals to a manageable level, the RFI process will be conducted in two stages. In Stage 1, responses to this RFI will be reviewed by the State to identify firms with the capacity and capability of providing the requested services. Firm profile data, qualifications, experience in the infrastructure financing field, as well as the firm's approach and areas of expertise will be evaluated, and a number of respondent (to be determined by the Treasurer) will be invited to participate in Stage 2. The second stage will involve a more detailed State review, presentation, and discussion of funding options.

Respondents to the RFI should submit their Stage 1 responses by July 15<sup>th</sup>. Evaluation of Stage 1 responses will be completed by staff in July. One or more firms will be asked to participate in Stage 2. Firms invited to participate in Stage 2 will be notified in late July and provided additional resources currently being developed by the Agency of Transportation and the Joint Fiscal Office, as noted above. It is expected that subsequent analyses, reviews, and presentations will be prepared by respondents in August and/or September, based on a schedule determined by the State Treasurer and will involve consultation with Treasury, AOT, and JFO staff. Recommendations will be prepared by the State Treasurer, with the assistance of AOT and JFO, and presented to the Legislative Special Committee and the Capital Debt Affordability Advisory Committee.

Following an evaluation of proposals received, the State may seek underwriting, private placement agent, or other services to effect one or more financing options to fund transportation projects. There are no guarantees that such services would be purchased, and no participating firms will be reimbursed for any costs incurred in the preparation of their response to this RFI or any subsequent RFP.

### **RFI Information Request Stage 1**

Well-organized and concise responses are encouraged in order to facilitate the State's assessment. Responses must follow the same order as this RFI document and preferably utilize the same section numbering system.

Please be advised that all responses will become the property of the State of Vermont and will be a matter of public record.

This RFI is requesting:

1. Firm profile Information, Recent Related Transactions, and Personnel.

Briefly describe your firm's investment banking history and capabilities as they relate to State infrastructure analysis and financing assignments. Please include the following:

- A. A description of the ownership and structure of the firm, which includes the parent company and any affiliated companies and/or joint ventures. Provide a description of the principal lines of business.
- B. Number and principal locations of state and municipal finance investment banking professionals.
- C. List and description of tax-exempt financings conducted by your firm as senior managing underwriter since January 1, 2005. Please identify on this list all transportation-related financings.
- D. Description of your analyses and other client interactions leading up to your firm's role as senior managing underwriter in selected relevant state or municipal transportation financings.
- E. Biographies of key personnel who would participate in the analytical assignment that is the subject of this RFI.
- F. One or more examples of transportation finance-related problem-solving done by your firm.
- G. References from three different issuers of transportation-related debt. Provide name, title, state/municipality, and phone number.

## 2. Technical Capabilities

Briefly describe your approach to transportation-related funding assignments in general and to the analytical assignment outlined in this document. Include the following items in this description:

- A. What are your firm's unique analytical capabilities with regard to provision of transportation financial advice? Include a description of any modeling, database, or other analytical tools utilized by your firm.
- B. Discuss trends in transportation financing as they relate to Vermont, issues/challenges, and possible solutions. Provide examples from your experience in other states and/or municipalities.
- C. Describe any significant roles you or your firm have played in projects with private participation, including design-build projects, tax increment financing, impact fees, and other public private partnership arrangements. Based upon your current knowledge of the State of Vermont, do you see any potential opportunities? If so, what challenges also exist? Describe your firm's ability to secure capital investment for privatization.
- D. What recommendations would you consider making relative to the development of revenue sources?

- E. The State's position is that it will issue debt only where prudent and cost-effective and within limitations consistent with maintaining manageable debt service levels and favorable credit ratings. How would these considerations be factored into any consideration for short or long-term debt financing debt structuring?
  - F. With your current knowledge of the State, suggest the bonding possibilities that are candidates for the State's consideration.
  - G. Describe your firm's ability to place transportation debt securities both publicly and privately.
  - H. Describe your ability to deliver any future financing services to the State on a cost-effective basis
3. Please provide any additional information about your firm, areas of expertise, and any comments or recommendations you believe would be helpful to the State in evaluating its transportation infrastructure financing options.
4. If your firm is selected to advance to Stage 2 of the RFI, what additional data inputs would you require to complete the analysis outlined in the "Scope of Analysis" section below?

### **Scope of Analysis (Stage 2)**

A respondent or respondents passed on to Stage 2 will be requested to provide information and financing recommendations including, but not limited to, the following:

- Based on the AOT needs and priorities assessment, construction costs, inflation projections, and revenue projections, an analysis of the funding gap and possible options to close the gap including the prudent use of debt.
- Alternative funding sources that may be available to Vermont based on its geography, existing tax structure and burden, as well as demographics.
- Financing strategies that achieve maximum use of federal matches, reduced inflation of construction costs, and optimal economic benefits.
- Financing strategies that prevent further degradation of infrastructure.
- Assessment of the financing volume and offering timing implied by the AOT evaluation and plan.
- To the extent that prudent issuance of debt is recommended, an analysis of alternative financing vehicles, structures, and terms relative to the transportation funding needs and to the State's overall financial position. Financing vehicles include, but are not necessarily limited to, general obligation, revenue and GARVEE bond options, as well as private/public transactions.
- An analysis of debt maturity structures that provide the optimum approach given project life cycles, inflation, cash flows, and debt service requirements.

- Recommendations of most advantageous financing alternatives.
- Advice as to market terms for financing alternatives.
- Presentation of recommendations and rationales to State officers and committees and ongoing discussions with the Treasurer's Office.

**Contact Information and Submission of Responses to this RFI**

Please direct any questions on this RFI to David Minot, Director of Finance and Investments (contact information below – PLEASE USE EMAIL FOR QUESTIONS).

Please submit four copies of your response to Stage 1 of this RFI to:

David T.W. Minot  
Director of Finance and Investments  
Vermont State Treasurer's Office  
109 State Street – Floor 4  
Montpelier, VT 05609-6200

Phone: 802-828-5197  
Fax: 802-828-2772  
e-mail: [david.minot@state.vt.us](mailto:david.minot@state.vt.us)

Please submit one copy of your Stage 1 response to the State's Financial Advisor:

J. Chester Johnson  
Government Finance Associates, Inc.  
590 Madison Avenue, 21<sup>st</sup> Floor  
New York, NY 10022

**RESPONSE DUE DATE - STAGE 1: Tuesday July 15, 2008**

Responses should be delivered by the due date in "hard copy" form; faxes and e-mails are not acceptable.