

Rhode Island Commerce Corporation

REQUEST FOR PROPOSALS FROM BANKS TO
PURCHASE FIXED RATE DIRECT PLACEMENT
BONDS TO BENEFIT
THE RI AIRPORT CORPORATION

December 3, 2018

Introduction

The Rhode Island Commerce Corporation (Commerce RI) is seeking Request for Proposals (RFP) from banks to purchase fixed rate direct placement bonds (the “direct placement”) in the estimated amount of \$28 million for the benefit of the Rhode Island Airport Corporation (RIAC). The proceeds of the direct placement, and other available funds, will be used to refund, on a current basis, all or a portion of each of the series of outstanding Airport Revenue Bonds, 2008 Series A and B and fund cost of issuance on the transaction. The amount currently outstanding of the 2008 Series A Bonds is approximately \$14,515,000 and the amount currently outstanding of the 2008 Series B Bonds is approximately \$12,770,000.

Information is provided below on RIAC’s outstanding debt, the information which interested banks are requested to submit to Commerce RI, and the process for submitting a proposal to the Commerce RI.

Please note that Commerce RI will not prepare an Official Statement or any other type of disclosure document in connection with this transaction. Additional information about Commerce RI and RIAC, including audited financial statements, can be found on the following websites: www.commerceri.com and www.pvdairport.com.

Request for Proposal Requirements

Proposing firm shall submit four (4) printed copies (stamped “COPY”) and one (1) electronic copy (thumb drive in pdf format) of the proposal to:

Rhode Island Commerce Corporation
Attn: Direct Bank Loan for Airport Revenue Refunding Bonds RFP
315 Iron Horse Way, Suite 101
Providence, RI 02908

The proposal must be submitted **no later than 2:00PM January 4, 2019 EDT**. Late submissions will not be accepted. In order to control the dissemination of information regarding this RFP, Firms interested in submitting proposals shall not make personal contact with any member of RIAC or Commerce RI staff or Board of Directors regarding this RFP. Questions concerning this RFP should be directed, via email, to William.ash@commerceri.com no later than **4:00PM EDT, December 12, 2018**. RIAC and Commerce RI will respond to all relevant questions no later than end of day **December 17, 2018** via addendum. This addendum will be posted to RIAC’s website (www.pvdairport.com/corporate/procurement), Commerce RI website (www.commerceri.com) and the State of Rhode Island’s Division of Purchasing website (www.purchasing.ri.gov/).

RIAC and Commerce RI accept no financial responsibility for any costs incurred by a Firm in responding to this RFP, participating in oral presentations, or meeting with RIAC or Commerce RI prior to being awarded the contract. The proposals in response to this RFP become the property of RIAC and Commerce RI and may be used by them in any way each deems appropriate. All information submitted in response to this RFP is deemed public and subject to disclosure unless a separate redacted public copy is submitted, regardless of whether the information is marked confidential/proprietary. Firm’s may redact in the public copy any trade secrets or commercial or financial information which is of a privileged or confidential nature pursuant to the Access to Public Records Act (R.I. Gen. Laws § 38-2 et. seq.). If Firm does not submit a redacted public copy, RIAC and Commerce RI assume that Firm is not seeking confidential treatment for any of its information and thus, all information is subject to public disclosure.

By submitting a proposal, the Firm certifies that it has fully read and understands the RFP, has full knowledge of the scope of work to be provided, and accepts the terms and conditions under which the services are to be performed. RIAC and Commerce RI will be the sole judge in determining equivalent products (if applicable).

RIAC and Commerce RI reserve the right to interview some, all or none of the Firms responding to this RFP based solely on its judgment as to the Firm's proposals and capabilities. RIAC and Commerce RI reserve the right to reject any and all submittals, to request and consider additional information from submitters, and to reject any and all submittals on any basis without disclosing the reason. No Firm may withdraw or modify (unless requested to do so by RIAC and Commerce RI) their submittal for at least one hundred twenty (120) days after the time and date set for submission. RIAC and Commerce RI reserve the right to waive any irregularities and technical defects. RIAC and Commerce RI reserve the right to modify, amend or waive any provisions of this RFP, prior to the issuance of a contract.

Source of Repayment for the Direct Loan

The direct placement will be issued pursuant to a Master Indenture of Trust (Master Indenture), dated as of October 1, 1993, and a Fourteenth Supplemental Indenture of Trust (Supplemental Indenture), and will be secured by a first lien upon and pledge of the Net Revenues derived by RIAC from the operation of its Airports. The direct placement will be issued on a parity basis with RIAC's outstanding Airport Revenue Bonds. A summary of RIAC's outstanding Airport Revenue Bond Debt Service is provided in **Appendix A**. A copy of the Master Indenture can be found on the following websites at:

(<http://www.pvdairport.com/documents/procurement/rfp/master%20indenture%20link.pdf>)

The Master Indenture specifies that a series of bonds may be secured by a reserve account. Please indicate if you will require a reserve account to be established with respect to the loan. Commerce RI will **not** agree to any material additions, changes or modifications to the Master Indenture that may be requested by banks in connection with this transaction.

RIAC's Current Rating on its Airport Revenue Bonds

RIAC's current underlying ratings on its outstanding Airport Revenue Bonds are Baa1/BBB+/BBB+ by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively. Fitch Ratings updated its outlook from stable to positive in October 2018.

Proposed Principal Repayment Structure

Provided below is an estimated principal repayment schedule for the direct placement. We have provided two different repayment structures that RIAC is considering for the refunding. The total amount of approximately \$25 million provided below is an estimate and could change depending on the amount of legally available funds applied to the refunding and the interest rates Banks propose. Banks have the option to provide a proposal for all or a portion of each series of bonds within the structures noted below.

**Proposed Principal Repayment Structure No. 1
(based on a level annual savings structure)**

Maturity Date (July 1)	Series 2019A (Refunding of 2008A Bonds) (AMT)	Series 2019B (Refunding of 2008B Bonds) (Non-AMT)	Total
2019	190,000	170,000	360,000
2020	500,000	455,000	955,000
2021	510,000	465,000	975,000
2022	540,000	485,000	1,025,000
2023	555,000	485,000	1,040,000
2024	565,000	500,000	1,065,000
2025	585,000	515,000	1,100,000
2026	600,000	525,000	1,125,000
2027	615,000	555,000	1,170,000
2028	645,000	560,000	1,205,000
2029	675,000	590,000	1,265,000
2030	690,000	615,000	1,305,000
2031	720,000	625,000	1,345,000
2032	740,000	655,000	1,395,000
2033	775,000	670,000	1,445,000
2034	805,000	700,000	1,505,000
2035	835,000	730,000	1,565,000
2036	875,000	760,000	1,635,000
2037	905,000	785,000	1,690,000
2038	960,000	810,000	1,770,000
Totals	\$13,285,000	\$11,655,000	\$24,940,000

Proposed Principal Repayment Structure No. 2
(based on an upfront savings structure)

Maturity Date (July 1)	Series 2019A (Refunding of 2008A Bonds) (AMT)	Series 2019B (Refunding of 2008B Bonds) (Non-AMT)	Total
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026	810,000	715,000	1,525,000
2027	835,000	750,000	1,585,000
2028	870,000	765,000	1,635,000
2029	905,000	800,000	1,705,000
2030	935,000	835,000	1,770,000
2031	970,000	850,000	1,820,000
2032	1,000,000	885,000	1,885,000
2033	1,045,000	915,000	1,960,000
2034	1,090,000	950,000	2,040,000
2035	1,130,000	990,000	2,120,000
2036	1,180,000	1,030,000	2,210,000
2037	1,225,000	1,065,000	2,290,000
2038	1,290,000	1,105,000	2,395,000
Totals	\$13,285,000	\$11,655,000	\$24,940,000

Information Requested from Banks

Banks submitting responses to this RFP are hereby requested to provide a proposal to Commerce RI which provides the types of information shown in the table below. RIAC and Commerce RI reserve the right to request any supplemental information they deem necessary to evaluate a bank’s experience or qualifications and/or clarify or substantiate any area contained in the bank’s proposal.

**Information Requested in Proposals
to Provide a Direct Loan to Commerce RI**

<u>Category</u>	<u>Information Requested</u>
1. Amount of Direct Placement	Specify that the bank is willing to offer a fixed rate direct placement of up to \$28 million. Please specify the amounts proposed for each series being offered.
2. Source of Repayment	Confirm that the bank understands that the direct placement will be secured by a pledge of RIAC’s Net Revenues generated from the Airports, and will be issued pursuant to the Master Trust Indenture on a parity with RIAC outstanding Airport Revenue Bonds.
3. Final Maturity	The final maturity of the direct placement to refund the Series 2008A and B Bonds will not be later than July 1, 2038. As described in the RFP, banks may elect to provide a direct placement for all or certain estimated maturities for each series.
4. Tax Status	Banks should assume that the direct placement will be divided into two parts. One series will be used to refund the 2008A Bonds and will be subject to the alternative minimum tax (“AMT”). One series will be used to refund the 2008B Bonds and will not be subject to AMT (“Non-AMT”). The direct placement will not be “bank-eligible”. The purchaser will receive an approving opinion by Commerce RI’s bond counsel.
5. Fixed Rate	Banks may propose a fixed interest rate using one of the following approaches: A fixed rate that will be held for at least 60 days from the date that Commerce RI accepts the bank’s proposal; or A formula on which the fixed rate on the direct placement will be set at least five business days prior to the closing. Provide the example rate on such direct placement that would be produced using that formula as of the date of the submission of your proposal. Please also specify how long the example fixed rate stated in your proposal will be available to Commerce RI.

	<p>Banks may propose rates using either or both of the approaches described above. <u>However, RIAC and Commerce RI would prefer proposals in which the rate will be held for at least 60 days from the date the proposal is accepted, and will give a preference in its evaluation process to banks offering this approach.</u></p>
6. Prepayment option	<p>Please indicate how the interest rate of the fixed rate direct placement might change if the following prepayment options were available to Commerce RI:</p> <ul style="list-style-type: none"> - Prepayable without penalty at any time - Prepayable without penalty after a certain term - Prepayable with some type of breakage fee - Not prepayable
7. Bank origination or upfront fees	<p>If any, you must specify any upfront fees that the bank would charge in connection with this transaction.</p>
8. Bank expenses	<p>If any, you must specify any expenses related to this transaction, including legal fees, for which the bank would expect to be reimbursed.</p>
9. Outside bank legal counsel (if any)	<p>Please specify whether or not the bank would propose to use an outside counsel on this transaction. If so, identify the firm that the bank would propose to use. RIAC and Commerce RI reserve the right to approve the firm employed to serve as bank's counsel.</p>
10. Other fees or expenses	<p>If any, please identify any other fees you would expect Commerce RI to pay on this transaction, or any other expenses for which the bank would expect to be reimbursed. Please provide a cap on your fees with the understanding that any fees above the cap would not be paid by Commerce RI.</p>
11. Key Terms and Conditions	<p>Please confirm that you have reviewed Commerce RI's Master Indenture, and that the covenants, terms and conditions contained in it are acceptable to you for this transaction.</p> <p>RIAC and Commerce RI will not agree to any material additions, changes or modifications to the Master Trust Indenture that may be requested by banks in connection with this transaction. RIAC and Commerce RI will not accept proposals to maintain minimum balances in any bank account as a condition for the direct placement.</p>
12. Credit Approval	<p>Please indicate the status of your bank's credit approval for this transaction. If you do not yet have final credit approval, please indicate how long it will take for you to obtain such approval.</p>

CRITERIA FOR EVALUATING PROPOSALS

In making its final decisions regarding the selection of one or more banks and the structure of this financing program, RIAC and Commerce RI will consider factors such as projected cost for the fixed rate of the direct placement, the terms, conditions and covenants proposed by the banks, other fees and costs (such as origination fees), and prepayment requirements.

In accordance with R. I. Gen. Laws §§ 37-14.1-1 and 37-2.2-1 it is the policy of the State of Rhode Island to support the fullest possible participation of firms owned and controlled by minorities (MBEs) and women (WBEs) and to support the fullest possible participation of small disadvantaged businesses owned and controlled by persons with disabilities (Disability Business Enterprises a/k/a "DisBE")(collectively, MBEs, WBEs, and DisBEs are referred to herein as ISBEs) in the performance of procurements and projects by agencies of the State of Rhode Island. As part of the evaluation process, vendors will be scored and receive points based upon their proposed ISBE utilization rate in accordance with 150-RICR-90-10-1, "Regulations Governing Participation by Small Business Enterprises in State Purchases of Goods and Services and Public Works Projects". As a condition of contract award vendors shall agree to meet or exceed their proposed ISBE utilization rate and that the rate shall apply to the total contract price, inclusive of all modifications and amendments. Vendors shall submit their ISBE participation rate on the following form entitled "MBE, WBE and/or DisBE Plan Form", which shall be submitted in a separate, sealed envelope as part of the proposal (see Appendix B). ISBE participation credit will only be granted for ISBEs that are duly certified as MBEs or WBEs by the State of Rhode Island, Department of Administration, Office of Diversity, Equity and Opportunity or firms certified as DisBEs by the Governor's Commission on Disabilities. The current directory of firms certified as MBEs or WBEs may be accessed at <http://odeo.ri.gov/offices/mbeco/mbe-wbe.php>. Information regarding DisBEs may be accessed at www.gcd.ri.gov. Any Proposer that fails to submit a proposed ISBE Participation Rate or any requested substantiating documentation in a timely manner shall receive zero (0) ISBE participation points.

For further information, visit the Office of Diversity, Equity & Opportunity's website, at <http://odeo.ri.gov/> and see R.I. Gen. Laws Ch. 37-14.1, R.I. Gen. Laws Ch. 37-2.2, and 150-RICR-90-10-1.

Additional Requirements

Campaign Finance Compliance

Every person or business entity providing goods or services at a cost of \$5,000 cumulated value is required to file an affidavit regarding political campaign contributions with the RI State Board of Elections even if no reportable contributions have been made (RI General Law 17-27). Forms may be obtained at Board of Elections, Campaign Finance Division, 50 Branch Avenue, Providence, RI 02904, (401-222-2056).

Major State Decision-Maker

Does any Rhode Island "Major State Decision-Maker", as defined below, or the spouse or dependent child of such person, hold (i) a ten percent or greater equity interest, or (ii) a \$5,000 or greater cash interest in this business?

For purposes of this question, "Major State Decision-Maker" means:

- (i) All general officers; and all executive or administrative head or heads of any state

executive agency enumerated in R.I.G.L. § 42-6-1 as well as the executive or administrative head or heads of state quasi-public corporations, whether appointed or serving as an employee. The phrase "executive or administrative head or heads" shall include anyone serving in the positions of president, senior vice president, general counsel, director, executive director, deputy director, assistant director, executive counsel or chief of staff;

- (ii) All members of the general assembly and the executive or administrative head or heads of a state legislative agency, whether appointed or serving as an employee. The phrase "executive or administrative head or heads" shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff; and
- (iii) All members of the state judiciary and all state magistrates and the executive or administrative head or heads of a state judicial agency, whether appointed or serving as an employee. The phrase "executive or administrative head or heads" shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel, chief of staff or state court administrator.

If your answer is "Yes", please identify the Major State Decision-Maker, specify the nature of their ownership interest, and provide a copy of the annual financial disclosure required to be filed with the Rhode Island Ethics Commission pursuant to R.I.G.L. §36-14-16, 17 and 18.

Title VI Solicitation Notice

RIAC and Commerce RI, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 USC §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders or offerors that it will affirmatively ensure that any contract entered into pursuant to this advertisement, disadvantaged business enterprises and airport concession disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award.

Appendix A

SUMMARY OF RIAC'S OUTSTANDING AIRPORT REVENUE BOND DEBT SERVICE

Bond Year Ending July 1st	Principal	Interest	Total
2019	16,197,939	8,094,844	24,292,784
2020	16,644,955	7,656,411	24,301,366
2021	17,110,034	7,193,550	24,303,583
2022	16,867,198	6,712,782	23,579,979
2023	17,341,713	6,230,807	23,572,520
2024	16,324,623	5,685,700	22,010,323
2025	16,517,239	5,173,262	21,690,502
2026	10,594,868	4,726,449	15,321,317
2027	12,077,457	4,276,541	16,353,998
2028	12,564,959	3,781,553	16,346,512
2029	9,222,197	3,257,022	12,479,219
2030	9,596,065	2,883,961	12,480,026
2031	4,724,781	2,584,967	7,309,749
2032	4,925,742	2,380,903	7,306,645
2033	5,139,703	2,167,360	7,307,063
2034	5,360,659	1,943,696	7,304,355
2035	5,587,616	1,709,818	7,297,434
2036	3,580,000	1,502,075	5,082,075
2037	3,755,000	1,320,525	5,075,525
2038	3,955,000	1,130,100	5,085,100
2039	1,945,000	929,500	2,874,500
2040	2,045,000	832,250	2,877,250
2041	2,145,000	730,000	2,875,000
2042	2,255,000	622,750	2,877,750
2043	2,365,000	510,000	2,875,000
2044	2,485,000	391,750	2,876,750
2045	2,610,000	267,500	2,877,500
2046	2,740,000	137,000	2,877,000
	226,677,749	84,833,076	311,510,825

Appendix B

PROPOSER ISBE RESPONSIBILITIES AND MBE, WBE, AND/OR DISABILITY BUSINESS ENTERPRISE PARTICIPATION FORM

A. Proposer's ISBE Responsibilities (from 150-RICR-90-10-1.7.E)

1. Proposal of ISBE Participation Rate. Unless otherwise indicated in the RFP, a Proposer must submit its proposed ISBE Participation Rate in a sealed envelope or via sealed electronic submission at the time of its submission. The Proposer shall be responsible for completing and submitting all standard forms adopted pursuant to 105-RICR-90-10-1.9 and submitting all substantiating documentation as reasonably requested by either the Using Agency's MBE/WBE Coordinator, Division, ODEO, or Governor's Commission on Disabilities including but not limited to the names and contact information of all proposed subcontractors and the dollar amounts that correspond with each proposed subcontract.
2. Failure to Submit ISBE Participation Rate. Any Proposer that fails to submit a proposed ISBE Participation Rate or any requested substantiating documentation in a timely manner shall receive zero (0) ISBE participation points.
3. Execution of Proposed ISBE Participation Rate. Proposers shall be evaluated and scored based on the amounts and rates submitted in their proposals. If awarded the contract, Proposers shall be required to achieve their proposed ISBE Participation Rates. During the life of the contract, the Proposer shall be responsible for submitting all substantiating documentation as reasonably requested by the Using Agency's MBE/WBE Coordinator, Division, ODEO, or Governor's Commission on Disabilities including but not limited to copies of purchase orders, subcontracts, and cancelled checks.
4. Notice of Change to Proposed ISBE Participation Rate. If during the life of the contract, the Proposer becomes aware that it will be unable to achieve its proposed ISBE Participation Rate, it must notify the Division and ODEO as soon as reasonably possible. The Division, in consultation with ODEO and Governor's Commission on Disabilities, and the Proposer may agree to a modified ISBE Participation Rate provided that the change in circumstances was beyond the control of the Proposer or the direct result of an unanticipated reduction in the overall total project cost.

B. MBE, WBE, AND/OR Disability Business Enterprise Participation Plan Form:

Following is the MBE, WBE, and/or Disability Business Enterprise Participation Plan form. Bidders are required to complete, sign and submit with their overall proposal in a sealed envelope. Please complete separate forms for each MBE, WBE and/or Disability Business Enterprise subcontractor/supplier to be utilized on the solicitation.

MBE, WBE, and/or DISABILITY BUSINESS ENTERPRISE PARTICIPATION PLAN

Bidder's Name:

Bidder's Address:

Point of Contact:

Telephone:

Email:

Solicitation No.:

Project Name:

This form is intended to capture commitments between the prime contractor/vendor and MBE/WBE and/or Disability Business Enterprise subcontractors and suppliers, including a description of the work to be performed and the percentage of the work as submitted to the prime contractor/vendor. Please note that all MBE/WBE subcontractors/suppliers must be certified by the Office of Diversity, Equity and Opportunity MBE Compliance Office and all Disability Business Enterprises must be certified by the Governor's Commission on Disabilities at time of bid, and that MBE/WBE and Disability Business Enterprise subcontractors must self-perform 100% of the work or subcontract to another RI certified MBE in order to receive participation credit. Vendors may count 60% of expenditures for materials and supplies obtained from an MBE certified as a regular dealer/supplier, and 100% of such expenditures obtained from an MBE certified as a manufacturer. This form must be completed in its entirety and submitted at time of bid. **Please complete separate forms for each MBE/WBE or Disability Business Enterprise subcontractor/supplier to be utilized on the solicitation.**

Name of Subcontractor/Supplier:

Type of RI Certification: MBE WBE Disability Business Enterprise

Address:

Point of Contact:

Telephone:

Email:

Detailed Description of Work To Be Performed by Subcontractor or Materials to be Supplied by Supplier:

Total Contract Value (\$):

Subcontract Value (\$):

ISBE Participation Rate (%):

Anticipated Date of Performance:

I certify under penalty of perjury that the forgoing statements are true and correct.

Prime Contractor/Vendor Signature

Title

Date

Subcontractor/Supplier Signature

Title

Date