

# **Request for Proposals to Serve as Bond Trustee to the Louisville Arena Authority**



**louisville arena authority**

**Date: Monday, August 21, 2017**

**Proposals Due: Wednesday, September 6, 2017**

# **Louisville Arena Authority**

## **Request for Proposals to Serve as Bond Trustee to the Louisville Arena Authority**

### **Background Information**

The Louisville Arena Authority (the “LAA” or the “Authority”) is a Kentucky non-stock, non-profit corporation created on January 12, 2006 for the purpose of creating, financing, developing and overseeing the construction, management and operation of a multi-use arena and related improvements (the “Arena”) located in the central business district of Metro Louisville. The LAA has been determined to be a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

In 2008, the Kentucky Economic Development Finance Authority (“KEDFA”) issued (i) \$319,218,518.30 Louisville Arena Project Revenue Bonds, Series 2008A (Louisville Arena Authority, Inc.) (the “Series 2008A Bonds”), (ii) \$20,100,000 Louisville Arena Project Revenue Bonds, Taxable Series 2008B (Louisville Arena Authority, Inc.) (the “Taxable Series 2008B Bonds”; together with the Series 2008A Bonds, the “Series 2008 Senior Bonds”) and (iii) \$9,900,000 Louisville Arena Project Revenue Bonds, Taxable Subordinate Series 2008C (Louisville Arena Authority, Inc.) (the “Taxable Subordinate Series 2008C Bonds”; together with the Series 2008 Senior Bonds, the “Series 2008 Bonds”). The proceeds of the Series 2008 Bonds were loaned to the LAA pursuant to the Loan Agreement, dated as of August 1, 2008, between KEDFA and the LAA. The LAA applied the proceeds of the Series 2008 Bonds, together with certain additional funds available, to develop, acquire and construct the Arena. The Arena is the home of men’s and women’s basketball programs of the University of Louisville (the “University”) pursuant to the Lease Agreement, dated as of July 3, 2008, between the LAA and the University of Louisville Athletic Association, Inc. (“ULAA”), as amended.

The LAA is considering the refunding or advance refunding of the Series 2008 Bonds through the issuance of refunding bonds (the “Refunding Bonds”) on a tax-exempt, taxable or combination tax-exempt and taxable basis. The Refunding Bonds would likely be issued through KEDFA as conduit issuer, contingent on approval by KEDFA to serve in such capacity.

A Link to the Official Statements and recent Continuing Disclosure filings for the Series 2008 Bonds is listed below:

<http://emma.msrb.org/MS274563-MS272042-MD547007.pdf>

## **RFP Process**

**RFPs are due by 12:00pm ET on Wednesday, September 6.** Proposals shall be limited to 10 pages and a minimum size 11 font. Cover letters, limited to two pages, and appendices are not counted toward the page limit. Five bound copies and one electronic copy shall be delivered to:

Hilliard Lyons (Financial Advisor to the LAA)  
Attn: Alex Rorke  
500 West Jefferson Street, 8<sup>th</sup> Floor  
Louisville, KY 40202  
(502) 588-1829 | arorke@hilliard.com

## **Questions Regarding this RFP**

Questions regarding this RFP are to be directed to Alex Rorke (502.588.1829 | arorke@hilliard.com) or Chip Sutherland (502.588.8462 | csutherland@hilliard.com) no later than 5:00 PM ET on Friday, September 1, 2017. **Do not contact any other parties to discuss this RFP. Doing so will be grounds for disqualification.**

## **Schedule**

The LAA anticipates the following schedule:

RFP released	Monday, August 21, 2017
Deadline for inquires/questions from firms	Friday, September 1, 2017 at 5:00 PM ET
RFP responses due	Wednesday, September 6, 2017 at 12:00 PM ET

## **No Assurances**

Circulation of this RFP by the LAA does not mean there will be a financing or that the schedule above will be followed.

## **Services to be Provided by the Bond Trustee**

The Trustee will provide services required to carry out all administrative functions required of it under the trust indenture pertaining to the Bonds. The Trustee selected shall have extensive experience administering bonds. The responsibilities of the Trustee are expected to include the roles of bond trustee, registrar, and paying agent and include, but are not necessarily limited to, the following:

### **1) Trustee**

- a. Establish Accounts and Manage Funds
  - i. Establish required accounts and apply bond funds according to the requirements of the Trust Indenture.
  - ii. Manage all funds and accounts according to the provisions of the Trust Indenture and in compliance with federal tax law.
  - iii. Process incoming wires and/or ACHs and immediately deposit the funds in the proper account(s).
  - iv. Monitor reserve funds to ensure that amounts required by the trust indenture are maintained.
  - v. Calculate interest on outstanding bonds for periodic payment of accrued interest.
  - vi. Pay or transfer funds to issuer or others as required by the Authority for costs of issuance, funding of loan originations or purchases, and other expenses provided for in the trust indenture.
  - vii. Provide detailed monthly reporting of all transactions in all funds or accounts identified in the trust indenture to be received by the 5<sup>th</sup> day of the following month, and prepare such other reports as the Authority may request.
- b. Invest Monies Held by the Trust
  - i. Invest funds in accordance with provisions of the trust indenture and Authority investment policy described therein.
- c. Coordinate and Execute Bond Redemptions
  - i. Contact and provide the Authority and its representatives with exact balances of monies available for bond redemption.
  - ii. Work with Authority staff and its representatives to determine the application of these monies to the bonds for redemption in compliance with the trust indenture.
  - iii. Select bonds for redemption and mail notices to the correct person or institution.
  - iv. Cancel or destroy paid bonds.

### **2) Registrar**

- a. Maintain bondholder records.
- b. Transfer and exchange bonds.
- c. Cancel and reissue certificates.
- d. Update bond registrar.

### **3) Paying Agent**

- a. Pay interest and principal for the Bonds.

## **Required Components of Proposal**

### **1) Trust Indenture Requirements**

The Trustee must be a commercial bank or trust company, organized or incorporated under the laws of the United States of America or any state thereof, duly authorized to execute corporate trust powers, subject to supervision or examination by federal or state authorities, subject to regulation regarding fiduciary funds on deposit when acting in its fiduciary capacity, having a reported capital and surplus of not less than \$100,000,000 and acceptable to the bond insurer. If your firm is selected it will have to:

- a. Identify your form of entity (whether commercial bank or trust company, organized or incorporated under the laws of the United State of America or any state thereof) and provide a copy of (i) your articles of incorporation and/or organization and (ii) evidence of good standing.
- b. Verify that your entity is authorized to execute corporate trust powers and provide documentation of such authorization.
- c. Verify that your entity is subject to supervision or examination by federal or state authorities and identify which federal or state authorities provide supervision or examination.
- d. Verify that your entity is subject to regulation regarding fiduciary funds on deposit when acting in its fiduciary capacity and identify the source of such regulation or regulating entity.
- e. Verify that your entity has a reported capital and surplus of not less that \$100,000,000, identify the current amount of your reported capital and surplus and provide a statement from your audited financial statements showing your reported capital and surplus as of your last completed fiscal year for which audited financial statements are available.

### **2) Financial Institution Background**

- a. Brief summary of your experience in providing similar corporate trust services including:
  - i. General experience with municipal bonds
  - ii. Amount of assets held or administered by your corporate trust department
- b. The ratings of your financial institution by nationally recognized rating agencies.
- c. Provide a list of your existing corporate trustee clients.
- d. Disclosure of pending mergers, sales or consolidations.

### **3) Legal Issues**

- a. Describe your procedures for handling defaults and defeasances. Provide a list of any defaulted or defeased bond issues your firm has handled in the last three (3) years. For any defaults, provide an explanation of the circumstances.
- b. Under what circumstances had the trust department resigned or been removed from a trusteeship in the last three (3) years?
- c. Have there been any losses with respect to funds held in trusts in connection with your trust operations during the past five (5) years (including, without limitation, any losses covered by errors and omission insurance)? Is yes, provide by attachment annual losses and complete details on individual losses exceeding \$10,000.

#### **4) Services**

Please provide a brief discussion of your plan to provide the services identified on page 3. Include such topics as:

- a. Level and frequency of communication with the Authority.
- b. Information provided/required.
- c. Extent of automated systems capabilities and interface features.
- d. Indicate city and state where central operations, account administrators, and information systems support would be located.
- e. Indicate the standards for customer service and the response time for inquiries and problem resolution.
- f. Identify any additional services or enhancements available.
- g. Provide other information, if any, which may be relevant for consideration by the Authority in connection with your proposal.

#### **5) Staffing**

Identify the individual who would be the primary contact person with the Authority, as well as the names of other individual(s) who would provide services to the Authority. Describe the nature of services that each person would perform. Describe the firm's presence in Kentucky, including any staff available to call.

#### **6) Fees**

- a. Please provide a fee for all proposed services expressed as a fixed annual amount or fixed percentage (or basis points). For purposes of this response, assume the refinancing will be a par amount of \$400,000,000 in at least two series (one taxable and one tax-exempt). There may also be a CAB series, so please provide a fee structure based on those assumptions as well. Please include both an upfront fee and annual fees (as a fixed annual amount or fixed percentage) applicable to any subsequent transactions going forward. This fee should also include fees or costs, if any, associated with the administration of any investment agreement that the Authority may currently have or may enter into in the future.
- b. Identify any and all other upfront ongoing fees that may be charged to or incurred by the Authority in connection with the services proposed.
- c. Please describe your preferred billing frequency and payment services.

## **Selection Process**

**Selection procedures will be based upon the following criteria:**

**1) Qualification**

- a. Demonstrated experience in acting as Bond Trustee under bond indentures with multiple funds and multiple series of bonds
- b. Importance and priority of assignment to the firm
- c. Quality of service
- d. Firm personnel assigned to the LAA account
- e. Availability of assigned personnel
- f. Firm's financial condition
- g. Firm must be acceptable to Bond Insurer

**2) Cost factors**

- a. Cost of basic services
- b. Administrative costs to the LAA

Any and all costs or expenses associated with the preparation of a response to this request for proposals and participation in the selection process, including travel time and expenses, shall be the responsibility of the institution submitting the proposal, and neither KEDFA nor the LAA shall have any obligation to pay or reimburse any such cost of expense.

## **Additional Information**

The LAA reserves the right to request oral on-site interviews with one or more of the respondents.