

Request for Qualifications to Serve as Senior Manager and Co-manager for the Louisville Arena Authority



louisville arena authority

Date

Proposals Due: January 12, 2017

Louisville Arena Authority

Request for Qualifications to Serve as Senior Manager and Co-manager

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”).

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>

RFQ Process

RFQs are due by 5:00pm ET on Thursday, January 12, 2017. Proposals shall be limited to 20 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 shall be delivered to:

Hilliard Lyons (Financial Advisor to the LAA)
Attn: Alex Rorke
500 West Jefferson Street, 8th Floor
Louisville, KY 40202
(502) 588-8462 | csutherland@hilliard.com

Questions Regarding this RFQ

Questions regarding this RFQ 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 Wednesday, January 4, 2017. Only contact Messrs. Rorke and Sutherland during the RFQ process. Do not contact former and current LAA Board Members and staff, governmental officials, LAA advisors (including legal advisors), rating agencies or insurers during this RFQ process. Contact with any parties related to the LAA other than Messrs. Rorke and Sutherland will be grounds for dismissal from the selection process.

Schedule

The LAA anticipates the following schedule:

RFQ released	Wednesday, December 7, 2016
Deadline for inquires/questions from firms	Wednesday, January 4, 2017 at 5:00 PM ET
RFQ responses due	Thursday, January 12, 2017 at 5:00 PM ET

If there are oral interviews, they will be held approximately 10-14 days after the RFQ deadline.

No Assurances

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

The LAA requests that your proposal address the following items:

I. Relevant Experience

- a. Provide a brief history of your firm including characteristics unique to your organization that best qualify your firm to serve as a senior managing underwriter or co-manager to the LAA. Include a statement of whether staff size has grown, diminished or remained stable in recent years. Please limit your response to two pages or less.
- b. Describe your firm's commitment to public finance and municipal underwriting (for both a taxable and tax-exempt standpoint).
- c. Utilizing no more than three of the allotted pages, please highlight in narrative form at least three transactions within the last 5 years where your firm acted as the lead senior managing underwriter, preferably for large governmental projects related to sports arenas or similar facilities. Please include the issuer's name, ratings, par amount, credit/liquidity provider, tax-exempt or taxable, structure (fixed, variable, CABs, convertible CABs) and your firm's role (bookrunner, senior manager, co-manager, selling group). If applying to only be a co-manager, examples of co-managed experience may be submitted.

II. Staffing

- a. Provide a discussion of the experience and qualifications of the firm's representatives who would work on the LAA's proposed bond issue, including, but not limited to the proposed lead banker, individual providing quantitative support and lead underwriter.
- b. Provide three references for the firm's experience with similar issuers. Include names, addresses, email addresses and phone numbers.

III. Marketing/Credit

- a. Describe your firm's marketing and distribution resources as they relate to the LAA.
- b. How would your firm market the Authority's bonds to achieve the lowest possible borrowing cost? Give a specific example of how you would leverage Kentucky retail and institutional demand.
- c. Please provide your thoughts on the LAA's credit and market perception of the credit. In addition, provide any rating strategies that your firm might employ when marketing bonds. Currently, the Authority carries ratings of Ba3 (Moody's) and BB (S&P Global).
- d. Please provide you firm's thoughts regarding the inclusion of co-managers in the

transaction, particularly co-managers that have a presence in Kentucky.

IV. Statement of Capital Position

- a. Please provide a statement of the firm's net excess capital and its ability to hold bonds in inventory including the following:
 - Underwriting entity's total amount of capital
 - Limitation on underwriting liability per regulatory requirements
 - Limitation on underwriting liability taken down during 2016 YTD and during each of the three previous years
 - Average daily municipal bond inventory
- b. Describe what impact the 2008-2009 market contraction had on your firm's ability to underwrite municipal bonds.
- c. Describe at least two recent examples of municipal underwritings that demonstrate your organizations willingness to commit capital to underwrite unsold bonds.

V. Legal Issues

- a. Provide a statement to certify that all the information provided herein, to the best of your knowledge, is accurate and complete, and that you understand that any misleading or false information may result in disqualification of the firm at the sole discretion of the LAA.
- b. Please disclose and explain any significant negative events in your firm's municipal finance department's recent history including criminal charges, civil litigation, fines or administrative actions involving allegations of securities law violations by your firm or its employees during the past five years. Please comment on the resolution and/or status of the actions.
- c. Are there any other lines of business conducted by your firm that could complement or conflict with your role on the Authority's transactions? Please disclose any arrangements that might present an actual or apparent conflict of interest with this role.
- d. Disclose any existing or contemplated relationship with any other entity that would constitute an actual or potential conflict of interest in connection with the rendering of services detailed in this response. If a conflict does or might exist, please describe how your firm would resolve the conflict.

Additional Information

Additionally:

- The LAA reserves the right to request oral on-site interviews with one or more of the respondents.
- Respondents may submit joint proposals with other underwriting firms.
- The LAA anticipates qualifying 4-5 firms to serve as senior manager on the LAA's proposed financing(s). Firms not selected to serve as senior manager(s) may be selected to serve as co-managers.