



New Jersey Turnpike Authority

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July 27, 2020

TO ALL PROPOSERS:

RE: Request for Qualifications
Investment Banking Services: Senior Manager and Co-Manager Pools
RM-153600

Responses to Inquiries

Dear Sir/Madam:

Below are the New Jersey Turnpike Authority's ("Authority") responses to inquiries received with respect to the above-referenced Request for Qualifications ("RFQ").

Responses to Inquiries:

1. Given the COVID-19 Pandemic and the fact that our offices in the Tri-State area are shut down, our normal hard copy production capabilities are closed. Can the Authority accept an e-mailed PDF response only and no hard copies and no USD/CD?

ANSWER: Hard copies are preferred, but an electronic copy will be acceptable.

2. Please confirm that (A) the 2 pools of qualified firms that will be established include 1 pool of senior managers and 1 pool of co-manager, and (B) each of these pools (the senior manager pool and the co-manager pool) will be used for both new money and refunding transactions. This is what is indicated in Section I – Introduction as well as in Section IV, Part B Establishment of Senior Manager Pool and Co-Manager Pool.

ANSWER: Yes, two (2) pools will be established: 1 for Senior Manager, and 1 for Co-Manager and each of these pools will be used for new money and refunding.

- a. We ask this clarification point since in Section III, Part B Current Situation it describes an award for two new money transactions having a term on 1-year and the award for refunding transactions having a term of 2-years, which implies one senior manager pool for new money and one senior manager pool for refundings, as the Authority has done in the past.

ANSWER: Not applicable. See Addendum No. 2. Only one pool during the term of the contract.

- b. If there is only one senior manager pool for both new money and refundings, please confirm the # of year term of the pool and if there are any extensions to that term at the option of the Authority.

ANSWER: Two (2) years with the option to extend for two (2) one-year terms.

3. While Section IV, Part B clearing explains any Firm can only be senior manager for one deal until all members of the senior manager pool are selected as a senior manager for a deal, the description in the Current Situation makes it sounds like one firm may be awarded the senior manager mandate for both the \$500 million and the \$1 billion transaction. Please clarify the Authority's intent.

ANSWER: The Authority intends to give all firms a chance to bid in the RFP process, as described in Section IV.B.1, on a transaction. Being selected to the pool does not guarantee a firm will be a Senior Manager on a transaction. The firms must win the selection in the RFP process.

4. Will both the \$500 billion and the \$1 billion new money transaction be awarded from this initial RFQ, or will a separate RFP as described in Section IV, Part B be used at a future time to select a senior manager for the \$1 billion new money transaction?

ANSWER: Separate RFP will be used to select a senior manager on those transactions.

5. Since the term of the new money senior manager pool is only 1-year long, if the second new money transaction (\$1 billion) occurs after the 1-year period, will a new Senior Manager pool be established through a new RFQ process or will the selection of the senior manager be made only from the remaining top ranked senior managers of the pool established from this RFQ through an RFP to only the eligible senior manager?

ANSWER: A new Senior Manager pool will not be established for the \$1 billion new money. Selection of the senior manager will be made from the remaining top ranked senior managers of the pool.

6. We also have clarification questions regarding the Required Components – Senior Manager Pool:
 - a. Regarding Question 1: Should we be applying only for Senior Manager or Co-Manager pools, or should we be specific to the transaction we are apply for as a senior manager (ie first transaction of \$500 million, second transaction of \$1 billion, all the refundings, or a particular refunding of fixed rate bonds or variable rate bonds)?

ANSWER: Apply only to the Senior Manager pool or the Co-Manager pool. You do not need to apply to a specific transaction.

- b. Regarding Question 8: Is this question asking for either (a) a summary table and list of all issues \$500 million or more our firm has been either senior manager or co-manager for, or (b) a summary table and list of all issues \$500 million or more for which our firm has “underwritten” / taken into inventory unsold balances of bonds whether a senior manager or co-manager?

ANSWER: It is asking for a summary table and list of all issues \$500 million or more for which your firm has underwritten.

- c. Regarding Question 10: Is the Authority only asking about tax-exempt issues priced as a spread to MMD, or can we also include taxable issues priced as a spread to Treasuries as well as a significant portion of the Authority's issuance may be taxable advance refundings as indicated in the RFQ?

ANSWER: Yes, you can also include taxable advance refundings.

- 7. Question 5 – 9 Required Components – Senior Manager Pool request lists and information through November 30, 2019. Does the Authority wish to also receive more recent information through July 31, 2020?

ANSWER: Yes, please use the dates from August 1, 2018 through July 31, 2020

- 8. Question 13 of Required Components – Senior Manager Pool request proposed coupons and spreads to MMD using bond yields as of close of business November 30, 2019. Given the changes in the market since then, does the Authority wish to receive proposed coupons and spreads to MMD using bond yields as of close of business of a more recent date in July 2020, during the time period of this procurement?

ANSWER: Yes, please update to the most recent date in July 2020

- 9. Is the Turnpike Authority willing to accept only electronic responses to the RFP?

ANSWER: See question #1.

- 10. Will firm selected into the Senior Manger pool be considered for co-manager positions on transaction where they are not selected as senior manager? Or will only those firms selected to the co-manager pool be eligible to serve as co-manager?

ANSWER: Only those firms selected to the co-manager pool will be eligible to serve as co-manager.

- 11. Given that many of us are still working from home due to the Covid-19 pandemic, and hard copy assembly and shipping are challenging, might the Turnpike consider accepting electronic (email) responses to the RFQ?

ANSWER: See question #1.

- 12. Questions 6-9 have an end date of November 30, 2019. Given that almost 9 months have passed since then, can we provide including experience through a more recent date?

ANSWER: See question #7.

13. Question 13 asks for bond yields as of November 30, 2019. Should this be updated to reflect more recent market conditions?

ANSWER: See question #8.

14. In light of COVID-19 pandemic, is it permissible to submit proposal responses via email only and forego the hard copy and USB/compact disc requirement?

ANSWER: See question #1

15. In Section C, Required Components for Senior Manger Pool, Questions 5, 6, 7, 8, 9, 11, 13 and 17 reference a time period beginning December 1, 2017 through November 30, 2019. Please confirm this is the correct time period for all requested information.

ANSWER: See question #7.

16. In light of COVID-19 and working remotely, will the Authority consider e-signatures in lieu of an original signature?

ANSWER: Yes.

17. Since we are working remotely, we do not have access to our physical desktops to burn a USB/CD or the ability to print remotely (doing so would require us to physically go into our offices in New York which have not yet re-opened). Would the Authority accept an electronic submission?

ANSWER: See question #1.

18. Will proposals to serve as a selling group member be considered?

ANSWER: No

19. We wanted to confirm that the Authority would still like hard copies delivered to the NJTA.

ANSWER: See question #1.

20. We wanted to confirm if the Authority would still like yields and spreads as of November 30th in relation to question 13 for the Senior Manager pool on PDF pg 19.

ANSWER: No, the Authority would like yields and spreads as of the most recent date in July 2020.

21. Information Request – On page 13 of the RFQ under Section III, Part A, reference is made to the aggregate quarterly payments of \$225,750,000 made by the Authority to the State. How much of that amount, if any, has been paid by the Authority to the State to date and how much is remaining to be paid? Is this amount instead of the \$129,000,000 due to the State in the State’s FY 2021 noted in the Authority’s 2019 CAFR?

ANSWER: The current funding agreement ends on June 30, 2021. Authority makes quarterly payments to the State under this agreement. The Authority has four (4) more payments for this agreement (9/30/20, 1/1/21, 3/30/21, 6/30/21) for an aggregate total of \$153,500,000.

22. Given ongoing COVID pandemic and subsequent remote work status, can we remove the requirement for submission of a flash drive?

ANSWER: See question #1.

23. Given ongoing COVID pandemic and subsequent remote work status, can we remove the requirement for hard copy submission?

ANSWER: See question #1.

24. Given ongoing COVID pandemic and subsequent remote work status, are electronically signed forms OK? How should we handle forms that need to be notarized?

ANSWER: Yes, electronically signed forms are acceptable. As a precaution against the spread of COVID-19: in lieu of a notary public, the Authority will accept the following statement on the Affidavit of Eligibility/Disclosure of Material Litigation form above the signature line: "I certify, under penalty of perjury under the laws of the State of New Jersey, that the foregoing is true and correct".

25. Can we clarify what is required in Question C1? It appears that the RFP is for an underwriter pool, but the questions is asking for more detailed response.

ANSWER: Provide an executive summary of not more than one (1) page identifying and substantiating the basis of your contention that your firm is qualified to provide the requested services to the Authority and to be in the underwriter's pool.

26. Question C.5-C.9, C.11, C.17, should the dates be updated for these questions? Perhaps July 1, 2018 through June 30, 2020?

ANSWER: See question #7.

27. Question C10. Can we delete the last sentence in this question, or can the question elaborate on proposed amortization of \$500MM issuance?

ANSWER: Yes, the last sentence should be deleted.

28. Question C.13. Should MMD date be updated?

ANSWER: See question #8.

29. Do the awards terms on page 13 and 14 need to be modified to reflect the updated pooled RFP?

ANSWER: See Addendum No. 2.

30. Give the current virtual environment in which many firms are operating, would the Authority consider accepting electronic submission of proposals by email instead of USB?

ANSWER: See question #1.

31. Give the current virtual environment in which many firms are operating, would the Authority consider waiving the need for notarization on documents required in connection with the RFQ?

ANSWER: See question #24.

32. Please confirm that the Authority would like to see couponing and spreads to MMD using bond yields as of close of business November 30, 2019.

ANSWER: See question #8.

33. Section I – Introduction, states that “the Authority seeks to establish two (2) pools of qualified firms who will be available to serve the Authority as part of an underwriting syndicate as needed for any new money or refunding transactions that occur during the term of the pool.” In the following paragraph, the RFQ states that the Co-Manager Pool expires on December 31, 2022 but there is no mention of when the Senior Manager Pool expires. Is there an expiration of the Senior Manager Pool term and, if so, when is that contemplated date?

ANSWER: Two (2) years with the option to extend for two (2) one-year terms.

34. Related to Question 1 above, how can terms be awarded/extended for up to three years for Co-Managers if the pool is designated for any transaction that comes to market before December 31, 2022? If there is a term expiration date for the Senior Manager pool, how would the two/three year award term/extension apply?

ANSWER: Two (2) years with the option to extend for two (2) one-year terms.

35. Below is our interpretation of what is intended to be covered by this RFQ as stated in Section III B. Is our understanding correct and does the RFQ only cover these potential transactions or would Senior Managers continue to be pulled from the qualified list after these transactions are completed but before the end of the “term of the pool” (whenever that date occurs)?

- a. Two presumed new money transactions - \$500 million to be issued in 2020 and \$1 billion to be issued in 2021 (which represents the first of 24 anticipated annual issuances of \$1 billion)
- b. A potential advance refunding of fixed-rate debt
- c. A potential refunding of variable rate bonds

ANSWER: The Senior Manager will continue to be in the pool after these transactions are completed, assuming there are bond transactions beyond what has already been authorized by the Authority’s Board of Commissioners, which is highly likely. The above just details what has already been authorized by the Authority’s Board of Commissioners.

36. We understand that the Authority is intent on establishing two separate pools of underwriters – one for Senior Managers and another for Co-Managers. However, Section IV C. 1. asks for the requested “position and syndicate”. If applying to the Senior Manager Pool, are we to select from options 3a, 3b and 3c above (or some combination thereof) in addition to our choice of position or should we simply state that we would like to be considered for the Senior Manager Pool?

ANSWER: Simply state that you would like to be considered for the Senior Manager Pool.

37. In preparation for our response and submission to this RFQ, is the Authority still requiring physical delivery of proposals in hard copy form and digital (USB and/or CD) format?

ANSWER: See question #1.

38. Can you please confirm that this RFQ was distributed to 3 or more firms?

ANSWER: Yes, the RFQ was distributed to more than three (3) firms.

39. Under the instructions for submitting proposals, the Authority specified the following: “One (1) original and seven (7) copies of the Proposer’s Proposal, as well as one (1) copy in an electronic format (USB or compact disc).” Given the current COVID-19 pandemic and associated health guidelines and workplace restrictions requiring work-from-home, will the Authority consider accepting electronic submittals in lieu of hard copy submittals?

ANSWER: See question #1.

40. Are firms eligible to be selected as senior manager if they currently do not meet all of the insurance requirements as specified in Section V of the RFQ?

ANSWER: Since only the Successful Proposer will be required to bind and provide the insurance as described in the RFP, Proposers may submit with their submission, a specimen certificate of insurance as evidence of their intent and understanding of the insurance to be provided, in the event they are the Successful Proposer.

41. Can we obtain copies of the amended and restated confirmations related to the 2017C swaps (\$400 million) and the change to 4.1720%/70% of LIBOR?

ANSWER: See Attachment No. 1.

42. We note that a portion of the direct purchase refunding related to the Series 2020A and 2020BC bonds involved partial terminations of associated swaps. Would the Authority be willing to provide the amendments or changes made to those existing swap contracts done this year?

ANSWER: No amendments or changes were made to the existing swap contracts. We did terminate the notional value of the associated swaps equal to the principle amount that was advance refunded, but no changes to the terms of the remaining notional value of the swaps was made.

43. We believe that all of the Authority's swaps are deemed "integrated" for IRS tax purposes. Can we confirm this?

ANSWER: Yes.

44. Our firm is an MBE-owned firm that meets the professional liability insurance requirement but not the cyber insurance requirement. Will the Authority consider lowering its cyber insurance requirement?

ANSWER: See question #40.

45. The RFP requires \$10 million of professional liability and \$5 million in cyber liability insurance. My firm carries \$2 million of both professional liability insurance and cyber liability insurance. We are a minority firm applying as co-manager. Will you accept the \$2 million of coverage that we carry?

ANSWER: See question #40.

46. One (1) original and seven (7) copies of the Proposer's Proposal, as well as one (1) copy in an electronic format (USB or compact disc) must be received no later than **4:00 PM E.T., August 5, 2020** addressed to: Dale Barnfield, Director, Procurement and Materials Management Department. With the current pandemic situation with Covid-19, and many businesses working from home, would you consider accepting an electronic submission only?

ANSWER: See question #1.

47. Historically, the Authority had made multiple awards under the "Services Agreement" to several banks (it utilized 6 "Successful Proposers" in each of its 3 public transactions since 2017). Is it the Authority's intention that the term "Consultant" apply collectively to the syndicate of banks as a whole?

ANSWER: See Section II.E of the RFQ.

48. The Senior Manager Pool Questions on Pages 18-19 have an end date of November 30, 2019 for transaction experience as well as the date to be used for the pricing scale. Does the Authority want respondents to use a more recent date for either request?

ANSWER: See questions #7.

49. Could the Authority provide the most recent available mark-to-market values for its outstanding interest rate swaps?

ANSWER: See Attachment No. 2.

50. Given the continuing pandemic and continuing closure of some of the respondents' offices, can the Authority please confirm whether Exhibits are required to be notarized and hard copies/USB responses are still required as opposed to a response through email?

ANSWER: See question #1 and question #24.

51. Please elaborate on the process the NJTA will employ with respect to the refunding of variable rate debt. Will the direct purchase bonds and any other variable rate debt be addressed in a separate RFP?

ANSWER: Yes, there will be a separate RFP for all transactions. Once in the pool, firms will have the opportunity to bid on the RFPs.

52. Please re-confirm that the interest rate scales should reflect both market rates and credit spreads as of November 30, 2019.

ANSWER: Please update to the most recent date in July 2020.

53. With regard to RFQ Question 8, please clarify what the Authority might consider to be “representative issues”?

ANSWER: Any issues for the State of New Jersey or transportation that you were part of the underwriter syndicate.

54. Given the format of the underwriter selection process, which includes both an initial RFQ and follow-on RFPs, will the NJTA maintain confidentiality regarding refinancing ideas submitted in response to RFQ Question 11?

ANSWER: All responses to the RFQ and follow-on RFPs are public documents. Your firm’s response to this question for the RFQ will give you initial credit/points under the follow-on RFP.

55. The RFP requires \$10 million of professional liability insurance and \$5 million of cyber liability insurance. My firm carries \$2 million of both professional liability and cyber liability insurance. We are a minority firm applying as a co manager. Will you accept the \$2 million of coverage that we carry.

ANSWER: ANSWER: See question #40.

Proposals are due on Wednesday, August 5, 2020 at 4:00 PM EST.

Very truly yours,



Dale Barnfield, Director
Procurement and Materials Management

DB/am