

JORDAN VALLEY WATER CONSERVANCY DISTRICT

REQUEST FOR STATEMENTS OF QUALIFICATIONS (RFSOQ)
TO SERVE AS UNDERWRITER

\$40,000,000*
WATER REVENUE BONDS, SERIES 2021



JANUARY 4, 2021

* Preliminary, subject to change.


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A. INTRODUCTION

At the direction of the Procurement Officer (“PO”) of the Jordan Valley Water Conservancy District, Salt Lake County, Utah (the “District”), the District and Lewis Young Robertson & Burningham, Inc. (“LYRB”), acting in its capacity as the District’s financial advisor, are seeking a Statement of Qualifications (“SOQ”) from qualified municipal bond underwriting firms to participate in an underwriting syndicate in connection with the issuance of approximately \$40,000,000¹ Water Revenue Bonds, Series 2021 (the “Series 2021 Bonds”) to be sold on or about June 2021¹ with a closing anticipated on or about July 2021¹. Subject to market conditions, the District could adjust the sale date of the Series 2021 Bonds.

The District intends to issue the Series 2021 Bonds in a fixed rate mode. It is anticipated that the Series 2021 Bonds will receive the same investment grade rating as assigned to its outstanding parity revenue bonds: AA+ by Standard and Poor’s and AA+ by Fitch Ratings. The Series 2021 Bonds will be issued to fund new system improvements throughout the District, potentially refund prior bonds (suggested below), and pay associated costs of issuance.

In addition to the new money component mentioned above, the District is considering refunding candidates in the following bonds:

1. Water Revenue Bonds, Series 2011A
2. Water Revenue & Refunding Bonds, Series 2014A
3. Water Revenue Bonds, Series 2016A

B. BACKGROUND INFORMATION

The District, a Utah local district, was organized on September 14, 1951, under the provisions of the Utah Water Conservancy Act. The District encompasses an area of approximately 175 square miles in the western and southern regions of the Salt Lake Valley and the northern tip of Utah County, in the State of Utah. The District originally was named “The Salt Lake County Water Conservancy District” and formally adopted its present name in 1999. The District is not a component unit of any other governmental entity.

The District operates primarily as a wholesale provider of water to various member agencies, which includes cities, water companies, and improvement districts which directly serve approximately 680,000 persons and indirectly serve another 320,000 persons. Approximately 85% of the water delivered by the District is sold to its wholesale member agencies. The District also supplies water on a retail basis to approximately 45,000 persons, primarily in unincorporated areas of Salt Lake County, and additionally provides irrigation water to the agricultural community. The main role of the District is to develop and purchase water where it is available, and treat and transport it to where it is needed, in order to ensure that an adequate water supply is available within its service area. The District plays an important role in water resource planning, conservation, development, and management within the Salt Lake County area.

Total assets for the District were \$655 million as of June 30, 2020, which included \$547 million in capital assets, net of depreciation. The District had \$321 million of outstanding debt comprised of fourteen issues of revenue and revenue refunding bonds. Total operating revenue was \$61 million and general property taxes received were \$22 million for the fiscal year ended June 30, 2020, which included deliveries of

¹ Estimated, subject to change.



106,942 acre feet of water to its member agencies and retail customers, and 31,025 acre feet of irrigation water.

More information can be found on the District in reviewing its website at www.jvwcd.org and reading its Water Revenue Bonds, Series 2019A Official Statement at [Official Statement 4810-8503-1541 v10 \(msrb.org\)](http://Official Statement 4810-8503-1541 v10 (msrb.org)).

C. SELECTION PROCESS, TIMELINE AND EXPECTATION

Following receipt of the responses to this RFSOQ, a three-person evaluation committee comprised of persons from both the District Staff and LYRB shall evaluate the SOQs in accordance with the selection criteria included below, under the heading “*Evaluation Criteria*”. Currently the evaluation committee does not anticipate a need for oral interviews. However, during the evaluation process, the evaluation committee may request a telephonic interview with one or more respondents. The final recommendations of the evaluation committee shall be presented to the PO for his review and approval, with final approval made by the Board, anticipated to be at its February 10, 2021 Board meeting.

The evaluation committee intends to recommend to the Board a senior manager and at least one co-manager to comprise the underwriting syndicate for the Series 2021 Bonds. Each respondent to this RFSOQ should indicate whether it wishes to be considered for the position of senior manager or co-manager. Any respondent that wishes to be considered for a co-manager position, if it is not selected as senior manager, shall make such a statement in its SOQ. The underwriters selected, subject to “*Term of Appointment*”, shall be considered for any publicly offered financing which occurs during that time period.

D. SUBMISSION OF STATEMENTS OF QUALIFICATIONS AND INQUIRIES

Written Statements of Qualifications shall be submitted no later than 5:00 pm MT on Wednesday, January 20, 2021. Respondents shall submit SOQs in electronic format to David Robertson at david@lewisyoung.com and Nate Robertson at nathan@lewisyoung.com.

Failure to submit SOQs as instructed above will result in the rejection of the respondent for consideration. The evaluation committee reserves the right to waive minor defects or technicalities, and, if deemed necessary, to request new SOQs.

Questions and inquiries regarding this RFSOQ should be directed, in writing, to:

LEWIS YOUNG ROBERTSON & BURNINGHAM, LLC

David M. Robertson, Vice President

Direct – (801) 456-3903

Cell – (801) 647-4823

Email – david@lewisyoung.com



E. FINANCE TEAM

The selected underwriters will become part of the District’s finance team which includes, in addition to the District, LYRB as financial advisor, and a qualified firm to be selected through a competitive process as bond counsel. The selected underwriters shall be included on the distribution list and shall be copied on all relevant correspondence and dissemination of documents. All members of the finance team will be given adequate notice and expected to participate in document review discussions, provide input regarding various aspects of the bond issue, and generally be an active member of the finance team.

F. TERM OF APPOINTMENT

Based upon the responses to this RFSOQ and as outlined above, two or more firms will be selected to serve as the underwriters for bond issuances contemplated by the District during the term of engagement. The District intends to execute non-exclusive 5-year contracts with the selected underwriters. After the sale of the Series 2021 Bonds, the selected underwriters will remain under contract and their participation/role will be determined for each transaction by the District for the remainder of the non-exclusive contract term. The District is interested in access to a full finance team as it considers issuances from time to time, namely refunding opportunities as they present themselves.

G. COSTS RELATED TO SUBMISSION OF SOQS

Neither the District nor LYRB shall be liable for any costs which any respondent might incur in the preparation, delivery, and review of its SOQ.

H. PROTECTED INFORMATION

Protection or disclosure of information submitted in response to this RFSOQ is governed by Title 63G, Chapter 2, Government Records Access and Management Act. A responder who desires to request protected status of any information submitted in the response must specifically identify the information that the responder desires to protect and the reasons that the information should be afforded protection under Utah State law. In making this request, the responder shall comply with the requirements of Utah Code Ann. § 63G-2-305, Utah Code Ann. § 63G-2-309, and all other applicable requirements of law. The District’s decision regarding the protected status of information shall be final and binding on the responder. Each responder will indemnify, defend, and hold forever harmless the District from any and all liability relating to the disclosure of information included in the responder’s response to this RFSOQ, even if the responder requested protected or other confidential status for the information. Attempts to designate an entire SOQ, or large portions of a SOQ, as protected will not be honored. Attempts to protect information relating to cost will also not be honored.

I. CONTENTS OF SOQ

Responsive SOQs are limited to ten (10) pages in length, excluding appendices. The fee proposal, as discussed in paragraph J, is limited to 2 pages in length. To the extent possible, supporting information should be included as appendices to the SOQ.



At a minimum, the SOQ should include the following:

1. A profile of your firm that includes its history, philosophy, and approach to the underwriting of tax-exempt and/or taxable municipal bonds. Please include in the discussion the following points:
 - a. Provide a brief description of your firm including ownership, volume of business, number of employees, and number of years in business.
 - b. Provide a brief overview of your firm's marketing and distribution capabilities.
 - c. Describe your overall business philosophy.
 - d. What distinguishes your firm and the services you offer from other firms?
 - e. Provide a list of your firm's licenses issued by the SEC, FINRA, MSRB or similar agencies.
 - f. Describe any conflicts of interest, real or perceived.
2. Resumes for those individuals who will be actively representing your firm and interfacing with the District, how these individuals will be organized, and in what capacity will they function in their respective roles. Please provide specific information relative to the relevant experience of the individuals assigned to the underwriting, including the support team.
3. Describe your firm's experience in the underwriting of utility revenue bonds, with emphasis on water and sewer issues, in the size and rating contemplated by the District.
 - a. Your firm's experience in pricing bonds similar to that contemplated by the District, and how that experience will translate into accurately and effectively pricing the bonds to be issued by the District.
 - b. Representative examples of transactions (at least three but no more than five) similar to that proposed by the District, which your firm has marketed in the past 18 months, date offered, coupon structure, spread to MMD, underwriting spread, what role your firm played in the marketing of the bond issues, and if there were any peculiarities in the market at the time of offering. Please describe how the District can use these examples in evaluating your firm's ability to price and market the Series 2021 Bonds. A more complete list of representative transactions may be provided as an appendix.
4. Describe your firm's approach to marketing the District's Series 2021 Bonds, including how your firm intends to target various market segments, and their relative importance, in order to identify prospective purchasers of the bonds.
 - a. Describe the emphasis your firm places on institutional investors, local and national retail purchasers, and money managers, and how your firm intends to structure the order period(s) to allow for the effective marketing of the Series 2021 Bonds.
 - b. Provide a description of your firm's approach to re-pricing bonds at the end of the order period, and how you will determine the extent to which you will underwrite unsold balances.
 - c. How, and to what extent, does your firm plan to use IPREO or similar services to provide the District access to ongoing sales information prior to and during the order period(s)?
 - d. Will your firm require underwriter's counsel separate from the District's retained bond and disclosure counsel?
5. Describe your firm's experience in pricing bonds in the Utah market, and how the District's bonds should trade as compared to similar credits in other states.
6. Include a proposed scale and spread to MMD based upon the maturity schedule attached to this RFSOQ in Exhibit A, as of the close of business on January 13, 2021. Describe the manner in which your firm approaches the pricing of bonds as a spread to MMD, the application of an



interpolated scale, and the relative merits of high and low coupons in the pricing and marketing of the Series 2021 Bonds.

7. If named as senior manager, describe how you will work with, and utilize the respective capabilities of one or more co-managers in providing the lowest possible interest rate to the District. Provide suggestions as to the optimum structure of the underwriting syndicate.
8. Describe your firm's capital base and how it will be used to support and underwrite the Series 2021 Bonds.
9. Provide any suggestions, creative ideas, and/or cost-effective measures, which your firm feels might be of benefit to the District and should be taken into consideration in making a selection of underwriters for the proposed financing.
10. Disclose any investigations and/or inquiries of your firm in the last five (5) years, by the SEC, MSRB, FINRA or any other regulatory entity, and describe how such events have or could impact your firm's ability to market, sell, or underwrite the Series 2021 Bonds.
11. Please provide a statement to the effect that your SOQ has been submitted in accordance with the intent of MSRB Rule G-17, particularly as it applies to "Representations to Issuers".
12. A list of up to three (3) references (including a contact person and that person's contact information and title) of persons or entities for which your firm has provided underwriting services, and who can render an opinion regarding the ability of the responder to provide those services.
13. Discuss your firm's requirement for underwriter's counsel
14. Provide any thoughts and/or ideas for the District to consider in refunding the following bonds:
 - a. Water Revenue Bonds, Series 2011A
 - b. Water Revenue & Refunding Bonds, Series 2014A
 - c. Water Revenue Bonds, Series 2016A
15. Include any other relevant information that you feel should be considered in evaluating your firm's ability to act as a member of the underwriting syndicate.

J. FEE PROPOSAL

In a separate, clearly marked document, provide your firm's proposed underwriting spread, including takedown and management fees, as well as a detail of all associated expenses that your firm will charge in connection with the pricing, marketing, and closing of the Series 2021 Bonds (the "Fee Proposal"). If underwriter's counsel is required, please provide a budgeted figure for this expense.

The Fee Proposal must be submitted separately to the following person who is independent of the evaluation committee. This criterion will be evaluated only after a complete review of the submissions of responders as outlined in Section L. Evaluation Process: Phase 4 below.

The Fee Proposal should be submitted directly to Margaret Dea, as follows:

Margaret Dea
Jordan Valley Water Conservancy District
8215 South 1300 West
West Jordan, UT 84088
margaretd@jvwcd.org
801-565-4300



K. EVALUATION CRITERIA

An evaluation committee designated by the District’s PO will convene to consider all responsive SOQs submitted, and to rank the SOQs based on the criteria below. If a responder is eliminated during the evaluation process, they will be notified in writing.

Evaluation criteria are assigned a maximum number of points for evaluation purposes, with a cumulative total of 100 points. Each SOQ will be evaluated based on the following evaluation criteria:

POINTS	EVALUATION CRITERIA	SCORE (0-5)*	WEIGHT	MAXIMUM POINTS
	Ability to perform the work based upon past performance with similar transactions to that which is contemplated by the District, including proven familiarity with the Utah market.	0-5	x 4	20
	Expertise, content, and utilization of the sales force dedicated to the bond sale, along with the approach to pricing and marketing the District’s Series 2021 Bonds.	0-5	x 5	25
	Demonstrated experience of the responder (i.e., proven track record). Positive references indicating successful past performance with similar water conservancy districts or other similar local or special service districts.	0-5	x 5	25
	Innovative financing and/or cost saving structures.	0-5	x 2	10
	Local office, local firm presence, and/or availability of assigned personnel for meetings, phone calls, etc., with District staff and members of the finance team	0-5	x 2	10
	Quality of SOQ, readability, organization, and substantive information contained therein.	0-5	x 2	10

* Score – 0-unacceptable to 5-superior.

Criteria will be graded on a scale of 0-5, with 5 being the highest grade. Grades will be multiplied by the appropriate weighting factor to determine the total score. The evaluation committee may choose to award half-points (0.50) for any evaluation criteria.

L. EVALUATION PROCESS

PHASE I:

The evaluation committee will review all SOQs that are timely received. SOQs that are not responsive, responsive, or do not strictly comply with the requirements of this RFSOQ and the required submission format, will be eliminated from consideration.

PHASE 2:

The evaluation committee will evaluate SOQs that are not eliminated in Phase I in accordance with Paragraph K. (“*Evaluation Criteria*”) listed above. References may be contacted during this phase and asked to score the responder according to a uniform survey of all references.



PHASE 3:

If needed, discussions and/or interviews may be conducted with responders who were not eliminated in Phase 1 or Phase 2. The discussions could be conducted in person or by telephone. The scores awarded under Phase 2 could be adjusted, if justified. If deemed unnecessary, SOQs may be evaluated without discussions.

PHASE 4:

After the adjustments described in Phase 3 are made, if any, the qualified firms will be ranked. The fee proposals submitted from the two highest ranked firms will be opened and could be subject to negotiation. If the PO is unable to agree to a satisfactory fee with the highest scoring firm(s), at a price the PO determines to be fair and reasonable to the District, the PO shall formally terminate discussions with that firm, and undertake discussions with the next highest scoring, qualified firm. Fee negotiation and award of contract related to this RFSOQ will follow the procedures outlined in Utah Code Ann. § 63G-6a-1505, as allowed by § 63G-6a-1502-3.

Upon evaluation of all SOQs and successful fee negotiations, the evaluation committee will make a recommendation to the PO. It is expected that the PO will present a final recommendation to the Board at its February 10, 2021 regularly scheduled Board meeting, at which time LYRB will notify all respondents of the final selection.

M. ADDENDA

All addenda to this RFSOQ (including answers to questions provided by addendum) will be posted on the District's website at: <http://www.jvwcd.org/public>

Addenda and notifications of addenda are not required to be provided in any other manner. All responders, potential responders, and other interested persons are required to check the website on a regular basis in order to receive notice of, or a copy of, any addendum.



APPENDIX A: PRELIMINARY PRINCIPAL AMORTIZATION SCHEDULE FOR THE SERIES 2021 BONDS

The following principal amortization schedule is for illustrative purposes only and is subject to change based on final structure and market conditions.

MATURITY (OCTOBER)	PRINCIPAL*
2022	\$840,000
2023	865,000
2024	890,000
2025	920,000
2026	945,000
2027	975,000
2028	1,005,000
2029	1,035,000
2030	1,065,000
2031	1,095,000
2032	1,130,000
2033	1,165,000
2034	1,200,000
2035	1,235,000
2036	1,270,000
2037	1,310,000
2038	1,350,000
2039	1,390,000
2040	1,430,000
2041	1,475,000
2042	1,520,000
2043	1,565,000
2044	1,610,000
2045	1,660,000
2046	1,710,000
2047	1,760,000
2048	1,815,000
2049	1,865,000
2050	1,925,000
2051	1,980,000
Total:	\$40,000,000

* Preliminary, subject to change.



APPENDIX B: DISTRICT'S ANNUAL FINANCIAL REPORT

The District's 2020 Annual Report can be found on the Utah State Auditor's website. The Annual Report link is: <https://reporting.auditor.utah.gov/servlet/servlet.FileDownload?file=0151K0000041cT7QA1>