



**State Bond Commission**

**State of Louisiana**

**Solicitation for Offers**

**Indicative Pricing and Terms for**

**Not exceeding \$350,000,000 in**

**Direct Purchase Bond Anticipation Notes or**

**Other Interim Capital Outlay Financing Products and Services**

**And**

**Underwriting Services for**

**Not exceeding \$350,000,000**

**Series 2016 Long-term Take-out General Obligation Bonds**

**November 10, 2015**

## **I. Overview:**

The Louisiana State Bond Commission (the "Commission") on behalf of the State of Louisiana (the "State") seeks responses from qualified firms for a set of alternative approaches towards interim financing for its routine capital outlay funding needs over the next six to nine months. Interested firms (which may include commercial banks or broker-dealers) are invited to make proposals for one or more of several alternatives described herein. In addition, the State is seeking proposals to provide a combination of interim capital financing and underwriting for long-term General Obligation Bond financing that will provide proceeds to take out the interim capital financing. Proposals may be submitted to provide interim capital financing only, or a combination of both interim and subsequent permanent financing.

The State may select one or more firms to provide the financing and placement/underwriting services. The State is not soliciting proposals for the long-term bond underwriting on a stand-alone basis, rather, only in combination with interim financing. Joint proposals are not permitted; however, respondents may create a syndicate to participate in the transaction. The State reserves the right to proceed with one or more transactions with one or more firms as well as to not proceed with any transaction. This Solicitation for Offers (the "SFO") seeks to provide the Commission with a fair and competitive process to select providers for the products/services described herein. Within this SFO, prospective firms will sometimes be referred to as "offerors", "respondents" or, when convenient and appropriate, addressed in the second person as "you", "your" and "yours".

The prospective firms chosen on the basis of their respective offers in response to this SFO will be employed by the Commission and will act on behalf of the State in all matters undertaken in connection with the financing. The successful offerors will report directly to the Commission and the Selection Subcommittee and will work with the Commission to develop the proposed financing.

## **II. Background and Objective**

In recent years, the State of Louisiana has met its routine capital outlay funding needs by advancing funds from the Capital Outlay Escrow Fund (the "COEF") and then reimbursing the COEF with the proceeds of long-term fixed-rate General Obligation Bonds approximately once a year. Based on current forecasts of capital spending, the COEF will need to be replenished by February 1, 2016 in an amount up to \$350 million after which point the State expects to disburse approximately \$25-40 million in capital funds each month. Due to uncertainties related to the State's legislative and financial calendar during this period, the State seeks to meet this need via a private placement or limited public offering of an interim capital financing. Interim financing options (collectively, "Interim Financing Obligations") may include, but are not limited to fixed or floating rate Bond Anticipation Notes (the "BANs"), revolving lines of credit (or other drawdown products), commercial paper, or direct lending facilities, each secured by the full faith and credit of the State, and each to be payable from the proceeds of the Series 2016 Bonds (as hereinafter defined). Please see Section VI, "Interim Financing Obligations Security and Documentation", below for a discussion of the security pledge for the Interim Financing Obligations.

The State's objective is to meet its interim capital funding cash-flow needs at the lowest possible cost, while also taking into account issues of administrative efficiency, interest rate risk, counterparty risk, and any other risks.

The interim capital financing will be repaid from the proceeds of long-term General Obligation Bonds to be issued in mid-2016, currently anticipated in July (the “Series 2016 Bonds”). The Series 2016 Bonds will constitute general obligations of the State and the full faith and credit of the State is pledged to the payment of principal of, premium, if any, and interest on the Series 2016 Bonds. The Series 2016 Bonds, together with other General Obligation Bonds of the State, are payable from monies pledged and dedicated to and paid into the Bond Security and Redemption Fund created and established in the State Treasury, have a first lien and privilege upon all State money deposited into the Bond Security and Redemption Fund, are payable on a parity with all other outstanding General Obligation Bonds heretofore and hereafter issued by the State under and pursuant to the State Constitution, and are secured by the monies pledged and dedicated to and paid into the Bond Security and Redemption Fund, subject to prior contractual obligations as provided in Article VII, Section 9 of the State Constitution.

While the State prefers a fixed-rate approach, the State will consider proposals for indexed variable-rate products with a cap on the maximum interest rate. The State will not consider products that would require a public market rollover prior to final maturity. Similarly, the State will not consider VRDB’s (LOC or SBPA-supported) at this time, nor will it consider products involving swaps or other derivatives.

The State seeks an interim financing approach that provides a flexible window of time within which to issue the Series 2016 Bonds that will take out the Interim Financing Obligations. As indicated in Section IV, “Preliminary Timetable” below, the interim financing can mature as early as September 15, 2016, but not longer than one year from issuance. The State must have the right to pre-pay or optionally redeem the financial product beginning July 15, 2016. The proceeds of the interim capital financing may only be used for capital purposes and may not be used for operating purposes. The State’s cash-management practices do not co-mingle these two sources of cash.

The Interim Financing Obligations will be unrated. The State will notify and brief the rating agencies regarding the transaction and provide them with all legal documentation. (Please see Section VII, “Disclosure” below regarding broader disclosure matters.)

The Attorney General serves as the State’s legal advisor hereunder, assisted by an outside Co-Bond Counsel, Breazeale, Sachse & Wilson, L.L.P. and Breithaupt, Dunn, DuBos, Shafto & Wolleson, L.L.C.

### **III. Proposal Alternatives**

The State invites proposals for one or more of the following products and services:

- A. Indicative Pricing for the direct purchase of Fixed or Variable Rate BANs;
- B. Indicative Pricing and terms for alternative Interim Financing Obligations and/or placement services for the same, and such Interim Financing Obligations will be taken out with the Series 2016 Bonds; or
- C. A combination of:
  - 1. (A) or (B) above, and
  - 2. Underwriting Services for the Series 2016 Bonds to be issued in mid-2016 to take-out the Interim Financing Obligations.

The State is not seeking proposals solely for underwriting services for the Series 2016 Bonds on a stand-alone basis, but rather, only as coupled with the initial interim financing.

Please note that the State may issue additional bonds in mid-2016 to fund future capital outlay needs beyond those funded with the Interim Financing Obligations. However, the State reserves the right to use alternative approaches, such as a competitive sale, to address these additional funding needs. The underwriting services subject to this SFO may be limited to the approximately \$350 million that will be issued to take-out the Interim Financing Obligations.

**IV. Preliminary Timetable** (subject to change)

November 10, 2015	Publish Solicitation
November 16, 2015	Questions Regarding Solicitation Due
November 20, 2015	Post Answers to Questions
December 3, 2015	Proposals Due
December 14-16, 2015	Oral Presentations, if deemed necessary
December 17, 2015	Preliminary Selection and Authorization, State Bond Commission Meeting
December 28, 2015	Publish 30-Day Notice of Intent
January 4 - 15, 2016	Refine Indicative Pricing and Secure Firm Commitment
January 27 - 29, 2016	Funding/Private Placement Bidding (as applicable)/Closing
July 15, 2016	Interim Financing Optional Redemption or Prepayment
September 15, 2016 (to one year from issuance)	Interim Financing Final Maturity Date
August 1, 2016	Expected Sale Date Series 2016 General Obligation Bonds

**V. Inquiries**

The Director of the Commission will answer any inquiries from firms interested in making offers in response hereto. All inquiries must be submitted via email, and received no later than **5:00 p.m., Baton Rouge Time on Monday, November 16, 2015**, by the following individuals:

Lela M. Folse, State Bond Commission	<a href="mailto:lfolse@treasury.state.la.us">lfolse@treasury.state.la.us</a>
State Bond Commission Bond Issues Inbox	<a href="mailto:SBC-BondIssues@treasury.state.la.us">SBC-BondIssues@treasury.state.la.us</a>

Respondents are solely responsible for both the timely transmission and receipt of inquiries. Answers to such inquiries will be sent to each inquiring firm and to all firms which received a copy of this SFO via email on Friday, November 20, 2015. ***Respondents are asked not to contact any State employees, officials or consultants regarding any aspect of this SFO except through this inquiry process.***

## **VI. Interim Financing Obligations Security and Documentation**

The Interim Financing Obligations shall constitute a general obligation of the State, and the full faith and credit of the State is pledged to the punctual payment of the principal of and interest of such indebtedness when the same become due and payable. The payment of the principal of and interest on the Interim Financing Obligations is secured additionally by the moneys pledged and dedicated and paid into the Bond Security and Redemption Fund, subject to prior contractual obligations as provided in Article VII, Section 9(B) of the Louisiana Constitution of 1974, as amended (the "State Constitution"). The Interim Financing Obligations shall be additionally payable from the proceeds of the sale of the Series 2016 Bonds in anticipation of which the Interim Financing Obligations are issued.

The Interim Financing Obligations will be issued pursuant to a resolution duly adopted by the State Bond Commission authorizing the issuance and sale of such indebtedness, and a resolution adopted by the State Bond Commission awarding the sale of such indebtedness. All documentation relating to the projects to be funded or reimbursed with the proceeds of the Interim Financing Obligations will be included in the transcript of proceedings. In addition, all traditional documentation relating to the State's general obligation bonds, including non-litigation certificates and an arbitrage certificate, will be provided. In addition, opinions of bond counsel, co-bond counsel and the Attorney General for the State of Louisiana will be provided.

In addition, the resolution adopted by the State Bond Commission authorizing the issuance of the Interim Financing Obligations will also authorize the issuance of the Series 2016 Bonds in the aggregate principal amount equal to the aggregate principal amount of the Interim Financing Obligations, which will be issued for the purpose of providing sufficient funds to pay the principal and interest on the Interim Financing Obligations on their optional redemption date or maturity date as described herein, and which will provide permanent financing for the projects funded or reimbursed with proceeds of the Interim Financing Obligations.

The State will not agree to acceleration provisions or any other terms that raise any questions regarding the relative priority of the interim financing instrument as compared to the State's other debt securities.

## **VII. Disclosure**

The State's current continuing disclosure information can be found on the Municipal Securities Rulemaking Board ("MSRB") Electronic Municipal Market Access ("EMMA") repository at: <http://emma.msrb.org/IssuerHomePage/Issuer?id=F44446BE5C294BF4E043151E0A0A3F6E&type=M>.

The latest official revenue estimates adopted by the Revenue Estimating Conference (the "REC") can be found at <http://lfo.louisiana.gov/rev> under the title "Official Revenue Estimates". The State's FY 2015 Certified Annual Financial Report (the "CAFR") is scheduled to be released by December 31, 2015. The FY 2014 CAFR can be found at <http://www.doa.la.gov/Pages/osrap/CAFR/CAFR.aspx>.

The REC is tentatively scheduled to meet on November 16, 2015 and the Joint Legislative Committee on the Budget is tentatively scheduled to meet on November 20, 2015.

Please note that the State will not provide a traditional official statement in connection with the interim financing. Therefore, responses to this SFO must represent that your firm is capable of evaluating all of the relevant information provided by the State without access to the State's traditional official statement. ***Firms proposing alternative placement services or limited public offerings for interim financing products must clearly describe the disclosure that would be required and the regulatory provisions governing the transaction.*** Standard official statement disclosure will be provided in connection with the issuance of the Series 2016 Bonds.

The transaction documents will be posted on EMMA. Economic terms can remain confidential at the provider's request, subject to any relevant regulatory constraints.

Respondents may present questions to the State regarding the SFO on or before November 16, 2015. Other than the financial information described hereinabove, the State will not provide the Respondents with any other additional information other than answers to the questions submitted by the Respondents. The Respondents will assume the responsibility for obtaining such other information and making such review as deemed necessary or desirable in connection with its decision to submit a proposal to the State.

#### **VIII. Instructions for Presentation of Offer**

Responsive offers must follow the page limits set in the "Required Components of Proposals" section below and typed in a font size of no less than 12 points. **Firms that submit proposals in excess of the page limits and font size set will be disqualified.**

All questions should be answered in the order presented. Initiate each response by restating the question. **No promotional material is to be included.** Firm responses must be bound in one volume, and telecopies will not be accepted. One (1) copy in an electronic format (Word/WordPerfect/PDF) on a CD or UBS, plus six (6) copies of the offer, each separately sealed in individual envelopes and bearing a label stating the name and address of the offeror and identifying this SFO, should arrive by **1:00 PM, Baton Rouge Time, on Thursday, December 3, 2015.** One (1) additional copy (do not send more than a total of two additional copies) must also be sent **at the same time and with the same deadline** to each of the Co-Bond Counsel. Proposals should be delivered to:

##### **6 Copies and Electronic Copy**

Lela M. Folse, Director  
State Bond Commission  
State Capitol Building,  
900 North Third Street  
Baton Rouge, LA 70804  
Telephone: (225) 342-0040

##### **1 Copy**

Richard Leibowitz, Attorney  
Breazeale, Sachse & Wilson, L.L.P.  
301 Main Street  
One American Place, 23<sup>rd</sup> Floor  
Baton Rouge, LA 70802  
Telephone: (225) 387-4000

##### **1 Copy**

Wesley Shafto, Attorney  
Breithaupt, Dunn, DuBos, Shafto & Wolleson, LLC  
1811 Tower Drive, Suite D  
Monroe, LA 71201  
Telephone: (318) 322-1202

## **IX. Costs Incurred in Preparation of Offer**

All costs directly or indirectly related to preparation of an offer responding to this SFO, any oral presentations required to supplement and/or clarify an offer, and any reasonable appearance which may be required by the Selection Sub-Committee or the Commission in connection with this SFO, shall be the sole responsibility of the respondent. Neither the State nor the financing entity will pay any fees or expenses to the firm(s) selected in the event that any anticipated financing is not completed.

The Selection Sub-Committee and the Commission reserves the right to reject any and all proposals, to waive any and all informalities outlined in this SFO and in the selection process, and generally, to make the award which, in its judgment, will best meet the objectives stated in this SFO.

## **X. Competitive Selection, Evaluation Criteria and Process**

Proposals will be evaluated by a Selection Sub-Committee of the State Bond Commission comprised of the Treasurer, the Commissioner of Administration, President of the Senate, Speaker of the House, and Attorney General, or their designees, and shall provide a recommendation for award to the full State Bond Commission.

The State Bond Commission's decision will be made on the basis of the "best proposal". The Sub-Committee expects to use the following evaluation criteria in its decision making process:

### **Alternative A - Indicative Pricing for the direct purchase of Fixed or Variable Rate BANs:**

Will be selected on the basis of the lowest effective cost of funds to the State.

### **Alternative B - Indicative Pricing & terms for the alternative Interim Financing Obligations:**

75%      Lowest effective cost of funds.  
25%      Legal terms, administrative considerations.

### **Alternative C - Interim Financing & Underwriting Services for Series 2016 Bonds:**

25%      Capability of offeror to provide proposed products and services.  
25%      Experience of professionals to be assigned to the engagement.  
20%      Proposed marketing plan for the underwriting of the long-term take-out Bonds.  
30%      Combination of the cost of interim financing and fees for senior manager underwriting services.

The Commission reserves the right to act without oral presentations or other discussions with offerors. Therefore, all offers should be submitted on the most favorable terms. However, if oral presentations are required for the selection of senior managing underwriter, 100 points of the total grade will be assigned to the written proposal as outlined above, and a maximum of 20 additional points will be assigned to the oral presentation.

The Selection Sub-Committee and/or the Commission may reject any and all offers, may require additional technical and background information during the evaluation period, and/or negotiate all elements, including fees, which are contained in or which relate to any offer. By submitting an offer, the offeror agrees to these terms. On the basis of the indicative terms offered in response to this SFO, the Commission reserves the right to request offerors to submit "Best and Final" terms prior to selection, and/or to conduct a private placement bidding process, which process will be announced via email to offerors.

The State shall not be liable for any expenses incurred by the offeror in the preparation and presentation of the offers and may terminate the selection process at any time without prior notice. All offers submitted pursuant to this SFO will become the property of the State. The State will not pay any fees or expenses to the firm(s) selected in the event that any anticipated financing is not completed. The State reserves the right to waive any informality in any offer. The State reserves the right to negotiate all fees and expenses.

#### **XI. Addenda, Supplements and Amendments to SFO**

In the event that it becomes necessary to revise any part of the SFO, an addendum, supplement, or amendment to the SFO will be posted at the State Bond Commission's website at:

<http://www.treasury.state.la.us/Home%20Pages/BondCommission.aspx?@Filter=BC2015>.

It is the responsibility of the proposer to check the website for any addendums, supplements, or amendments made to the SFO.

#### **XII. Independent Registered Municipal Advisor Exemption**

The Commission has retained Lamont Financial Services Corporation as its Independent Registered Municipal Advisor. For the purpose of complying with the Independent Registered Municipal Exemption to the Securities and Exchange Commission's Municipal Advisor Rule, the Commission has publicly disclosed such information on its' website at:

<http://www.treasury.state.la.us/Site%20Documents/IRMA%20Exemption.htm>.

**OTHER THAN WITH RESPECT TO INQUIRIES REGARDING LEGAL OR STRUCTURAL MATTERS RELATING TO THE PROPOSED FINANCING AS SET FORTH UNDER "INQUIRIES" ABOVE, OFFERORS (INCLUDING ANY REPRESENTATIVE OF AN OFFEROR, SUCH AS A LAWYER OR A LOBBYIST) MAY NOT CONTACT, UNDER ANY CIRCUMSTANCES, DURING THE OFFER REVIEW, AND UNDERWRITER SELECTION PROCESS, ANY OFFICIAL, EMPLOYEE OR REPRESENTATIVE OF THE STATE, OR THEIR CONSULTANTS, REGARDING ANY ASPECT OF THE SOLICITATION FOR OFFERS OR REGARDING THE PROPOSED FINANCING. ANY VIOLATION OF THIS REQUIREMENT WILL RESULT IN DISQUALIFICATION OF YOUR OFFER. ALL DISQUALIFICATION DECISIONS ARE FINAL.**

## Required Components of Proposals

As previously discussed, the State invites proposals for one or more of the following products and services:

- A. Indicative Pricing for the direct purchase of Fixed or Variable Rate BANs;
- B. Indicative Pricing and terms for alternative Interim Financing Obligations and/or placement services for the same, and such Interim Financing Obligations will be taken out with the Series 2016 Bonds; or
- C. A combination of:
  - 1. (A) or (B) above, and
  - 2. Underwriting Services for the Series 2016 Bonds to be issued in mid-2016 to take-out the Interim Financing Obligations. (Please see Section III, "Proposal Alternatives" above for further details.)

As indicated in Section IV, "Preliminary Timetable", indicative pricing will be refined in early January 2016. On the basis of the indicative terms offered in response to this SFO, the Commission reserves the right to request offerors to submit "Best and Final" terms prior to selection, and/or to conduct a private placement bidding process, which process will be announced via email to offerors.

Please note and observe the page limits stated at the end of each required inquiry shown below. Please also note that when providing the information requested in this section, you should also refer to Section VIII, "Instructions for Presentation of Offer". Please repeat each question prior to your response.

Required components of proposals for each of the alternatives are described below.

### I. General Information - All Proposals

- A. Describe your firm by providing its full legal name, date of establishment, type of entity, current firm ownership structure and any recent or any materially significant proposed changes in ownership since January 1, 2013. If you wish to be identified by additional characteristics, such as size (e.g. regional firm), ownership (e.g. minority), or other material or relevant characteristics you would like the State to consider, please so state. **PAGE LIMIT: ½ PAGE.**
- B. Identify the individual who will be both a member of the financing team and who is capable of committing the firm's capital and negotiating all fees and costs for the proposed financing program. **PAGE LIMIT: ¼ PAGE.**
- C. Name the principal contact for the proposed financing program, including telephone and e-mail. List the primary personnel that will be assigned to provide the services described herein and discuss their relevant experience. **PAGE LIMIT: 2 PAGES**

- D. Reference where your firm's most recent annual financial statement and 10-K Reports may be viewed electronically. For firms proposing to provide underwriting services for the Series 2016 Bonds, provide current net capital information on your firm, a recital that your firm has complied over that same period with the Securities Exchange Commission's Uniform Net Capital Rule and identify any capital constraints within your firm which may apply to the underwriting of the Bonds. **PAGE LIMIT: ¼ PAGE EXCLUDING ANNUAL FINANCIAL AND 10-K REPORTS.**
- E. Please note that the State will not provide a traditional official statement in connection with the interim financing. Provide a representation that your firm is capable of evaluating all of the relevant information provided by the State without access to the State's traditional official statement. Clearly describe the disclosure that would be required and the regulatory provisions governing the transaction. **PAGE LIMIT: ¼ PAGE**
- F. Give a brief but complete description of any criminal proceeding, criminal investigation, or other oversight entity's investigation of alleged securities laws violations involving your firm (all areas of the firm) or any professionals in your firm who would be involved in this financing. Please cover the period January 1, 2013 through the present. **NO PAGE LIMIT, UNLIMITED**
- G. Please review Rule No. 1993-A of the Commission entitled "Disclosure Agreements Between Financial Professionals for Negotiated Transactions" (Exhibit 2), which is attached to this SFO, and recite your firm's agreement to comply therewith. **PAGE LIMIT: ¼ PAGE.**
- H. Please disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your firm's being hired for this engagement. Please include in this section a description of any compensation arrangement between your firm and any members of the financing team, including the State. Please cover the period January 1, 2013 through the present. **NO PAGE LIMIT; UNLIMITED.**

## Required Components of Proposals

### II. Alternative A: BAN Direct Purchase Proposals. PAGE LIMIT: 3 PAGES

- A. Please refer to the attached BAN Term Sheet (Exhibit 1) for the terms of the BANs. Proposals submitted in response to this section of the SFO should be limited to these terms. Proposals for interim financing products/services that depart from the Term Sheet should be submitted in response to Section III, Alternative B on the following page.
- B. Describe in detail proposed additional fees and expenses, if any (including legal fees). Please indicate a cap on such fees, if proposed.
- C. Indicate whether the proposal has been approved by the offeror’s credit committee, and if not, the length of time needed to secure such approval.
- D. Proposed Interest Rates:

Please indicate the date through which the proposed indicative pricing remains valid, either at the absolute rate proposed herein, or as a fixed rate expressed as a spread to 1 month LIBOR or SIFMA.

Offerors may propose different rates of interest for discrete portions of their proposed purchase, and may propose less than \$350 million in total. Each line in the table below shall constitute a separate proposal for purposes of selection, and each separate proposal must be in the amount of at least \$50 million.

1. Fixed Rate:

Using the table below, please provide an indicative interest rate based on market rates as of November 30, 2015.

Amount	Indicative Fixed Rate

2. Variable-Indexed Rate:

Provide the proposed interest rate as a spread to 1-month LIBOR or SIFMA.

Amount	Indicative Rate as a Spread of	
	1-month LIBOR	SIFMA

## Required Components of Proposals

### III. Alternative B: Alternative Interim Financing Obligations and/or Services.

While innovative approaches are welcome, the State will not consider any proposal that contains an undertaking to use financial hedges or derivative products simultaneously with the issuance of the interim financing or the take-out Bonds.

- A. Provide a full and complete description of the proposed financial product/service and a discussion of the benefits it provides as well as any associated risks. **PAGE LIMIT: 2 PAGES**
- B. Indicate whether the financing will take the form of a Direct Loan, the Direct Purchase of Bond Anticipation Notes, or other form. Please indicate whether a closing with DTC and CUSIPs will be required. (Neither will be required by the State.) **PAGE LIMIT: ¼ PAGE**
- C. Provide a term sheet summarizing the transaction. **PAGE LIMIT: 3 PAGES**
  1. Please briefly outline the terms that will be required in the loan agreement or other documents related to the items below. Please be aware that the State expects bank loan agreement terms to reflect the State's AA ratings, the General Obligation pledge on the Interim Financing Obligations, the State's Bond Security and Redemption Fund protection, the State's well-established market access for the take-out General Obligation Bonds, and the absence of bankruptcy risk or project risk. The State will not agree to acceleration provisions or any other terms that raise any questions regarding the relative priority of payment of the instrument as compared to the State's other debt securities. Governing Law and Venue will be that of the State of Louisiana.
  2. Please describe terms related to:
    - a. Any gross-up to a taxable rate in the event of taxability and effective dates of any such provisions.
    - b. Any proposed interest rate adjustments associated with a change in the State's rating.
    - c. Required Representations and Warranties by the State and the lender/purchaser.
    - d. Reporting Requirements. Please note that the State posts financial statements and other financial reporting items on the State's websites as well as on EMMA and will not agree to provide such reports directly to the Lender.
    - e. Conditions precedent to closing and/or funding.
    - f. Events of Default and Remedies, including any applicable Default Interest Rate.

- D. Describe two similar engagements and provide two appropriate references. **PAGE LIMIT: ½ PAGE**
- E. Specifically identify and highlight any credit terms to be negotiated in the proposed facility. **PAGE LIMIT: ½ PAGE**
- F. Outline your firm’s credit approval process, indicate whether credit approval has already been obtained, and affirmatively confirm your firm’s ability to meet the schedule. **PAGE LIMIT: ½ PAGE**
- G. Indicate the necessary disclosure requirements and the governing regulatory requirements for the transaction. Firms proposing alternative placement services or limited public offerings for interim financing products should clearly describe the disclosure that would be required and the regulatory provisions governing the transaction. **PAGE LIMIT: 1 PAGE**
- H. If proposing Placement Agent services, please describe the items below. **PAGE LIMIT: 2 PAGES**
1. Details regarding similar placement services provided by your firm over the last 3 years (including number of transactions, volume, security, issuer credit quality).
  2. The pricing of those placements relative to comparable public market offerings at the time.
  3. The qualifications of the firm to serve as placement agent.
- I. Pricing. **PAGE LIMIT: 1 PAGE**
1. Proposed indicative interest rate(s) and other associated financing charges.
  2. Describe in detail any proposed transaction fees and legal fees that will be the State’s responsibility, and indicate a cap to those fees if a cap is proposed.
  3. Any breakage fees for failure to close and the conditions under which those would apply.

## Required Components of Proposals

### IV. **Alternative C: Combined Proposals for Interim Financing Obligations and Long-term General Obligation Underwriting Services**

This section of the SFO should be submitted by firms who propose to provide a combination of interim capital financing and underwriting for long-term General Obligation Bond financing that will provide proceeds to take out the interim capital financing.

Please use Section II and/or III (Alternative A and/or B) above to describe the proposed interim financing products/services that will be offered in combination with the underwriting services. ***If the interest rate and/or fees for the interim financing is different under this Alternative C, please so indicate and describe in full.***

This section of the SFO will be used for the selection of Underwriters to serve as senior managing underwriter, co-senior manager (if deemed necessary), and co-managers for the Series 2016 Bonds in an amount necessary to take out the Interim Financing Obligations, which is currently estimated at approximately \$350 million. Please note that the State may issue additional bonds in mid-2016 to fund future capital outlay needs beyond those funded with the Interim Financing Obligations. However, the State reserves the right to use alternative approaches, such as a competitive sale, to address these additional funding needs. At the State's discretion, the underwriting services selected under this SFO may be limited to the approximately \$350 million that will be issued to take-out the Interim Financing Obligations.

The State reserves the right to select a team of underwriters from those firms submitting proposals in accordance with this SFO. Only firms submitting proposals in accordance with this SFO will be considered. From the respondents to this SFO, senior managing underwriter and co-managers will be selected.

While innovative approaches are welcome, the State will not consider any proposal that contains an undertaking to use financial hedges or derivative products simultaneously with the issuance of the interim financing or the take-out Bonds.

The duties of the participants in the underwriting syndicate are expected to be substantially as follows:

**Senior Manager:** book runner; leader of the underwriting syndicate; pricing coordinator; responsible for marketing of the issue; structuring the financing; determining credit enhancement alternatives; compliance with disclosure standards; investor liaison; all related conventional roles for senior manager.

**Co-Senior Manager** (if deemed necessary): same as senior manager, except that co-senior manager would not "run the books". The co-senior manager is expected to be integral to the transaction, attending the same meetings that the senior manager attends and participating in all aspects of the financing as determined to be necessary by the senior manager.

**Co-Manager:** assisting in marketing the issue and providing discrete “niches” in the marketing of the Bonds.

A. Firm Background and Expertise. **This section must be addressed by all respondents.**

1. Please state the position(s) your firm is applying for with respect to the Series 2016 Bonds: senior managing underwriter or co-manager (do not apply for co-senior manager as the State will determine the need for this position from the existing applications). Please state succinctly the top two reasons why your firm should be hired for the position for which you are applying, keeping in mind the specific qualifications required and described in this SFO. **PAGE LIMIT: ½ PAGE.**
2. List the long-term general obligation bond issues for which your firm has served as senior managing underwriter or co-senior manager since January 1, 2013, including issues not yet completed but for which your firm has been selected as senior managing underwriter or as co-senior. For the completed issues, please add a column which states the amount of each issue listed which your firm had to underwrite and take into inventory within the first week after pricing. Describe the characteristics of any or all of these issues which would be relevant in evaluating the experience of your firm to handle the financing of the Series 2016 Bonds. **PAGE LIMIT: ½ PAGE FOR RELEVANCE DESCRIPTION; LISTING OF ISSUES CAN BE SHOWN IN APPENDIX AND WILL NOT COUNT AGAINST PAGE LIMIT.**
3. List the long-term general obligation bond issues for which your firm has served as co-manager since January 1, 2013, including issues not yet completed but for which your firm has been selected as co-manager. **PAGE LIMIT: 1 PAGE. LISTING OF ISSUES CAN BE SHOWN IN APPENDIX AND WILL NOT COUNT AGAINST PAGE LIMIT.**
4. Describe your firm’s commitment to public finance, particularly over the next 24 months. Please state your commitment that your firm will remain in the public finance sector during the period necessary to complete the issuance of the Series 2016 Bonds. **PAGE LIMIT: ¼ PAGE.**
5. Provide a table or short statement which outlines your firm’s five-year history of underwriting municipal bonds of all types, as reported in your audited financial statements. **PAGE LIMIT: ½ PAGE.**
6. Provide your firm’s average weekly inventory position, average weekly sales volume and average weekly trading volume in Louisiana tax-exempt debt since January 1, 2013. **PAGE LIMIT: ¼ PAGE.**
7. Describe your firm’s commitment to Louisiana by highlighting the number of offices you maintain in the State and the number of employees you have in Louisiana. **PAGE LIMIT: ¼ PAGE.**

**B. Personnel. This section must be addressed by all respondents.**

1. Identify the members of your firm who would be assigned to act for your firm in providing the banking and underwriting services described in this SFO, and the functions to be performed by each. Include brief resumes of each such staff member, including name, position, education, and years and type of public finance bond experience/specialization. **PAGE LIMIT: ½ PAGE.**
2. Provide as references for the members of the team to be assigned to this engagement the names and contact information (address, phone, and email address) for three government officials with three different issuers of state debt issues and/or similar revenue bond issues and identify each reference by team member. Omit references from Louisiana Treasury Department staff, State Bond Commission members or staff, and State Legislators and staff. **PAGE LIMIT: ½ PAGE.**

**C. Marketing and Pricing.**

This section is to be addressed by firms wishing to be considered for senior manager; firms wishing to be considered solely for a co-manager position need not respond to this section.

1. Describe your preferred marketing plan, discussing how you would achieve a retail sales component, and outlining your recommended pre-sale marketing approach for the Series 2016 Bonds. **PAGE LIMIT: ½ PAGE.**
2. Describe the method/process by which you would price the Series 2016 Bonds, including how the Series 2016 Bonds would be priced against other, recent similar bond issues. **PAGE LIMIT: ½ PAGE.**

**D. Fees.**

This section is to be addressed by firms wishing to be considered for senior manager; firms wishing to be considered solely for a co-manager position need not respond to this section.

The Selection Sub-Committee of the Bond Commission intends to negotiate fees with the highest scoring firm applying for the senior manager position. If these negotiations are not satisfactory to the Committee, negotiations will be entered into with the second highest scoring firm, and so on.

1. On the attached Investment Banking Fee Proposal Worksheet (Exhibit 2), provide estimated gross spread breakdowns and budgets for the proposed issue. If your firm provides a range, the highest figure will be used. All costs/fees provided on the attached worksheet must have a cap. The completed fee sheet will serve as a comparative indicator. Please also provide a proposed takedown for each maturity. **PAGE LIMIT: 1 PAGE FOR FEE SHEET AND ½ PAGE FOR TAKEDOWNS BY MATURITIES.**
2. Provide the names of three firms you would recommend as underwriters' counsel, the name of the lead attorney for this financing and the capped fees, including expenses, the law firm would charge. **PAGE LIMIT: ½ PAGE.**

**EXHIBIT 1**  
**BANs Term Sheet**

**State of Louisiana**  
**State Bond Commission**  
**2016 Bond Anticipation Notes**  
**(“2016 BANs” or “BANS”)**  
**Summary Preliminary Term Sheet**  
**Dated: November 10, 2015**

- Issuer:** State of Louisiana, State Bond Commission
- Authorization:** L.a. R.S. 39:1365(21)
- Par Amount:** Not exceeding \$350,000,000
- Purpose:** The proceeds of the 2016 BANs will be used for routine capital outlay funding needs.
- Form of delivery:** DTC Book Entry or physical security. Successful proposers will be required to make their own arrangements for DTC delivery. The State will supply CUSIP numbers as applicable.
- Dated Date and Delivery Date:**  
The dated date and delivery date will be the same, currently anticipated on January 28 or 29, 2016.
- Qualified Purchasers:**  
Qualified institutional buyers (QIBs) or accredited investors (AIs)
- Maturity Date:** September 15, 2016
- Optional Redemption:**  
The BANs will be optionally redeemable by the State on any date after July 15, 2016, in whole or in part, upon giving four business days written notice.
- Interest Rate:** TBD
- Minimum Denomination:**  
\$100,000
- Purchase Price:** All BANs will be sold at a price of 100% of the principal amount of the BANs, without discount or premium.

**Interest Payment:** Interest will be paid at maturity or redemption and shall be computed on the basis of actual days elapsed in a 365-day year.

**Security:** The BANs shall constitute a general obligation of the State, and the full faith and credit of the State is pledged to the punctual payment of the principal of and interest of such indebtedness when the same become due and payable. The payment of the principal of and interest on the BANs are secured additionally by the moneys pledged and dedicated and paid into the Bond Security and Redemption Fund, subject to prior contractual obligations as provided in Article VII, Section 9(B) of the Louisiana Constitution of 1974, as amended (the "State Constitution"). The BANs shall be additionally payable from the proceeds of the sale of the Series 2016 Bonds in anticipation of which the BANs are issued.

The State will not agree to acceleration provisions or any other terms that raise any questions regarding the relative priority of the instrument as compared to the State's other debt securities.

**Transfer of Ownership Restriction:**

Ownership of the BANs may only be transferred to another QIB or AI.

**Opinions:** Approving opinions to be provided by the State Attorney General and the two outside Co-Bond Counsel, Breazeale, Sachse & Wilson, L.L.P. and Breithaupt, Dunn, DuBos, Shafto & Wolleson, L.L.C.

**Tax Exemption:** In the opinion of Bond Counsel, interest on the BANs is not includable in gross income for federal income tax purposes and is exempt from Louisiana State personal income tax.

**Bond Counsel:** Breazeale, Sachse & Wilson, L.L.P. and Breithaupt, Dunn, DuBos, Shafto & Wolleson, L.L.C. are Co-Bond Counsel.

**Exhibit 2**

**INVESTMENT BANKING FEE PROPOSAL WORKSHEET  
ASSUMING A \$350,000,000 BOND ISSUE  
Take-Out of the Interim Financing**

**Fees are subject to negotiation.**

	<u>\$/ \$1,000</u>	<u>Actual \$ Amount</u>
Management Fee (to include Structuring Fee, if any)	\$ _____	\$ _____
Average Takedown <sup>1</sup> \$ _____ <i>(on a not to exceed basis)</i>	\$ _____	\$ _____
Total Expenses <i>(as set forth in expense breakdown below)</i> <sup>2</sup>	\$ _____	\$ _____
<b>TOTAL</b>	\$ _____	\$ _____
Expense Breakdown <sup>2</sup> <i>(maximum not to be exceeded):</i>		
Clearance	\$ _____	\$ _____
Travel	\$ _____	\$ _____
Syndication	\$ _____	\$ _____
Advertising	\$ _____	\$ _____
Document Printing	\$ _____	\$ _____
Freight & Communications	\$ _____	\$ _____
Closing Expenses	\$ _____	\$ _____
Underwriter's Counsel	\$ _____	\$ _____
Day Loan/Fed Funds	\$ _____	\$ _____
Special Consultants (please specify)		
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
Other (please specify)		
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
Sub-Total Expenses:	\$ _____	\$ _____

<sup>1</sup>Based on proposed bond structure. Please provide a proposed takedown level for each maturity separately for each proposed series.

<sup>2</sup>The State will choose the printer and all other services, as needed; however, the underwriters will pay for these services as a "pass-through" cost basis, and the "spread" will be adjusted accordingly. The State reserves the right to negotiate all fees associated with this financing.

### Exhibit 3

#### **RULE NO. 1993-A Adopted March 20, 1994**

#### **DISCLOSURE OF AGREEMENTS BETWEEN FINANCIAL PROFESSIONALS FOR NEGOTIATED TRANSACTIONS**

WHEREAS, the duties of the Louisiana State Bond Commission (the "Commission") require that it choose financial professionals (including, without limitation, firms of underwriters, financial advisers and bond attorneys) in connection with certain bond issues and the Commission predicates such choices upon the competing firms; experience, qualifications and performance, in order that a broad spectrum of firms including minority and woman owned and regional firms are given an opportunity to actively and fully participate in such financings; and,

WHEREAS, the Commission's duties also require that it approve applications from local governmental entities to issue bonds and such applications include information on the financial professionals involved in handling the issues;

NOW THEREFORE, in order to insure the integrity of the structure of the financing team which the Commission is charged with the responsibility of choosing and/or approving for handling bond issues, the Commission hereby adopts the following rule regarding agreements by and between such financial professionals as to the sale of such bonds:

1. Terms and/or existence of all joint accounts and/or any other fee-splitting arrangements by and between financial professionals must be disclosed and approved by the Commission.
2. For bond issues for which the Commission is charged with the responsibility to choose the financial professionals, the following will apply;
  - a. Firms under consideration for selection by the Commission must file a disclosure statement to be submitted as part of their proposal (whether such proposal is solicited or unsolicited), listing any and all agreements by and between themselves and any other financial professionals which relate to the bond issue.
  - b. Financial professionals include, in any proposal submitted to the Commission, the name or names of any person or firm, including attorneys, lobbyist and public relations professionals engaged to promote the selection of the particular financial entity.
  - c. Joint proposals from financial professionals will be allowed only if the Commission's solicitation for offers requests and/or permits joint proposals. The Commission reserves the right, in its sole discretion, to decide on an issue-by-issue basis whether joint proposals will be permitted.
  - d. All financial professionals submitting joint proposals and/or intending to enter into joint accounts or any fee-splitting arrangements in connection with a bond issue must fully disclose and have approved by the Commission any plan or arrangement to share tasks, responsibilities, and fees earned, and disclose the financing professionals with whom this sharing is proposed, and any changes thereto which may occur.
  - e. The Agreement among Underwriters will govern all transactions during the underwriting period and such agreement must be disclosed and filed with the Commission.

- f. No later than forty-five (45) days following the bond sale, all participating underwriters must file with the Commission in notarized affidavit form individual post-sale reports which include a full accounting for all bonds sold and all commissions earned, and any other compensation paid or earned in connection with such sale.
3. Failure to comply with any of the provisions of Section 1 or 2 of this rule may result in a firm's immediate dismissal, disqualification from later issues, or other penalties as may be provided by law or the rules, policies and procedures of the Commission as the Commission in its sole discretion may deem appropriate.
4. For those bond issues which the Commission must approve but for which the Commission is not responsible for the choice of the financial professionals, the following will apply:
  - a. The details of any arrangements for compensation of all the financial professionals in the transaction (including any joint accounts or fee-splitting agreements) and the method used to calculate the fees to be earned must be provided to the Commission in the written application. The Commission's receipt of this information is a prerequisite for being placed on the agenda.
  - b. At closing, this information must be certified in notarized affidavit form by the financial professional to be correct and filed with the State Bond Commission within five (5) days thereof. This information will form a part of the public record of the bond issue.