GARDEN GROVE

THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT INVITES QUALIFIED FIRMS TO SUBMIT PROPOSALS TO PROVIDE UNDERWRITING SERVICES

PROPOSALS DUE BY AUGUST 26, 2015, 12:00 PM (PST)

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INTRODUCTION

The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development (the "Successor Agency") is seeking proposals from a limited group of pre-qualified firms to provide underwriting services with regard to the issuing of a tax allocation bond for the financing of the Great Wolf Lodge Southern California (the "Project") assistance payment of $42 million.

Proposals are due on or before **August 26, 2015 by 12:00 noon PST.** No hard copies of your response are required. Copies of your response should be **emailed** to:

CITY OF GARDEN GROVE AS SUCCESSOR AGENCY:

Kingsley Okereke, Assistant City Manager/Finance Director, kingsley@ci.garden-grove.ca.us
Greg Blodgett, Senior Project Manager, greg1@ci.garden-grove.ca.us
Jim Dellalonga, Senior Project Manager, jimde@ci.garden-grove.ca.us
Ellis Chang, Accounting Manager, ellisc@ci.garden-grove.ca.us

FINANCIAL ADVISOR -- URBAN FUTURES INCORPORATED:

William Reynolds, Principal, williamr@UrbanFuturesInc.com
Michael Busch, CEO**,** michaelb@urbanfuturesinc.com

BACKGROUND

In 2009, the Garden Grove Agency for Community Development (the "Former Agency") approved a disposition and development agreement (the "DDA") with Garden Grove MXD. Approximately a year later, the Former Agency approved an amendment to the DDA (the "Amended DDA"). Among other things, Section 408 of the Amended DDA requires the Agency to provide a payment of $42 million to the Developer within thirty (30) days of the opening of the Project. As outlined in the Amended DDA, the "Agency intends to issue its tax allocation bonds to pay the Forty-Two Million Dollars ($42,000,000) described above through an issuance of tax allocation bonds sized to net Forty-Two Million Dollars ($42,000,000)."

On February 1, 2012, pursuant to ABx1-26 and the Supreme Court ruling regarding the petition *California Redevelopment Association vs. Matosantos,* redevelopment in California was dissolved and the Amended DDA became an enforceable obligation of the Successor Agency. Further, the Amended DDA as an enforceable obligation was reinforced by the State Department of Finance (the "DOF") with the issuance a Final and Conclusive Determination of the Project

on September 17, 2012. The DOF also reviewed and approved an Implementation Agreement between the Successor Agency and Garden Grove MXD (the "Developer") on November 8, 2013.

Hence, the Successor Agency is pursuing the issuance of $42 million tax allocation bond, subject to DOF approval to satisfy the Amended DDA enforceable obligation to provide the Developer with a payment of $42 million (30) days after the later of the date of the opening of the Hotel or the issuance of the Certificate of Occupancy of the Hotel.

PROPOSAL REQUIREMENTS

1. Specific Requirements

Responses to each of the questions in Section A should be as concise as possible since the Successor Agency's financing team is well aware of your firm's underwriting credentials. Joint proposals may be submitted. However, the Successor Agency does reserve the right to choose individual firms for its underwriting team from any of the proposals submitted. Please note that at this time the Successor Agency is not contemplating the need for Co-Managers for this assignment, but could be convinced otherwise.

Please note that the award of the contract for underwriter services is subject to formal approval by the DOF. Additionally, this Request for Proposals ("RFP") does not commit the Successor Agency to award a contract, to pay any costs incurred in the preparation of a proposal or to procure a contract for services. The Successor Agency also reserves, at its sole discretion, the right to reject any and all proposals; to waive informalities and irregularities in proposals received; and to request clarification of information contained in proposals received. The Successor Agency also reserves the right, at its sole discretion, to negotiate with all qualified sources.

2. Schedule

The Successor Agency, including designated staff and its financial advisors, will evaluate the written proposals and make recommendations to the Successor Agency Board. The Successor Agency may, at its option, schedule interviews with one or more responding firms. *The group making the presentation at the interview must include the person who will be the Successor Agency's primary contact if the firm were to be selected as underwriter.* The schedule for proposal submission and the estimated timing of the selection process is as follows:

Requests for Proposals Distributed:	**August 12, 2015**
Proposals Due:	**August 26, 2015**
Selection of Underwriter:	**Week of September 7, 2015**

3. Questions Regarding the Financing

Should you have questions relating to the proposed financing, please contact Jim DellaLonga at the City of Garden Grove by email. Mr. DellaLonga will either answer your question(s) directly or direct your question to another member of our financing team.

4. Proposal Format and Questions

Letter of Transmittal

Please limit your Letter of Transmittal to 2 pages or less. Include a brief summary that covers the most salient points in your proposal. Also include the name and contact information for the individual who would be serving as your firm's Engagement Manager for this assignment.

Section A

Please limit your Section A responses to 4 pages or less.

1. Briefly describe your firm's California experience with emphasis on recent underwriting assignments that are similar to those described in this RFP.

2. Currently the Successor Agency is contemplating using only one Senior Managing Underwriter for this assignment. Please include a statement explaining why your firm is uniquely qualified to be selected as the Successor Agency's Managing Underwriter. Or, if you believe that the Successor Agency should consider including a Co-Manager, please explain why your firm would be value added in that role as well.

3. Identify the personnel and contact information for the ***key*** individuals who will be servicing this assignment. Describe each person's role, relevant Tax Increment/Tax Allocation Bond/Successor Agency secured financing experience and specific capabilities (i.e. no canned resumes are necessary). Please note that we are mainly interested in learning about the individuals who will be primarily responsible for: (1) the preparation of a Plan of Finance; (2) the quantitative analysis; and (3) the pricing and underwriting of the proposed new money issue.

4. Provide at least one recent example of how your firm's unique marketing, selling and/or underwriting capabilities significantly aided in the sale of a California Tax Allocation Bond and/or California post-redevelopment Redevelopment Property Tax Trust Fund (RPTTF) tax allocation bond issue.

5. Please provide the names and contact information for three California municipal clients for whom your firm has provided similar underwriting services over the past three years.

Section B

Please limit your Section B responses to 10 pages or less.

1. How would you suggest that the Successor Agency handle the credit rating process for this bond issue? For example, include your recommendations regarding how many ratings the Successor Agency should pursue and whether the Successor Agency should consider bond insurance and/or a surety reserve.

2. Describe how your firm has utilized unique and/or creative structuring techniques in the past in order to help reduce the cost of borrowing and/or increase debt capacity for issuers with financing needs similar to the City's.

3. Please state your recommendations regarding how you believe the City Successor Agency should structure its proposed financing. For example, would you recommend that the proposed financing be structured using a level debt schedule, or something else?

4. Provide the Successor Agency with a debt analysis summary for the proposed debt structure that you recommended in your response to Question #3. In order to more fairly compare competing proposals, please base the analysis on your firm's suggested spread to MMD as if the refunding/new money issue had been sold on ***August 15, 2015***. Include a rationale for your estimated spread based upon your understanding of California's current bond market, the Successor Agency's perceived standing within the bond buyer community, relevant comparables, the August 2015 forward calendar and/or any other factors that your underwriter deems pertinent. Please assume estimated issuance costs, not including underwriting and bond insurance/surety reserve costs, of $250,000. In addition, please incorporate your firm's authorized, ***not-to-exceed*** total underwriter's discount bid in the analysis. The not-to-exceed bid should include all of the components of the underwriter's discount, including any management fee, risk premium, takedown by maturity and underwriter expenses. The bid should also include the cost of your underwriter's counsel, should you decide to use one, and must be valid for 120 days.

5. Provide the Successor Agency with any additional information that may be ***pertinent*** to the proposed financing.