

# Better Matchmaking: RFPs for Financial Advisors and Underwriters (or Looking for Love in all the Right Places)

David Brodsky  
KNN Public Finance, LLC  
[dbrodsky@knninc.com](mailto:dbrodsky@knninc.com)

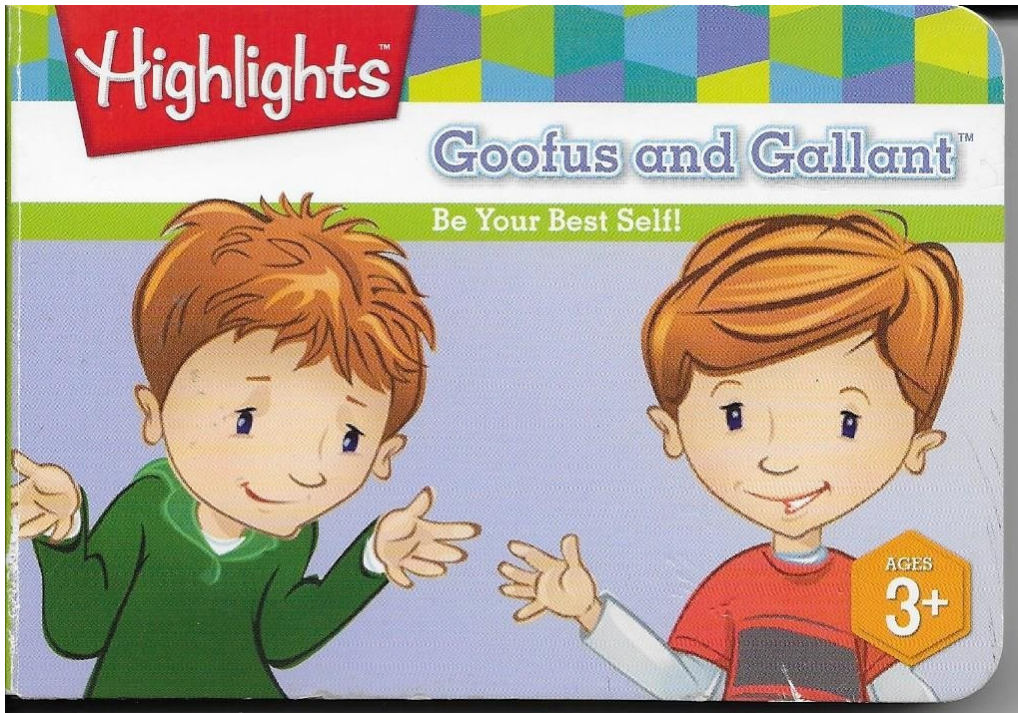


Tom Johnsen  
Fieldman, Rolapp & Assoc., Inc.  
[tjohnsen@fieldman.com](mailto:tjohnsen@fieldman.com)

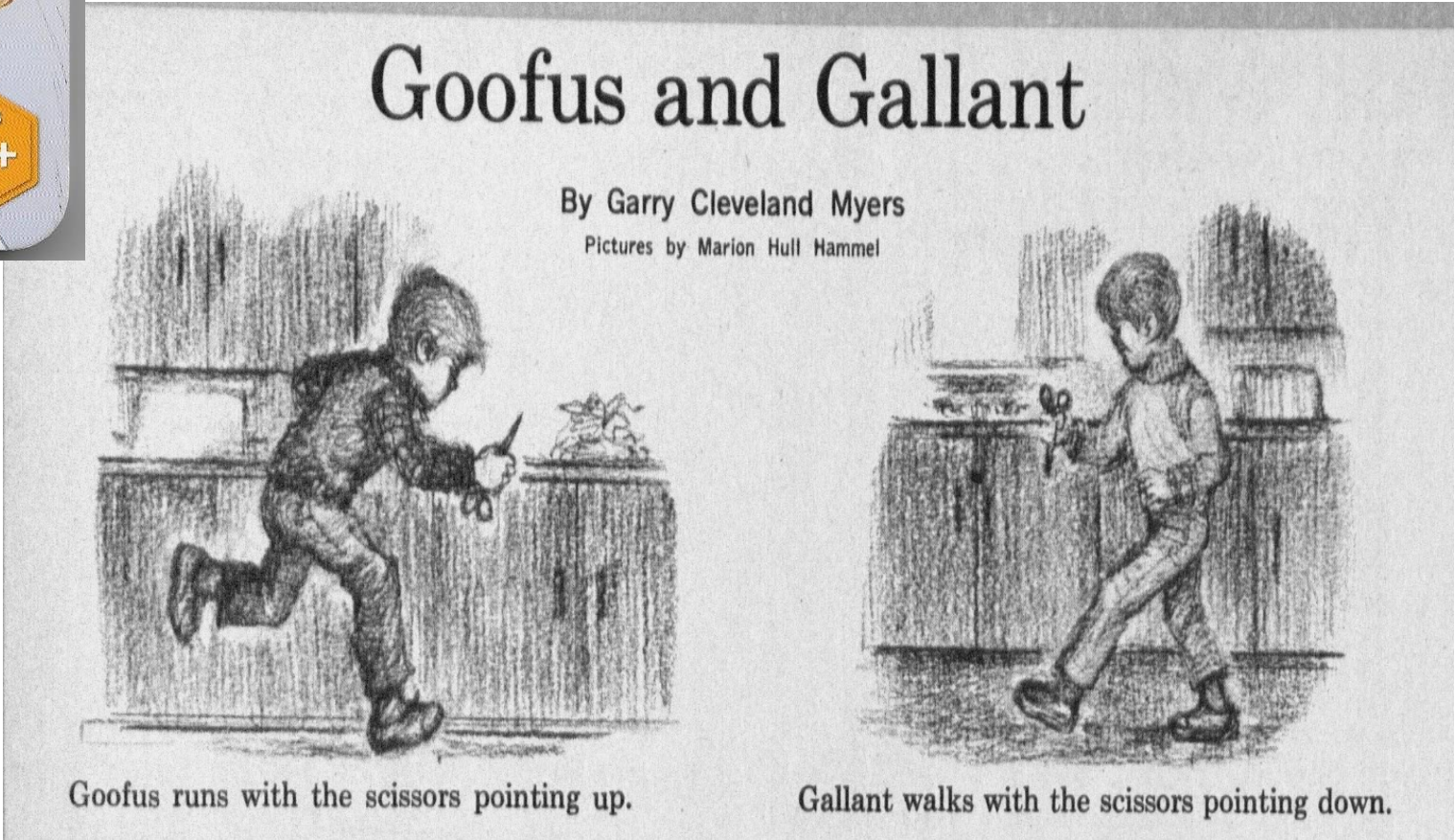


Rob Larkins  
Raymond James  
[robert.larkins@raymondjames.com](mailto:robert.larkins@raymondjames.com)



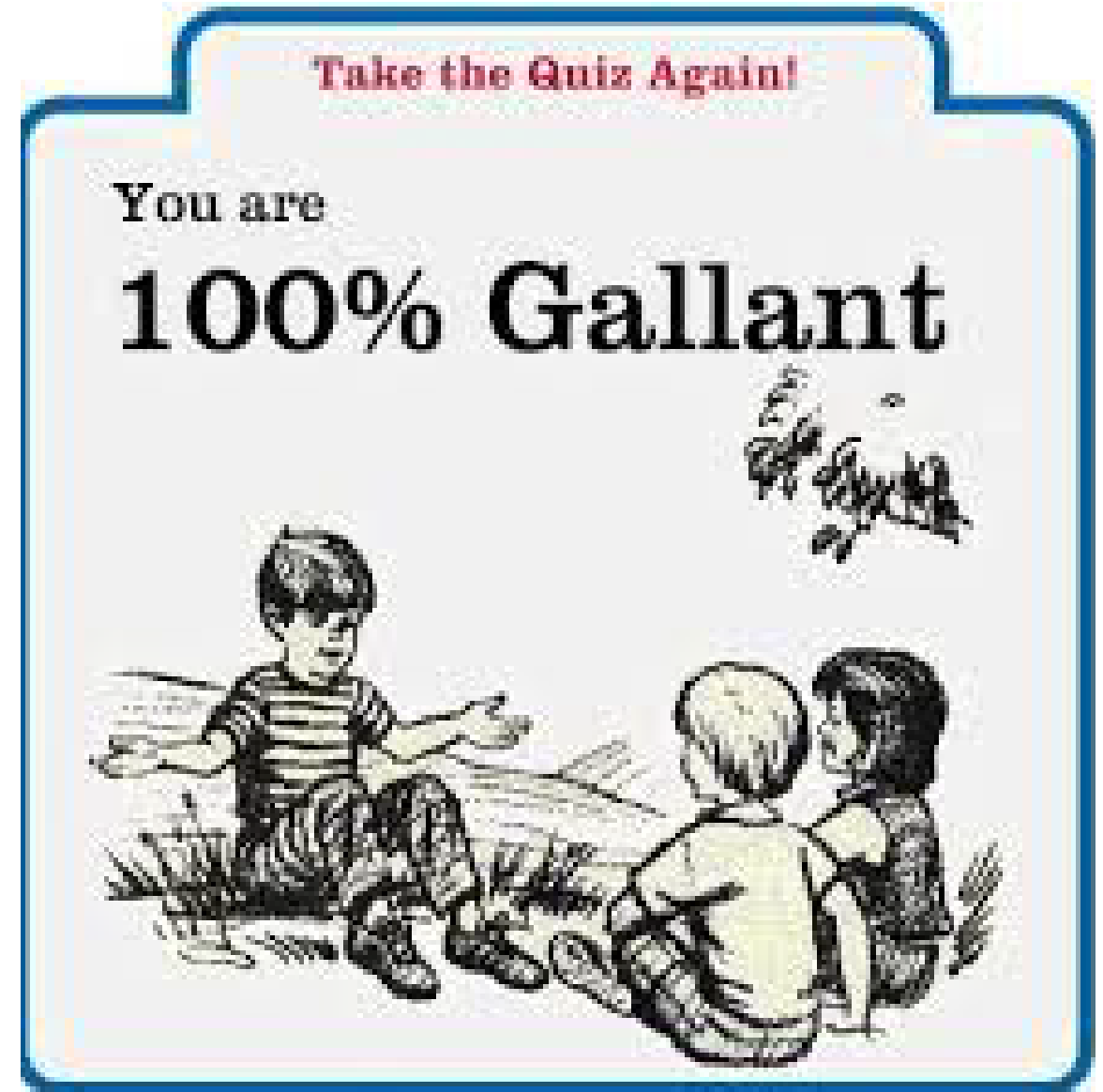


# Tips to Avoid Becoming an RFP- Goofus



# Good RFP

- Provides sufficient detail about the issuer's needs to enable tailored, customized responses
- Encourages multiple firms to respond
- Clear, concise and easily found requirements
- Issuer learns something not previously known
- Asks for information that actually aids in decision making
  - Gives insights into work habits, style, creativity, attention to detail, perspective of respondents
  - Do they communicate in a way that matches the way you think
  - Encourages entrepreneurship—ideas



# RFP Project Management

- Involve financial advisor and bond counsel in RFP development
- Active procurement:
  - Don't just post RFP on bidding platform, without "pushing out" to potential responders through e-mail
- Ask for fees under separate cover
  - Conveys to proposers that selection will be based on the merits, and fees subject to separate consideration
- References may yield useful information from peers
  - But proposers don't give "bad" references
- "The art of the classy rejection"
  - Preparing a proposal can take a week or more of proposer staff time
  - Let proposers know the results and be willing to provide feedback



# “Sad” RFP

- Pages (and pages) of procurement language and general background, with the actual “request” buried in the boilerplate (public finance “Where’s Waldo”)
- Requests specific details not relevant to issue or issuer
- Poorly organized , redundant questions
- Unclear or inconsistent requirements
- No allowance for subjectivity
- Obscures decision process that is not actually open
- Does not encourage entrepreneurship
- Doesn’t result in issuer learning more or getting insight or ideas

# Goofus



# What Drives Us Crazy

- “Procurement” formats often more appropriate for buying office supplies than professional services
- Page limits
  - Useful for encouraging conciseness, but allow enough space to answer the questions!
  - Be clear what’s included in page limits (cover language, appendices)
- Sharing all questions with all firms may expose proprietary ideas and innovation, discouraging knowledge transfer
- Deadlines
  - Allow at least two weeks and Be mindful of holidays
  - Mid-day time cutoffs are not useful: “close of business” or “end of day”
- Format
  - E-mail submission is easiest and greener
  - If hard copies also desired, make them due the next day
  - The worst: requirements for tabs!



# Bad Questions

- “How do you propose to accomplish the scope of work” or “describe your approach to the project”
- “Provide complete details of all your prior transactions, including the amount underwritten, takedowns, ratings, insurance, etc.”
  - Deal lists don’t really tell you much about firms’ problem solving capabilities, and picking bankers solely by the number of deals they have done is a self-fulfilling exercise.
  - If that is an important criterion, save everyone time and just ask for a fee quote from the three firms with the longest deal list, which your municipal advisor can provide.
- Asking for sample rating presentations
- Asking underwriters for their “marketing plan” will be met with boilerplate
- Asking FA’s for fees for non-specific scopes of work requires they have a crystal ball.



# Final Observations

- The more you know about what you are looking for, the more likely you are to find it
  - Think about your specific needs and challenges and articulate them
  - Ask questions that might help you gain a perspective on that challenge
  - Don't waste too much time on detailing a "scope of services"
  - If you aren't sure what you need, be honest and ask for suggestions
- Hiring the financial advisor is a good place to start; they can help you hire the underwriter and fill other gaps on your team



# RAYMOND JAMES DISCLAIMER

The information contained herein is solely intended to facilitate discussion of potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement. While we believe that the outlined financial structure or marketing strategy is the best approach under the current market conditions, the market conditions at the time any proposed transaction is structured or sold may be different, which may require a different approach.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive.

Raymond James shall have no liability, contingent or otherwise, to the recipient hereof or to any third party, or any responsibility whatsoever, for the accuracy, correctness, timeliness, reliability or completeness of the data or formulae provided herein or for the performance of or any other aspect of the materials, structures and strategies presented herein.

This Presentation is provided to you for the purpose of your consideration of the engagement of Raymond James as an underwriter, and not as your financial advisor or Municipal Advisor (as defined in Section 15B of the Exchange Act of 1934, as amended), and we expressly disclaim any intention to act as your fiduciary in connection with the subject matter of this Presentation. The information provided is not intended to be and should not be construed as a recommendation or "advice" within the meaning of Section 15B of the above-referenced Act. Any portion of this Presentation which provides information on municipal financial products or the issuance of municipal securities is only given to provide you with factual information or to demonstrate our experience with respect to municipal markets and products. Municipal Securities Rulemaking Board ("MSRB") Rule G-17 requires that we make the following disclosure to you at the earliest stages of our relationship, as underwriter, with respect to an issue of municipal securities: the underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the issuer and it has financial and other interests that differ from those of the issuer.

Raymond James does not provide accounting, tax or legal advice; however, you should be aware that any proposed transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and/or legal counsel.

Raymond James and affiliates, and officers, directors and employees thereof, including individuals who may be involved in the preparation or presentation of this material, may from time to time have positions in, and buy or sell, the securities, derivatives (including options) or other financial products of entities mentioned herein. In addition, Raymond James or affiliates thereof may have served as an underwriter or placement agent with respect to a public or private offering of securities by one or more of the entities referenced herein.

This Presentation is not a binding commitment, obligation, or undertaking of Raymond James. No obligation or liability with respect to any issuance or purchase of any Bonds or other securities described herein shall exist, nor shall any representations be deemed made, nor any reliance on any communications regarding the subject matter hereof be reasonable or justified unless and until (1) all necessary Raymond James, rating agency or other third party approvals, as applicable, shall have been obtained, including, without limitation, any required Raymond James senior management and credit committee approvals, (2) all of the terms and conditions of the documents pertaining to the subject transaction are agreed to by the parties thereto as evidenced by the execution and delivery of all such documents by all such parties, and (3) all conditions hereafter established by Raymond James for closing of the transaction have been satisfied in our sole discretion. Until execution and delivery of all such definitive agreements, all parties shall have the absolute right to amend this Presentation and/or terminate all negotiations for any reason without liability therefor.

# KNN DISCLAIMER

Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of KNN Public Finance, LLC (“KNN Public Finance”) and its associated persons.

## **Conflicts of Interest**

KNN Public Finance represents that in connection with the issuance of municipal securities, KNN Public Finance may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, KNN Public Finance hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding KNN Public Finance’s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair KNN Public Finance’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

If KNN Public Finance becomes aware of any additional potential or actual conflict of interest after this disclosure, KNN Public Finance will disclose the detailed information in writing to the Issuer in a timely manner.

## **Legal or Disciplinary Events**

KNN Public Finance, LLC, has never been subject to any legal, disciplinary or regulatory actions nor was it ever subject to any legal, disciplinary or regulatory actions previously, when it was a division of Zions First National Bank or Zions Public Finance, Inc.

A regulatory action disclosure has been made on Form MA-I for one of KNN Public Finance municipal advisory personnel relating to a 1998 U.S. Securities and Exchange Commission (“SEC”) order that was filed while the municipal advisor was employed with a prior firm, (not KNN Public Finance). The details of which are available in Item 9; C(1), C(2), C(4), C(5) and the corresponding regulatory action DRP section on Form MA and Item 6C; (1), (2), (4), (5) and the corresponding regulatory action DRP section on Form MA-I. Issuers may electronically access KNN Public Finance’s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).

The SEC permits certain items of information required on Form MA and Form MA-I to be provided by reference to such required information already filed on a regulatory system (e.g., FINRA CRD). The above noted regulatory action has been referenced on both Form MA and MA-I due to the information already filed on FINRA’s CRD system and is publicly accessible through BrokerCheck at <http://brokercheck.finra.org>. For purposes of accessing such BrokerCheck information, the Municipal Advisor’s CRD number is 4457537.