



IRON COUNTY, UTAH
REQUEST FOR PROPOSAL
FOR
UNDERWRITING SERVICES:
SENIOR MANAGER AND/OR CO-MANAGER

JUNE 21, 2024

IRON COUNTY, UTAH

REQUEST FOR PROPOSAL FOR UNDERWRITING SERVICES

INTRODUCTION

Iron County, Utah (the “County”) is seeking qualified firms to serve as senior managing underwriter and/or co-managing underwriters in connection with the issuance of up to \$95,000,000 Sales Tax Revenue Bonds, Series 2024 (the “Series 2024 Bonds”) anticipated to be sold in September 2024 as market conditions permit. The County reserves the right to sell the Series 2024 Bonds through a competitive sale, negotiated sale, direct purchase or private placement.

The Series 2024 Bonds will be issued for the purpose of (a) financing the construction, furnishing and equipping of a new jail and related improvements (collectively, the “Project”), (b) funding any debt service reserve fund, as required, and (c) paying costs of issuance of the Series 2024 Bonds. The County has outgrown their current jail facility and has restrictions on being able to expand that facility in its current location. The Project will help to build a new Sheriff Administration office and 2 Pod jail facility to replace their outdated jail facility.

The Series 2024 Bonds will be secured by the following sales tax pledges: (i) the sales and use tax (the “Local Sales Tax”) levied by the County pursuant to the Title 59, Chapter 12, Part 2 (the “Local Sales and Use Tax Act”), (ii) the county option sales and use tax (the “County Option Tax”) levied by the County pursuant to Title 59, Chapter 12, Part 11, Utah Code (the “County Option Sales and Use Tax Act”) and (iii) the sales and use tax (the “Section 2216 Tax” and collectively with the Local Sales Tax and County Option Tax, the “Pledged Taxes”) levied by the County pursuant to Title 59, Chapter 12, Section 2216, Utah Code (the “Local Option Sales and Use Taxes for Transportation Act”). More details can be found in Appendix A of the RFP.

The County is looking at 35-year to 40-year amortization options to maximize bond proceeds for this project. The County is planning to structure debt service on the Series 2024 Bonds around the Section 2216 Tax, while using the Local Sales Tax and County Option Tax to enhance coverage. The goal of the County would be to generate \$95MM in bond proceeds and use all of the Section 2216 Tax towards debt service.

The County reserves the right to waive any irregularity in any response and to reject any or all responses. Expenses for preparing and submitting qualifications will be the responsibility of the underwriting firms.

Notwithstanding this request for proposal for underwriting services, the County reserves the right not to use any member or members of the syndicate, if it is determined to be in the best interest of the County to do so. Selection to a syndicate does not entitle the selected firm(s) assignment to any specific bond issue(s) or any specific participation in County bond issuance(s). **Being selected to be part of the County’s negotiated sale underwriting syndicate does not guarantee that the County will issue any of its bonds using a negotiated sale process.**

The County and its bond counsel (Gilmore & Bell, P.C.) will have primary responsibility for preparation of the Preliminary and Final Official Statement and the Continuing Disclosure Agreement.

Crews & Associate, Inc. serves as Municipal Advisor to the County.

TIMETABLE

The following is the projected schedule for this request for proposal process:

<u>Event</u>	<u>Date</u>
Issuance of RFP	June 21, 2024
Deadline for RFP Questions	July 2, 2024, 5:00 PM MDT
Deadline for Submission of Proposals	July 11, 2024, 5:00 PM MDT
Anticipated Notification of Interviews (if needed)	Week of July 15, 2024
Notice of Award	July 19, 2024

PROPOSAL REQUIREMENTS

Responses should include information requested in the following requests and questions. **Responses are limited to a maximum of 15 pages in a 12-point font**, not including the firm's cover letter (not to exceed two pages) and any appendices provided in response to questions. **Effort should be made to provide concise and brief responses.** All questions related to this request for proposal should be directed by e-mail to Jon Whittaker, County Clerk. Lucas Little, County Auditor, and Marcus Keller, Crews & Associates, Inc., (Emails: jwhittaker@ironcounty.net; llittle@ironcounty.net; mkeller@crewsfs.com) no later than 5:00 PM MDT on July 2, 2024. Any contact with County officials regarding issues raised by the request for proposal is prohibited and may result in disqualification.

All materials submitted in response to this RFP become the property of the County and will not be returned. Vendors are advised that all materials submitted to the County for consideration in response to this RFP will be considered to be public records.

All responses will be evaluated for Senior Manager and Co-Manager unless specified in your response. The County anticipates that the Co-Manager will receive between 20 – 30% allocation, but the final percentage will be determined at time of selection. Selection for the underwriting syndicate will be made from the firms deemed fully qualified and best suited among those submitting proposals based on responses to the following evaluation requests and questions. Note: Additional information and/or submissions may be requested from some or all members of the underwriting syndicate when, and as needed to further assess qualifications to serve on the underwriting team related to a particular bond issue.

CONTENTS OF UNDERWRITER PROPOSAL

A. Qualifications and Experience

1. Provide the personnel who will be assigned to the engagement and their roles, including the person or persons from the underwriting desk. Be specific regarding the person or persons who would have day-to-day responsibility. Please provide telephone number and e-mail address of the primary contact. Provide short resumes in an appendix as to experience with sales tax revenue bonds issues and with any issuers in the State of Utah.
2. Provide a list (as an appendix) of your firm's senior manager or co-manager experience for all sales tax revenue bonds, \$50 million or more, since January 1, 2021. Please include Issuer, Transaction Description, Series, State, Par Amount, Manager Status, Underlying Rating, and Insured Rating. Please total the columns detailing the number of deals and par amounts. See example below:

Issuer	Transaction Description	Series	State	Par Amount	Manager Status	Credit Rating Provider	Underlying Rating	Insured Rating
Iron County	Sales Tax Revenue Bonds	2024	UT	\$ 95,000,000	Senior Manager - Bookrunner	S&P	AA-	-

3. Summarize how your firm has supported the County since 2021. Provide specific examples of refunding analyses, market updates, credit support, financing program development support, etc.
4. Provide a summary statement of the firm's net underwriting capital position as of December 31, 2023.
5. Discuss your firm's ability and willingness to underwrite bonds in order to complete the transaction. Please include two (2) recent examples of when your firm underwrote bonds to complete the transaction.
6. Provide two (2) references for sales tax bonds your firm has underwritten, include telephone numbers and e-mail addresses.

B. Marketing Plan

1. The County is targeting a bond pricing by the end of September 2024, please discuss any concerns with that timeline.
2. The County is anticipating selling the Series 2024 Bonds with a 35-year to 40-year amortization. Please discuss your view on the longer amortization structure. Do you believe investors will accept the proposed amortization structure?
3. Describe your firm's municipal bond operations (e.g. sales, trading, research, and underwriting) and strategies which can be used to help the County achieve the lowest cost on its bonds while maximizing proceeds towards the Project. Describe your firm's retail and institutional marketing network for municipal bonds, with emphasis on distribution capabilities for the County. Include the number and locations of sales offices, number of retail brokers working in those offices and the approximate number of retail accounts in Utah. How is your firm positioned to sell bonds to Utah investors?
4. Describe the likely distribution for the County's bonds and describe the investor base that should be targeted and strategies on how to reach those investors.
5. Assume the County will issue approximately \$95 million of tax-exempt sales tax revenue bonds in September 2024. Discuss factors the County should consider in making the decision to sell the bonds on a negotiated basis. Comment on if the County should consider a separate retail order period. Briefly discuss how your firm can maximize the placement of the County's sales tax revenue bonds with traditional retail buyers within Utah.
6. Please discuss the pros and cons of having (i) Co-managers who receive professional orders be compensated for bringing in such orders, (ii) being compensated with a group net arrangement or (iii) other arrangements.

C. Pricing

1. Provide the estimated fees and expenses for the County's \$95 million tax-exempt sales tax revenue bonds. For purposes of the estimated fees, assume the Series 2024 Bonds has a 40-year maturity and is structured to achieve level debt service. Please include the following for bond issue:
 - Takedown (takedown by maturity and average takedown)
 - Management Fee
 - Expenses (itemized)
 - Any other fees (itemized)
 - Please indicate whether your firm will require the use of underwriter's counsel to review the offering statement and their associated fee.
2. Provide your firm's estimate of structure, yields and coupons using the June 27th end-of-day AAA MMD scale (do not use interpolated scale) on a 40-year amortization, \$95 million sales tax revenue bond rated AA-. Please assume

a 10-year par call and use interest payment dates of 4/1 & 10/1 with the first principal payment on 10/1/2025. Points will be given for spreads, creativity and structures that help the County best maximize the bond proceeds for the Project. Please keep in mind the County is hoping to only use revenues from the Section 2216 Tax to pay for debt service, while the other pledged taxes are just used for credit/coverage enhancement. (This question is designed to give underwriters more creativity in their answer, and focus less on spreads over MMD)

SELECTION CRITERIA

All proposals received by the deadline will be evaluated. A 100-point scale will be used. Proposals will be evaluated based upon the following criteria:

- Qualifications and Experience (20 possible points)
- Quality of Ideas Presented (30 possible points)
- Personnel Assigned (15 possible points)
- Marketing Plan (20 possible points)
- Pricing (15 possible points)

OTHER CONSIDERATIONS/RESTRICTIONS

As described in Utah Code § 63G-27-201, the selected firm will be required to certify it is not engaging in a boycott of the State of Israel or an economic boycott.

SUBMITTAL REQUIREMENTS

Responses are due no later than **5:00 PM MDT on July 11, 2024**. Instructions for submittal of responses are provided below:

Office of Iron County:

Email one PDF file to the following:

jwhittaker@ironcounty.net

llittle@ironcounty.net

Responses should be labeled “Iron County Request for Proposal for Underwriting Services”

Municipal Advisor:

Crews & Associates, Inc.

Email one PDF file to the following:

mkeller@crewsfs.com

tkreutzer@crewsfs.com

Responses should be labeled “Iron County Request for Proposal for Underwriting Services”

APPENDIX A

Pledged Taxes

Local Sales Tax. The Local Sales and Use Tax Act provides that each county, city, town, or metro township in the State may impose a local sales and use tax of up to 1.00% on the purchase price of taxable goods and services. Although local governments may elect to levy sales and use taxes at rates less than 1.00%, various provisions of the Local Sales and Use Tax Act encourage them to levy these taxes at the rate of 1.00%. The County currently levies sales and use taxes at the full rate of 1.00%. The legislative intent contained in the Local Sales and Use Tax Act is to provide an additional source of revenues to counties, cities and towns of the State that is to be used to finance their capital outlay requirements and to service their bonded indebtedness. The taxable transactions and the exemptions under the Local Sales and Use Tax Act conform to those of the Statewide Tax. Counties in the State, including the County, may only impose the Local Sales Tax in unincorporated areas and not within municipalities already imposing and collecting revenues from the local sales tax.

Local sales and use taxes, including the Local Sales Tax, are collected by the Utah State Tax Commission and distributed on a monthly basis to each county, city and town. The distributions are based on a formula, which provides that (1) 50% of sales tax collections will be distributed on the basis of the population of the local government and (2) 50% of sales tax collections will be distributed on the basis of the point of sale (the “50/50 Distribution”). The 50/50 Distribution formula is subject to the provision that certain qualifying cities and towns are eligible to receive a minimum tax revenue distribution (the “Minimum Distribution”) if such amount is greater than the 50/50 Distribution. Changes to such formula have been and continue to be under discussion and the County cannot predict whether the State Legislature will make any such adjustments. See “RISK FACTORS—Legislative Changes to Sales Tax Statutes,” herein.

County Option Tax. The County Option Sales and Use Tax Act provides that each county in the State may levy a sales and use tax of 0.25% on the purchase price of taxable goods and services in that county. The legislative intent contained in the County Option Sales and Use Tax Act is to enable counties to carry out more effectively the counties’ statutorily defined roles as political and legal subdivisions of the State by improving the counties revenue raising capacities. The county option sales and use taxes discussed in this paragraph and revenues received therefrom by the County are the County Option Taxes from which a portion of the Revenues is derived. The County has levied the County Option Tax at the maximum legal rate of 0.25%.

County option sales and use taxes are collected by the State Tax Commission and distributed monthly to each county. The distributions are based on a formula that generally provides, with certain exceptions, (i) 50% of each dollar of sales and use taxes collected will be distributed to the county in which the tax was collected and (ii) 50% of each dollar of sales and use taxes collected shall be distributed proportionately among all counties imposing the tax, based on the total population of each county.

Section 2216 Tax. The Local Option Sales and Use Taxes for Transportation Act provides that any county may levy a sales and use tax of up to 0.30% on the purchase price of taxable goods and services in the county, excepting (among other items) unprepared food and food ingredients. Under Utah Code, the primary use of Section 2216 Taxes are for certain road, traffic and pedestrian safety infrastructure, highway, airport, public transit system, or transportation system projects. However, in its 2024 session the State legislature amended the Local Option Sales and Use Taxes for Transportation Act such that, as of July 1, 2024, revenues received under this act may also be used for public safety purposes (such as the Series 2024 Project) by certain counties that imposed the Section 2216 Tax on or after January 1, 2024. As a county of the third class (a county with a population of more than 40,000 but less than 175,000), the County is authorized to use revenues from Section 2216 taxes for public safety purposes. **The County began levying the Section 2216 Tax effective July 1, 2024, at the maximum rate of 0.30%.** Section 2216 Taxes are collected by the Tax Commission.

The Section 2216 Tax cannot be imposed on unprepared food and food ingredients. The County cannot predict whether or not the State Legislature or State voters will adjust or change sales and use tax categories and distributions, including adjustments and changes that could affect Pledged Taxes at some point in the future.

Below is an **estimate** of what the Section 2216 tax would have generated in 2023 if the County had collected it the entire year:

Month	Local Option Point of Sale (1%) ¹	Local Option Taxable Sales ²	Food Tax Point of Sale (1.75%) ³	Food Taxable Sales ⁴	Fixed Guideway Taxable Sales ⁵	Estimated MF Tax ⁶
Jan-23	1,399,321	139,932,077	271,608	15,520,467	124,411,610	373,235
Feb-23	1,440,829	144,082,854	334,126	19,092,932	124,989,922	374,970
Mar-23	1,198,754	119,875,378	254,309	14,531,951	105,343,427	316,030
Apr-23	1,175,549	117,554,924	267,333	15,276,185	102,278,739	306,836
May-23	1,461,630	146,162,976	272,449	15,568,510	130,594,466	391,783
Jun-23	1,212,128	121,212,762	264,169	15,095,398	106,117,364	318,352
Jul-23	1,333,937	133,393,728	286,532	16,373,266	117,020,462	351,061
Aug-23	1,579,847	157,984,671	299,532	17,116,122	140,868,549	422,606
Sep-23	1,275,664	127,566,363	284,871	16,278,371	111,287,992	333,864
Oct-23	1,297,110	129,711,042	291,938	16,682,175	113,028,867	339,087
Nov-23	1,491,623	149,162,280	299,626	17,121,465	132,040,815	396,122
Dec-23	1,245,298	124,529,836	277,426	15,852,899	108,676,937	326,031
Total	16,111,689	1,611,168,891	3,403,920	194,509,742	1,416,659,149	4,249,977

Notes

1. Direct point of sale plus USTC motor vehicle
2. Local POS ÷ 1%
3. USTC distribution data
4. Food POS ÷ 1.75%
5. Local taxable sales minus food taxable sales
6. Fixed guideway taxable sales X 0.30% before admin fee and other deductions