

**REQUEST FOR PROPOSALS FOR
FINANCIAL ADVISORY SERVICES**

ISSUING OFFICE

**Pennsylvania Turnpike Commission
Finance/Administration Department**

RFP NUMBER

10-10320-2418

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PART I

GENERAL INFORMATION FOR PROPOSERS

I-1. Purpose. This request for proposals (RFP) provides interested Proposers with sufficient information to enable them to prepare and submit proposals for consideration by the Pennsylvania Turnpike Commission (Commission) to satisfy a need for Financial Advisory Services.

I-2. Background.

A. *The Turnpike System*

The present system is composed of the following: a 359 mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west, a 110 mile north-south section identified as the Northeast Extension, a 16 mile north-south connection, known as the Beaver Valley Expressway which intersects the Turnpike Mainline in the southwestern portion of the Commonwealth, the 13 mile Amos K. Hutchinson Bypass, which adjoins the Turnpike Mainline near the New Stanton Interchange, a 23-mile section of the Mon/Fayette Project, an eight mile section from the Pennsylvania/West Virginia border to Fairchance, which is located just south of Uniontown, and the first part of the Southern Beltway, the Findlay Connector near Greater Pittsburgh International Airport. When completed, the Mon/Fayette Expressway will extend 65 miles from Interstate Route 68 in West Virginia to Interstate Route 376 near Pittsburgh.

The Pennsylvania Turnpike System has a total of 57 interchanges which connect it with major arteries and population centers in its 531 mile traffic corridor. Thirty of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 10 interchanges are situated on the Northeast Extension. The additional 17 interchanges are located on the three extensions previously noted. There are 19 service plazas along the Pennsylvania Turnpike System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services.

B. *Financial Condition and Outlook*

As of December 31, 2009, the Commission had over \$6 billion in long-term debt, issued under four separate indentures. Outstanding debt and debt ratings are as follows:

	<u>Outstanding Debt</u> <u>(mill)</u>	<u>Ratings (M,S&P,F)</u>
Mainline Senior Revenue	\$2,281	Aa3, A+, A+
Mainline Subordinate Revenue	\$2,575	A2, A-, NR
Oil Franchise Tax Revenue	\$814	A1, AA (Sr.); A3, A+ (Sub.)
Registration Fee Revenue	\$442	A1, A, no underlying rating

Toll revenue for the fiscal year ended May 31, 2009 exceeded \$615 million, and will increase sharply in FY2010 due to a full year of the 25% toll increase effective January 2009. The Commission also received revenue from the Commonwealth from oil company franchise taxes and motor license registration fees in excess of \$85 million.

C. **Capital and Financing Plan**

The Commission prepares a ten-year capital plan and financing plan which shows anticipated funding sources, including Commission funds and revenue bonds. The capital plan currently addresses projects estimated at nearly \$4.6 billion scheduled for construction through fiscal year 2019. These projects do not include those projects that might be associated with Interstate 80.

D. **Act 44 and Tolling of I-80**

On July 18, 2007, Pennsylvania Governor Edward G. Rendell signed Act 44 into law, creating a “public-public partnership” between the Commission and PennDOT to provide funding for roads, bridges, and transit throughout the Commonwealth, thus greatly expanding the Commission’s previous focus on operating and improving the Turnpike. Under Act 44, a Lease was entered into between the Commission and PennDOT pursuant to which the Commission has been granted the option to lease Interstate 80 (traversing northern Pennsylvania) from PennDOT. The Lease contains certain provisions dealing with various items including, among other things, the terms and conditions of the conversion of Interstate 80 into a toll road (the “Conversion”) (subject to the requisite approval of the FHWA), the operation, maintenance, repair, and improvement of Interstate 80, the payment by the Commission of annual payments to PennDOT, and the issuance of special revenue bonds by the Commission. The Commission is required to make payments to PennDOT in fiscal 2010 totaling \$900 million in quarterly installments. These payments have been funded through the issuance of Subordinate Bonds (as hereinafter defined). The term of the Lease is 50 years from its effective date, October 14, 2007.

Act 44 requires the Commission to fix toll rates such that revenues from tolls and other sources to the Commission are sufficient to pay the cost of the System’s operation, construction, expansion and maintenance, all Commission obligations and interest thereon, sinking fund requirements of the Commission, other requirements in any trust indentures, notes or resolutions, and payments to the Pennsylvania Department of Transportation under the Lease.

If the Commission ultimately receives approval from the FHWA to convert I-80 to a toll road, additional toll revenues could be generated from I-80. However, under the provisions of the Pilot Program, the Commission believes that I-80’s financial operations would need to be separate from those of the Turnpike’s Mainline System.

I-3. Issuing Office. This RFP is issued for the Commission by the **Office of the Chief Financial Officer Pennsylvania Turnpike Commission, P.O. Box 67676, Harrisburg, PA 17106-7676**. All questions regarding this RFP must be directed to the Commission pursuant to the process identified in Part I-10 below. No questions will be addressed except through such process.

I-4. Scope. This RFP contains instructions governing the proposals to be submitted and the material to be included therein; a description of the service to be provided; requirements which must be met to be eligible for consideration; general evaluation criteria; and other requirements to be met by each proposal.

I-5. Problem Statement.

A. *General Description*

The Commission is seeking the following financial services for a contract term of two years, with two one-year renewal options, which may be exercised at the Commission's sole discretion. The Commission will accept single proposals or joint proposals from teams of finance professionals. The Commission reserves the right to select a single firm, multiple firms or a team of firms to meet its financial advisory needs.

B. *Requested Services*

Requested financial advisory services will include, but are not limited to, assisting the Commission by providing the following services:

- Provide as-needed financial advice regarding market conditions and trends, financial products, credit and credit analysis, third party alternative financing and special facility financing, and keep the Commission abreast of market developments and financing techniques which might be applicable to the Commission's financing programs.
- Prepare analyses and evaluations of potential refundings and new money issues, including reviews of financial feasibility and debt capacity.
- Review and evaluate financing options, derivative and other innovative products, financial feasibility studies, legal documents, and pricing of any financing and any escrow.
- Participate in rating agency presentations and preparation of official statements.
- Manage the development of rating agency presentations and attend, as requested.
- Assist in the development of a Request for Qualifications for underwriting firms and participate in the evaluation of responses thereto
- Assist in selection of financing team members, including underwriters, trustees, verification agents and printers.
- Provide advice on and participate in the selection of credit enhancement providers, if deemed appropriate for a particular financing.
- Assist in the evaluation of unsolicited proposals from commercial and investment banks and other financial services providers.
- Review and assist in the preparation of disclosure and other legal documentation for both issuance of debt and continuing disclosure.
- Assist in the process of negotiated sales of Commission bonds, including negotiation of pricing terms and preparation of a post-sale Financial Advisor's Memorandum.

- Provide general advice on the investment of bond proceeds.
- Review and comment upon proposed legislation and assist in development of proposed legislation that may affect the financial operations of the Commission.
- Provide other financial services as requested.

During the term of its contract, the financial advisors may not serve as underwriter or swap counterparty for any Pennsylvania Turnpike Commission financing. Furthermore, the financial advisors may not terminate their contracts prematurely for the purpose of then serving as underwriter or swap counterparty for any Pennsylvania Turnpike Commission financing.

C. *Minimum Qualifications*

Proposing firms must demonstrate how they meet the following minimum qualifications in order for their proposals to be evaluated:

- Firm existence – The proposing firm shall have been in the business of providing financial advisory services to governmental agencies for a minimum of five years
- Experience of senior professionals – The proposing firm shall offer a team of professionals in which the senior professionals have a minimum of ten years experience in the public finance industry
- Experience with municipal bonds – The proposing firm shall offer a team of professionals in which the team members have worked on a minimum of \$3 billion of financing over the past three years, have worked on a minimum of three toll road/toll bridge revenue financings over the past five years, and have worked on a minimum of two Build America Bond issues
- Errors and Omissions Insurance – The proposer shall document in its proposal the existence of an errors and omissions insurance policy with coverage of at least \$1 million and will name the Commission an additional insured if selected.

I-6. Type of Contract. It is proposed that if a contract is entered into as a result of this RFP, it will be a contract based on one of the Alternatives indicated in Part II-2(A). The Commission may in its sole discretion undertake negotiations with Proposers whose proposals as to price and other factors show them to be qualified, responsible, and capable of performing the work.

I-7. Rejection of Proposals. The Commission reserves the right to reject any and all proposals received as a result of this request, or to negotiate separately with competing Proposers.

I-8. Subcontracting. Any use of subcontractors by a Proposer must be identified in the proposal. During the contract period use of any subcontractors by the selected Proposer, which were not previously identified in the proposal, must be approved in advance in writing by the Commission.

A firm that responds to this solicitation as a prime may not be included as a designated subcontractor to another firm that responds to the same solicitation. **Multiple responses under any of the foregoing situations may cause the rejection of all responses of the firm or firms involved.** This does not

preclude a firm from being set forth as a designated subcontractor to more than one prime contractor responding to the project advertisement.

I-9. Incurring Costs. The Commission is not liable for any costs the Proposer incurs in preparation and submission of its proposal, in participating in the RFP process or in anticipation of award of contract.

I-10. Questions and Answers. Written questions may be submitted to clarify any points in the RFP which may not have been clearly understood. Written questions should be submitted via email to RFP-Q@paturndpike.com to be received no later than **4:00 pm, EDT, March 23, 2010**. All questions and written answers will be posted to the website as an addendum to and become part of this RFP. No questions regarding the RFP will be addressed except through this process.

I-11. Addenda to the RFP. If it becomes necessary to revise any part of this RFP before the proposal response date, addenda will be posted to the Commission's website under the original RFP document. It is the responsibility of the Proposer to periodically check the website for any new information or addenda to the RFP.

The Commission may revise a published advertisement. If the Commission revises a published advertisement less than ten days before the RFP due date, the due date will be extended to maintain the minimum ten-day advertisement duration if the revision alters the project scope or selection criteria. Firms are responsible to monitor advertisements/addenda to ensure the submitted proposal complies with any changes in the published advertisement.

I-12. Response. To be considered, proposals must be delivered to the Pennsylvania Turnpike Commission's Contracts Administration Department, Attention: Donald S. Klingensmith, P.E., Manager of Contracts Administration, on or before **2:00 pm EDT, April 9, 2010**. The Pennsylvania Turnpike Commission is located at 700 South Eisenhower Boulevard, Middletown, PA 17057 (Street address). Our mailing Address is P. O. Box 67676, Harrisburg, PA 17106.

Please note that use of U.S. Mail delivery does not guarantee delivery to this address by the above-listed time for submission. Proposers mailing proposals should allow sufficient delivery time to ensure timely receipt of their proposals. If the Commission office location to which proposals are to be delivered is closed on the proposal response date, due to inclement weather, natural disaster, or any other cause, the deadline for submission shall be automatically extended until the next Commission business day on which the office is open. Unless the Proposers are otherwise notified by the Commission, the time for submission of proposals shall remain the same.

I-13. Proposals. To be considered, Proposers should submit a complete response to this RFP, using the format provided in PART II. Each proposal should be submitted in **8** copies to the Contract Administration Department. No other distribution of proposals will be made by the Proposer. Each proposal page should be numbered for ease of reference. Proposals must be signed by an official authorized to bind the Proposer to its provisions and include the Proposer's Federal Identification Number. For this RFP, the proposal must remain valid for at least 120 days from the proposal due date. Moreover, the contents of the proposal of the selected Proposer will become contractual obligations if a contract is entered into.

Each and every Proposer submitting a proposal specifically waives any right to withdraw or modify it, except as hereinafter provided. Proposals may be withdrawn by written or telefax notice received at the

Commission's address for proposal delivery prior to the exact hour and date specified for proposal receipt. However, if the Proposer chooses to attempt to provide such written notice by telefax transmission, the Commission shall not be responsible or liable for errors in telefax transmission. A proposal may also be withdrawn in person by a Proposer or its authorized representative, provided its identity is made known and it signs a receipt for the proposal, but only if the withdrawal is made prior to the exact hour and date set for proposal receipt. A proposal may only be modified by the submission of a new sealed proposal or submission of a sealed modification which complies with the requirements of this RFP.

I-14. Economy of Preparation. Proposals should be prepared simply and economically, providing a straightforward, concise description of the Proposer's ability to meet the requirements of the RFP. The body of the proposal shall not exceed twenty (20) pages of 12 point type, excluding required tables and appendices. This limit shall include the maximum five (5) pages identified under Part II-1(K), below.

I-15. Discussions for Clarification. Proposers who submit proposals may be required to make an oral or written clarification of their proposals to the Issuing Office to ensure thorough mutual understanding and Proposer responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification.

I-16. Best and Final Offers. The Issuing Office reserves the right to conduct discussions with Proposers for the purpose of obtaining "best and final offers." To obtain best and final offers from Proposers, the Issuing Office may do one or more of the following: a) enter into pre-selection negotiations; b) schedule oral presentations; and c) request revised proposals. The Issuing Office will limit any discussions to responsible Proposers whose proposals the Issuing Office has determined to be reasonably susceptible of being selected for award.

I-17. Prime Proposer Responsibilities. The selected Proposer will be required to assume responsibility for all services offered in its proposal whether or not it produces them. Further, the Commission will consider the selected Proposer to be the sole point of contact with regard to contractual matters.

I-18. Proposal Contents. Proposals will be held in confidence and will not be revealed or discussed with competitors, unless disclosure is required to be made (i) under the provisions of any Commonwealth or United States statute or regulation; or (ii) by rule or order of any court of competent jurisdiction. All material submitted with the proposal becomes the property of the Pennsylvania Turnpike Commission and may be returned only at the Commission's option. Proposals submitted to the Commission may be reviewed and evaluated by any person other than competing Proposers at the discretion of the Commission. The Commission has the right to use any or all ideas presented in any proposal. Selection or rejection of the proposal does not affect this right.

In accordance with the Pennsylvania Right-to-Know Law (RTKL), 65 P.S. § 67.707 (Production of Certain Records), Proposers shall identify any and all portions of their Proposal that contains confidential proprietary information or is protected by a trade secret. Proposals shall include a written statement signed by a representative of the company/firm identifying the specific portion(s) of the Proposal that contains the trade secret or confidential proprietary information.

Proposers should note that "trade secrets" and "confidential proprietary information" are exempt from access under Section 708(b)(11) of the RTKL. Section 102 defines both "trade secrets" and "confidential proprietary information" as follows:

Confidential proprietary information: Commercial or financial information received by an agency: (1) which is privileged or confidential; **and** (2) the disclosure of which would cause substantial harm to the competitive position of the person that submitted the information.

Trade secret: Information, including a formula, drawing, pattern, compilation, including a customer list, program, device, method, technique or process that: (1) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; **and** (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The term includes data processing software by an agency under a licensing agreement prohibiting disclosure.

65 P.S. §67.102 (emphasis added).

The Office of Open Records has determined that a third party must establish a trade secret based upon factors established by the appellate courts, which include the following:

- the extent to which the information is known outside of his business;
- the extent to which the information is known by employees and others in the business;
- the extent of measures taken to guard the secrecy of the information;
- the value of the information to his business and to competitors;
- the amount of effort or money expended in developing the information; and
- the ease of difficulty with which the information could be properly acquired or duplicated by others.

See Crum v. Bridgestone/Firestone North Amer. Tire., 907 A.2d 578, 585 (Pa. Super. 2006).

The Office of Open Records also notes that with regard to “confidential proprietary information the standard is equally high and may only be established when the party asserting protection shows that the information at issue is either ‘commercial’ or ‘financial’ and is privileged or confidential, and the disclosure **would** cause substantial competitive harm.” (emphasis in original).

For more information regarding the RTKL, visit the Office of Open Records’ website at www.openrecords.state.pa.us.

I-19. Debriefing Conferences. Proposers whose proposals are not selected will be notified of the name of the selected Proposer and given the opportunity to be debriefed, at the Proposer’s request. The Issuing Office will schedule the time and location of the debriefing. The Proposer will not be compared with other Proposers, other than the position of its proposal in relation to all other proposals.

I-20. News Releases. News releases pertaining to this project will not be made without prior Commission approval, and then only in coordination with the Issuing Office.

I-21. Commission Participation. Unless specifically noted in this section, Proposers must provide all services to complete the identified work.

I-22. Cost Submittal. The cost submittal shall be placed in a separately sealed envelope within the sealed proposal and kept separate from the technical submittal. **Failure to meet this requirement may result in disqualification of the proposal.**

I-23. Term of Contract. The contract will commence on the Effective Date (as defined below) and continue for a term of two (2) years with options of up to two (2) one-year contract extensions. The Commission shall fix the Effective Date after the contract has been fully executed by the Contractor and by the Commission and all approvals required by Commission contracting procedures have been obtained.

I-24. Proposer's Representations and Authorizations. Each Proposer by submitting its proposal understands, represents, and acknowledges that:

- a. All information provided by, and representations made by, the Proposer in the proposal are material and important and will be relied upon by the Issuing Office in awarding the contract(s). Any misstatement, omission or misrepresentation shall be treated as fraudulent concealment from the Issuing Office of the true facts relating to the submission of this proposal. A misrepresentation shall be punishable under 18 Pa. C.S. 4904.
- b. The price(s) and amount of this proposal have been arrived at independently and without consultation, communication or agreement with any other Proposer or potential Proposer.
- c. Neither the price(s) nor the amount of the proposal, and neither the approximate price(s) nor the approximate amount of this proposal, have been disclosed to any other firm or person who is a Proposer or potential Proposer, and they will not be disclosed on or before the proposal submission deadline specified in the cover letter to this RFP.
- d. No attempt has been made or will be made to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- e. The proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
- f. To the best knowledge of the person signing the proposal for the Proposer, the Proposer, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four (4) years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as disclosed by the Proposer in its proposal.
- g. To the best of the knowledge of the person signing the proposal for the Proposer and except as otherwise disclosed by the Proposer in its proposal, the Proposer has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the Proposer that is owed to the Commonwealth.
- h. The Proposer is not currently under suspension or debarment by the Commonwealth, or any other state, or the federal government, and if the Proposer cannot certify, then it shall

submit along with the proposal a written explanation of why such certification cannot be made.

- i. The Proposer has not, under separate contract with the Issuing Office, made any recommendations to the Issuing Office concerning the need for the services described in the proposal or the specifications for the services described in the proposal.
- j. Each Proposer, by submitting its proposal, authorizes all Commonwealth agencies to release to the Commission information related to liabilities to the Commonwealth including, but not limited to, taxes, unemployment compensation, and workers' compensation liabilities.
- k. Each proposer acknowledges that, during the term of any contract with the Commission, the financial advisor(s) may not serve as underwriter or swap counterparty for any Commission financing and the financial advisor(s) may not terminate a contract prematurely for the purpose of then serving as underwriter or swap counterparty for a Commission financing.
- l. Proposers understand that although the Commission seeks financial advisory services through the issuance of this RFP, due to the complex nature of the Commission's financial transactions, it reserves the right to retain, outside the RFP process and on a case by case basis, special financial advisory services or such other services as it may deem necessary, in its sole judgment.

PART II

INFORMATION REQUIRED FROM PROPOSERS

Proposals must be submitted in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Any other information thought to be relevant, but not applicable to the enumerated categories, should be provided as an appendix to the proposal. Each proposal shall consist of two (2) separately sealed submittals. The submittals are as follows: (i) Technical Submittal and Response to Diversity Questionnaire, in response to Parts II-1 through II-2 hereof; (ii) Cost Submittal, in response to Part II-3 hereof.

The Commission reserves the right to request additional information which, in the Commission's opinion, is necessary to assure that the Proposer's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFP.

The Commission may make such investigations as deemed necessary to determine the ability of the Proposer to perform the work, and the Proposer shall furnish to the Issuing Office all such information and data for this purpose as requested by the Commission. The Commission reserves the right to reject any proposal if the evidence submitted by, or investigation of, such Proposer fails to satisfy the Commission that such Proposer is properly qualified to carry out the obligations of the agreement and to complete the work specified.

II-1. Required Technical Proposal

A. Title Page

Show the name of proposer's agency/firm, address, telephone number, name of contact person, date and the subject: REQUEST FOR PROPOSAL FOR FINANCIAL ADVISORY SERVICES

B. Table of Contents

Include a clear identification of the material by section and by page number.

C. Cover Letter and Executive Summary

This letter should be signed by the person in your firm who is authorized to negotiate terms, render binding decisions and commit the firm's resources.

Summarize the proposer's understanding of the work to be done and make a positive commitment to perform the work in accordance with the terms of the proposal being submitted. This section should summarize the key points of your submittal. In addition, you must include a statement that your firm understands that if selected as financial advisor, your firm is prohibited from proposing any financing transactions or serving as underwriter or swap counterparty for any Pennsylvania Turnpike Commission financing for the duration of the contract and may not terminate the contract to do so.

Limit to two pages.

D. Demonstration of Ability to Meet Minimum Qualifications

Provide a summary of how your firm meets the minimum qualifications described in Part I-5(C) of this Request for Proposals.

E. Firm Overview

Provide a brief description of how your firm is organized, including the businesses in which it is engaged, the location of offices, the number of public finance professionals in each office, and the role of the municipal department in your firm. Indicate your firm's commitment to the municipal bond industry and comment on any recent significant changes in your organization. Discuss your firm's presence in and commitment to the Commonwealth of Pennsylvania. Include a discussion of the specific expertise and services that distinguish your firm.

F. Personnel and References

Provide the names, proposed roles, background and experience, office location and availability of the personnel that would work on the Pennsylvania Turnpike Commission's account, and specifically identify the primary person(s) who will be responsible for managing the relationship with the Pennsylvania Turnpike Commission. Identify who will provide any computer financial analysis services. For the proposed personnel, provide a list of five clients worked with in the last 36 months; a brief description of the type and size of transaction and the services you provided; and the names, titles, addresses and telephone numbers of the government officials primarily responsible for the transactions. You should only list clients and transactions which are similar to financings contemplated by the Pennsylvania Turnpike Commission (i.e., taxable or tax-exempt new money issues, variable rate financings, refundings, derivatives, etc.).

G. Relevant Financing Experience

Provide a description of your proposed personnel's relevant experience over the last five years with transportation clients and other clients that you believe are relevant to this proposed engagement. Identify the transportation agencies for which you are currently serving as financial advisor or underwriter. Provide, in tabular form, the financial advisory experience of the firm and the proposed project team over the past five years in the following areas:

- Toll road/bridge financing
- Experience with the Pennsylvania Turnpike Commission
- Other transportation financing
- Strategic financial planning
- Issuance of tax-exempt bonds
- Issuance of taxable bonds (including Build America Bonds)
- Utilization of derivative products (strategy, not pricing)

Provide no more than five case studies that detail your approach to financial advisory services and your contributions to the relevant transactions.

H. Market and Pricing Information

Describe your firm's knowledge, experience and resources in tracking and monitoring the tax-exempt and taxable bond markets, including tax-exempt fixed rate, variable rate, and taxable fixed rate products. Include a discussion of how you evaluate the success of any pricing.

I. Technical and Analytical Resources

Describe the technical and analytical resources available to your firm in the process of structuring, analyzing and pricing of bond issues.

J. Approach to the Engagement

Provide a discussion of your firm's approach to the potential engagement with The Pennsylvania Turnpike Commission and the requested scope of services as identified in Part I-5(B). (not to exceed five pages).

K. Disciplinary Action

List any and all disciplinary action, administrative proceeding, malpractice claim or other like proceeding against your firm or any of its personnel relating to your firm's services as financial advisor or investment banker current, pending or occurring in the last ten (10) years. Describe any investigations conducted by any state or federal regulatory and/or law enforcement agencies that have involved your firm during the last five (5) years.

L. Potential Conflict of Interest

Identify any potential conflict known by your firm and discuss how, if selected, your firm would address any concerns raised by such dual representation. If your firm is selected as the Pennsylvania Turnpike Commission's financial advisor, during the contract period your firm must notify the Pennsylvania Turnpike Commission when you enter into any new contracts which may present a conflict of interest.

M. Business Relationships with other Entities

Disclose all compensation/fee arrangements (formal or informal) that your firm, its related entities or any proposed personnel currently has, or within the past twelve months has had, with any other potential parties to contemplated financings in which your firm was engaged in any capacity. Such parties include, but are not limited to, swap providers, investment contract providers, verification agents, financial advisory firms, investment banking firms, any other consultants or financial institutions, and law firms.

II-2. Commitment to Diversity.

It is a goal of the Pennsylvania Turnpike Commission to utilize qualified financial advisory firms that have a demonstrated history of hiring, training, developing, promoting and retaining minorities and women and to encourage participation by qualified certified minority and woman-

owned (MBE/WBE) financial advisory firms, if available. The Commission recognizes the following minority and woman-owned business certifications for this RFP. The Commission reserves the right to amend this list and maintains sole decision-making authority on the acceptance of certifying agencies and designations.

PA Unified Certification Program www.paucp.com

PA Department of General Services www.dgs.state.pa.us

National Minority Supplier Development Council www.nmsdcus.org

Women Business Enterprise National Council www.wbenc.org

U.S. Small Business Administration *small disadvantaged businesses or 8(a) small disadvantaged business concerns*

- A. Diversity Questionnaire.** A diversity questionnaire is required to be completed by the Proposer to ensure a commitment to equal opportunity and affirmative action (**see Attachment A.**).
- B. Purpose of Diversity Questionnaire.** The information requested in the Diversity Questionnaire is designed to elicit appropriate information about the Proposer in order to verify that its work environment demonstrates a strong commitment to diversity.
- C. Types of Information Requested.** The required information includes information on the demographics of the Proposer's upper level management and corporate commitment to diversity and equal opportunity initiatives.
- D. Certification Requirement.** A person authorized to bind the Proposer contractually must submit with the firm's proposal a certification outlining the Proposer's continued commitment to its diversity initiatives.

II-3. Cost Submittal. The information requested in this section shall constitute your cost submittal. **The Cost Submittal shall be placed in a separate sealed envelope within the sealed proposal, separate from the technical submittal.**

A. Cost Proposal

Present a concise list of the scope of services and the work products that your firm proposes to provide. Given your proposed scope of services and work products, discuss your proposed fee arrangement *based on each of the following alternatives*:

1. Compensation on a fixed annual cost, payable monthly.
2. Compensation on a time and expense basis, with a list of hourly billing rates for the proposed personnel and any proposed increases in such rates during the term of the contract, and the types of reimbursable expenses with proposed charges.
3. Compensation on a fixed monthly cost plus an additional fixed fee to be paid per transaction.

B. Reimbursement of "Out-of-Pocket" Expenses

The Pennsylvania Turnpike Commission shall reimburse for “Out-of-Pocket” expenses upon proper invoice rendered with appropriate receipts attached. Such expenses include long distance telephone, postage, air express charges, fax, reproduction and related costs necessarily incurred as Financial Advisor. Such expenses will be paid from legally available funds of the Pennsylvania Turnpike Commission. Travel expenses related to performance of the services to the Pennsylvania Turnpike Commission, and approved in advance by the Pennsylvania Turnpike Commission will be reimbursed in accordance with the Pennsylvania Turnpike Commission’s travel policy. Any costs incurred by Financial Advisor which is not specifically provided for herein shall be the expense of Financial Advisor.

Any costs not provided in the cost proposal will be assumed as no charge to the Commission.

The selected Proposer shall only perform work on this contract after the Effective Date is affixed and the fully-executed contract sent to the selected Proposer. The Commission shall issue a written Notice to Proceed to the selected Proposer authorizing the work to begin on a date which is on or after the Effective Date. The selected Proposer shall not start the performance of any work prior to the date set forth in the Notice of Proceed and the Commission shall not be liable to pay the selected Proposer for any service or work performed or expenses incurred before the date set forth in the Notice to Proceed. No Commission employee has the authority to verbally direct the commencement of any work under this Contract.

PART III

CRITERIA FOR SELECTION

III-1. Mandatory Responsiveness Requirements. To be eligible for selection, a proposal should be (a) timely received from a Proposer; (b) properly signed by the Proposer; and (c) formatted such that all cost data is kept separate from and not included in the Technical Submittal. The Issuing Office will review all proposals to determine that proposals have met the minimum qualifications identified in Part I-5.C. Only those proposals that have demonstrated that proposers meet the minimum qualifications will be reviewed further pursuant to Part III-2 below.

III-2. Proposals will be reviewed and evaluated by a committee of qualified personnel selected by the Commission. This committee will recommend for selection the proposal that most closely meets the requirements of the RFP and satisfies Commission needs. Award will only be made to a Proposer determined to be responsive and responsible in accordance with Commonwealth Management Directive 215.9, Contractor Responsibility Program.

III-3. The following criteria will be used, in evaluating each proposal.

1. Overall
 - a. Responsiveness, organization, and clarity of proposal related to the scope of work including the Proposer's Approach to the Engagement
 - b. Agreement to meet the Pennsylvania Turnpike Commission's general terms and conditions
 - c. Presence in and commitment to the Commonwealth of Pennsylvania
 - d. Fees
2. Assigned Personnel
 - a. Qualifications and experience in structuring, negotiating and implementing the full range of tax-exempt and taxable bond and note financings, and other derivative product options
 - b. Experience and knowledge of transportation and toll road, municipal and Pennsylvania issuers and financings, including experience with the Pennsylvania Turnpike Commission
 - c. Responses of references
 - d. Location and availability to Pennsylvania Turnpike Commission staff
 - e. Tenure with firm and length of time in the industry
3. Firm Experience
 - a. Demonstrated ability to track and monitor relevant tax-exempt and taxable bond, swap and other derivative products and government securities markets
 - b. Commitment to public finance
 - c. Responses of references
4. Commitment to Diversity. The Proposer's demonstrated diversity and equal employment record, including: (i) recognition of the Proposer's equal employment opportunity and diversity policies, programs and initiatives; (ii) the diversity of the staff that will be substantially involved in work performed for the Pennsylvania Turnpike Commission and the firm's plan for utilizing minority and women staff in

such work; (iii) the Proposer's status as a certified MBE/WBE; and (iv) the Proposer's plan for utilizing minority and women staff in partnering or joint venture arrangements proposed by the firm, if applicable.

The Commission reserves the right to select a proposal based upon all the factors listed above, and will not necessarily choose the firm offering the best price. The Commission will select the firm with the proposal that best meets its needs, at the sole discretion of the Commission.

ATTACHMENT A
Diversity Questionnaire

PENNSYLVANIA TURNPIKE COMMISSION

Diversity Questionnaire

I. Company Demographic Profile

Number of Employees (report employees in only one category) Race/Ethnicity														
Job Categories	Hispanic or Latino		Non-Hispanic or Latino											
	Male	Female	Male						Female					
			White	Black or African-American	Native Hawaiian or other Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	White	Black or African-American	Native Hawaiian or other Pacific Islander	Asian	American Indian or Alaska Native	Two or more races
Executives/Senior Level Officials and Managers														
First/Mid-Level Officials and Managers														
Professionals														
Technicians														
Sales Workers														
Administrative Support Workers														
Craft Workers														
Operatives														
Laborers and Helpers														
Service Workers														
Total														
2009 Total														
2008 Total														

(NOTE: proposers can also attach Employer Information Reports EEO-1 for the last 3 years)

II. Demographic Profile of Staff Assigned to this Engagement

Number of Employees (report employees in only one category) Race/Ethnicity														
Job Categories	Hispanic or Latino		Non-Hispanic or Latino											
	Male	Female	Male						Female					
			White	Black or African-American	Native Hawaiian or other Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	White	Black or African-American	Native Hawaiian or other Pacific Islander	Asian	American Indian or Alaska Native	Two or more races
Executives/Senior Level Officials and Managers														
First/Mid-Level Officials and Managers														
Professionals														
Technicians														
Sales Workers														
Administrative Support Workers														
Craft Workers														
Operatives														
Laborers and Helpers														
Service Workers														
Total														

III. Employment Practices Information

1. Please provide a copy of your company’s equal opportunity and affirmative action policy.
2. Does your company actively recruit minority and women professionals for senior level positions? Yes or No

IV. MBE/WBE Certification Status

1. Is your company certified as a minority or woman-owned business enterprise with the certifying agencies listed in the RFP, Part II-2? Yes or No
2. If yes, please provide a copy of your certification.
3. If No, please list all other jurisdictions and/or certifying bodies that have deemed your company minority and/or women-owned. Also, please provide a copy of each certification.
4. If your company has applied for but has not, as of the issuance of the RFP, been certified as a minority or women-owned business enterprise by the certifying agencies listed in the RFP, Part II-2, you must submit proof of a pending application, including the filing date.

V. Strategic Plan and Diversity Initiatives

1. Please provide a copy of your company's Diversity Policy statement.
2. Does your company have a full-time "Director of Diversity" or someone whose primary responsibility is to oversee administration and compliance with the company's diversity business development? Yes or No
3. Separate from your company's Diversity Policy Statement, is your company's CEO or Chief Procurement Officer ("CPO") committed to and engaged in the process of diversity business development? Yes or No
If yes, please attach a signed statement from your CEO or CPO, if available.
4. Does your company have a registration process for disadvantaged, minority, and women-owned companies interested in doing business with you (Supplier Diversity)? Yes or No
5. Does your company currently track procurement spending with diversity, minority and women owned businesses? Yes or No
6. Does your company have a documented numeric goal for utilizing disadvantaged, minority, and women owned businesses as suppliers? Yes or No
If yes, please provide documentation of this goal as a percentage of total procurement dollars.

VI. Joint Venture / Strategic Partnerships / Sub-contracting (*if applicable*)

1. Has your company engaged in any prior partnering arrangements with certified MBE/WBE companies? (Responses should include the nature of the engagement, how such arrangement was structured, and a description of how the services and fee were allocated).
2. Please state your company's willingness, if any, to partner with a certified MBE/WBE. Explain how you would suggest structuring such an arrangement and allocating work in a manner that ensures that partnered MBE/WBE companies receive appropriate credit and compensation for the services they provide.

Addendum No. 1

RFP 10-10320-2418

Financial Advisory Services

Prospective Respondents: You are hereby notified of the following information in regard to the referenced RFP:

REVISION

Part I-6. Type of Contract is revised as follows:

It is proposed that if a contract is entered into as a result of this RFP, it will be a contract based on one of the Alternatives indicated in Part II-3(A).

QUESTIONS AND ANSWERS

Following are the responses to the questions received in response to the above referenced RFP as of March 23, 2010.

- Q.** Is the cost proposal counted towards the overall 20 page limit?

A. No.
- Q.** We wanted to confirm that the items identified in Section II-2, Commitment to Diversity do not count towards the page limit.

A. They do not.
- Q.** May we include technical materials in an appendix that further highlights our analyses-- that is not counted toward the page limit?

A. Technical materials may be included in an appendix, but the review of the Committee will be primarily focused on those materials contained within the body of the Proposal.
- Q.** If the Respondent was incorporated in 2006 as the successor firm of prior financial advisory firms (Prior Firms) and the Prior Firms were formed in 1990 and 1995 respectively by the current shareholders of the Respondent and the Respondent acquired all contracts and financial responsibilities of the Prior Firms, does the Respondent meet the specified 5 year business criteria under section 1-5.C Firm Existence of the RFP?

A. The Issuing Office and the Evaluation Committee would review all information formally submitted by the Respondent with regard to this issue to evaluate whether, in their view, the minimum requirement is met by Respondent.

All other terms, conditions and requirements of the original RFP dated March 10, 2010 remain unchanged unless modified by this Addendum.