



State Bond Commission

State of Louisiana

Solicitation for Offers

General Obligation Refunding Bonds

February 26, 2016

I. Overview:

The Louisiana State Bond Commission (the "Commission") on behalf of the State of Louisiana (the "State") seeks responses from qualified firms for underwriting proposals to serve as senior managing underwriter, co-senior manager (if deemed necessary) and co-managers for the sale of State of Louisiana General Obligation Refunding Bonds (the "Refunding Bonds"). Only firms submitting proposals in accordance with this Solicitation for Offers (the "SFO") will be considered. From the respondents to this SFO, senior managing underwriter, co-senior manager (if deemed necessary) and co-managers will be selected.

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 SFO seeks to provide the Commission with a fair and competitive process to select providers for the 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.

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.

The Attorney General serves as the State's legal advisor hereunder, assisted by outside Co-Bond Counsel for the Refunding Bonds, as selected by the State Bond Commission.

II. Background and Objective

The State Constitution and Commission policy requires that any general obligation refunding result in the same or lower effective interest rate than the refunded bonds. AN EXTENSION OF THE DEBT TO BE REFUNDED WILL NOT BE ACCEPTABLE. The purpose of accepting an offer to underwrite an issue to refund outstanding State of Louisiana General Obligation Bonds will be to achieve maximum present value savings. The Refunding Bonds are to be structured as serial bonds with maturities no longer than those currently in existence, and yielding positive net present value savings on an aggregate basis.

While innovative approaches are welcome, the State wishes to accomplish this refunding as expeditiously as possible, therefore the State will not consider any proposal that contains an undertaking to use financial hedges or derivative products simultaneously with the issuance of the Refunding Bonds.

III. Preliminary Timetable (subject to change)

February 26, 2016	COB	Publish Solicitation
March 3, 2016	12:00 pm	Questions Regarding Solicitation Due
March 4, 2016	COB	Post Answers to Questions
March 9, 2016	1:00 pm	Proposals Due
March 17, 2016		Selection and Authorization, State Bond Commission Meeting
April 26, 2016		Expected Delivery Date of Refunding Bonds

IV. 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 **12:00 p.m., Baton Rouge Time on Thursday, March 3, 2016**, by the following:

Lela M. Folsie, State Bond Commission	lfolsie@treasury.state.la.us
State Bond Commission Bond Issues Inbox	SBC-BondIssues@treasury.state.la.us

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, March 4, 2016. **Respondents are asked not to contact any State employees, officials or consultants regarding any aspect of this SFO except through this inquiry process.**

V. Security

The Refunding Bonds 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 Refunding Bonds 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").

VI. 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") can be found at <http://www.doa.la.gov/Pages/osrap/CAFR/CAFR.aspx>.

VII. 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 Wednesday, March 9, 2016**. One (1) additional copy (do not send more than one additional copy) must also be sent **at the same time and with the same deadline** to the State's Financial Advisor. 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 Additional Copy

Renee Boicourt, Financial Advisor
Lamont Financial Services Corporation
renee@lamontfin.com

VIII. 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.

IX. 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:

30%	A.	Capability of offeror to provide requisite underwriting expertise needed.
20%	B.	Experience of professionals to be assigned to the engagement.
35%	C.	Proposed bond structure and marketing plan
15%	D.	Fees for services (FOR SENIOR AND CO-SENIOR MANAGERS ONLY).

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.

X. 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.

XI. 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

Please note and observe the page limits stated at the end of each required inquire 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. Each offer for Senior Managing Underwriter, Co-Senior Manager and Co-Manager intended to be responsive to this SFO must answer the following inquiries:

A. Firm Background and Expertise. This section must be addressed by all respondents. **PAGE LIMIT: 5 PAGES**

1. Please state the position(s) your firm is applying for with respect to the Refunding Bonds: senior managing underwriter, co-senior managing underwriter or co-manager. Identify the individual who will be both a member of the financing team and who is capable of committing the firm's capital for the Refunding Bonds and negotiating all fees and costs associated with the Refunding Bonds. 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.
2. 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.
3. List the long-term negotiated state new money and refunding 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. **LISTING OF ISSUES CAN BE SHOWN IN APPENDIX AND WILL NOT COUNT AGAINST PAGE LIMIT.**
4. 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 Refunding Bonds.
5. List the long-term negotiated state new money and refunding 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. **LISTING OF ISSUES CAN BE SHOWN IN APPENDIX AND WILL NOT COUNT AGAINST PAGE LIMIT.**
6. 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 Refunding Bonds.

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.
8. How much uncommitted excess net capital is currently allocated to support public finance and was allocated in 2014 and 2015?
9. 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. **LISTING OF ISSUES CAN BE SHOWN IN APPENDIX AND WILL NOT COUNT AGAINST PAGE LIMIT.**
10. 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.
11. Reference where your firm's most recent annual financial statement and 10-K Reports may be viewed electronically. 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. **ANNUAL FINANCIAL AND 10-K REPORTS WILL NOT COUNT AGAINST PAGE LIMIT**
12. 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.
13. 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.
14. Please disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your firm 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.**

B. Personnel. This section must be addressed by all respondents. **PAGE LIMIT: 2 PAGES**

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.
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.

C. Bond Structure, Pricing and Marketing. This section is to be addressed by firms wishing to be considered for senior manager only. **PAGE LIMIT: 9 PAGES; DEBT SERVICE SCHEDULES CAN BE SHOWN IN APPENDIX AND WILL NOT COUNT AGAINST PAGE LIMIT.**

1. Provide specific structuring scenarios with supporting quantitative analysis for the following using a delivery date of April 26, 2016 and no extension of final maturities in structuring a base case scenario:
 - a. A structure designed to maintain a debt service pattern that is proportional to the existing debt structure while achieving:
 - i. At least 3% present value savings on an aggregate basis.
 - ii. At least 5% present value savings on an aggregate basis.
 - b. Any alternative structures you wish to present which could help address the state's current operating budget and debt capacity challenges. **While innovative approaches are welcome, the State wishes to accomplish this refunding as expeditiously as possible, therefore the State will not consider any proposal that contains an undertaking to use financial hedges or derivative products simultaneously with the issuance of the Refunding Bonds.**
 - c. Please discuss the relative merit of proceeding with a refunding in the near term vs. waiting until closer to the call date of potential refunding candidate bonds.
2. Describe your firm's municipal distribution capabilities, both with respect to retail (professional and individual) and institutional sales, and any distribution advantages possessed by your firm. Include in your description the number of offices and registered representatives / financial advisors nationally and in Louisiana.
3. Describe the method/process by which you would price the Refunding Bonds, including how the Refunding Bonds would be priced against other, recent similar bond issues.
4. Describe your preferred marketing plan, discussing how you would achieve the lowest possible yields for the issue. Discuss strategies you might have to expand the institutional distribution of the state's bonds. Describe how you would manage the retail sales component of the transaction, and the recommended strategy towards professional retail orders. Outline your recommended pre-sale marketing approach for the Refunding Bonds.
5. Briefly discuss examples of transactions and circumstances where your firm used its capital to support the sale and distribution of bonds during the past two years.

6. What are the 5 largest positions your firm has taken down into inventory during the last year when your firm was senior manager on a transaction? Please include in your response the total par amount of the issue, the total amount of unsold bonds, the type of bonds (GO, Tax-supported, Appropriation, Revenue, etc.), as well as the amount of bonds your firm took into inventory.

D. Fee Proposal. This section is to be addressed by firms wishing to be considered for senior manager only.

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 1), 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

**INVESTMENT BANKING FEE PROPOSAL WORKSHEET
ASSUMING A \$400,000,000 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 ¹ \$ _____ <i>(on a not to exceed basis)</i>	\$ _____	\$ _____
Total Expenses <i>(as set forth in expense breakdown below)</i> ²	\$ _____	\$ _____
TOTAL	\$ _____	\$ _____
Expense Breakdown ² <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:	\$ _____	\$ _____

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

²The 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 2

**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.