

Bay Area Toll Authority
Oversight Committee

September 13, 2023

Agenda Item 5a - 23-1105

Underwriting Pool – Investment Banking Services

Subject:

Request for Committee approval of a pre-qualified list of firms to provide investment banking services for a five-year period for BATA. The senior manager pool will consist of Barclays, BofA Securities, Inc., Goldman Sachs, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, and Wells Fargo Securities. The co-manager pool will consist of Cabrera Capital Markets, LLC, Citigroup, Jefferies LLC, Ramirez & Co., Inc., Siebert Williams Shank & Co., LLC, and UBS Financial Services Inc. Compensation for these firms is subject to and derived from the sale of bonds and limited by the fees approved in future financing resolutions.

Background:

BATA utilizes a pool of senior managing and co-managing investment banking firms to underwrite and sell bonds for its projects, as needed. Senior managing firms are utilized to plan, design and structure the financings in coordination with staff, our municipal advisor, and the approved financing plan. Co-managing firms are used to help market and sell bonds to the widest possible range of investors.

Procurement Process

In July 2023, BATA issued a Request for Qualifications (RFQ) for Underwriting Services to develop a team of firms to serve as a pool to provide investment banking services for a five-year term from October 2023 through October 2028. The RFQ also specified that MTC and its affiliates, including BAIFA, may elect to use the investment banking pool, as needed. On August 14, 2023, BATA received Statements of Qualifications (SOQs) from a total of 17 firms.

The RFQ contained minimum qualifications, which varied depending upon which aspect of the banking pool a firm requested inclusion in. All firms that responded met the minimum qualifications in their respective areas.

Eleven firms met minimum qualifications for the senior manager pool and six firms applied as and met minimum qualifications for only the co-manager pool. All proposals were further evaluated on the basis of their qualifications, experience, project approach, retail distribution

network, and commitment to equity. The evaluation and selection process was supportive of increasing diversity, equity and inclusion in BATA's underwriting teams, consistent with the values of the Authority. All written responses were evaluated by a team consisting of BATA finance staff and representatives from our municipal advisor, Public Financial Management (PFM).

Staff is recommending a senior manager bench of six firms consisting of Barclays, BofA Securities, Inc., Goldman Sachs, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, and Wells Fargo Securities. The senior manager bench consists of firms with significant toll and transportation bond experience and broad institutional capabilities. The recommended firms each provided a well-thought out and comprehensive analysis of BATA's options for future debt issuance as well as discussion of other key issues associated with the BATA credit. Staff is also recommending a co-manager bench of six firms consisting of Cabrera Capital Markets, LLC, Citigroup, Jefferies LLC, Ramirez & Co., Inc., Siebert Williams Shank & Co., LLC, and UBS Financial Services Inc. The firms recommended for the co-manager bench demonstrated acceptable transportation experience and understanding of the decisions and trade-offs that will be involved in BATA's upcoming debt issuances. All of the firms on both benches demonstrated bond distribution capabilities and a commitment to institutional equity.

Members of the senior manager pool will be selected to have primary responsibility for structuring and pricing of future bond sales. Members of the co-manager pool will be essential in the final marketing and sale of bonds to investors. The co-manager group will also constitute a reserve bench of firms who have transaction-specific expertise or may be necessary to supplement or replace members of our senior banking team. The complete list and recommendations for placement in the two pools is included in Attachment A.

Issues:

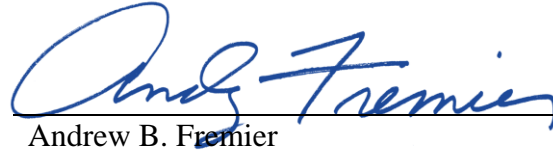
None identified.

Recommendation:

Staff recommends that the Committee approve the pools of investment banking firms as identified in Attachment A to provide investment banking services that have been approved by the Authority for a five-year term from October 2023 through October 2028.

Attachments:

- Attachment A: Investment Banking Firms
- Attachment B: Request for Committee Approval – Summary of Proposed Underwriter Pool



Andrew B. Fremier

Attachment A: Investment Banking Firms

Senior Managers

Barclays
BofA Securities, Inc.
Goldman Sachs
J.P. Morgan Securities LLC
Morgan Stanley & Co. LLC
Wells Fargo Securities

Co-Managers

Cabrera Capital Markets, LLC
Citigroup
Jefferies LLC
Ramirez & Co., Inc.
Siebert Williams Shank & Co., LLC
UBS Financial Services Inc.

Request for Committee Approval

Summary of Proposed Underwriting Pool

Work Item No.: 1254

Vendor: Various, per Attachment A to the Executive Director's September 13, 2023 Memorandum

Work Project Title: BATA Underwriting Pool

Purpose of Project: Toll revenue bond financings

Brief Scope of Work: Underwriting and investment banking services.

Funding Source: Compensation subject to and derived from the sale of bonds and limited by the fees approved in future bond resolutions.

Motion by Committee: That the firms as listed in Attachment A to the Executive Director's September 13, 2023 Memorandum are prequalified to provide investment banking and underwriting services to the Authority for a period of five years through October 2028.

BATA Oversight Committee:

Federal D. Glover, Chair

Approved: September 13, 2023