

REQUEST FOR QUALIFICATIONS (RFQ)

FOR

STATE ASSET FINANCIAL ADVISOR

Appointment to the State of New Jersey
Asset Advisory Services

Issued by the
State of New Jersey
The Office of the State Treasurer

Date Issued: February 7, 2019

Responses due by 3:00 PM NJ Time on
February 22, 2019

Elizabeth Maher Muoio
State Treasurer
State of New Jersey
Department of the Treasury

**REQUEST FOR QUALIFICATIONS (RFQ)
FOR
STATE ASSET FINANCIAL ADVISOR**

1.0 PURPOSE AND INTENT

The Treasurer of the State of New Jersey (“State”) is soliciting proposals from qualified firms interested in performing the services described herein as an Asset Financial Advisor (“Advisor”) to the State. Based upon a review of the response to this RFQ, the State will select one or a number of firms to serve as Advisor to the State in connection with the development and implementation of strategies to maximize value from various State assets in order to address the funding of the State’s pension plans (“Pension Plans”), other post-employment benefit obligations (“OPEBs”), and/or its existing bonds including but not limited to the N.J. Economic Development Authority (“EDA”) Pension Obligation Bonds 1997 Series A & B (the “EDA Pension Bonds”)(the Pension Plans, OPEBs and EDA Pension Bonds, collectively, the “Obligations”) and other eligible purposes. The Advisor will be expected to examine various State assets, including those owned or operated by various independent authorities and including, but not limited to, real property, buildings, roads or other improvements, transit facilities, rights of way, air rights or other development rights, naming rights, and infrastructure such as airports, bridges, water facilities, ports, parks and recreational facilities (collectively, the “Assets”) for the benefit of the State’s pension plans, OPEBs, and/or EDA Pension Bonds.

Almost all of the public employees of the State and its counties, municipalities and political subdivisions are members of the Pension Plans administered by the State. The State operates seven defined benefit Pension Plans. Please see the “Funding Pension Plans” section of the Financial and Other Information Relating to the State of New Jersey from the State’s most recent Official Statement for more background information relating to the Pension Plans.

Your firm is invited to submit a proposal. The Advisor will be expected to have a thorough understanding of the State’s Constitution, statutes, rules and regulations, covenants and contracts pertaining to the State’s Obligations. The Advisor must also have a thorough understanding of the State’s accounting and budgetary practices.

2.0 MINIMUM REQUIREMENTS

A firm must meet ALL the following minimum requirements to be given consideration for selection. Failure of a firm to meet all these minimum requirements will result in the proposal’s immediate rejection. The firm itself must meet the minimum requirements below but may, at its option, meet minimum requirements through a subcontractor. In the event that the firm proposes to meet minimum requirements through a subcontractor, and the firm is selected as Advisor, the firm will be required to use such subcontractor in performing the services required unless the firm requests the approval of the State for the substitution of a subcontractor who can also meet such minimum requirements, such approval of the State to be in its sole discretion.

- 1) The firm must demonstrate experience in executing an asset valuation similar to at least a portion of the Assets (as described above) during the time period between January 1, 2010 and the date of this RFQ. The valuation that is demonstrated must relate to transactions undertaken involving other state, local or other government entities within the United States of America.
- 2) The firm, or its subcontractor must demonstrate experience with the State as it relates to its finances, accounting and budgetary practices.

3.0 BACKGROUND

The State and/or its independent authorities and instrumentalities (including, but not limited to, the New Jersey Turnpike Authority, New Jersey Transit Corporation, and South Jersey Transportation Authority, collectively referred to herein as the “Authorities”), own Assets which have been identified as potentially having significant realizable value to the State. The State is interested in determining the value of these Assets and exploring the feasibility of maximizing the value of these Assets through sale, lease, transfer, securitization or other types of transactions in order to generate funds for the benefit of the Pension Plans, OPEBs, and/or EDA Pension Bonds, and other eligible purposes. At its discretion, the State may include other types of assets in addition to the Assets listed above.

It is anticipated that this process will be accomplished in three phases. Phase 1 will consist of an asset/liability study and substantive analysis of the Assets and will provide for various options for maximizing the value of these Assets. Phase 1 must be completed by May 15, 2019. Phase 2 will consist of a more detailed analysis and structuring of some or all of the options which were the product of Phase 1. The State reserves the right, in its sole discretion, to not proceed with Phase 2. If the State determines to proceed with Phase 2, it is anticipated that Phase 2 will be completed within 90 days of its commencement. Upon completion of Phase 2, if such phase is pursued, the State will, in its sole discretion, determine whether to proceed with one or more of these options. In the event that the State decides to proceed with one or more of these options, Phase 3 will consist of assisting the State in accomplishing the full and complete execution of the chosen transaction(s).

4.0 SCOPE OF SERVICES

4.1. Phase 1

The Advisor will provide the following services which must be completed no later than May 15, 2019:

- 1) Advise the State regarding the development of strategies for maximizing the value to the State of selected Assets.
- 2) Prepare an asset/liability study of the selected Assets.
- 3) Develop alternative options for maximizing the value to the State of the selected Assets, along a spectrum of options, including, for example, but not limited to redeveloping idle/underutilized properties. In connection therewith, assist in reviewing the structural issues, financial risks and benefits and public policy impacts of the proposed options to the State and the Authorities and propose appropriate structures for accomplishing the objectives.
- 4) Provide expected valuations for each option developed for each Asset under consideration.
- 5) Analyze and recommend the most efficient use of transaction proceeds for the benefit of the State’s pension plans, OPEBs, and/or EDA Pension Bonds.

4.2. Phase 2

If the State determines, in its sole discretion, to proceed with Phase 2, the Advisor shall perform the services listed in Section 4.1, above, for those assets and options being considered by the State and provide a more detailed and in-depth analysis of such options. Additional responsibilities will include the following services:

- 1) Finalize a plan to proceed with maximizing the value of the selected asset and the selected option
- 2) Assist in identifying and developing legislative, regulatory or other changes, as required, as well as preparing presentation material necessary for all relevant parties and stakeholders.

Phase 2 shall be completed within 90 days following engagement for Phase 2.

4.3 Phase 3

If the State, in its sole discretion, determines to proceed with Phase 3, the Advisor shall perform the following services:

- 1) Advise and assist in preparation of Request for Proposals (“RFP”) for professionals and/or counterparties to execute the selected transaction(s) and assist in the evaluation of RFP responses.
- 2) Identify appropriate counterparties to invite to respond to the RFP.
- 3) Assist in the negotiation of the terms and the closing of each transaction.
- 4) Prepare or assist in the preparation as necessary of discussion and presentation materials for all relevant parties, including but not limited to, the Authorities and executive staff, legislative bodies and committees and Treasury Department staff. Attend meetings as directed.
- 5) Advise and assist the State and the Authorities, as applicable, in all matters that are reasonably required to effectuate and close the transaction(s).

5.0 SUBCONTRACTING

The State encourages each firm responding to this RFQ that to the extent there are opportunities for such firm to subcontract services under this procurement, the firm will make good faith efforts to subcontract such work to qualified small businesses in accordance with the Set Aside Contracting and Subcontracting Program, N.J.A.C. 17:13-4 et seq. and Executive Order No. 71(McGreevey). In addition, any firm submitting a response to this RFQ agrees that to the extent possible during the term of any assignment under this RFQ, the firm shall continue to identify and utilize qualified small business subcontractors to assist in providing the required services. Any firm engaged pursuant to this RFQ agrees during the term of the engagement to provide any documentation required by the State to indicate compliance with this requirement.

6.0 REQUIRED COMPONENTS OF THE PROPOSAL

Each firm submitting a proposal must follow the instructions contained in this RFQ in preparing and submitting its proposal. The proposing firm is advised to thoroughly read and follow all instructions. A proposal must contain all of the information in the order and format indicated below. All terms and conditions set forth in this RFQ will be deemed to be incorporated by reference in their entirety into the proposal. Joint proposals will NOT be permitted.

In the proposal please respond to each question by repeating the question at the top of the section and referring to the question by the numbers used in this RFQ. The proposal should not exceed 15 pages (exclusive of cover page and appendices).

6.1. Technical Proposal

- 1) Demonstrate specifically how the firm meets the minimum requirements set forth above in Section 2.0. Include the names, size, asset type, dates of the transactions/assignments and your role in the relevant transactions to your firm meeting the minimum requirements. In the event that the firm elects to meet a minimum requirement through a subcontractor, the firm must indicate the name of the subcontractor, business address, e-mail address, telephone number and fax number of such firm and must indicate the names, size, dates of the transactions and the role of the subcontractor in the relevant transactions. The firm must also include a statement from the subcontractor indicating that the information provided is

correct and that this information is being provided by the firm to the State in response to this RFQ.

- 2) Provide a detailed executive summary identifying and substantiating the basis of your contention that you are the best qualified firm to provide the services requested under this RFQ. *[limit 2 pages]*
- 3) Provide the name and address of your firm, the name, title, business address, e-mail address, telephone number and fax number of the individual the State should contact regarding your proposal. Provide a listing of all offices maintained in the State and the number of professional and analytical employees in each office.
- 4) Identify any existing or potential conflict of interest, or any relationships that might be considered a conflict of interest, that may affect or involve transactions for the State or the Authorities.
- 5) Describe all licenses held and maintained by the firm, its directors, or officers and principals and any of the individuals who will be responsible for providing the services described in this RFQ that are required in order to do business in the State or otherwise. Provide a listing of any and all suspensions or expulsions by those regulatory agencies of the firm or any of its personnel since January 1, 2009 with an explanation of the reason for such suspensions or expulsions and the time period for such action.
- 6) Provide a staffing plan listing those persons who will be assigned to the engagement if the firm is selected, including the designation of the team leader(s) and the team members who will be assigned to work on this engagement. In an appendix, include detailed resumes describing the team leader(s) and primary team members' employment background, education, and experience in asset valuation work. The team leader must be committed to work with the State. No substitution of the team leader will be permitted without written approval from the State. In the event that the firm is proposing to use a subcontractor to meet minimum requirements listed in Section 2.0 above, the firm shall provide with respect to such subcontractor detailed resumes of the subcontractor's team leader and primary team members' employment background, education and experience with municipal debt advisory and underwriting.
- 7) Provide references for the advisor assignments described in Section 2.0 - MINIMUM REQUIREMENTS above, as well as for the transaction discussed in the case study in question number 7 below, (if not already included), including contact name, affiliation, business phone, e-mail address and the team member who performed the assignment.
- 8) List all the relevant transactions for which the firm(s) has provided financial advisory services and transaction execution services for asset valuation transactions for the time period January 1, 2010 to the present, including, but not limited to, the name of the client, the firm's role, outcome of the assignment (i.e. lease, sale, IPO, status quo, etc), and size of the transaction, if a transaction was executed, or the asset valuation, if no transaction was executed. Include a detailed case study of the advisory transaction you believe is most relevant to the State, and describe the team leader's role in that transaction. *[limit 4 pages]*
- 9) Provide a detailed staffing and work plan, including names and titles of personnel, and schedule of actions to be taken to meet a deadline of May 15, 2019 for Phase 1 described in Section 4.0 - SCOPE OF SERVICES. *[limit 1 page]*
- 10) In an appendix, provide a description of your firm, the ownership structure, organization chart and a description of the departments or divisions which will be providing the services requested under this RFQ.
- 11) As an appendix, identify any existing or potential conflict of interest, or any relationships that might be considered a conflict of interest, that may affect or involve transactions for the State or the Authority, including but not limited to conflicts with financial advisors, law firms providing services to the State or the Authority and State employees or Authority employees.

- 12) As an appendix, describe any pending, concluded or threatened litigation, administrative proceedings or federal or state investigations or audits, subpoenas or other information requests of or involving your firm or the owners, principals or employees. Describe the nature and status of the matter and the resolution, if any.
- 13) As an appendix, provide a list of any sanctions or penalties brought against your firm or any of its personnel (including suspension or disbarment) by any regulatory or licensing agencies. Include a description of the reasons for the sanction or penalties and whether such sanctions or penalties are subject to appeal.

6.2. Fee Proposal

Provide proposed fees for the services described in Section 4.0 - SCOPE OF SERVICES with a separate fee allocated to each of Phase 1, Phase 2 and Phase 3. Be specific as to how pricing will be determined, whether fees will be fixed, billed on an hourly basis and if so, the cap on these fees. Describe whether expenses are included in these fees, or if not, how they will otherwise be billed. The information provided will be taken into consideration as part of the selection process and will be the basis for negotiating a contractual agreement between the firm selected and the State for services to be provided.

7.0 SUBMISSION OF THE PROPOSAL

Five (5) copies of your proposal (one (1) signed original and four (4) copies) plus a CD with all appendices must be delivered by courier or overnight express mail, no later than 3:00 PM on February 22, 2019 to:

Office of Public Finance
50 West State Street, 5th Floor
P.O. Box 005
Trenton, NJ 08625
ATTN: David K. Moore, Deputy Director

No fax or email proposals will be accepted. Proposals received after the time and date listed above will not be considered.

Communications with representatives of the State concerning this request, by you or on your behalf, are NOT permitted during the submission process (except as specified below). No telephone inquiries will be accepted. If you have questions or require clarification on any aspect of this RFQ, please forward the request via email to: uwrq.Responses@treas.nj.gov. Questions must be submitted by February 12, 2019. The State will post answers on the Office of Public Finance website at: http://www.state.nj.us/treasury/public_finance/ on or about February 14, 2019.

The State will not be responsible for any expenses in the preparation and/or presentation of the proposals and oral interviews, if any, or for the disclosure of any information or material received in connection with the solicitation, whether by negligence or otherwise.

All documents and information submitted in response to this RFQ generally shall be available to the general public as required by applicable law, including the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq.

The State reserves the right to request additional information or clarification, if necessary, or to request an interview with firm(s), or to reject any and all proposals with or without cause, and waive any irregularities or informalities in the proposals submitted. The State reserves the right to make such investigations as deemed

necessary as to the qualifications of any and all firms submitting proposals. The State reserves the right to negotiate lower prices with responding firms as deemed in the best interests of the State.

Responding firms may withdraw their proposal at any time prior to the filing date and time by written notification signed by an authorized agent of the firm. The proposal may thereafter be resubmitted, but only up to the final filing date and time.

The responding firm assumes sole responsibility for the complete effort required in this RFQ. No special consideration shall be given after proposals are opened because of a firm's failure to be knowledgeable about all the requirements of this RFQ. By submitting a proposal in response to this RFQ, the firm represents that it has satisfied itself, from its own investigation, of all the requirements of this RFQ.

8.0 SELECTION PROCESS

All proposals will be reviewed to determine responsiveness. Non-responsive proposals will be rejected without evaluation. Responsive proposals will be reviewed and scored by an evaluation committee pursuant to the grading scale it creates. The State reserves the right to request clarifying information subsequent to submission of the proposal if necessary. The State reserves the right to negotiate and/or request best and final offers from firm(s) selected to provide services, as the State may deem appropriate in its sole discretion. The criteria used to evaluate responsive proposals shall include, but not be limited to ideas, expertise, capacity, experience and personnel.

Interviews may be conducted, at the option of the evaluation committee, with any or all of the firms submitting a proposal. If interviews are to be held you will be notified approximately three days in advance.

9.0 STATUTORY REQUIREMENTS

A. The following documents must be completed, included and submitted with the bid proposal. All forms listed below can be downloaded from the Department of the Treasury website at: www.state.nj.us/treasury/purchase/forms.shtml.

- Standard Terms and Conditions dated July 18, 2018;
- Waivered Contract Supplement to the State of New Jersey Standard Terms and Conditions dated June 14, 2018;
- New Jersey Business Registration;
- Ownership Disclosure;
- Disclosure of Investigations and Actions Involving Bidder;
- MacBride Principles;
- Affirmative Action Employee Information Report;
- Notice of Set Off for State Tax;
- Source Disclosure Certification Form;
- Disclosure of Investment Activities in Iran;
- Contractor Certification and Disclosure of Political Contributions (N.J.S.A. 19:44A-20.13 et seq.); and
- Vendor Certification (P.L. 2005, c. 271) (The form listed below can be downloaded from the Department of the Treasury website at: <http://www.state.nj.us/treasury/purchase/forms/CertandDisc2706.pdf>.)

NOTE: A copy of a valid New Jersey business registration must be submitted. If not already registered with the New Jersey Division of Revenue, registration can be complete on-line at the Division of Revenue website: <http://www.state.nj.us/treasury/revenue/index.html>

B. Specific Statutory Requirements. All firms must also comply with the following statutory requirements:

9.1 Chapter 51 and Executive Order No. 117 (Corzine 2008). In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the negotiation and award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, the Legislature enacted L. 2005, c. 51 (codified at N.J.S.A. 19:44A-20.13-25) ("Chapter 51"), on March 22, 2005,

effective retroactive to October 15, 2004, superseding the terms of Executive Order No. 134 (McGreevey 2004). In addition, on September 24, 2008, Governor Corzine issued Executive Order No. 117, effective on November 15, 2008 (“EO 117”) setting forth additional limitations on the ability of executive branch departments, agencies, authorities or independent State authorities to contract with a business entity which has made or solicited certain contributions.

To obtain the necessary forms and information on how to comply with Chapter 51 and EO 117, prospective bidders should access: <http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>

Under Chapter 51 and EO 117, the State is not permitted, and will not enter into a Bond Purchase Agreement with a firm that is not in compliance with Chapter 51 and EO 117. The State will verify with the Division of Purchase and Property of the New Jersey Department of the Treasury as to whether the prospective bidders are compliant with Chapter 51 and EO 117. By submission of a bid, the winning bidder shall be deemed to have agreed to maintain its compliance with Chapter 51 and EO 117 during the term of the engagement. Failure to do so would constitute a default by the winning bidder.

9.2 Chapter 271. Pursuant to L. 2005, c. 271 (“Chapter 271”), your firm is required to disclose its (and its principals’) political contributions within the immediately preceding twelve (12) month period prior to entering into a contract. No prospective firm will be precluded from entering a contract with the State by virtue of the information provided in the Chapter 271 disclosure provided the form is fully and accurately completed. Prior to award of this engagement, the firm selected pursuant to this RFQ shall be required to submit Chapter 271 disclosures. Please refer to <http://www.state.nj.us/treasury/purchase/forms/CertandDisc2706.pdf> for a copy of the Chapter 271 disclosure form. It is not required to be completed in connection with the submission of your proposal.

If selected pursuant to this RFQ, please also be advised of your firm’s responsibility to file an annual disclosure statement on political contributions with the NJ Election Law Enforcement Commission (ELEC) pursuant to N.J.S.A. 19:44A-20.13 (L. 2005, c. 271, section 3) if your firm receives contracts in excess of \$50,000 from a public entity during a calendar year. It is your firm’s responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at (888)313-3532 or www.elec.state.nj.us

9.3. Chapter 92. In accordance with L. 2005, c. 92 (codified at N.J.S.A. 52:34-13.2), all services performed pursuant to this contract shall be performed within the United States.

9.4. Certification of Non-Involvement in Prohibited Activities in Iran. Pursuant to N.J.S.A 52:32-58, the bidder must certify that neither the bidder, nor any of its parents, subsidiaries, and/or affiliates (as defined in N.J.S.A. 52:32 – 56(e) (3)), is listed on the Department of the Treasury’s List of Persons or Entities Engaging in Prohibited Investment Activities in Iran and that neither is involved in any of the investment activities set forth in N.J.S.A. 52:32 – 56(f). If the bidder is unable to so certify, the bidder shall provide a detailed and precise description of such activities.