

**REQUEST FOR PROPOSALS (“RFP”)
UNDERWRITING SERVICES**

VILLAGE OF MOUNT PLEASANT, WISCONSIN



RACINE COUNTY, WISCONSIN



January 29, 2018

Proposals must be received not later than 12:00pm (Noon) CST on February 23, 2018

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The [Village of Mount Pleasant](#) (“Village”), through its Municipal Advisor, [Ehlers & Associates, Inc.](#) (“Ehlers”), and [Racine County](#) (“County”) through its Municipal Advisor, [PFM Financial Advisors, LLC](#) (“PFM”) are soliciting proposals from qualified firms to provide underwriting services for various debt obligations that the Village and County (“Municipalities”) plan to issue associated with the Foxconn project locating in the Village. The Municipalities may select one or more underwriters to participate in any or all the planned issuances. The Municipalities reserve the right to determine whether each planned issuance will be sold by competitive or negotiated sale, or by other method of placement. General information about the project can be viewed at www.foxconnracinecounty.com.

I. BACKGROUND

On December 1, 2017, the Municipalities entered into a Development Agreement (“Foxconn Agreement”) with SIO International Wisconsin, Inc., FEWI Development Corporation, and AFE, Inc. (collectively, “Foxconn”) to facilitate the development of approximately 20 million sq. ft. of manufacturing space within the Village for production of liquid crystal display panels (“Project”). The Project will be located within the Village’s Tax Incremental District No. 5 (“District”) which was created on November 20, 2017. Please refer to the [Foxconn Agreement](#) and related [Exhibits](#) for further information.

As part of the Foxconn Agreement, the Village and County will provide the financing (“Obligations”) necessary to pay the costs of public improvements, land acquisition and other expenditures necessary to support the Project. As of the date of this RFP, the following is a list of the Obligations issued, or planned to be issued, in support of the Project:

Obligations	Par Amount	Issuer	Timing
Taxable Bond Anticipation Notes, Series 2017 (“2017 Taxable BAN”) - Previously Issued ¹	\$ 79,205,000	County	Dated 12-20-2017
State Trust Fund Loan (“STFL”) ²	\$20,000,000	Village	Application Pending
Community Development Revenue Bonds (“TIF Bonds”)	\$142,465,000	Authority	Planned June 2018
Sewerage System Revenue Bond Anticipation Notes (“RBAN”)	\$ 56,350,000	Village	Planned June 2018

Obligations (Cont.)	Par Amount	Issuer	Timing
General Obligation Community Development Bond (“GO Bonds”)	\$33,245,000	County	Planned June 2018
Taxable Bond Anticipation Notes (“Taxable BAN”)	\$43,100,000	County	Planned June 2018
Taxable General Obligation Refunding Bond (“Taxable GO Refunding Bonds”)	\$124,160,000	County	2019
Sewerage System Revenue Bonds/Clean Water Fund Loan (“CWFL”)	\$56,350,000	Village	2021

¹ Proceeds of the Series 2017 Taxable BAN will be used to pay the cost of acquiring land within Area I of the TID, and to pay other TID project costs. The BAN will be refunded with the Taxable GO Refunding Bonds.

² The Village will draw funds against the STFL as needed to pay for Project Costs on an interim basis. The STFL will be refunded with proceeds of the TIF Bonds.

The following preliminary details with respect to the Obligations are provided to assist proposers in preparation of a response. **As planning for execution of the Project continues, capital requirements, timing and financing approaches may change, including incorporating potential changes that may be suggested by the underwriter(s) selected by the Municipalities.**

The Municipalities expect that tax increments collected by the District, along with special assessments levied for improvements installed within the District to benefit Foxconn, will be sufficient to pay debt service associated with all Obligations issued in conjunction with the Project. The Foxconn Agreement requires that Foxconn construct and maintain improvements within Area I of the District which create an incremental value of at least \$1,400,000,000. This minimum guaranteed valuation must be achieved not later than January 1, 2023, and must be maintained through December 31, 2047. If in any year the incremental value of the Project within Area I is less than \$1,400,000,000, Foxconn must make a payment to the Village to make whole any revenue that would have been collected had the minimum incremental value been maintained. In addition to the guarantee provided by the signatories to the Foxconn Agreement, a further guarantee in a maximum amount of \$135,000,000 has been provided by SIO International Holdings Limited. (See Exhibit S, Developer Affiliate Guaranty, to the Foxconn Agreement).

[2017 Wisconsin Act 58](#) permits the Wisconsin Department of Administration to extend the State’s moral obligation pledge to no more than 40% of a local government’s aggregate municipal

obligations issued to finance costs related to development occurring in or for the benefit of an Electronics and Information Technology Manufacturing Zone (“EITMZ”). An EITMZ is located within the District.

The TIF Bonds

1. Issuer: The TIF Bonds will be issued by the Village’s Community Development Authority (“Authority”).
2. Use of Proceeds: Proceeds from the TIF Bonds will be used to pay the costs of public infrastructure to serve the District and Project, to include water system improvements and road improvements. Proceeds will also be used to capitalize interest, to acquire public safety equipment, and to pay or reimburse various soft costs incurred by the Village related to its analysis and evaluation of the Project, negotiation and preparation of the Foxconn Agreement, and creation of the District.
3. Statutory Authority: The Authority will issue the TIF Bonds pursuant to Wisconsin Statutes, Sections §66.1333 and §66.1335.
4. Security: The TIF Bonds will be secured by a pledge of District revenues in accordance with the terms of the Foxconn Agreement and will not be a general obligation of the Village. Subject to State approval, the Village currently expects that the TIF Bonds will be offered with a State moral obligation pledge, and if so, the TIF Bonds could not exceed 40% of the total permanent financing issued for the Project.
5. Tax Characterization. The Village has retained Quarles & Brady LLP (“Quarles”) as bond counsel. Based on preliminary discussion with Quarles, the Village expects that the TIF Bonds will be characterized as tax-exempt. Since they are to be issued by the Authority, the TIF Bonds would also be exempt from Wisconsin income tax.
6. Term: The Village expects to amortize the TIF Bonds over a term not to exceed thirty years. (Final maturity in 2048).

The RBAN

1. Issuer: The RBAN will be issued by the Village.
2. Use of Proceeds: Proceeds from the RBAN will be used to pay the costs of Village sewerage system improvements necessary to serve the District and Project.
3. Statutory Authority: The Village will issue the RBAN pursuant to the authority provided to it under Wisconsin Statutes §66.0621(4)(L).
4. Security: The RBAN is expected to be refunded with proceeds of the CWFL obtained through the Wisconsin Department of Natural Resources and Wisconsin Department of Administration. A CWFL funding commitment is not expected prior to 2020 as the sewer improvements must be completed prior to making the CWFL loan application.
5. Tax Characterization: The Village has retained Quarles as bond counsel. Based on preliminary discussion with Quarles, the Village expects that the RBAN will be characterized as tax-exempt.
6. Term: The Village expects to require interim financing through at least 2020.

The GO Bonds

1. Issuer: The GO Bonds will be issued by the County.
2. Use of Proceeds: Proceeds from the GO Bonds will be used to pay the costs of public infrastructure to serve the District and Project, to include water system and sewerage system improvements.
3. Statutory Authority: The County will issue the GO Bonds pursuant to the authority provided to it under Chapter 67 Wisconsin Statutes. The GO Bonds are required under State law to be sold pursuant to a competitive sale.
4. Security: The GO Bonds will be secured by a direct annual irrevocable tax. The County expects that tax increments generated by the District will be sufficient to abate debt service payments. A Cooperation Agreement Between the Village of Mount Pleasant and Racine County Relating to the Foxconn Project (“Cooperation Agreement”) obligates the Village,

subject to the provisions of the Foxconn Agreement, to reimburse the County for the principal and interest paid on the GO Bonds.

5. Tax Characterization: The County has retained Quarles as bond counsel. Based on preliminary discussion with Quarles, the County expects that the GO Bonds will be characterized as tax-exempt.
6. Term: The County will amortize the GO Bonds over a term not to exceed twenty years. (Final maturity in 2038).

The Taxable BAN

1. Issuer: The Taxable BAN will be issued by the County.
2. Use of Proceeds: Proceeds from the Taxable BAN will be used to pay the costs of acquiring land within the District in accordance with the Foxconn Agreement. It is possible Foxconn may elect to provide funding to acquire some or all the land that would otherwise be purchased with proceeds of the Taxable BAN, which may reduce the size of, or eliminate the need for the Taxable BAN.
3. Statutory Authority: The County will issue the Taxable BAN pursuant to the authority provided to it under Wisconsin Statutes §67.12(1)(b).
4. Security: The Taxable BAN will be refunded with proceeds from the Taxable GO Refunding Bond which the County expects to issue in 2019.
5. Term: The County expects to require interim financing through at least 2019.

The Taxable GO Refunding Bonds

1. Issuer: The Taxable GO Refunding Bonds will be issued by the County.
2. Use of Proceeds: Proceeds from the Taxable GO Refunding Bonds will be used to refund the County's 2017 Taxable BAN, and the Taxable BAN to be issued in 2018.
3. Statutory Authority: The County will issue the Taxable GO Refunding Bonds pursuant to the authority provided to it under Wisconsin Statutes Section §67.04.

4. Security: The Taxable GO Refunding Bonds will be secured by a direct annual irrevocable tax. Pursuant to the terms of the Foxconn Agreement, the Village will levy and collect a special assessment on all lands acquired by the Village with proceeds of the 2017 Taxable BAN and 2018 Taxable BAN. The special assessment will be levied in an amount sufficient to abate the Taxable GO Refunding Bonds debt service on an annual basis. In accordance with the Cooperation Agreement the Village is obligated to levy and collect the special assessment and to transfer that revenue to the County.
5. Term: The County will amortize the Bonds over a term not to exceed twenty years. (Final maturity in 2039).

II. TIMELINE

The following is a tentative calendar of events. Dates for marketing and pricing of bonds and settlement closing may be adjusted dependent on the progress of the Project and the Municipalities' timing needs for access to capital.

Distribute RFP	January 29, 2018
Notification of intent to respond due by 5:00pm CST	February 2, 2018
Questions regarding RFP due by 5:00pm CST	February 9, 2018
Answers to questions provided to firms which provided notification of intent to respond	February 16, 2018
Proposals due to Ehlers by 12:00pm (Noon) CST	February 23, 2018
Committee consideration and award of engagement (the Committee may call upon firms to participate in interviews prior to selection)	Weeks of March 5 and March 12, 2018
Due diligence period, drafting of Official Statements and other requirements to complete financing(s)	Mid- March through May, 2018
Marketing of bonds and pricing	Starting June 2018
Settlement/closing	Starting July 2018

III. SCOPE OF SERVICES

Services to be provided by selected underwriters will include, but not be limited to, the following tasks:

1. Working collaboratively with the Municipalities' municipal advisors, review the current plan of finance to identify potential modifications or alternatives as to size, structure, timing, debt instruments or other considerations which could result in a lower cost of funds, mitigate risk, enhance ratings or otherwise benefit the Municipalities.
2. Provide input on the value of, and source of, possible additional credit enhancement for the Obligations to be issued.
3. Review and provide input to development of the Preliminary Official Statements and the Final Official Statements. (It is expected that the Official Statements will be prepared by Quarles acting as disclosure counsel).
4. Assist in preparing for presentations to the credit rating agencies.
5. Prepare an internet roadshow if required for marketing Obligations.
6. Prepare and deliver a pricing book to precede sales.
7. Participating in pre-pricing discussions. Proposed interest rates, spreads and reoffering yields must be provided in a timely manner before sales.
8. Pre-market the securities, i.e. retail, institutional, geographic area, etc.
9. Assisting in closing arrangements with bond counsel, the issuer, and other involved parties.
10. Providing a post evaluation report on each issuance including among other things: sales and distribution, i.e. retail, institutional, geographical area, pricing performance related to comparable transactions and relevant market indices.
11. Provide a detailed summary of orders and allotments per maturity for review by the Municipalities immediately after pricing discussions and a final detailed summary of the economics to each firm on the team within three weeks after the sale.

IV. PROPOSAL CONTENTS

1. Provide a cover letter summarizing the key points of the firm's response.
2. Firm Background and Staffing:
 - a. Provide a general description of the firm and its relationship to any parent company.
 - b. Identify the key staff responsible for this engagement and their respective roles. Indicate who would serve as the primary contact for the transaction. Brief resumes may be included as an appendix to the proposal.
 - c. Provide an affirmative statement indicating the firm's ability to meet the Municipalities' timeframe for delivery of funds.
 - d. Identify any conflicts of interest or pending litigation that would affect this transaction.
 - e. Describe any investigation, review or litigation regarding a violation or alleged violation by your firm of any state or federal securities or tax law or regulation relating to municipal financings that is currently pending or concluded since January 1, 2013.
 - f. Document the adequacy of your firm's capitalization relative to the Obligations. In this regard, please state for the prior three years the following information for your firm with respect to its municipal underwriting operation:
 - i. Total firm capital.
 - ii. Total equity capital.
 - iii. Net excess capital.
 - iv. Underwriting limitation.
3. Experience
 - a. In tabular form, provide a summary of the firm's experience over the past three years as a book running senior managing underwriter for similar governmental

client financings. Please separately identify your experience with tax-exempt and taxable securities.

4. Perspective:
 - a. Based on your understanding of the Project, identify important considerations that the Municipalities should be prepared to address in planning for issuance of the Obligations including considerations and potential modifications related to structure, security, timing, debt instruments, and ratings for each of the Obligations described in this RFP.
 - b. Discuss your firm's approach to the marketing and distribution of bonds for each of the Obligations described in this RFP.
 - c. What innovations and intangibles would you bring to the process?
5. Please provide three governmental issuer references appropriate to the services and scope of this RFP, including name, title, and telephone number, type of project and date of association.

Please keep your responses concise and to the point. Booklets and other information may be submitted separately from your written response.

V. CONDITIONS APPLYING TO PROPOSALS

1. No proposing firm representative or third-party solicitor shall contact Village or County's elected or other officials regarding this request for proposal while it remains open. Violation of this provision will be deemed grounds for immediate disqualification of a proposal.
2. The Municipalities reserve the right to reject all proposals, and may waive any defect, irregularity, or informality contained in a proposal. The Municipalities reserve the right to select the proposal or proposals deemed most advantageous to the Municipalities, in their sole discretion, and to negotiate directly with any respondents. Preparation and submission of a response to this request for proposals is at the sole expense and risk of the responding firms, and it is understood by the selected firm that no fees or other compensation will be paid if the proposed financing is abandoned or does not close. If deadlines are modified or addenda to this request for proposal are prepared, all parties shall be notified contemporaneously.
3. All proposals and supplementary materials shall become the property of the Municipalities. To the extent permitted by law, proposals will be opened in a manner that avoids disclosure of their contents until after award of the engagement. Any proprietary information contained in a proposal should be explicitly labeled as such. The Municipalities can make no assertion that such proprietary information shall remain confidential.

VI. PROPOSAL SUBMISSION

Firms intending to respond to this RFP must notify Ehlers and PFM not later than 5:00pm CST, February 2, 2018. Provide notification by electronic mail to Todd Taves and David Anderson at the e-mail addresses provided below.

Questions regarding this RFP or the related financings must be submitted in writing by electronic mail not later than 5:00pm CST, February 9, 2018 to Todd Taves and David Anderson at the e-mail addresses provided below. Responses to submitted questions will be provided not later than February 16, 2018 by electronic mail to all firms which notified Ehlers and PFM of their intent to respond.

Twelve (12) hard copies of the proposal must be received not later than 12:00pm (Noon) CST on February 23, 2018 at the office of Ehlers. Concurrently, submit an electronic copy of the proposal to Todd Taves and David Anderson at the e-mail addresses provided below.

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