

**REQUEST FOR PROPOSALS**  
**FOR**  
**LETTER OF CREDIT FACILITIES OR**  
**DIRECT PLACEMENTS**

**Long Island Power Authority**  
**333 Earle Ovington Boulevard**  
**Uniondale, New York 11553**



November 19, 2019

**TABLE OF CONTENTS**

I. CALENDAR OF EVENTS .....4

II. CONTACT INFORMATION.....4

III. CONTRACT PERIOD.....6

IV. BACKGROUND .....6

V. SCOPE OF SERVICES .....8

VI. PROPOSAL REQUIREMENTS .....8

    A. Required Information.....8

    B. Alternate Proposals.....11

    C. Other.....11

VII. EVALUATION AND SELECTION .....12

    A. Evaluation Criteria .....12

    B. Selection Process .....13

VIII. PROPOSAL CONDITIONS AND INSTRUCTIONS .....13

    A. Limitations ..... 13

    B. Proposal Submission.....14

    C. Participation of Minority and Women-Owned Business Enterprises (MWBE)....14

    D. Administrative Specifications.....15

    E. Addenda: Errors and Omissions .....15

    F. Debriefing of Unsuccessful Respondents .....16

IX. CONTRACT APPROVAL.....16

## **FORMS**

- 1 – Cover Letter
- 2- Exhibit B- Reimbursement Agreement with Appendix A- Standard Clauses for LIPA Contracts
- 4 – Appendix B – Participation by Minority Group Members and Women on State Contracts:  
Requirements and Procedures
- 5 – Insurance
- 6 – MWBE 100 – EEO Policy Statement
- 7 – MWBE 101 – Staffing Plan
- 8 – Workforce Utilization Report 102
- 9 – MWBE 103 – MWBE Utilization Plan
- 10 – MWBE 104 – Waiver Request
- 11 – MWBE 105 – Quarterly Contractor Compliance Report
- 12 – SDVOB – Service-Disabled Veteran-Owned Businesses
- 13 – AC3290s – Vendor Responsibility Profile
- 14 – Contingent Fee Certification
- 15 – MacBride Fair Employment Principles
- 16 – Non-Collusive Bidding Certification
- 17 – Lobbying Guidelines Regarding Procurements
- 18 – MWBE – Diversity Practices Questionnaire
- 19 – Contractor Disclosure of Prior Non-Responsibility Determination
- 20 – Sexual Harassment Policy Form

The Long Island Power Authority (“Authority”) hereby solicits proposals from financial institutions (hereinafter referred to as “Firms” or “Banks”) in response to this Request for Proposals (“RFP”) to provide direct pay letter of credit facilities (“LOCs”) or direct placements (“DPs”). The Authority may select one or more firms to provide all or portions of the Authority’s requirements.

***Banks are asked to propose individually for a minimum of \$50 million. Joint syndicate proposals will not be accepted.*** If multiple firms are selected by the Authority, the Authority may choose to work with one of the selected firms to act as agent for itself and the other firm(s).

## **I. CALENDAR OF EVENTS**

Issuance of RFP	November 19, 2019
Deadline for Questions	November 26, 2019
Answers will be posted by	December 3, 2019
Notice of Intent	December 6, 2019
<b>Proposal Due Date</b>	<b>December 19, 2019 by 3:00 p.m. ET</b>
Firms Identified for further review and negotiation	January 2020
LIPA Board Approval and Submission to OSC	January 2020
Estimated closing	Early 2020

## **II. CONTACT INFORMATION**

Pursuant to State Finance Law sections 139-j and 139-k, this RFP includes and imposes certain restrictions on communications between LIPA and Respondents during the procurement process. A Respondent is restricted from making “Contacts” (i.e., any oral, written, or electronic communications which a reasonable person would infer as an attempt to influence the award, denial, or amendment of a contract) from issuance of the RFP through final award and approval of the resulting Procurement Contract by LIPA and the Office of the State Comptroller (“restricted period”) to any LIPA staff or Trustee (or consultants) other than as designated herein, unless it is a contact that is included among certain statutory exemptions as set forth in State Finance Law section 139-j(3)(a). LIPA’s designated contacts for this RFP, as of the date hereof, are Chris DiGilio, LIPA Director of Finance and Treasury Operations (516)719-9827; Maria Gomes, LIPA

Director of Procurement (516) 719-9235; Bruce Van Dusen, Esq. of Hawkins Delafield & Wood (212) 820-9307; and, Michael Mace of Public Financial Management (704) 541-8339. Please use Maria Gomes as the primary point of contact.

LIPA staff and Trustees (and consultants) are also required to obtain certain information when contacted during the restricted period and make a determination of the responsibility of the Respondent (“Respondent”) pursuant to statutory provisions. Certain findings of non-responsibility can result in rejection for contract award, and in the event of two findings within a four (4) year period, the Respondent is debarred from obtaining governmental Procurement Contracts. Further information about these requirements can be found in the Authority’s Lobbying Guidelines Regarding Procurements, Rules, Regulations or Ratemaking which is posted on the web site for this RFP.

Questions regarding this RFP should be sent to [Procurement1@lipower.org](mailto:Procurement1@lipower.org), on or before **November 26, 2019**. Responses to any questions received by the deadline will be posted on LIPA’s web site at <http://www.lipower.org/proposals/> by December 3, 2019. No other communication of questions and answers will be made.

Each interested party should send a brief Notice of Intent via email [Procurement1@lipower.org](mailto:Procurement1@lipower.org) by **December 6, 2019**. Such notice should contain the Respondent’s name, address, phone number, e-mail address and contact person. Submission of a Notice of Intent is strongly encouraged, although not a pre-requisite for submitting a proposal.

**Other than as provided for in this RFP, any contact with LIPA Board members, staff or LIPA consultants during the pendency of this RFP may be grounds for disqualification from the RFP process.**

Five (5) hard copies] of your proposal, and an electronic PDF version (in a flash drive) format are due no later than **3:00 p.m. Eastern Time on December 19, 2019**, in a sealed package or packages. All proposals should be delivered to:

Long Island Power Authority  
333 Earle Ovington Boulevard, Suite 403  
Uniondale, NY 11553  
Attention: Maria Gomes, Dir. of Procurement

Proposals received after the Proposal Due Date will not be considered. Nor will faxed or e-mailed proposals, whenever received. **Failure to submit a proposal on time will not be waived by LIPA under any circumstances (e.g., traffic conditions, mail or courier failure, weather, etc.).**

LIPA will not provide reimbursement for any costs or expenses incurred in connection with this RFP, including the costs of preparing and submitting a response, providing any additional

information or attending an interview. All material that is submitted in response to this RFP will become the sole property of LIPA. LIPA expressly reserves the right to utilize any and all ideas submitted in the proposals received unless covered by legal patent or proprietary rights which must be clearly noted in the proposal submitted in response to the RFP.

### **III. CONTRACT PERIOD**

The Authority is seeking proposals for LOCs or DPs for periods extending for three (3), four (4), or five (5) years. *LIPA strongly prefers LOC proposals that would allow the Authority, in its sole discretion, to terminate at any time, upon written notice, without an early termination penalty.*

### **IV. BACKGROUND**

#### **Debt Overview**

As of September 30, 2019, the Authority had approximately \$4.5 billion of Electric System General Revenue Bond debt outstanding. Of this amount, approximately \$674 million was floating rate notes (FRNs), \$400 million was outstanding commercial paper notes (the “GR Notes”), and \$2 million was outstanding under the Revolving Credit Agreement (“RCA”). Additionally, the Authority, through the UDSA, had \$4.1 billion of debt outstanding. The debt of the Authority and UDSA are secured by separate revenues.

The Authority’s FRNs, GR Notes, and RCA are identified in the table below:

Series	Authorized Principal (\$000)	Outstanding Principal (\$000)	Mode	Credit Provider	Expiration Date
2014C	150,000	150,000	70% LIBOR FRN	Public Market FRN	10/1/2023
2015A-1	51,000	51,000	18Y MMD FRN	Wells Fargo Bank, N.A. (PP)	6/29/2020
2015A-2	149,000	149,000	14Y MMD FRN	Wells Fargo Bank, N.A. (PP)	6/29/2020
2015C	149,000	149,000	70% LIBOR FRN	Public Market FRN	10/1/2023
2016A	175,000	175,000	17Y MMD FRN	Wells Fargo Bank, N.A. (PP)	9/1/2021
2015GR-1	200,000	75,000	Commercial Paper	TD Bank	6/29/2021
2015GR-2	100,000	50,000	Commercial Paper	State Street Bank	3/11/2022
2015GR-3	100,000	25,000	Commercial Paper	US Bank	5/1/2020
2015GR-4	200,000	150,000	Commercial Paper	Royal Bank of Canada	3/12/2021
2015GR-5	100,000	100,000	Commercial Paper	Citibank	3/12/2021
2015GR-6	100,000	0	Commercial Paper	Barclays Bank	3/14/2022
2019A	200,000	2,000	RCA	J.P. Morgan Chase	3/15/2022
	1,674,000	1,076,000			

**The Authority's priority is to first replace the LOC currently supporting the 2015GR-3 Notes and evaluate options related to its Series 2015A-1 and A-2 Bonds. The Authority may seek to replace any or all of the LOCs currently supporting the Notes. Current LOC providers are also welcome to propose extensions and fee amendments for the Authority's consideration either in lieu of, or in addition to new proposals.** The Authority may also elect to utilize any LOC or DP to refund the currently outstanding Bonds or to fund new expenditures. Therefore, please indicate the maximum credit capacity your firm is willing to provide the Authority. The Authority's GR Notes are drawn on either a taxable or tax exempt basis, depending on the Authority's need; please reflect that in your proposals.

### **Ratings**

The Authority's senior lien debt is currently rated A/A2/A by Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's"), and Standard & Poor's ("S&P"), respectively. The UDSA bonds are rated AAA (sf) / Aaa (sf) / AAA (sf).

### **Additional Information Regarding the Authority**

The Authority's Annual Report for the fiscal year ended December 31, 2018 is available on the Authority's website at <https://www.lipower.org/wp-content/uploads/2019/03/LIPA-audited-2018-financial-statements.pdf>. The supplemental resolutions for the Authority's Bonds and GR Notes are available upon request for your review, if necessary.

### **Documentation**

The Authority expects to enter into reimbursement agreements substantially similar to the proposed document included in this RFP as Exhibit A. If your firm or your firm's counsel has any proposed changes to the form of reimbursement agreement, please provide the proposed changes (or a redline of the reimbursement agreement) with your proposal. **LIPA would like to standardize all documentation associated with its variable rate securities, including its LOC documents, therefore LIPA will welcome submissions that accept the terms identified in Exhibit A. Once a winning Respondent(s) is selected, the Authority reserves the right to reject any changes to the reimbursement agreement that was not specifically identified in that Respondent's response to this RFP. If any conditions in the Bank's proposals are NOT negotiable, the Bank must indicate such conditions in its proposal.**

The Authority intends for its Bond Counsel, Hawkins Delafield & Wood LLP, to keep the master of the reimbursement agreement during the drafting of the final document.

### **Notification of Acceptance**

The Authority expects to notify the selected Respondent(s) for this RFP in December 2019/January 2020. Such notification shall not constitute a commitment by the Authority to procure the proposed facilities or agreements. No fees will be paid to any bidder unless there is a completed transaction.

## V. SCOPE OF SERVICES

The Authority is seeking qualified firms to provide LOCs or DPs. The Authority may seek to replace any or all of the LOCs currently supporting the Bonds and GR Notes identified in the table on page 6. **Current LOC providers are also welcome to propose extensions or fee amendments for the Authority's consideration either in lieu of or in addition to new proposals.** The Authority may also elect to utilize any LOC or DP to refund the currently outstanding Bonds or to fund new expenditures. Therefore, please indicate the maximum credit capacity your firm is willing to provide the Authority. If multiple firms are selected by the Authority, the Authority may choose to work with one of the selected firms to act as agent for itself and the other firm(s).

## VI. PROPOSAL REQUIREMENTS

The following is a list of the information to be provided by the Respondent for the services sought. Failure to submit all of the information required will be a negative factor in evaluation of a proposal and may result in rejection of the proposal. Please provide the information in the same order using corresponding numbers as presented.

Respondents shall indicate in their proposals what information, if any, is proprietary and confidential. Respondents are hereby advised that LIPA is subject to the New York State Freedom of Information Law ("FOIL"). Material marked "Confidential and Proprietary" will be treated as such to the extent consistent with the obligations under FOIL, other applicable law, regulation or legal process, and will not be disclosed by the LIPA except as necessary for the evaluation of proposals.

### A. Required Information

*A standard term sheet may be submitted separately but please follow the order of questions as presented.*

1. Please provide Bank ratings and contact information. Please indicate the Bank's credit capacity amount for LIPA's Bonds and GR Notes. If credit is designated for a particular series of bonds or GR Notes, please indicate that as well as whether the amounts listed are for a LOC or DP.
2. LOC Annual Commitment Fee: Please provide the LOC annual commitment fee which the Bank is willing to propose, and include any other term chosen at the Bank's discretion. The Authority is seeking proposals for periods of three (3), four (4), or five (5) years only. ***Fees will be payable quarterly in arrears based upon the actual days elapsed divided by a 365-day year.***



3.

<i>Term</i>	<i>Annual Commitment Fee</i>
<i>3-year</i>	
<i>4-year</i>	
<i>5-year</i>	

If there are adjustments to the annual commitment fees proposed for rating upgrade or downgrade of the Bonds or for any other reason, please identify and explain below.

<i>Rating Category/Other</i>	<i>Adjustment</i>

Annual Fee, Draw Fees, and Amendment Fees: Please note if any up-front, annual or other fee applies to the LOC.

4. Using the following table, clearly describe the interest rate applicable to advances and term loans and the default rate (include the definition of “Base Rate” if applicable) for the proposed LOC for the Bonds or GR Notes.

<i>Purchases/Rates</i>	
<i>Base Rate:</i>	
<i>180 day Holding Period Rate:</i>	
<i>Term Loan Rate:</i>	
<i>Default Rate:</i>	
<i>Term Loan Start Date:</i>	
<i>Term Loan Duration:</i>	
<i>Term Loan Repayment:</i>	

5. DP Pricing: Please provide the DP pricing quote for which the Bank is willing to propose. DP pricing should be expressed as a spread to 70% of One-Month LIBOR. Please address the anticipated phase out of LIBOR in 2021 and related fallback language. Alternative pricing – fixed or variable - may be submitted in addition to 70% of One-Month LIBOR. The Authority is seeking proposals for periods of three (3), four (4), or five (5) years only.

<i>Term</i>	<i>Spread to 70% of One-Month LIBOR</i>
<i>3-year</i>	
<i>4-year</i>	
<i>5-year</i>	

If there are adjustments to the spread to 70% of One Month LIBOR (or other alternative) proposed for rating upgrade or downgrade of the Bonds, or for any other reason, please identify and explain below.

<i>Rating Category/Other</i>	<i>Adjustment</i>

6. DP Term Out Provisions. The DP Bonds will be subject to mandatory tender the business day after the last day of the initial interest rate period. In the event the Bonds are not tendered/remarketed on the mandatory tender date, describe the proposed term out provisions and interest rate. Discuss any alternatives and how they would impact the Bank’s pricing on the DP Bonds.

7. Legal Expenses: Please provide an estimated not-to-exceed amount with hourly rates for all legal expenses (including non-U.S. counsel, if applicable) to be reimbursed at cost by the Authority

<i>Preferred US Law Firm:</i>	
<i>Primary Contact:</i>	
<i>Address:</i>	
<i>Telephone:</i>	
<i>Facsimile:</i>	
<i>E-mail:</i>	
<i>Initial Not-to-Exceed Amount:</i>	
<i>Foreign Counsel Name (if any):</i>	
<i>Foreign Counsel Not-to-Exceed Amount:</i>	

Please describe the timing and process for renewing/extending the LOC or DP. Please note that the Authority would expect a response to any request within 30 days.

<i>Term</i>	<i>Renewal/Extension Timing, Process, Cost and Other Conditions</i>
<i>Two or Three Years:</i>	

**B. Alternate Proposals**

Note that the Authority is not seeking proposals for alternative structures such as publicly offered floating rate notes, publicly offered put bonds, total return swaps, or synthetic variable rate debt with this RFP. Members of the Authority’s underwriting syndicate will receive an RFQ under separate cover related to capital markets products.

**C. Other (No Page Limit)**

Respondent must either provide a statement accepting the terms and conditions in the proposed form of Reimbursement Agreement included as Exhibit A, or must identify any exceptions taken to the terms and conditions. If exceptions are taken, the Respondent must clearly identify the language that is being taken exception to and provide the suggested alternate language for each such exception. The nature and extent of exceptions, if any, taken by the Respondent to LIPA’s terms and conditions will be a factor considered in evaluating proposals. **Respondents that demonstrate a willingness to accept LIPA’s terms and conditions will be given more favorable consideration by LIPA.**

1. Identify the nature of any potential conflict of interest your firm might have in providing the proposed facilities to LIPA:

- (a) Discuss fully any conflicts of interest, actual or potential, which might arise in connection with your firm's involvement with LIPA. If your firm believes that a conflict of interest might arise, please describe how such conflict would be resolved. State whether your firm represents any party that is or may be adverse to the Authority.

Each firm must certify in writing that its representation of LIPA will not create any conflict of interest involving that firm.

- (b) Identify any past, pending or threatened litigation or administrative or state ethics board or similar body proceedings to which you or any of your partners are a party and which would either materially impair your ability to perform the services enumerated herein, or, if decided in an adverse manner, materially adversely affect the financial condition of your firm. This information may be provided as an appendix to the proposal that will not count against the proposal page limit.

## **VII. EVALUATION AND SELECTION**

### **A. Evaluation Criteria**

A Selection Committee consisting of LIPA staff will evaluate the proposals. This Selection Committee will make its recommendations to the LIPA Board of Trustees for final approval. The Selection Committee will consider the following evaluation factors and scoring points:

1. The overall credit quality of the firm providing the credit facility. (15 points)
2. The relative trading levels of each firm as determined by the Authority and its financial advisor. (15 points)
3. The total net cost of the LOC or DP including all fees and expenses (although proposed costs will be given significant consideration in the selection process, the Authority reserves the right to negotiate lower fees or a different fee structure than proposed). (40 points)
4. The nature and extent of exceptions, if any, taken by the Respondent to the Authority's terms and conditions in the Reimbursement Agreement, including the Authority's standard "Appendix A" clauses. Respondents that demonstrate a willingness to accept the Authority's terms and conditions will be given more favorable consideration by the Authority. (5 points)

5. Overall organization, completeness, and quality of proposal, including cohesiveness, conciseness, clarity of response. (15 points)
6. The proposer's overall diversity and commitment to equal opportunity programs (see Diversity Practices Questionnaire) (10 points)

## **B. Selection Process**

The Selection Committee will initially review all proposals to determine responsiveness. Any proposal that does not address all requested requirements or is incomplete will be rejected.

The Selection Committee will evaluate all responsive and responsible proposals based on the criteria enumerated in Section VII (A), as referenced above. The Selection Committee may afford firms the opportunity to clarify proposals for the purpose of assuring a full understanding of their responsiveness to the RFP.

Prior to award of any contracts(s), the Selection Committee will conduct a vendor responsibility determination and may require eligible Respondents to answer questions and provide additional information to supplement the information provided in the Vendor Responsibility Questionnaire to assist the Selection Committee in making such a determination.

All Respondents will be notified in writing once one or more firms have been selected.

## **VIII. PROPOSAL INSTRUCTIONS AND CONDITIONS**

### **A. Limitations**

1. This RFP does not commit LIPA to award a contract, pay any costs incurred in the preparation of a response, or procure or contract for services of any kind whatsoever. LIPA reserves the right, in its sole discretion, to accept or reject any or all responses as a result of the RFP, to negotiate with any or all firms considered, or to cancel this RFP in whole or in part. LIPA reserves the right to request additional information from all Respondents.
2. Respondents may be requested to clarify the contents of their proposal. Other than to provide such information as may be required by LIPA, no Respondent will be allowed to alter its proposal or to add new information after the RFP due date.
3. Respondents may be required to participate in negotiations and to submit any price, technical or other revisions to its proposal which may result from such negotiations.

4. Respondents must fully execute the following forms (posted on the RFP web site) and submit with its proposal: 1) MacBride Fair Employment Principles; 2) Non-Collusive Bidding Certification; 3) Contractor Disclosure of Prior Non-Responsibility Determinations; 4) Contingent Fee Certification; 5) NYS Vendor Responsibility Questionnaire; 6) Diversity Questionnaire.
5. All material submitted in response to this RFP will become the sole property of LIPA, except as noted in Section II above.

## **B. Proposal Submission**

1. Proposals must include a cover letter indicating the mailing address of the office from which the proposal is submitted, the name and email address of the individual who will represent the firm as the primary contact person for the proposal, and the telephone and facsimile numbers of the primary contact person.  
**The cost portion of the proposal must be in a sealed envelope separate from the technical portion of the proposal but may be contained in the same shipping package as the technical portion.**
2. Non-responsive proposals include, but are not limited to, those that:
  - (a) are not in conformance with RFP requirements and instructions;
  - (b) are conditional; or
  - (c) contain a material omission(s).

LIPA may waive minor informalities or irregularities in a proposal that are merely a matter of form and not substance and the correction of which would not be prejudicial to other proposals.

## **C. Participation of Minority and Women-Owned Business Enterprises (MWBE)**

While there are no Minority and Women Owned Business Enterprise (“M/WBE”) or Service Disabled Veteran Owned Business (“SDVOB”) participation goals in this RFP, respondents are encouraged to use M/WBEs and SDVOBs in connection with their proposed project. Provide your Minority Business Enterprise (MBE), Woman Business Enterprise (WBE) and SDVOB proposal data or good faith efforts put forth to include such entities in this RFP. The New York State Minority & Women Owned Businesses Searchable Database can be found at <https://ny.newcontracts.com/FrontEnd/VendorSearchPublic.asp>. Information regarding New York State Office of General Services webpage: <http://www.ogs.ny.gov/Core/DSVOBA.asp>.

- (a) Please provide a copy of your firm’ affirmative action policy.

New York State has established a state-wide goal of 6% New York State Service-Disabled Veteran-Owned Business goal. Proposers should identify ways that they might be able to assist the Authority by subcontracting or other means to help achieve the New York State Service-Disabled Veteran-Owned Business goal of 6%. In addition, proposers who are certified as New York State Service-Disabled Veteran-Owned Business should include this information in their proposal. For more information regarding New York State Service-Disabled Veteran-Owned Businesses, please visit the New York State Office of General Services webpage <http://www.ogs.ny.gov/Core/SDVOBA.asp>.

#### **D. Administrative Specifications**

1. All proposals must be irrevocable for 180 days and signed by an authorized officer of the firm.
2. The successful Respondent(s) must agree to provide LIPA with audit access on request during the term of the contract and for 7 years thereafter.
3. LIPA at any time, in its sole discretion, may terminate its contract with the successful Respondent(s), or postpone or delay all or any part of the contract, upon written notice.
4. All Respondents are obligated to update any changes in their proposal prior to the proposal due date.

#### **E. Addenda: Errors and Omissions**

1. If a Respondent discovers any ambiguity, conflict, discrepancy, omission or other error in this RFP, immediately notify LIPA's Director of Procurement Maria Gomes, in writing, of such error and request clarification or modification to the document.
2. Should LIPA find it necessary, modification to the RFP will be made by addenda. Such modifications will be posted on the RFP web site.
3. If a Respondent fails to notify LIPA of a known error or an error that reasonably should have been known prior to the final filing date for submission, the Respondent shall assume the risk. If awarded the contract, the Respondent(s) shall not be entitled to additional compensation or time by reason of the error or its late correction.

#### **F. Debriefing of Unsuccessful Respondents**

Upon written request a debriefing will be scheduled with an unsuccessful Respondent after LIPA has provided notice of its selection of one or more successful Respondent(s). Discussion will be limited to a critique of the proposal submitted by the Respondent requesting the debriefing. Comparisons between proposals or evaluations of the other proposals will not be discussed. Debriefings may be conducted in person or by telephone, at LIPA's discretion.

#### **IX. CONTRACT APPROVAL**

LIPA's selection of one or more successful Respondents shall not be binding until it has been approved by LIPA's Board of Trustees. In addition, any contracts issued pursuant to this RFP shall not be valid, effective or binding until approved by the New York Office of State Comptroller and filed in his office, in accordance with Section 112 of the New York State Finance Law.