



ADDENDUM #1

Date: October 6, 2020

RFP/Bid Title: Financial Advisor

Owner: County of Wake – Tom Wester, Procurement

RFP/Bid No.: 20-082

The following items modify, add, or delete from the Request for Proposal RFP #20-082. Acknowledge receipt of this addendum in your proposal. Failure to do so may result in the disqualification of your bid.

This addendum consists of 4 pages. (8.5 x 11).

1. Regarding submission of the electronic proposal, is there a file size that the County's firewall will not permit? Upon receipt, will County send a confirmatory email to Proposers?

Maximum file size allowed by County is 125MB. Upon receipt of a proposal, County will email receipt confirmation to Proposer.

2. Will the County accept joint proposals?

Per Section 4.4, the County expects each Proposer to indicate which specific services described in Section 1.3 the Proposer will provide directly to County, and which services it proposes be provided by a third-party (if Proposer will not be directly providing all services to County). If not directly providing all services to County, Proposer is expected to provide reference(s) to third-party firm(s) with whom County may elect to separately contract and partner for the specific service(s) Proposer is not directly providing to County. Any reference to third-party firms should be firms with whom the Proposer has previously contracted or engaged in business with performance results meeting or exceeding Proposer's expectation (i.e., "qualified third-party"). However, in any event, County would expect no reference to any third-party firms if Proposer cannot provide qualified third-party referrals.

Per Section 4.7, the County expects each Proposer to indicate an Annual Contract Fee to cover the specific services within Section 1.3 which Proposer intends to directly provide to County. If specific services will not be provided directly to the County by Proposer, the Proposer should provide estimated fees or quotes from qualified third-party firms for those services (notwithstanding Proposer cannot provide reference to any qualified third-party firms). County understands any estimated fees or quotes by a third-party will be separate from Annual Contract Fee submitted by Proposer for services Proposer will be providing directly to County. Such third-party fees or quotes will not be referenced in or binding as result of Annual Contract Fee agreement between County and the selected Firm. County's intent is for each proposal to represent a total cost estimate for all services which County seeks, as described in Section 1.3, even if all services are not to be provided

directly by Proposer. County may separately contract directly with qualified third-party firms, as necessary, to provide any service which the selected Firm will not directly provide to County.

3. Section 1.3.1 states the County's financial advisor should assist in maintaining and updating the County's Excel based comprehensive long-term financial model. Related to this model:

a. Can the County provide a recent copy of the model for Proposers to review its complexity, use of functions, VBA, user interface, etc. so that we may assess necessary staff and resources?

The County will not provide its current Model to Proposers during the RFP process. The County will provide its current Model to the selected Firm. One County expectation for the selected Firm is for the Firm to provide County an Excel based financial Model in which the Firm takes an ownership role. The Firm may elect to (1.) author and create a new and different Model for County use while utilizing County's existing Model as reference, or (2.) take complete ownership of and responsibility for County's existing Model. In either case, the selected Firm will be responsible for the Model's integrity and the accuracy of all formulas and calculations.

The County's current Model has 18 separate tabs divided by purpose or function. There are no calculations or formulas of the current Model which utilize data lookup through interface with separate documents, systems, or platforms. All calculations and formulas are based on data contained within the Model. Data inputs of Model are periodically updated from various documented sources. Write-over access to base assumptions and data inputs of the Model is restricted to a single Manager-level employee within County's Finance Department.

The County's current Model incorporates criteria including, but not limited to:

- i. Base Model assumptions including: Future Property Tax Rate; Future dedicated Capital allocation of Property Tax Rate; Future Property Tax Valuation; Future Revenue neutral Property Tax Rate adjustment factor in revaluation years; Future Property Tax collection rate; Future Sales tax performance; Future rate of return on all County investments; Future assumed carrying cost of Construction Financing issuances; G.O. Bond and LOBs assumed issuance rates for all future respective issuances; G.O. Bond and LOBs assumed amortization term (yrs.) for all future respective issuances;
- ii. Projected total General Fund performance
- iii. Annual debt service requirements through maturity of all existing debt issuances and all future assumed debt issuances (i.e., G.O. Bond; LOBs; Bank Installment Financings; Construction Financings)
- iv. All projected Revenues which support Debt Service Fund (i.e., portion of Property Tax; portion of Sales Tax; portion of State Education Lottery proceeds, etc.)
- v. Assumed annual funding level of County's rolling 7-yr Capital Improvement Program by capital program type
- vi. Assumed annual funding method of County's rolling 7-yr Capital Improvement Program by Paygo or Debt
- vii. Assumed future necessary Property Tax increases
- viii. Assumed strategic use of available excess fund balance in the County's Debt Service Fund, as appropriate
- ix. Monthly draw down projections and periodic scheduled takeout of each future Construction Financing issuance
- x. Tracking of current and future anticipated debt and financial ratios
- xi. Policy Dashboard showing County's current and future anticipated performance of all Debt and Financial policy metrics; assists County to ensure strong bond ratings are not compromised

b. Will the selected Financial Advisor be provided a copy of the existing model?

See answer (3.a.) above.

c. Is the County looking to maintain the existing model or receive a new model? If retaining the existing model, are there modifications that the County seeks to it?

See answer (3.a.) above.

County is wholly satisfied with its current Model. There are no current issues which County seeks to fix or current upgrades which County seeks to make. County does welcome creative ideas and alternative strategies of selected Firm which could improve overall performance, efficiency, or use of the Model.

- d. **Please comment on the County's direct use of the model. For example, does the County wish for the Financial Advisor to be the builder and runner of the model exclusively or does County desire for training so that the County team can also run model if so desired?**

See answer (3.a.) above.

County expects to partner with the selected Firm in jointly maintaining ("running") the Model. This partnership dynamic could manifest itself as: (1.) at request of County, the selected Firm alone updates Model or runs Model scenarios, or (2.*) the County alone updates Model or runs Model scenarios, or (3.) the County, jointly with the selected Firm, updates Model or runs Model scenarios.

*County would expect selected Firm to separately validate the accuracy of County's update and County's interpretation of Model findings.

Designated County staff is fully proficient in the navigation and use of County's existing Model. Should selected Firm elect to provide County a new Model (see answer (3.a.1) above), the Firm is expected to provide County staff the immediate and ongoing training necessary to achieve full proficiency in use of the new Model.

4. What does "third party services" refer to in section 4.5.1?

If Proposer cannot directly provide to County all services referenced in Section 1.3, Proposer is expected to provide reference to third-party firm(s) with whom County may elect to separately contract and partner for specific service(s) not to be provided by Proposer. See also, answer (2.) above.

Please provide an example of existing third-party services the County's current vendor provides.

County's current vendor provides all services referenced in Section 1.3.

A possible example of third-party service would be Arbitrage Rebate in Section 1.3.4.

5. Section 4.5.1 refers to compliance with the Securities and Exchange Act of 1934 and Municipal Securities Rulemaking Board Rules and registration as a Municipal Advisor. Is compliance and registration required for all components of the Scope of Services? For example, must the Arbitrage Rebate Consultant comply with these provisions?

County expects Proposer (as the potential financial advisory Firm to the County), to confirm it follows all rules governing Municipal Advisors and remains fully compliant and in good standing.

County does not expect Proposer to confirm any third-party firm's Municipal Advisor registration status or standing.

6. Who is the County's current arbitrage rebate consultant?

Waters and Company, LLC (Birmingham, AL)

7. Are the arbitrage rebate computations up to date? When were the most recent computations prepared?

Yes, all arbitrage rebate computations are up to date through 6/30/2020.

All other information remains as issued

End of Addendum