

REQUEST FOR PROPOSALS
BOND COUNSEL SERVICES
MADISON METROPOLITAN SEWERAGE DISTRICT
January 8, 2025

The Madison Metropolitan Sewerage District (District) is requesting proposals for bond counsel services in connection with both the issuance of general obligation debt as well as the State of Wisconsin's Clean Water Fund Loan program.

Background and Summary

The District is a public, wholesale wastewater utility created for the purpose of conveying and treating wastewater from the Madison, WI metropolitan area. The District provides service to 24 municipal customers, including cities, villages, town utility districts and town sanitary districts in the area. The District encompasses an area of approximately 188 square miles and currently serves a population of 429,000 people. The District owns and operates 145 miles of pipe and 18 regional pumping stations.

The District's capital improvements plan includes \$290 million in capital expenditures over the 2025-2030 time period, with \$44 million in 2025. This District expects to debt finance approximately 80 percent (\$232M) of its capital projects over this six-year period, with the rest being paid with cash (pay-go). Of the 80 percent that is financed, the District currently expects that 80 percent (\$186M) will be financed through the State of Wisconsin's Clean Water Fund (CWF) revolving loan program, with the remaining 20 percent (\$46M) financed through General Obligation (GO) debt. That proportion may change depending on capacity of the CWF program, pace of the District's capital program, financial markets, or other factors. In recent history, the District has relied exclusively on Clean Water Fund loans to finance its capital projects but is transitioning to using a mix of both CWF loans and GO debt due to limited funding in the CWF program.

Contract Scope, Deliverables, & Term

The purpose of the Request for Proposals (RFP) is to retain qualified bond counsel to provide advice and services related to the authorization and issuance of general obligation debt or CWF loans related to the financing of its capital projects. The District seeks services related to the preparation, authorization, and issuance of that financing to ensure that requirements of Chapter 67.12, Wisconsin Statutes, Federal Regulation 26 CFR Section 150, and any other applicable rules and regulations are met.

Contract Scope

The scope of services under this contract will include:

1. Rendering of opinions regarding the authorization and issuance of municipal obligations including the legality of the obligations and the proceedings under which they were issued, the sources of payment or security for the obligations, whether and to what extent interest on the obligations is exempt from federal and Wisconsin income taxation (if applicable), and the status of the securities with respect to registration requirements under Federal and State securities laws.
2. Reviewing the official statement for the accuracy and adequacy of disclosure documents.
3. Preparing and reviewing of documents necessary or appropriate to the authorization, issuance, sale, and delivery of the bonds, including authorizing resolutions.
4. Consulting on all matters related to the issuance of municipal obligations and related tax and securities issues.
5. Conducting closings on behalf of Issuer.
6. Assisting the Issuer in seeking from other governmental authorities any approvals, permissions and exemptions necessary or appropriate in connection with the authorization, issuance, sale, and delivery of the general obligation debt.
7. Assisting with tax compliance guidance, including:
 - a. Post-issuance compliance requirements
 - b. Advice on private use limitations
 - c. Guidance on arbitrage regulations and rebate requirements
 - d. Support for any IRS examinations or inquiries
 - e. Other related tax matters
8. Providing reimbursement-related services, including:
 - a. Preparing reimbursement resolutions
 - b. Advising on timing requirements and limitations under IRS regulations
 - c. Providing legal guidance on qualified reimbursable expenditures
 - d. Reviewing reimbursement documentation at closing for regulatory compliance
9. Providing training and updates, including:
 - a. Annual updates on relevant law changes
 - b. Staff training on compliance
 - c. Updates on relevant IRS, SEC, state, or other regulatory changes
10. Providing post issuance compliance support, including:

- a. Drafting of model policies to support post issuance compliance
 - b. Training regarding post issuance compliance requirements
11. Other services as may be required in connection with debt to be issued.

Deliverables

Under the scope of the contract, bond counsel shall prepare and deliver the following items to the District as part of each issuance:

1. Resolutions and Core Documents
 - Resolution(s) authorizing the borrowing, providing for the issuance and sale of general obligation promissory notes, and levying a tax
 - Reimbursement resolutions (when needed for specific projects)
 - Tax certificate and agreement
 - Continuing disclosure undertaking
 - IRS Form 8038-G
2. Legal Opinions
 - Bond counsel opinion
 - Tax exemption opinion
 - Any supplemental opinions required by the financing
3. Closing Package
 - Signature and closing requirements list
 - Receipt for general obligation debt proceeds
 - Other standard closing documents
4. Post-Closing Materials
 - Post-closing tax compliance memorandum
 - Transcript of proceedings
 - Completion and filling of required tax forms, e.g. Form 8083

All documents shall be assembled and delivered to the District in a transcript of proceedings within twenty (20) business days of the closing of the transaction. Provide one hard copy of the transcript and one electronic copy.

Contract Term

The initial contract term is three years, with two optional one-year extensions for a potential contract length of five years.

Optional Services

Continuing Disclosure Services

As the District prepares to issue its first general obligation bonds, it will need to establish continuing disclosure procedures to comply with SEC Rule 15c2-12. The District is evaluating various options for obtaining these services, including through bond counsel or its municipal advisor. If your firm provides continuing disclosure services, please describe your capabilities regarding:

1. Initial set-up and training on SEC Rule 15c2-12 requirements
2. Assistance establishing continuing disclosure procedures
3. Annual continuing disclosure review
4. Material event notice identification and guidance
5. Coordination with other professionals (municipal advisor, disclosure counsel) if services are split

RFP Timetable

The RFP timetable is tentative and may be changed by the District at any time.

Target Date	Step	Notes
Wed. January 8	RFP Issuance	
Wed. January 22	Deadline for Respondent Questions	
Fri. January 31	Respondent Questions Answered	Answers will be posted on the District website.
Wed. February 5	Respondent Proposals Due	
Wed. February 12	District Proposal Review Completed	
Thurs. February 13 - 19	District Interviews with Candidates	The District may omit this step if adequate information was obtained from written proposals.
Wed. February 26	District Selection Made and Applicants Notified	Selection and notification may be delayed depending on District staff availability, or may occur sooner if interviews are not needed.
Thurs. March 13	Commission Transaction Approval	The District may omit this step if costs are below the threshold for Commission approval
Mon. March 17	Engagement Begins	Exact date may be adjusted as mutually acceptable to the District and the selected respondent.

Proposal Requirements & Submission Instructions

Proposals for all work described in this RFP are due no later than 5:00 pm CST on February 5, 2025. Please submit your proposal documents in PDF file format by email to

RFP@madsewer.org. Hard copies are not required. Please clearly state “Bond Counsel Services for Madison Metropolitan Sewerage District” in the subject line.

The proposal must address the service requirements described above and shall contain the following information:

1. *Cover Letter* (1 page maximum) – The letter should state the firm’s interest in being considered for the project and include pertinent title, telephone number and e-mail address information for the person authorized to submit and sign the proposal.
2. *Description of Firm Experience* –
 - Describe the firm’s experience with municipal bond issues, particularly:
 - i. Wisconsin Clean Water Fund Program financings
 - ii. General obligation debt for municipal utilities
 - iii. Experience with similar-sized issuers (\$30-50M annual issuance) and experience with public wastewater utilities
 - Describe the firm’s experience providing:
 - i. Staff training on compliance and relevant law or regulatory changes
 - ii. Drafting of model policies to support post issuance compliance
3. *Qualification of Attorney(s)* – Identify of the primary attorneys who will handle the engagement, including:
 - Brief biographical information for key attorneys. Please include a resume of the primary attorney(s) and an indication of the percentage of their practice that is devoted to serving as bond counsel in the area of public finance. In addition, please provide a summary that includes the number of opinions and total par amount of all tax-exempt issues for which the attorney has executed a bond counsel opinion for the calendar years 2022, 2023, and 2024. Identify any additional attorneys that would assist the primary attorney(s), including those providing back-up coverage.
 - Three relevant references from municipal clients, preferably Wisconsin sewer or water utilities or municipalities that have utilized both state revolving fund loans and general obligation bonds.
4. *Fee Proposal* – Provide the following information:
 - a. For Clean Water Fund Program loans:

- State your proposed fee structure as either: a) Flat fee per loan closing, or b) Scale based on principal amount
 - If proposing a scale, provide the complete scale showing fees for loans ranging from \$5 million to \$50 million
- b. For Public Market General Obligation Debt:
- State your proposed fee structure as either: a) Scale based on principal amount, or b) Flat fee plus percentage of par
 - If proposing a scale, provide the complete scale for issues ranging from \$5 million to \$50 million
- c. Comprehensive Cost Examples
- Provide detailed sample costs for:
 - i. \$20 million CWF loan closing
 - ii. \$20 million GO bond issue
 - Each cost example should itemize:
 - i. Base legal fees
 - ii. Any scale adjustments
 - iii. Expected expenses
 - iv. Total all-in cost to the District
- d. Fee Assumptions. State any assumptions underlying your fee proposal, including:
- What constitutes a standard vs. non-standard transaction
 - What circumstances would require additional fees
 - Whether fees include a certain number of drafts/revisions
 - Whether fees include in-person attendance at meetings
 - Any other factors that could affect final fees
- e. Post issuance compliance program support.
- State any fees related to post issuance compliance support, including the drafting of model policies and provision of training, as described in the scope of services section above.
- f. Disclosure Counsel Services (if offered)
- If your firm offers continuing disclosure support, provide your proposed fees for annual service fees and what they include, material event notice fees (if charged separately), and any additional charges not covered above.

5. *Insurance*

- a. Specify the type of malpractice or errors and omissions insurance that your firm carries and the limits of coverage for bond counsel work.

Questions

Potential respondents may submit questions to RFP@madsewer.org, consistent with the schedule above. If questions are received, a document with all questions and answers will be posted to the District's website as noted on the schedule.

Evaluation of Proposals

The award shall be made to the firm determined to be the best qualified by District staff, based on the evaluation criteria set forth below and upon negotiation of compensation determined to be fair and reasonable. If compensation cannot be agreed upon with the best qualified firm, negotiations may be conducted with such other firms in the order of their respective ranking; and the contract may be awarded to the firm then ranked as best qualified.

The proposals will be reviewed and evaluated by a committee composed of District staff. Proposals will be scored based on the following weighted evaluation criteria:

45% -- Qualifications and Experience

1. Qualifications and experience of primary attorney(s) who would be providing bond counsel services to the District. Percentage of practice time devoted to serving as public finance bond counsel. Total par amount of all tax-exempt issues for 2022, 2023, and 2024 for primary attorney.
2. Experience of the firm in providing bond counsel services relating to the Clean Water Fund program.
3. Experience of the firm in providing bond counsel services relating to general obligation bonds.
4. Experience of the firm in providing bond counsel services to Wisconsin wastewater utilities of similar or greater financial size and complexity to the District.

25% -- Cost and Insurance

5. Clarity and acceptability of fee structure and estimated costs, including a detailed fee structure and example costs for a \$20 million general obligation bond offering and \$20 million CWF loan.
6. Clarity and acceptability of the level and type of insurance carried by the firm.

15% -- Client Training and Post Issuance Compliance Support Capabilities

7. Ability to provide initial and ongoing client training.
8. Ability to provide model policies to support post issuance compliance.

15% -- References

9. Quality of references and applicability of reference source to the District's work.

Following the review of proposals, the District may, at its discretion, further evaluate applicants by interviews. All interviews will be remote via the Microsoft Teams platform. Interviews will be scheduled for the period in the timetable above.

Thank you for your interest. Please contact RFP@madsewer.org if you have any questions. We look forward to receiving your proposal.

Sincerely,
Ben Nerad
Budget Officer
Madison Metropolitan Sewerage District
Contact: RFP@madsewer.org

Additional Provisions

Proposal Submission

The District reserves the right to accept or reject any or all proposals and to waive informalities or irregularities in the selection process.

The District will not be liable for any costs incurred by the respondents in replying to this RFP. In addition, the District is not liable for any costs for work or services performed by the selected firm prior to an executed contract.

Equal Employment Opportunity Requirements

In connection with the performance of work for this project and under the related contract, the Proposer agrees not to discriminate against any employee or applicant for employment because of age, race, religion, color, disability, sex, national origin, sexual orientation, gender identity, or other status protected by law. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

Use, Disclosure, and Confidentiality of Information

The information supplied by a Proposer as part of an RFP response will become the property of the District. Proposals will be available to interested parties in accordance with the Wisconsin Open Records Law. None of the proposal responses will be made available to the public until after negotiation and award of a contract or cancellation of the procurement.

To the extent allowed by law, the District will treat trade secrets as confidential (if designated as confidential and submitted separately in a sealed envelope). If a Proposer wishes for a proposal to remain confidential, the Proposer must, before submitting a proposal, establish to the District's satisfaction that the proposal be given confidential status. The District reserves the right to make any final disclosure determinations in accordance with the law. (Note: Pricing information will not be considered confidential.)

Use of the District's Name

Upon entering an agreement, the successful Contractor agrees not to use the name of the Madison Metropolitan Sewerage District in relation to the agreement in commercial advertising, trade literature, or press releases to the public without the prior written approval of the District. The District has the right to enjoin the Contractor from any such use in violation of this provision, and the Contractor shall be responsible for damages and reimbursement of actual reasonable legal fees incurred with regard to legal evaluation and/or legal action taken by the District because of the Contractor's violation of this provision, including fees incurred to obtain an injunction.

Confidentiality

Any data or other information regarding the District's customers, operations, or methods obtained by the Contractor during the course of the project shall remain confidential and shall not be released to third parties without the express written consent of the District.