

**REQUEST FOR PROPOSAL  
TO PROVIDE MUNICIPAL ADVISORY SERVICES  
RELATING TO THE  
RED RIVER VALLEY WATER SUPPLY PROJECT**

**ISSUED BY THE  
GARRISON DIVERSION CONSERVANCY DISTRICT**

**DATE OF ISSUANCE: June 3, 2016**

**RESPONSES DUE: June 24, 2016**

# **REQUEST FOR PROPOSAL FOR MUNICIPAL ADVISORY SERVICES**

## **PURPOSE OF REQUEST**

The Garrison Diversion Conservancy District (“Garrison Diversion”) is requesting proposals for the purpose of retaining a registered Municipal Advisor (“Firm”) to provide financial advisory services relating to the development of the Red River Valley Water Supply Project (“RRVWSP”). All detailed informational needs are outlined in this Request for Proposal (“RFP”).

## **BACKGROUND**

Garrison Diversion is committed to securing a stronger future by providing a reliable, high quality and affordable water supply to benefit the people of North Dakota. Garrison Diversion also aims to provide opportunities for industry, the environment, agriculture, recreation and development of our natural resources. Headquartered in Carrington, North Dakota, Garrison Diversion employs 39 people to develop, operate and maintain facilities out of offices in McClusky, New Rockford and Oakes, North Dakota. Existing facilities include the McClusky Canal, New Rockford Canal, Oakes Test Area and multiple irrigation systems. In addition, Garrison Diversion also assists with O&M of the Snake Creek Pumping Plant and other constructed Garrison Diversion Unit facilities. Garrison Diversion also serves as the fiscal agent (in collaboration with the North Dakota State Water Commission) and is responsible for administering the Municipal, Rural, and Industrial (MR&I) water supply program. This program has \$400 million authorized in federal funding to help water systems deliver quality water to homes, businesses and farms across North Dakota.

The governing structure of Garrison Diversion consists of 28 member counties in North Dakota. Each county elects a director at the general election to serve a four-year term as a member of the Garrison Diversion board of directors and supports the operations of Garrison Diversion by issuing a one-mill levy.

Garrison Diversion traces its roots to the Flood Control Act of 1944 when Congress authorized construction of a number of dams on the Missouri River to aid in flood control, navigation, irrigation and hydropower. The State of North Dakota was promised over a million acres of irrigation as compensation for the 300,000 acres of prime farmland lost to the permanent flood created as a result of the dams and the lost economic benefit that the

farmland generated. Over the years, the Federal government's plan has seen a number of iterations and changes. In 1965, Congress created the Garrison Diversion Unit to consist of the facilities and activities resulting from fulfilling the expanded Federal mandate. The primary focus at that time was to include municipal and industrial water supply, fish and wildlife development, recreation and flood control, along with irrigation of 250,000 acres. Additional changes to Garrison Diversion's focus occurred in the 1986 GDU Reformulation Act.

Most recently, the Dakota Water Resources Act (DWRA) of 2000 authorized the RRVWSP in order to provide a reliable supply of quality drinking water for the Red River Valley. The need for the project arose from the historically drought-prone Red River, which is the primary water supply source for a majority of Eastern North Dakota including the cities of Grand Forks and Fargo. Studies show a severe drought, similar to the one experienced in the region in the 1930s, will likely repeat by the year 2050. When this occurs, water supplies in the Red River Valley would be insufficient, and significant economic harm would be realized in the region. For this reason, the RRVWSP was proposed. The RRVWSP will provide a reliable supplemental water supply for the municipal, rural and industrial needs in the Red River Valley.

The DWRA also mandated the preparation of an Environmental Impact Statement with joint leadership between the federal government and the State of North Dakota. Garrison Diversion was designated by the Governor to represent the State of North Dakota in the development of the RRVWSP. Since the enactment of the DWRA, Garrison Diversion has worked steadily to further develop the RRVWSP and assure a reliable, high quality and affordable water supply for urban, rural and industrial users.

As development of the RRVWSP progressed, the Lake Agassiz Water Authority (LAWA) was formed by the North Dakota State Legislature to coordinate planning efforts and determine the best method to supply the Red River Valley with drinking water for sustainability, long-term growth and development. Where Garrison Diversion represents the State of North Dakota, LAWA represents the local water users of the Red River Valley who intend to utilize the RRVWSP. LAWA works collaboratively with Garrison Diversion to ensure the final project best serves the needs of water users in Central and Eastern North Dakota.

After several attempts at developing a Federal project, the RRVWSP is proceeding as a State and local project. A series of implementation alternatives are currently under development for the State and local project with likely total project costs of approximately \$1 billion over an 8–12 year implementation period. Concurrent with project design efforts, Garrison

Diversion is overseeing financial planning work to outline the financial roles and responsibilities of the project sponsors and end-users. Working in collaboration with Garrison Diversion and its consulting team, it is anticipated that the selected Firm will provide key insights for this financial planning work.

Additional background on Garrison Diversion and the RRVWSP can be found online at [www.garrisondiversion.org](http://www.garrisondiversion.org).

## **INSTRUCTIONS TO FIRMS**

All questions or comments directed to:

Merri Mooridian  
Garrison Diversion Conservancy District  
PO Box 140  
Carrington, ND 58421  
Telephone: (701) 652-3194  
Email: merrim@daktel.com

Ten copies of each proposal should be sent to:

Merri Mooridian  
Garrison Diversion Conservancy District  
PO Box 140  
Carrington, ND 58421  
Telephone: (701) 652-3194

Physical Address: 401 Hwy 281 NE

All responses to this RFP must be received by Merri Mooridian no later than 4:30 p.m. Central Time on June 24, 2016. Responses received after such time will not be opened and will be returned to sender.

Responses should be sent via U.S. mail or courier in a sealed envelope and clearly marked in the lower left corner “Sealed Proposal – Financial Advisory Services.” No faxed or emailed responses will be accepted.

The Financial Advisory Proposal Committee (“FAP Committee”) will review the proposals and notify those Firms it wishes to interview and will establish the times for those interviews. After interviews, the FAP Committee will make a recommendation to both the LAWA and the Garrison Diversion Boards. Garrison Diversion will notify the Firm it selects on or before July 29, 2016 (“Selection Date”). Garrison Diversion will engage in contract negotiations with the selected firm. If the parties cannot reach agreement on the terms of a contract, Garrison Diversion will engage in contract negotiations with the next firm selected.

### **TIME TABLE**

Given the Selection Date, Garrison Diversion anticipates using the following schedule:

June 3, 2016	RFP Issued
June 24, 2016	Due Date for Proposals
July 8, 2016	Interview Selections
July 13 – 22, 2016	Review and Interview by FAP Committee – FAP Committee Recommendation to Garrison Diversion Board on Selection
July 25-29, 2016	Garrison Diversion Board Action on FAP Committee Recommendation

### **RFP EVALUATION CRITERIA**

Garrison Diversion will evaluate all proposals based upon the following criteria:

1. Experience in providing similar services
2. Project team credentials
3. Cost of services
4. Professional references

Each proposal will be independently evaluated on the above criteria by the FAP Committee. After an initial review of the proposals, at least two (2) firms will be invited for in-person interviews with the FAP Committee. After the in-person interviews are completed, the FAP Committee will make a recommendation to both the LAWA Board and the Garrison Diversion Board as to which firm it believes can best provide the financial advisory services to Garrison Diversion. LAWA may make a recommendation to the Garrison Diversion Board. Garrison Diversion will make the final selection and negotiate a contract with the selected firm.

## **TERMS AND CONDITIONS**

- A. Garrison Diversion reserves the right to select more than one consultant to complete this scope of work, to modify the scope of work or to not choose any consultant.
- B. Garrison Diversion reserves the right to request clarification of information submitted or to request additional information or references from one or more applicants.
- C. Any proposal may be withdrawn up until the date and time set forth herein for the opening of the proposals. Any proposals not so withdrawn shall constitute an irrevocable offer, for a period of 90 days, to provide to Garrison Diversion the services set forth in the attached specifications, until one or more of the proposals have been approved by Garrison Diversion.
- D. Any agreement or contract resulting from the acceptance of a proposal shall be on forms either supplied by or approved by Garrison Diversion and shall contain, at a minimum, applicable provisions of the RFP. Garrison Diversion reserves the right to reject any agreement that does not conform to the RFP, proposal or any Garrison Diversion requirements for agreements and contracts.
- E. Garrison Diversion may make requests for certain personnel assignments to its account based upon credentials and professional experience.

## **SCOPE OF SERVICES REQUESTED**

- A. Consistent with current, proposed and future Municipal Securities Rule Making Board (“MSRB”) regulations, the selected Firm will be serving in a fiduciary capacity to Garrison Diversion, and as such, the Firm will not be considered as a provider for credit facilities or underwriting services during the term of its contract with Garrison Diversion. Garrison Diversion desires to execute a contract with a Firm, registered with the MSRB, for an initial term of two (2) years with the option to renew for additional terms at the sole discretion of Garrison Diversion.
- B. In general, municipal advisory services associated with the RRWSP are anticipated to be a 2-stage effort, with the first stage generally described as a planning stage, which generally coincides with the initial 2-year term. Subsequent terms are expected to be associated with the second stage of the work, which generally is expected to coincide with project construction and implementation.

C. Requested municipal advisory services will include, but are not limited to, assisting Garrison Diversion by providing the following:

1. Project planning services relating to timing and structure of project debt issuance.
2. Assist, consult and advise Garrison Diversion in the development of a plan of finance and implementation of such plan for the debt obligations to be issued for Garrison Diversion including and considering:
  - a. Project phasing, capital implementation timelines and implementation scenarios.
  - b. Schedule and anticipated timing of various amounts of State cost-share or loans for the project. Note that the project is currently not expected to be fully financed through outside debt issuances, and it is expected that State cost-share will come in the form of multi-biennia funding that may include both State grants and loans.
  - c. Reviewing debt structures to include both short and long-term obligations, multiple issues and potential refunding issues.
  - d. Coordination between all involved entities including Garrison Diversion, bond counsel, related project consultants and others as required.
  - e. Development of documentation prerequisite to the issuance of debt such as:
    - i. Resolutions/Ordinances authorizing the issuance and sale of debt obligations,
    - ii. Notice of Sale and all related documentation,
    - iii. The Official Statement and, when deemed necessary, Preliminary Official Statement relating to the sale of the obligations,
    - iv. The Purchase Contract(s) between Garrison Diversion and the purchasers of the obligations,
    - v. Presentations to one or more of the nationally recognized credit rating organizations,
    - vi. Develop the broadest possible interest among potential purchasers of the obligations, oversee the actual sale and closing on the obligations issued, including a recommendation by the Firm to accept, reject or renegotiate the proposals, and assist Garrison Diversion in the procurement of various types of professional services required in connection with the issuance of the obligations.

- D. Serve as an Independent Registered Municipal Advisor to Garrison Diversion and uphold its fiduciary duty to Garrison Diversion under applicable Securities and Exchange Commission and any relevant State of North Dakota rules governing such relationship.
- E. Work in a collaborative fashion with Garrison Diversion and its consulting team to provide RRVWSP financial strategies related to the funding and financing of the project. To better understand the collaborative relationship envisioned by Garrison Diversion for the delivery of services requested under this solicitation, please see Exhibit 1 attached.

### **QUALIFICATIONS OF THE FIRM**

The proposal shall contain a description of the Firm including:

1. Size and locations of the Firm's financial advisory services department.
2. A summary of municipal financing projects in the prior three years on which the Firm has provided financial advisory services. The summary shall include a description of the projects, size and type of any issuances included, and the names and telephone numbers of pertinent public officials who may be contacted for references. The summary shall also include the names of the Firm's personnel who were involved in each project.
3. Names and resumes of Firm personnel who would be primarily responsible for providing the financial advisory services to Garrison Diversion.
4. Names and resumes of others in the Firm who may work with Garrison Diversion in conjunction with the primary personnel and/or those who may act as a substitute lead in the absence of the primary personnel.
5. Any other information about the Firm that would be useful to Garrison Diversion in evaluating the proposal.

### **COMPENSATION**

It is anticipated that the selected Firm will work with Garrison Diversion in a phased approach leading up to the time of any actual debt issuance(s) for the RRVWSP. This approach is expected to include an upfront planning period of approximately 2 years of financial consultation, followed by an 8 to 12 year construction period where multiple issuances and refunding issues may be required.



The proposal shall state the method by which the Firm will determine its fee (e.g., a single fee, an hourly rate, some other method) considering the described staging of the scope of work required and the general timeframe for project planning and implementation. If any portion of the Firm's negotiated fee is based on hourly rates, include a listing of the hourly rate for each Firm personnel included in the proposal.

Provide a list of any other direct or indirect expenses that would be part of the Firm's fee.

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# Exhibit 1 – RRVWSP Financial Planning Roles and Responsibilities

\*Other GDCD Consultant Roles  
Performed Under Separate  
Contract/Task Order

