

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

REQUEST FOR PROPOSAL FOR UNDERWRITING SERVICES

Section 1 **General**

1.1 The West Virginia Higher Education Policy Commission (“HEPC”) is seeking investment bankers/underwriters (“Underwriter(s)”) to serve as Senior Manager and/or Co-manager(s) on its planned issuance of two or more series of bonds being issued to refund its outstanding:

- Community and Technical Colleges Capital Improvement Revenue Bonds, 2009 Series A (“2009 Series A Bonds”)
- Revenue Refunding Bonds (Higher Education Facilities), 2007 Series A (“2007 Series A Bonds”), and
- Revenue Bonds (Higher Education Facilities), 2010 Series A (“2010 Series A Bonds”).

HEPC intends to issue one or more series of Community and Technical Colleges Capital Improvement Revenue Refunding Bonds with an approximate par amount of \$60 million to refund its 2009 Series A Bonds (“CTC Refunding Bonds”) and one or more series of Revenue Refunding Bonds (Higher Education Facilities) with an approximate par amount of \$30 million to refund its outstanding 2007 Series A Bonds and 2010 Series A Bonds (“Revenue Refunding Bonds”, with the CTC Bonds (“Bonds”). The CTC Bonds will be secured by pledged lottery revenues and the Revenue Bonds will be secured by education and general capital fees and pledged excess lottery revenues.

Public Resources Advisory Group is serving as Municipal Advisor to the HEPC for this refunding.

1.2 Upon the request of the HEPC and its Municipal Advisor, the selected Senior Manager and Co-manager(s), where appropriate, will:

- a. Provide information on general market conditions and the outlook for refunding bond issues. Perform analysis related to such matters as requested.
- b. Provide information on the structuring of issues including the use of serial and term bonds, redemption provisions, maturity schedules and other structuring options that can impact the HEPC cost and credit.

- c. Participate in the preparation and review of material for the Preliminary and Final Official Statements and other offering documents, as requested.
- d. Provide information on rating agency matters and strategies, if requested, the preparation of material in final form for inclusion in a briefing book for agency communications, a synopsis of their likely concerns, outlines of talking points to be made by presenters and potential questions and answers.
- e. Provide information on the marketability of the proposed Bonds and perform analyses related to the marketing of the bonds, including the benefits of credit enhancement.
- f. Provide details of comparable transactions including spreads to MMD.
- g. Provide and develop traditional cash flow schedules for the refinancing including debt service schedules, sources uses of funds, yield calculations, etc.
- h. Pre-market the Bonds and provide traditional syndicate management services if the firm is selected as a senior manager and provide pre-marketing and sales support if the firm is selected as a co-manager.
- i. Market, sell and distribute the Bonds. Provide information on the pricing including orders by firm, maturity and type. Provide the HEPC a proposal to underwrite the Bonds.
- j. Provide a post bond sale analyses. Provide details of comparable transactions, including performance against MMD. Detail the distribution of the Bonds among members of the syndicate, as well as the allocation of the Bonds among different types of investors.
- k. Perform other tasks consistent with the purpose of the underwriting appointment, including any other service necessary, customary or incidental, to the sale and issuance of the Bonds.

1.3 The following West Virginia Code Chapters are applicable to this issue:

- Chapter 18B, Higher Education, as amended specifically:
 - Chapter 18B, Article 10 of the West Virginia Code.
 - Chapter 18B, Article 1 of the West Virginia Code.

Section 2 Proposal Process

2.1 Submitting Proposals:

2.1.1 Proposals will be received until 3:00 pm, Eastern Standard Time, June 5, 2017. Please submit an original and three (3) copies of the proposal, and one complete electronic copy, on a flash drive, in a sealed envelope or package, clearly marked Sealed Proposal RFP 17140 Bond Refinancing. Deliver proposals by the specified date and time to:

Director of Procurement
West Virginia Higher Education Policy Commission
1018 Kanawha Blvd., E, Suite 700
Charleston, WV 25301

2.1.2 All documents/information submitted in response to this solicitation shall be considered public information, pursuant to the WV Freedom of Information Act.

2.1.3 Communications with employees of the HEPC, the colleges and universities or other representatives of the State concerning this RFP by underwriters or on their behalf, except to the Director of Procurement as provided in Paragraph 2.2, would not be appropriate during the submission and selection process and may result in the disqualification at the sole discretion of the HEPC.

2.1.4 The HEPC will not be responsible for expenses incurred in the preparation and/or presentation of the proposals, or for the disclosures of any material or information received in connection with this proposal.

The HEPC reserves the right to reject any/all proposals, with or without cause, and waive any irregularities as it deems necessary as to the qualifications of any/all proposers. In the event all proposals are rejected, the HEPC reserves the right to re-solicit proposals.

2.2 Questions concerning this RFP:

2.2.1 Questions concerning this RFP must be directed in writing no later than 5:00 PM, Eastern Standard Time, May 24, 2017 to:

Mary Blashford
Director of Procurement
WV Higher Education Policy Commission
1018 Kanawha Blvd., E, Suite 700
Charleston, WV 25301
Fax: 304-558-0259
E-mail: mary.blashford@wvhepc.edu

2.2.2 A response to written questions in the form of an Addendum to the RFP will be posted on the HEPC's website at the following address on or before 4:00 PM, Eastern Standard Time, May 26, 2017:

<http://wvhepc.com/resources/purchasing-and-finance/>

The purpose for submission of written questions is to ensure that all participants receive the same information. All questions and requests for information should include a fax number and e-mail address.

Section 3 Evaluation and Selection Process

3.1 All acceptable proposals will be evaluated by a committee composed of HEPC staff and hired consultants.

3.2 Once the evaluation committee has narrowed the number of proposals for further consideration, telephone conference calls and/or on-site presentations may be required to determine the best qualified firm. The evaluation committee members may make final adjustments in their scoring of the evaluative criteria based upon such calls/presentations. The proposal receiving the highest overall score will be selected.

3.3 Evaluations will be based on overall experience, qualifications and cost. Award will not necessarily be made to the firm submitting the lowest cost.

Section 4 Proposals

4.1 Proposals will be accepted only from entities which are: (a) free from all obligations, interests and regulatory problems which might conflict with the interests of the HEPC and the State of West Virginia; (b) experienced with public finance transactions and have an established reputation for excellence and the ability to successfully transact public finance business; and (c) are able to demonstrate the availability of relevant resources including capital, personnel, quantitative analysis, credit analysis, sales distribution capacity and other professional services necessary in connection with the issuance, structuring, underwriting and sales of the bonds.

4.2 Failure to meet the three criteria listed above will be cause for immediate disqualification of the proposal.

4.3 The HEPC reserves the right to establish the underwriting team.

4.4 Required Components of the Proposal:

4.4.1 Proposals should respond to each of the following requests in the order indicated. Each request should be identified by its own numbered tab within the proposal for ease of reference. The total length of the proposal should not exceed 15 pages (excluding appendices/attachments). Additionally, in a cover letter at the beginning of the proposal, specify whether your firm wants to be considered as a senior manager, co-manager or both and if you are proposing on the CTC Refunding Bonds, Revenue Refunding Bonds or both. Joint proposals will not be accepted. It is

anticipated that the HEPC will select a single senior manager and possibly one or more co-managers for the proposed Bonds.

1. Conflict of interest and adverse legal situation:
 - A. Affirm that your firm and all individuals that will be assigned to this transaction are free from all obligations, interest and regulatory problems that might conflict with the interests of the HEPC and the State other than standard underwriting conflicts.
 - B. Identify all pending litigation or regulatory action, either state or federal, related to public finance in which your firm or any predecessor or associated firm is involved. For each matter state:
 1. Style of the case;
 2. Summary of the nature of the case or claim;
 3. Status of the case or claim (e.g., circuit court, on appeal to the district court, awaiting certiorari, etc.);
 4. Approximate dollar amount involved, if any; and
 5. Improper conduct alleged, if any.
 - C. Disclose any information about your firm that presently, or in the future, could impair your firm's ability to provide the services required for this transaction.
2. Firm's qualifications and experience (20 points possible):
 - A. Describe your firm's senior management experience most relevant to the proposed categories of bonds.
 - B. Indicate the capital position and net excess capital of your firm for the year ending December 31, 2016 and the three preceding years. Provide a link to your firm's latest audited financial statement that reflects your firm's capital position.
 - C. List the amount of tax-exempt bonds for which your firm has served as a senior manager of negotiated transactions for 2017 to date and the three preceding years for (1) West Virginia transactions, (2) lottery revenue transactions, and (3) higher education purposes.
 - D. Provide no fewer than four references from issues concerning your firm's qualifications and experience in higher education financing.
3. Financings team's qualifications and experience (20 points possible):
 - A. Identify all members of your team who will be involved in this transaction.
 - B. Provide their background, relevant experience and their role in the proposed transaction.

4. Marketing (20 points possible):
- Briefly describe your firm's and team's municipal sales and distribution network (retail and institutional) nationally and within the State of West Virginia, including the number of offices, registered representatives, municipal salespersons and municipal traders. Describe how in-state West Virginia investors will be handled.
 - Outline your strategy for distribution (selling) the bonds. Describe your firm's commitment to using capital to underwrite the offering. Cite specific examples and contacts for the transactions listed. Describe your firm's ability to underwrite the issuance of tax-exempt debt under adverse market conditions.
5. Refunding analysis (10 points possible):
- Provide a recommended plan of finance including strategies to maximize the Commission's savings.
 - Describe your firm's quantitative capabilities, particularly as it relates to structuring refunding transactions.
6. Credit/rating analysis (10 points possible):
- Outline your internal analysis of the HEPC's current credit strength, their likely ratings.
 - Describe your firm's recommended rating approach for the Bonds. As part of your response discuss which rating agencies HEPC should request ratings from on the proposed Bonds.
7. Refunding analysis and Underwriting fee (20 points possible):
Provide Separate responses for the CTC Refunding Bonds and the Revenue Refunding Bonds. Provide refunding cash flows based on your firm's proposed pricing scales (requested below) based on market conditions as of COB May 23, 2017. In developing this section of your proposal, please use the following assumptions:

	<u>CTC Refunding Bonds</u>	<u>Revenue Refunding Bonds</u>
Ratings (M/S/F)	A1/AAA/A+	Aa3/A+/-
Refunds	2009 Series A Bonds	2007 Series A Bonds and 2010 Series A Bonds
Closing Date	September 1, 2017	September 15, 2017
Interest Payment Dates	January 1 and July 1	April 1 and October 1
Principal Payment Dates	July 1	April 1
Maturity	July 1, 2039	April 1, 2027
MMD	July MMD	April MMD
COI	\$300,000	\$225,000

Please provide two scenarios – one that generates upfront savings and a second that generates level savings. Please include a summary of the savings from each scenario in your response to this question including:

- Net present value savings
- Average annual savings
- Savings as a percentage of bonds refunded

Your takedowns and interest rate scales should reflect levels at which your firm would, if necessary, be prepared to price and underwrite the bonds as of the above date. Your firm's response must include the following items:

- True Interest Cost percentage,
- Takedowns for each maturity,
- Coupons and reoffering yields for each maturity, and
- Assumed spreads to MMD, Please provide the indicative coupon yields and spreads to MMD as of close of business May 23, 2017. Please include a full 30 year scale for each credit.

In addition, firms should submit a spread proposal expressed in dollars per thousand for the proposed bonds and segregated as to management fee (if any), underwriting, takedown, and expenses, including a not-to-exceed fee for underwriters' counsel services. Please note that the HEPC, State, Bond Counsel, and Disclosure Council will have primary responsibility for preparation of all major documents such as the Preliminary and Final Official Statement and Continuing Disclosure Agreement.

Please provide a set of numbers including sources and uses, bond statistics, bond pricing, bond debt service, summary of refunding savings, savings, escrow requirements, escrow statistics as an Appendix to your firm's response. Your firm's proposed fees and coupon and yield assumption should be reflected in the numbers.

4.5 Set forth any further information or insights that you believe are relevant to consideration of your firm as an underwriter of the bonds (response is optional).

Section 5 Other information

5.1 The HEPC reserves the right to utilize any structures presented in the proposals, even if the proposing vendor is not selected.

5.2 The HEPC reserves the right to reject any and all proposals with or without cause, and to waive any irregularities in the responses received as a result of this request, when such irregularities are not in conflict with WV Code or the HEPC's Purchasing Regulations. In addition, the HEPC reserves the right to make such investigations as it deems necessary as to the qualifications of any and all proposers and to conduct pre-contract negotiations.

5.3 Discussions and interviews may be held with firms under final consideration prior to making a selection for award; however proposals may be accepted without such discussions or interviews.

5.4 In the event that mutually acceptable terms cannot be reached with the apparent successful bidder within a reasonable period of time, HEPC reserves the right to undertake negotiations with the next highest scoring firm without undertaking a new procurement process. The State's WV-96 form is attached to demonstrate the state law and guidelines that must be adhered to in any contracts presented to the HEPC for execution. A copy of additional terms and conditions that a firm wishes to offer for consideration should be enclosed with the proposal. The successful firm must be a registered vendor with the Purchasing Division of the WV Department of Administration.

5.5 Payment of fees and expenses, not to exceed the maximum proposed, will be made upon satisfactory completion of the required services.

5.6 The following is a list of Exhibits that are attached which are applicable to this RFP:

- Exhibit A, Instructions to Bidders
- Exhibit B, Terms and Conditions
- Exhibit C, Agreement Addendum, WV-96
- Exhibit D, No-Debt Affidavit