

WASHINGTON STATE HOUSING FINANCE COMMISSION

REQUEST FOR FEE QUOTATION

for

Single-Family Bond Trustee Services beginning July 1, 2018

Issued: March 1, 2018

Response due: March 19, 2018 by 5:00 pm (PDT)

Five (5) hard copies and one (1) electronic copy by email

Submit Responses to:

Debra L. Stephenson, Senior Controller

Email: Debra.L.Stephenson@wshfc.org

Phone: (206) 464-7139

1000 Second Avenue. Suite 2700
Seattle, Washington 98104-1046

The Washington State Housing Finance Commission (the “Commission”) is issuing a Request for Fee Quotation (“RFFQ”) from qualified institutions to act as bond trustee, disclosure agent, and fiscal agent for our Single-family Mortgage Revenue Bond programs. The Commission intends to enter into a fee agreement with an institution to provide these services for the period of two years, July 1, 2018 – June 30, 2020, with up to five, one-year extensions. Assuming satisfactory performance, it is the Commission’s intention that the appointed trustee selected as a result of this RFFQ will serve in that capacity for the life of the bond issues.

Background

The Commission was created by the Washington State Legislature; Laws of 1983, Ch. 161, codified at chapter 43.180 RCW, as amended (the “Act”) to increase the supply of capital, through the use of mortgage revenue bonds to “participate in federal, state, and local housing programs and thereby make additional funds available at affordable rates to help provide housing throughout the state.” The Commission was given additional authority by the Act to issue non-recourse revenue bonds for 501(c) (3) organizations, tax-exempt industrial revenue bonds for beginning farmers and ranchers, and to finance energy efficiency and energy renewable projects. The Commission also administers the low-income housing tax credit program for the state.

The Commission provides low interest rate loans to first-time home buyers, multi-family developers who agree to set aside a certain amount of the project for low-income persons, and a broad array of nonprofit organizations across the state, including social services, educational, and cultural organizations and providers of housing and residential care services to the elderly.

The Commission also provides access to funding for first mortgages through a taxable, daily-priced To-Be-Announced (TBA) program, in partnership with Hilltop Securities.

The Commission’s fiscal year begins on July 1 and ends on June 30.

Single-Family Mortgage Revenue Bonds:

In 1995, the Commission created its single-family parity indenture, the General Indenture, under which single-family bonds were exclusively issued until December 2009. Bonds totaling \$4.4 billion have been issued under this indenture, with \$398.1 million remaining outstanding at 12/31/2017. The General Indenture was amended and restated in 2010. It remains the primary vehicle for single-family bond issuance.

In December 2009, the Commission created the Homeownership Program Indenture for its issuances under the Treasury Department’s New Issue Bond Program (NIBP). Bonds totaling \$629.5 million have been issued under this indenture, with \$94.3 million remaining outstanding at 12/31/2017.

In October 2012, the Commission created the Special Programs Indentures for other single-family program issuances. One series of bonds have been issued under this indenture, totaling \$26.2 million, with a balance outstanding of \$10.2 million at 12/31/2017

The trustee’s principal contact with the Commission will be Debra Stephenson, Senior Controller. More detailed information on the Commission’s programs as well as our annual report and audited financial statements can be found on our website, www.wshfc.org.

Trustee Responsibilities

In addition to the traditional duties of the trustee, the selected firm(s) will perform additional duties on Single-Family Mortgage Bond transactions including, but not limited to:

- Participate in document sessions to the fullest degree by reading and commenting on documents, and working to ensure consistency among them;
- Follow directions in the Acquisition and Operating Policy;
- Provide the Commission with daily electronic uploads of detailed activities, access to electronic transaction data, and monthly statement reporting for all accounts;
- Provide timely electronic uploads of variable interest rate changes, redemption notices, bond calls and investment purchases and sales for all accounts;
- Act as DTC Settlement Agent for certain Single-Family issues, as needed;
- Comply with all trustee requirements in the bond indentures;
- Provide annual Service Organization Control (SOC 1) report;
- Assist the Commission's auditors and staff in obtaining information as necessary;
- Act as the Commission's continuing disclosure agent;
- Store documents relating to the financing; and
- Perform other duties as may be required by the Commission.

Evidence of insurance:

Please provide your institution's insurance coverage's and limits in relation to your duties as trustee for the following:

Commercial General Liability (CGL) Insurance

Employers Liability ("Stop Gap") Insurance

Within fifteen (15) days of the fee agreement effective date, the selected trustee may be required to furnish evidence in the form of a Certificate of Insurance that the said insurance is in effect. The Commission reserves the right to require minimum limits levels.

RFFQ Information

Quotation Submission:

In addition to one digital version of the response, provided via email, an original and four copies of a quotation must be received by the contact person named below no later than March 19, 2018, at 5:00 p.m. Pacific Time. Quotations may also be submitted electronically to the same person.

RFFQ Process Schedule:

<u>Event</u>	<u>Date</u>
RFFQ Issuance	March 1, 2018
RFFQ Questions by potential offerors	March 8, 2018
RFFQ Answers to questions	March 12, 2018

Due date for quotations	March 19, 2018
Interview notification (if necessary)	March 22, 2018
Interview of selected candidates (if necessary)	April 3—5, 2018
Anticipated selection of Single-Family trustee	April 26, 2018
Agreement executed for Single-Family trustee	May 25, 2018
Start date of services	Upon award with Transition completed by July 1, 2018

The above schedule is subject to change upon notice from WSHFC to all firms to which WSHFC has provided these materials.

Contact Person:

Inquiries regarding the RFFQ and quotations should be submitted to:

Debra L. Stephenson
 Senior Controller
 Washington State Housing Finance Commission
 1000 Second Avenue, Suite 2700
 Seattle, WA 98104-1046
 Phone: 206-287-4465
 Fax: 206-587-5113
debra.l.stephenson@wshfc.org (Subject: Trustee RFQQ Questions)

Evaluation Procedures

Quotations submitted will be evaluated by the evaluating team. The evaluating team will make a recommendation to the full Commission for final selection.

In making its selection, the Committee will consider characteristics including, but not limited to, the following:

- Demonstrated experience administering bonds;
- Demonstrated ability in solving problems in a cooperative and timely manner;
- Demonstrated ability and qualification of personnel assigned to the account;
- Reputation and ability to provide responsive customer service;
- Financial stability of the firm; and
- Proposed costs and fee structure.

The evaluation team may make a selection based upon the RFFQs received and may make their selection without conducting in-person interviews.

Instructions to Offeror

Quotations submitted to the Commission must, at a minimum, contain information on the following topics and shall be organized as follows:

1. *Letter of transmittal*

Please include the following in your letter:

- A. Name, address and telephone number of Offeror;
- B. Signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror;
- C. Date of quotation; and
- D. Contact person for further information or questions regarding the quotation.

2. *Institution and experience*

Please provide a description of your institution (include your rating); and your organization's experience in providing services for single-family bond programs of the type the Commission operates. This includes experience in monitoring any required covenants in bond indentures and variable rate debt hedged with swaps

3. *Service plan*

Please tell us the following about how you propose servicing our account:

- A. Location of office(s) involved and the role of each;
- B. Names and roles of key personnel who would be assigned to our account, including but not limited to the Account Trust Officer;
- C. Specific experience in corporate trust and mortgage revenue bond issues of key personnel including involvement in industry activities, including experiences with working with bank bonds, variable rate debt hedged with swaps, and cross call portfolios;
- D. Describe what you see as the trustee role in the full cycle of a bond issue, beginning with the initial development through final redemption. Please include a brief discussion of the procedures/policies in place that guide how that role is performed. Please assure you include:
 - Document review
 - Day-to-day administration (account set up, depositing assets in funds as directed in indentures, resolutions, acquisition and operating policies, or WSHFC direction, reconciliations, timely and accurate debt service payments)
 - Please specifically include your policies as they relate to disbursements authorized or required by the bond documents
 - Any required compliance monitoring
 - Accurate and timely filing of any required or informational postings to EMMA
 - Provision of transaction and balance information in electronic format to the Commission, financial advisors, quantitative consultants, bond underwriters, bond counsel, tax counsel, disclosure counsel, rebate analysts and independent auditors as directed by WSHFC on daily, monthly or other schedule as needed;
- E. The strategy used for determining appropriate workload, plan for support and backup for primary persons servicing account;

- F. If you are not currently the trustee for our single-family bond issues, explain your ability and experience as the successor of trust services for other comparable portfolios. Include in your explanation a plan for how this trustee transfer procedure will work and an estimated time frame for completion. Include a list of documents you will need for the transition;
- G. Ability to provide day-to-day administration accounts outside of the bond indenture from other funding sources and transact all receipts and disbursements as directed by WSHFC, including deposits, ACH, wire transfers;
- H. Describe your ability and willingness to provide drafts of continuing disclosure filings to the Commission before such filings are made with Electronic Municipal Market Access (“EMMA”), and if applicable, assure that this obligation is included in the fee agreement with the Commission;
- I. Describe any technical advancements you have made that can potentially improve trust operations with WSHFC;
- J. Circumstances under which trustee’s counsel is used and how fees for counsel are recovered.

4. *Systems and technology*

Please tell us about your corporate trust systems and the role technology plays in the administration of your corporate trust duties by describing:

- A. The internal systems you use to administer corporate trust transactions;
- B. Tools or products that you provide to your clients; including the online reporting capabilities;
- C. In detail the types of reports and information available from your online site;
- D. The ability of your clients to download real-time and historical data, and the ability to download and convert information to a usable format (e.g., CSV, Excel), including in a form compatible with Emphasys software; and
- E. The kinds of technical assistance you have provided or are willing to provide to clients seeking to implement electronic data exchange. Include examples, if applicable.

5. *Business Continuity Plan*

Please tell us about your institution’s business continuity plan. Address your firm’s most recent audit report in business continuity terms. Describe whether business continuity was addressed and if so, the auditors’ assessment of your firm’s readiness.

6. *Recent bond issue activity*

Please provide the following information on two recent single-family, and a, non-housing bond transactions (do not use transactions involving the Commission in this summary):

- A. Name of issuer, including contact name and phone number;
- B. Date, type, structure and size of issue (including whether bonds were issued under a parity or stand-alone indenture and if parity, whether the issuer actively cross-calls);
- C. Personnel assigned to the account;
- D. Indicate the number of issues and dollar volume of bonds you have senior managed in this capacity since 2015, include whether bonds were issued under a parity or stand-alone indenture and, if parity, whether the issuer actively cross-calls;
- E. Discuss your firm’s ability to provide the services required and why your firm is best qualified to provide Single-family trustee services to the Commission;
- F. Senior Underwriting Manager, including contact name and phone number; and

G. Any other services, which might have been provided including compliance monitoring, arbitrage calculations, SEC reporting, etc.

7. *Problem and default resolution*

Tell us about your procedures for handling defaults. Please describe a few recent workout situations or defaults that you have administered.

8. *List of references*

Please provide a list of five references, at least three of which are housing related clients.

9. *Fee quotation*

Please submit fee schedules inclusive of all costs for the Commission's Single-family Mortgage Revenue Bond programs assuming your organization was awarded the fee agreement. Please assure you include information regarding types of issues such as pass-through vs traditional bond issues; variable rate hedged with swaps, series minimums, if any, and how trustee counsel fees will be addressed.

10. *Statement of assurance*

Provide a statement of assurance that your firm is not currently in violation of any regulatory agency rules, or if in violation, explain why the violation does not have a material adverse effect on your firm's ability to perform under this contract.

11. *Additional information*

Please include current copies of the following:

- A. Annual audited financial statements;
- B. Annual Service Organization Control (SOC 1) Report or equivalent;
- C. Internal control review and rating of the corporate trust department;
- D. CRA report and rating;
- E. Evidence of Insurances, and
- F. Attachment I – Quotation Certification Statement form provided as part of this RRFQ.

Right to Reject Quotations

- The Commission reserves the right without prejudice to reject any or all Quotations and to waive irregularities;
- The Commission reserves the rights to retain all quotations submitted and use any idea in a quotation regardless of whether that quotation is selected;
- Submission of a quotation indicates an irrevocable acceptance by the Offeror of the conditions contained in this Request for Quotation unless exceptions to specific conditions are clearly and specifically noted in the submitted quotation; and
- The Commission reserves the right to negotiate a final acceptable quotation with one or more Offerors selected by the Commission.

Protest Procedures

Any Applicant showing a substantial economic interest in the award who claims to be aggrieved in connection with the quotation process or quotation award of an agreement under this RFFQ may protest to the Commission but only in accordance with the procedures set forth below. Exhaustion of the protest procedures shall be a condition precedent to any legal action based on or related to the protest.

All protests must be in writing and contain the original signature of the protesting party or an authorized agent. Such protests must state all facts and arguments on which the protesting party is relying as the basis for its action. Copies of a protest against the solicitation must be mailed or hand-delivered to the office of the Commission and must be received by the Commission no later than 5:00 p.m. two (2) business days prior to the date quotations are due if the protest relates to the RFFQ process or any other improprieties in the solicitation which are apparent prior to the quotation submittal date. Filing of such protest does not entitle the protesting party to an extension of time for submitting its quotation.

If the protest involves the proposed award of an agreement or the rejection of a quotation, the protest must be received by the Commission no later than 5:00 p.m. five (5) business day following applicant's receipt of the notice of rejection, whether oral or written, or the announcement of the apparent successful applicant, whichever occurs first. Only those who are eligible to submit a quotation under the criteria established by the Commission may protest the rejection of a quotation.

The Executive Director of the Commission will consider the record and all facts available and issue a decision within five (5) business days of receipt of the protest unless additional time is required, in which case the protesting party will be notified by the Commission. The decision of the Executive Director will be final unless the party (or parties) affected delivers a written request for reconsideration to Karen Miller, Chair, Washington State Housing Finance Commission, 1000 Second Ave, Suite 2700, Seattle, WA 98104-1046, within three (3) business days after receiving the decision. The Chair shall consider all the facts and issue a decision within five (5) business days after receiving the request for reconsideration unless additional time is required, in which case the protesting party will be notified of the delay.

Failure to comply with the deadlines set forth above will result in the waiver of any rights to protest or claim. Nothing in this protest procedure shall be interpreted to require the Commission to suspend agreement award, performance or terminate an awarded agreement.

******THIS PAGE MUST BE COMPLETED, SIGNED AND RETURNED****
PRIOR TO THE QUOTATION CLOSING DATE AND TIME.
FAILURE TO DO SO WILL RESULT IN QUOTATION REJECTION.**

ATTACHMENT I
Quotation Certification Statement

Our quotation, of which this statement is a part, identifies certain staffing fees and compensation for services identified in the Request for a Quotation for Single-family Trustee Services to the Washington State Housing Finance Commission.

The undersigned hereby: a) acknowledges he/she has read and understands all requirements and specifications of this Request for Quotations (including attachments); b) agrees to all requirements, specifications, terms, and conditions contained in this Request for Quotation; c) offers and agrees to perform the services with the staffing identified for the fees and compensation stated; and d) verifies that this quotation shall remain valid for at least sixty (60) day after Commission's March 19, 2018, closing deadline date for Quotations.

(Firm Name)

By: _____
(Typed or Printed Name)