



WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**

REQUEST FOR PROPOSAL

SINGLE-FAMILY INVESTMENT BANKING SERVICES

DEADLINE FOR SUBMISSION:

Monday, December 5, 2016 at 5:00 p.m. Prevailing Pacific Time

1000 Second Avenue, Suite
2700 Seattle, WA 98104-1046
tel: 206.464.7139
fax: 206.587.5113
800.767.HOME
www.wshfc.org

REQUEST FOR PROPOSAL

for

SINGLE-FAMILY INVESTMENT BANKING SERVICES

for

THE WASHINGTON STATE HOUSING FINANCE COMMISSION

ISSUING OFFICER

Lisa DeBrock
Director, Homeownership Division
1000 Second Avenue, Suite 2700
Seattle, Washington 98104-1046
(206) 287-4461
Lisa.debrock@wshfc.org

INTRODUCTION

The Washington State Housing Finance Commission (the “Commission”) is requesting proposals from qualified underwriting firms to provide single-family investment banking services for the period January 1, 2017 through December 31, 2018. Background information, statement of work, information to be included, proposal requirements, proposal evaluation and other contract information are discussed in the information that follows.

BACKGROUND INFORMATION

The Commission currently has a single-family financing team with three underwriting positions: two senior co-managers and one co-manager, with at least one being a regional firm representing retail business in Washington State. The Commission will reserve the final determination concerning the configuration of its housing finance team until proposals are reviewed and interviews, if any, are conducted.

STATEMENT OF WORK (SERVICES TO BE PROVIDED)

The firms selected by the Commission will be expected to provide investment banking services including participation on the single-family finance team to develop and structure each bond issue. The underwriting firms will be responsible for purchasing the Commission's bonds, providing wide distribution of the Commission's bonds and maintaining a secondary market in the Commission's bonds.

In 1995, the Commission created its single-family parity indenture, the General Indenture, under which all bonds were issued until December, 2009. The Commission has, to date, contracted with cfX Incorporated for quantitative services, information, analytical reports, research, yield monitoring and arbitrage calculations on the General Indenture, but not for direct participation in bond structuring.

In December, 2009, the Commission created the Homeownership Program Indenture for its issuances under the Treasury Department's New Issue Bond Program (NIBP). The Senior Managers are providing the quantitative services and other analytical reports and research for the activity of this indenture. cfX is providing arbitrage calculation services only, for this indenture.

The Commission anticipates that future bond issuances will be in its General Indenture.

INFORMATION TO BE INCLUDED IN PROPOSAL

Those firms interested in providing single-family investment banking services to the Commission will limit their written proposals to no more than 15 pages, single-spaced in 12 point font, and include the following information:

1. Please indicate your preference for serving on the Commission's finance team as Senior Manager or Co-manager.
2. If you serve in the capacity of a senior manager or a rotating senior manager for another housing finance agency issuer, please answer the following questions with respect to each such issuer:
 - a. Name the state housing finance agencies where you serve in this capacity.
 - b. References, including names and telephone numbers.
 - c. Indicate whether you served as a sole senior manager or as part of a rotating group, and if rotating, the number of firms in the rotation.
 - d. Indicate the number of issues and dollar volume of bonds you have senior managed in this capacity since 2014, include whether bonds were issued under a parity or stand-alone indenture, and if parity, whether the issuer actively cross-calls.
 - e. Indicate which of these clients are served by the team that will be assigned to the Commission's account.
3. Please describe the services your firm has provided in the role of co-manager on single-family bond issues since July 2014. Provide references for your recent clients including names and telephone numbers. Describe any innovative programs you developed in this area, including

escrow and remarketing approaches. Please give examples of approaches to the issuance of single-family bonds that you have recommended to clients in recent years.

4. Please provide examples from the last two years that demonstrate that your firm has both the resources and the commitment to market and purchase single-family tax-exempt and taxable housing revenue bonds under difficult market circumstances. Briefly describe the ownership and capital structure of your firm. Provide a five-year history of the total capital, equity capital and excess net capital of the firm. Please provide comparative pricing and discount information for any examples versus comparable issues priced at the same time, using the chart on Attachment II.
5. How would you create and maintain a market for the Commission's bonds?
6. The Commission currently does not use the services of a financial advisor as part of its financing team. The Commission wants to be certain that it has all of the necessary information before making crucial decisions with regard to the structure and sale of bonds. Describe how you, as a senior manager or co-manager, would ensure the Commission has the most accurate understanding of the bond market and the trading relationships of the Commission's bonds to the market in advance of the sale (time of structuring), at the time of pricing and post pricing. Include a description of how the information is communicated to your clients and any sample materials you use for other clients so that they know they have received a fair price for their bonds.
7. What quantitative services do you provide your clients? The Commission currently uses cfX Incorporated for quantitative services on its General Indenture. Do you have clients with similar arrangements and, if so, how do you work together and coordinate your joint responsibilities? What bond structuring system do you use?
8. If you are selected as the Senior Manager, please indicate the proposed underwriter compensation for your firm's takedown, management fee, and other expenses using the example of a single-family bond issue below. The Senior Manager will be responsible for running the cash flow models during the structuring process for both Indentures; however, it expects to use cfX as the ongoing cash flow quantitative consultant on the General Indenture. Please include compensation for all underwriters (assume 60% to senior manager)

Issue Size: \$50 million.	\$ Per \$1,000
Management Fee (without use of financial advisor)	\$_____
Management Fee (with use of financial advisor)	\$_____

Net to Underwriter
Takedown/Sales Concession
Expenses (list):

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total	\$ _____

9. Please describe the experience and qualifications of those persons that will be assigned to the Commission’s account. For each person, please provide:
 - a. Their role on the account, specifically identifying the lead contact for the Commission and the person in charge of selling the bonds;
 - b. The percentage of your firm’s work they will provide on the Commission’s account;
 - c. The percentage of their time currently spent on single-family tax-exempt housing finance; and
 - d. Their office location

10. Discuss your firm's ability to provide the services required and why your firm is best qualified to provide single-family investment banking services to the Commission.

11. Please provide information or describe examples of how your firm has participated as a cooperative member of a single family finance team and contributed to the solution of a significant problem encountered by the issuer during the last 2 years.

12. Please provide your experience developing mortgage or MBS warehouse facilities for use prior to the issuance of bonds.

13. Do you have any suggestions for how the Commission can competitively issue its bonds?

14. If you are applying to be the Senior Manager, what steps would you suggest the Commission take to increase retail sales?

15. Describe your firm’s experience and success in reducing costs of issuing bonds.

16. 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.

17. Complete an Attachment I - Proposal Certification Statement form provided as part of this RFP.

EVALUATION PROCESS

A committee appointed by the Executive Director of the Commission will evaluate the proposals received.

Proposals will be evaluated based on the responses to the questions from the “Information To Be Included in Proposals” section of this RFP. Proposals that omit any of these items may be rejected.

The Commission reserves the right to seek clarification of each proposal and the right to negotiate a final contract in its best interest, considering, among other things, cost effectiveness and the level of time and effort required to be invested by the Commission in return for the underwriting services.

The Commission reserves the right to reject all proposals and issue another RFP, or not, at any time.

The Commission may select firms for a formal presentation and interview based upon the recommendation of the evaluation committee.

SELECTION CRITERIA

1. The Washington State Housing Finance Commission will maintain a roster of underwriters qualified to manage or co-manage both single-family and multi-family bond issues. Any firm may apply to have its name placed on the list or removed from the list at any time.
2. The Commission may, at its discretion, retain a senior managing underwriter for a particular issue or for a fixed period of time, not to exceed two years. The Commission may select co-managers from the roster with the advice of the senior managing underwriter for each bond issue. If the Commission elects to contract with a senior managing underwriter for a fixed period, it reserves the right to choose another senior managing underwriter for one or more particular bond issues during the period of the contract.
3. The Commission may terminate the services of an underwriter at any time subject to appropriate notice.
4. In selecting a senior managing underwriter and/or co-managing underwriters, the Commission will consider at least the following, not necessarily in order of priority:
 - Demonstrated technical competence, expertise and innovation.
 - Demonstrated success in structuring and/or marketing housing bond issues.
 - Familiarity with FHA-insured, RHS-insured, and VA-guaranteed housing programs, as well as with privately insured programs.
 - The cost in fees and expenses, as well as cost-effectiveness to the Commission.
 - Reputation for services.
 - Qualifications of the individuals to be assigned to service the Commission.
 - Compatibility of the individuals assigned to work with the Commission and its staff.
 - Accessibility of the underwriter’s personnel to the Commission and its staff.

- Ability to communicate an accurate description of the bond market in advance of a bond sale, at the time of pricing and post pricing.
- The experience and record of the applicant in selling bonds nationally or regionally to either institutional or retail investors.
- The successful participation of the applicant in a selling group on the Commission's bonds.

AWARD NOTICE

After completion and evaluation of all proposals and, if deemed necessary, interviews, the selection committee will tentatively select the firm(s) that will provide investment banking services. A recommendation to award a contract is expected to be made on December 15, 2016 at a meeting of the Board of Commissioners. A final award will be contingent upon successful negotiation of a final contract within thirty (30) calendar days of the announcement of the recommendation. The effective date of the contract will be January 1, 2017.

If the Commission is unable to negotiate a mutually satisfactory contract with its first choice it may, in its sole discretion, negotiate with its secondary choices or cancel and reissue a new RFP.

REQUIREMENTS

1. Date, Time and Location: Interested Proposers must submit their proposals no later than 5:00 p.m. Prevailing Pacific Time on December 5, 2016 via email to:

Lisa.debrock@wshfc.org

NO FACSIMILE (FAX) TRANSMITTED PROPOSALS WILL BE ACCEPTED.

2. Late Submissions: A proposal shall be considered late if received at any time after 5:00 p.m., Prevailing Pacific Time, December 5, 2016. Proposals received after the specified time WILL NOT be given further consideration.
3. Proposal Certification Statement: A proposal certification statement (see Attachment 1) shall be filled out and signed, and accompany each proposal. The certification shall bind the proposer to perform the services for the fees stated in its proposal. Failure to submit a signed proposal certification form will result in rejection of the proposing firm.
4. Modification or Withdrawal of Proposal: Prior to the date and time designated for receipt of proposals, any proposal may be modified or withdrawn by notice to the Commission at the place designated for receipt of proposals. Such notice shall be in writing over the signature of the proposer and shall be delivered on or before the date and time set for receipt of proposals.
5. Written Questions: Questions regarding the information contained in the RFP must be submitted to the Designated RFP contact, Lisa DeBrock, no later than 5:00 p.m. Prevailing Pacific Time, December 5, 2016. All questions must be submitted in writing by e-mail to: lisa.debrock@wshfc.org

and received by the specified date and time. Questions and answers will be available on our website at www.wshfc.org no later than December 5, 2016.

6. There shall be no ex parte communications concerning the selection process between any Proposer and any Commissioner, staff or others aiding in the financial advisory selection process. Any such ex parte communications shall be grounds for disqualifying a proposer. All communications concerning the selection process should be addressed to Lisa DeBrock, Director, Washington State Housing Finance Commission, and (206) 287-4461.
7. In the event it becomes necessary to revise any part of this RFP, addenda will be provided to all proposers who received the original RFP.
8. By submitting a proposal, contractors agree that they waive any claim against the Commission, the State of Washington, and their respective officers, employees, and agents for the recovery of any costs or expenses incurred in preparing and submitting a proposal.

TIME SCHEDULE FOR COMPLETION OF THIS RFP

Proposals Due: Monday, December 5, 2016 at 5:00 PM Prevailing Pacific Time

Anticipated Commission Approval of Selection: Thursday, December 15, 2016

ONCE A PROPOSAL IS SUBMITTED

The Commission reserves the right to retain all proposals submitted. Submission of a proposal indicates acceptance by the interested bidder of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the Agreement between the Commission and the interested proposer selected.

The Commission reserves the right without prejudice to reject any or all proposals and to negotiate a final acceptable proposal with the most qualified interested bidder selected by the Commission.

The Commission shall not be bound to any contract until and unless its authorized representative has executed a written contract with a proposer. The Commission shall not be required to accept any proposal solely on the basis that it contains the lowest price for completion of the work contemplated by this RFP and the Commission reserves the right to negotiate the final contract price.

The contents of this RFP and the proposal of the successful Contractor will become a part of the contract. Failure of the successful proposer to accept these obligations may result in cancellation of the contract.

PROTEST PROCEDURES

All protests, either against the solicitation or the award, must be in writing or contain the original signature of the protesting party or 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 the protest must be mailed or

hand-delivered to the office of the Commission.

The Commission must receive protests against the solicitation no later than 5:00 PM Prevailing Pacific Time two (2) business days prior to the date proposals are due. Filing of a protest against the solicitation does not entitle the protesting party to an extension of time for submitting its proposal.

If the protest involves the rejection of a proposal, the protest must be received by the Commission no later than 5:00 PM Prevailing Pacific Time on the fifth (5th) business day following the interested bidder's receipt of the notice of rejection, whether oral or written, or the announcement of the apparent successful interested proposer, whichever occurs first. Only those who are eligible to submit a proposal under the criteria established by the Commission may protest the rejection of a proposal.

The Executive Director of the Commission will consider the record and all facts available and issue a decision within five (5) business days from 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.

DURATION OF PROPOSAL

An official authorized to bind the proposer to its provisions must sign proposals. For this RFP, the proposal must remain valid for at least 60 days after the deadline date for proposals. Proposals must be accompanied by a completed Attachment I - Proposal Certification Statement stating that the proposal will remain valid for a minimum of 60 days.

INVESTIGATION OF REFERENCES

The Commission reserves the right to investigate the references and past performance of any Proposer with respect to its successful performance of similar services, compliance with the RFP and contractual obligations, and its lawful payment of suppliers, sub-contractors, and workers. The Commission may postpone award or execution of the contract after the announcement of the apparent successful proposer in order to complete its investigation. The Commission reserves the right to reject any proposal at any time prior to execution of a contract.

TRAVEL EXPENSES

If the fee proposal accepted allows for travel reimbursement, such reimbursement to the selected Contractor will be in compliance with the State Travel Policies promulgated by the Washington State Office of Financial Management. No exceptions will be allowed unless the Commission approves specific written arrangements modifying travel reimbursement in advance.

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

ATTACHMENT I
Proposal Certification Statement

Our/my proposal, of which this statement is a part, identifies certain staffing fees and compensation for services identified in the Request for a Proposal for Single-Family Investment Banking 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 Proposal (including attachments); b) agrees to all requirements, specifications, terms, and conditions contained in this Request for Proposal; c) offers and agrees to perform the services with the staffing identified for the fees and compensation stated; and d) verifies that this proposal shall remain valid for at least sixty (60) day after Commission's December 5, 2016 closing deadline date for proposals.

(Firm Name)

By: _____
(Typed or Printed Name)

(Address)

(Title)

(City) (State) (Zip)

(Telephone No.)

(E-mail Address)

(Authorized Signature) (Date)

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

ATTACHMENT II

Single-Family (since July 2014)

Issue	Pricing Date	Size	AMT or Non-AMT	Taxable or Tax-Exempt	Bond Rating	Underwriter's Discount	Par Bid T.I.C.	Scale	Specify if COB, Supersinker
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