



The Washington State  
**HOUSING FINANCE COMMISSION**

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November 2016

## **Request for Financial Advisory Services (Request for Quotations/Qualifications)**

**Washington State Housing Finance Commission  
Multifamily Housing, Sustainable Energy, and Nonprofit Bond Programs**

**Submission Deadline: 5:00 PM, Friday, December 16, 2016**

***The Washington State Housing Finance Commission is a publicly accountable, self-supporting team, dedicated to increasing housing access and affordability and to expanding the availability of quality community services for the people of Washington.***

To Whom It May Concern:

The Multifamily Housing and Community Facilities Division on behalf of The Washington State Housing Finance Commission (“the Commission”) is issuing a Request for Quotations/Qualifications (RFQQ) from qualified financial advisory firms to serve as financial advisors for the programs administered through the Multifamily Housing and Community Facilities Division (“MHCF”) for the period of January 1, 2017, to December 31, 2019. This includes the Multifamily Housing Program which includes Low Income Housing Tax Credits, Beginning Farmer and Rancher and Sustainable Energy, the Nonprofit Housing Program, and the Nonprofit Facilities Program. The Commission is a conduit issuer of multifamily facility and 501(c)(3) bonds and is the designated State allocator of Low Income Housing Tax Credits. It also participates in small loans through various investment programs it oversees.

Background information, submission requirements, evaluation criteria and other contract information concerning this RFQQ are discussed in the sections below.

Firms responding to this RFQQ should indicate each program in which they intend to participate and include relevant experience in those areas in their response. Firms

wishing to provide advisory services for student housing, service-enriched housing, continuing care retirement communities and nursing homes should specifically address these types of transactions in their response.

Firms currently under contract with the Commission must resubmit a response to be considered. The purpose of this RFQQ is to establish a pool of advisors who may be called on by the Commission to participate in policy planning, new program development or to evaluate a specific economic transaction; i.e., (“Special Services”). This pool is also provided to clients in search of a Financial Advisor; however, you need not be part of this pool to participate in a Commission Financing on behalf of a borrower.

## **Background Information**

The Commission issues tax-exempt and taxable bonds on behalf of affordable housing developers, nonprofit organizations and other entities developing housing and nonprofit-owned facilities such as social service agencies, private schools, and museums. It also funds and administers Program Investment Fund (“PIF”) investments such as Capital Plus! a program funding small loans to nonprofits, Manufactured Housing Community Preservation Program, the Land Acquisition Program (“LAP”), and the Sustainable Energy Trust (“SET”) for energy efficiency and renewable energy financings. MHCF is a Commission division that works in partnership with lenders, investors, developers and nonprofit organizations to respond to the low-income housing, housing for seniors, student housing. projects involving energy efficiency or renewable energy as well as projects serving the community needs of Washington’s neighborhoods.

Since the Commission has completed a number of transactions over the years, the Commission does not seek or require financial advisors on most transactions. Generally, the Commission will require a financial advisor for bond issues involving multiple tranches, complex negotiated sales, or specifically required by policy; i.e., high risk financings and certain unrated bond transactions. The Commission may at times require that a borrower employ a financial advisor. The Commission may require a financial advisor to conduct an analysis of current bond issues and past transactions to advise the Commission on the effectiveness of its bond policies. The Commission may also utilize the services of the financial advisor outside of bond issues in program and policy development and analysis.

## **Services to be Provided Through the Contract Period**

At the Commission’s request, a financial advisor may be asked to assist the Commission with analyzing proposed financing programs and new bond structures presented by the finance team, lenders, developers or borrowers. The participating financial advisor would advise the Commission on the feasibility and soundness of the proposals and present alternatives as necessary based on program goals and market conditions.

In addition, a financial advisor for a transaction may be requested to participate in any or all of the following:

- Analyze unrated bond issues for soundness, feasibility, and risk to the Commission.
- Review bond documents and attend special meetings related to bond transactions as required.
- Assist staff and bond counsel in negotiating financial and non-financial covenants of individual bond issues as required.
- Participate in the pricing of fixed rate bond issues sold on a negotiated basis. Prepare a pre-pricing book and consult with the underwriters to establish a pricing scale acceptable to the borrower and the Commission.
- For competitive sales, coordinate the pre-sale publicity, call for bids, evaluate bids, and make recommendations to the Commission regarding the sufficiency of bids and the award of bonds.
- Prepare a report after each bond sale evaluating the performance of the managing underwriters and members of the syndicate in the marketing of the bonds.
- Consult with and advise borrowers on the use of the Commission's programs, and assist borrowers in evaluating and developing financing options, identifying credit enhancement, and selecting lenders and underwriters, if requested.
- Consult with Commission staff and finance team on a regular basis regarding program and policy issues.
- Perform special projects and assignments to assist in the development and evaluation of Commission programs.
- Provide training on matters related to bond financing and project development to Commission staff and clients.
- Other services as requested by the Commission.

The Commission in general passes through its financial advisor fees for individual conduit bond transactions to the borrower. When quoting fees, please distinguish between fees for conduit bond issuance and those to be paid by the Commission for Special Projects.

The Commission may terminate the services of a financial advisor at any time subject to appropriate notice.

At the conclusion of any contract with any financial advisor, the Executive Director may prepare a written evaluation of the firm's performance for inclusion in the Commission's files.

## ***Borrowers***

Borrowers who come to the Commission for financing have a wide range of resources and experience. Some may look to the financial advisor for assistance in planning and evaluating financing options, selecting underwriters and lenders, and securing credit enhancement. Others may have their own independent financial advisors or have sufficient experience and knowledge to feel comfortable evaluating the financing options and proposals from service providers. Because of this, the involvement and level of participation by a Commission-selected financial advisor in bond transactions varies from issue to issue. The Commission reserves the right to limit the use of a financial advisor to certain services, such as participation in and the preparation for pricing calls only.

## ***Conduit Bond Issues***

Typically, the role of the financial advisor in Commission bond issues can be classified into three basic levels of involvement related to the type of bond structure, its familiarity to the Commission, and the needs of the borrower: 1) minimal participation, 2) negotiation of particular financial or non-financial covenants, and 3) substantial involvement in structuring the bond issue and analyzing credit and feasibility issues and helping the borrower select lender and underwriters. The role of the financial advisor in different types of bond transactions is further described below.

### *Minimum Participation*

The financial advisor may be asked to review a particular aspect of a bond transaction that uses structures and documents unfamiliar to Commission staff or provide advice on a limited basis. Hourly billing may be requested.

### *Medium Participation*

The financial advisor may be asked to review bond documents and related documents, such as inter-creditor agreements. For fixed rate transactions the financial advisor may also be asked to participate in the pricing. In preparing your quote for this level of participation, please provide an additional fee quote for participating in pricings only.

### *Substantial Participation*

The financial advisor plays a direct and significant role in structuring the bond issue, preparing documents, and helping the borrower select credit enhancement and underwriters. Unrated bond transactions involving structures and parties new to the Commission programs also fall in this category as do competitive bond sales, pooled transactions and bonds using federal or private insurance.

### ***Special Services***

The Commission may, at its discretion, retain a financial advisor for Special Services, and negotiate a maximum price fee to be paid by the Commission for a fixed period of time, not to exceed the remaining term of the contract.

The Commission may select from its pool of advisors for specific requests. In such cases the selected financial advisor analyzes program proposals and financing structures and makes recommendations to staff. The selected financial advisor also participates in the development and evaluation of new programs, consults with staff on market conditions, and brings staff information on trends and initiatives around the country that relate to Commission activities. The financial advisor may be asked to help provide training and technical assistance to staff and clients related to bond issuance, housing finance programs, programs benefitting nonprofits, energy programs, as well as innovative financing mechanisms that can better serve the Commission's clients and mission.

### **Information to be Included in the Proposal**

1. Please describe your firm's experience during the last two years serving as a financial advisor to issuers of tax-exempt/tax credit bonds. Specify the types of services provided to these clients. Please provide a listing of these clients that the Commission may use as references.
2. Identify the specific individuals who would be assigned to work with the Commission and identify their billable hourly fee. Specify the nature of the work that each person would perform, their related professional experience, and where each person would be located.
3. Discuss your firm's ability to provide the services required and why your firm is qualified to act as financial advisor to the Commission.
4. Discuss your firm's ability to assist the Commission in developing new financing programs.
5. State proposed rates of compensation for your firm's provision of financial advisory services. The proposed fee schedule should include an average hourly fee that will be applied to minimum and/or medium participation in a bond transaction and for Special Services outside of bond issues. Fees for medium and substantial participation in bond issues may be based on a percentage of the bond issue dollar amount unless the Commission has specifically restricted the participation to pricings only. All categories of fees should include a maximum fee per transaction. Expenses may be billed separately and should also include a maximum amount.

Please note: The Commission has a strong preference for financial advisory firms that do not serve as an underwriter of bonds and will give priority to the selection of such a firm, if feasible.

## **Selection Criteria**

In selecting a financial advisor, the Commission will consider at least the following, not necessarily in order of priority:

1. Demonstrated competence, expertise, and innovative ability.
2. Demonstrated success in structuring and/or marketing bonds in the chosen area of expertise.
3. Familiarity with FHA, Section 8, the Low Income Housing Tax Credit Program, and other government and private assistance and financing programs if applying to participate in the housing bond programs.
4. Experience in post year 15 financings for tax credit projects.
5. LIHTC re-syndications
6. Work in energy efficiency and renewable energy (EERE) financing.
7. Financings for nonprofit organizations and applicable loan products
8. Skill and experience in workouts.
9. Reputation for services.
10. Fee proposals that reflect different levels of participation on bond transactions and are commensurate with the nature of the services rendered.
11. Qualifications of individuals assigned to service the Commission.
12. Compatibility of individuals assigned to work with Commission staff.
13. Accessibility of the financial advisor's personnel to the Commission and its staff.

Firms wishing to be considered for specific programs such as Multifamily Housing, Nonprofit Housing (including student housing, service enriched housing for senior populations, nursing homes, CCRCs), Nonprofit Facilities, or Sustainable Energy should indicate their expertise and knowledge in these areas.

## **Evaluation Process**

Responses will be evaluated by a committee appointed by the Executive Director of the Commission based on the responses to the questions included in the **Information to be included** section of this RFQQ.

PDF responses will be accepted. If you choose to mail your response, three copies will be needed. After review of the proposals, the Commission may conduct oral interviews with some or all of the respondents. *Proposals must be received by 5:00 PM Pacific Time on Friday, December 16, 2016 at the office of the Commission.* Proposals shall be mailed or delivered to:

Kate Held  
Program Assistant, Multifamily Housing and Community Facilities  
Washington State Housing Finance Commission  
1000 2<sup>nd</sup> Avenue, Suite 2700  
Seattle, Washington 98104-1046

**No Facsimile (FAX) transmitted proposals will be accepted. However, PDFs emailed to the attention of Kate Held at [kate.held@wshfc.org](mailto:kate.held@wshfc.org) will be accepted, provided the copy shows a signature.**

Proposals must be limited to 12 pages, including attachments. Please do not provide any brochures of your firm. Please limit any references to the pages on the firm's website to four.

The Commission reserves the right to seek clarification of each proposal and the right to negotiate a final contract in its best interest, considering cost effectiveness and the level of time and effort required for the services.

Questions regarding the information contained in the RFQQ must be submitted to the designated RFQQ contact, Lisa Vatske, no later than 5:00 PM Prevailing Pacific Time, December 15, 2016. All questions must be submitted in writing by e-mail to [lisa.vatske@wshfc.org](mailto:lisa.vatske@wshfc.org) on or before the date noted above. Please allow 48 hours for a response.

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.

## **Award Notice**

After completing the evaluation of all proposals, the selection committee will tentatively select the firms that will be eligible to provide financial advisory services for the Multifamily and Nonprofit Housing Programs, the Nonprofit Facilities Program and the Sustainable Energy Program. An announcement of tentative eligibility is expected to be made December 15, 2016, at the Special Meeting of the Commission. At the time, the Commissioners will be asked to delegate to the Executive Director the authority to enter into contract negotiations with the accepted firms. Final awards will be **contingent upon**

**successful negotiation of a final contract within twenty-one (21) days** of the announcement of tentative award. The effective date of the contract is expected to be January 1, 2017 and no later than January 17, 2017 or the date of execution.

## **Requirements**

Prior to the date and time designated for receipt of proposals, any proposal may be modified or withdrawn by notice to the party receiving proposals 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.

## **Rejection of Proposals**

The Commission reserves the right to reject any and all proposals as a result of this RFQQ without liability, and, if doing so would be in the public interest, to cancel this solicitation. The Commission reserves the right to accept a proposal or proposals in whole or in part.

## **Acceptance of Proposal Content**

The contents of this RFQQ and the response of the successful firms will become a part of the respective contracts. Failure of the successful proposer to accept these obligations may result in cancellation of the contract.

The Commission shall not be bound to any contract until and unless its authorized representative has executed a written contract with a contractor. 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 RFQQ, and the Commission reserves the right to negotiate the final contract price.

## **Duration of Proposal**

An official authorized to bind the proposer to its provisions must sign proposals. For this RFQQ, the proposal must remain valid for at least 90 days after the deadline date for proposals, December 16, 2016.

## **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 RFQQ 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 proposal in order to complete its investigation. The Commission reserves the right to reject any proposal at any time prior to execution of a contract.

## **Type of Contract**

Any contract entered into as a result of this RFQQ will be a convenience personal services contract and the most advantageous to the Commission, with price and other factors considered. The state law governing personal services is Revised Code of Washington Chapter 39.29.

As of the date of this letter, 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 communication shall be grounds for disqualifying a proposer. All communications concerning the selection process should be addressed to Kim Herman, Executive Director, Washington State Housing Finance Commission, (206) 287-4427.

## **PROPRIETARY INFORMATION/PUBLIC DISCLOSURE**

Materials submitted in response to this competitive procurement shall become the property of Commission.

All proposals received shall remain confidential until the contract, if any, resulting from this RFQQ is signed by the Executive Director of the Commission and the apparent successful Contractor; thereafter, the proposals shall be deemed public records as defined in RCW 42.17.020.

Any information in the proposal that the Applying Firm desires to claim as proprietary and exempt from disclosure under the provisions of Chapter 42.56 RCW must be clearly designated. The page must be identified and the particular exception from disclosure upon which the Applying Firm is making the claim. Each page claimed to be exempt from disclosure must be clearly identified by the word "Confidential" printed on the lower right hand corner of the page.

The Commission will consider an Applying Firm's request for exemption from disclosure; however, the Commission will make a decision predicated upon Chapter 42.56 RCW and Chapter 44-14 of the Washington Administrative Code. Marking the entire proposal exempt from disclosure will not be honored. The Applying Firm must be reasonable in designating information as confidential. If any information is marked as proprietary in the proposal, such information will not be made available until the affected proposer has been given an opportunity to seek a court injunction against the requested disclosure.

A charge may be made for copying and shipping, as outlined in RCW 42.56.120. No fee shall be charged for inspection of contract files, but twenty-four (24) hours' notice to the RFQQ Coordinator is required. All requests for information should be directed to the RFQQ Coordinator.

## **REVISIONS TO THE RFQQ**

In the event it becomes necessary to revise any part of this RFQQ, addenda will be provided to all who receive the RFQQ.

The Commission also reserves the right to cancel or reissue the RFQQ in whole or in part, prior to execution of a contract.

## **MINORITY & WOMEN-OWNED BUSINESS PARTICIPATION**

In accordance with the legislative findings and policies set forth in Chapter 39.19 RCW, the state of Washington encourages participation in all of its contracts by firms certified by the Office of Minority and Women's Business Enterprises (OMWBE). Participation may be either on a direct basis in response to this solicitation or on a subcontractor basis. However, no preference will be included in the evaluation of proposals, no minimum level of MWBE participation shall be required as a condition for receiving an award, and proposals will not be rejected or considered non-responsive on that basis.

The established annual procurement participation goals for MBE is 10% and for WBE, 4%, for this type of project. These goals are voluntary. Bidders may contact OMWBE at 360/753-9693 or <http://www.omwbe.wa.gov> to obtain information on certified firms.

## **INSURANCE COVERAGE**

The Contractor is to furnish the Commission with a certificate of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below.

The Contractor shall, at Contractor's own expense, obtain and keep in force insurance coverage, which shall be maintained in full force and effect during the term of the contract. The Contractor shall furnish evidence in the form of a Certificate of Insurance that insurance shall be provided, and a copy shall be forwarded to the Commission within fifteen (15) days of the contract effective date.

### **Professional Liability Insurance**

Contractor shall maintain minimum limits no less than \$1,000,000 per incident, loss, or person, as applicable. If defense costs are paid within the limit of liability, Contractor shall maintain limits of \$2,000,000 per incident, loss, or person, as applicable. If the policy contains a general aggregate or policy limit, it shall be at least two times the incident, loss or person limit.

## **Auto Insurance**

The Contractor shall maintain auto liability insurance. Such insurance shall cover liability arising out of "Any Auto."

### **Additional Provisions**

Above insurance policy shall include the following provisions:

- i. Cancellation.** The Washington State Housing Finance Commission shall be provided written notice before cancellation or non-renewal of any insurance referred to therein, in accord with the following specifications: Insurers subject to 48.18 RCW (Admitted and Regulation by the Insurance Commissioner): The insurer shall give the state 45 days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, the state shall be given 10 days advance notice of cancellation. Insurers subject to 48.15 RCW (Surplus lines): The state shall be given 20 days advance notice of cancellation. If cancellation is due to non-payment of premium, the state shall be given 10 days advance notice of cancellation.
- ii. Excess Coverage.** By requiring insurance herein, the state does not represent that coverage and limits will be adequate to protect Contractor, and such coverage and limits shall not limit Contractor's liability under the indemnities and reimbursements granted to the state in this contract.

## **Workers' Compensation Coverage**

The Contractor will at all times comply with all applicable workers' compensation, occupational disease, and occupational health and safety laws, statutes, and regulations to the full extent applicable. The state will not be held responsive in any way for claims filed by the Contractor or their employees for services performed under the terms of this contract.

*Thank you for your interest in working with the Commission.*