



WASHINGTON STATE

HOUSING FINANCE COMMISSION

REQUEST FOR PROPOSAL

SINGLE-FAMILY INVESTMENT BANKING AND UNDERWRITING SERVICES

DEADLINE FOR SUBMISSION:

Tuesday, November 12, 2024 at 5:00 p.m. Prevailing Pacific Time

1000 Second Avenue, Suite
2700 Seattle, WA 98104-1046
tel: 206.287.4400
800.767.HOME
www.wshfc.org

REQUEST FOR PROPOSAL

for

**SINGLE-FAMILY
INVESTMENT BANKING AND UNDERWRITING 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 and underwriting services for the period January 1, 2025 through December 31, 2026, with the option to extend. 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 firms: one senior manager (RBC Capital Markets) and two co-managers (Wells Fargo Securities & Morgan Stanley). The Commission will reserve the final determination concerning the configuration of its housing finance team until proposals are reviewed. The Commission will not conduct oral interviews unless respondents are notified otherwise.

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 are issued, except for a period between December 2009 to 2013. In December 2009, the Commission created the Homeownership Program Indenture for its issuances under the Treasury Department's New Issue Bond Program (NIBP). The Commission also created the Single-Family Special Program Master Trust Indenture in October 2012 and has issued one pass-through series of bonds pursuant to that indenture.

The Commission has, to date, contracted with cfX Incorporated as its municipal advisor with respect to the issuance of municipal securities and/or use of municipal financial products and for transaction recommendations. cfX also provides quantitative services, information, analytical reports, research, yield monitoring and arbitrage calculations on both Indentures.

The Commission anticipates that future bond issuances will be through its General Indenture. The Commission has limited volume cap at the present time, but started issuing taxable bonds in 2023 to help supplement its "to be announced" (TBA) Home Advantage program. It expects to issue approximately \$209 million in single family mortgage revenue bonds in 2024 and expects similar or reduced levels of single family bond issuance(s) next year.

INFORMATION TO BE INCLUDED IN PROPOSAL

Those firms interested in providing single-family investment banking and underwriting services to the Commission should limit their written proposals to no more than 10 pages (including Attachment I), 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 2022, 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 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.
4. Describe the steps your company has taken to further diversity, equity, and inclusion.
5. Please include a copy (or a link) of your firm's most recent audited financials. The Commission requires that its underwriters meet the following minimum Net Capital requirements:
 - a. Senior Manager - \$100 million
 - b. Co-Manager - \$10 million
6. Please provide examples from the last two years that demonstrate 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 (including examples of unsold balances underwritten). How does your firm commit capital to public finance activities? How much capital has been committed to the municipal housing arena since January 1, 2022?
7. Briefly describe the ownership and capital structure of your firm. Discuss your firm's ability to provide the services required and why your firm is best qualified to provide single-family investment banking and underwriting services to the Commission.
8. 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.
9. The Senior Manager will be responsible for coordinating the proposed deal structure for each new bond issue with cfX who will monitor and advise on the ongoing cash flows. If applying as Senior Manager, please show the last three single-family senior managed takedown and fees that your firm charged and indicate the proposed underwriter compensation for your firm's takedown, management fee, and other expenses using the example of a \$100 million single-family bond issue in the table below. Please include compensation for all underwriters. Please also provide this information in a table assuming an \$80 million fixed rate tax-exempt deal with a \$20 million PAC, and another table assuming \$80 million deal with \$20 million variable rate tranche.

Issue Size: \$100 million. \$ Per \$1,000 bond

Management Fee \$ _____

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

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

Please sign and date proposal AFTER the bid page.

EVALUATION PROCESS

Please keep your response to 10 pages (including Attachment I) as described above. Audited Financials are not included in the 10 page total and you are welcome to send a link. Please do not submit extra marketing materials of any kind. 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 any and all proposals and to issue another RFP, or not, at any time.

MINIMUM QUALIFICATIONS

1. The Contractors/Bidder must be licensed to do business in the state of Washington.
2. The underwriting firm must satisfy the following Net Capital requirements in order to be considered:
\$100 million for Senior Manager
\$10 million for Co-Manager

SELECTION CRITERIA

The Washington State Housing Finance Commission will select a roster of underwriters qualified to manage or co-manage single-family bond issues.

1. 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, with a potential for two one-year extensions. The Commission may select co-managers from the roster based on past performance with the advice of the municipal advisor and 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 bond issues during the period of the contract.
2. The Commission may terminate the services of an underwriter at any time subject to appropriate notice.
3. 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:
 - The cost in fees and expenses, as well as cost-effectiveness to the Commission.

- Proposer’s capital adequacy and ability to underwrite bonds
- Reputation for services.
- Proposer’s demonstrated commitment to diversity, equity, and inclusion.
- Qualifications of the individuals to be assigned to serve 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.
- The experience and record of the proposer in selling bonds nationally or regionally to institutional and/or retail investors.
- The successful prior participation of the proposer in a selling group for the Commission’s bonds.

AWARD NOTICE

After completion and evaluation of all proposals the Commission will then select the firm(s) that will provide investment banking and underwriting services. A recommendation to award a contract is expected to be made on December 12, 2024 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, 2025.

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 November 12, 2024 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, November 12, 2024. 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 completed, signed, and accompany each proposal. The certification shall bind the proposer to perform the services for the fees stated in its proposal or as subsequently mutually agreed by the Commission and the proposer. 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 11:00 am. Prevailing Pacific Time, October 31, 2024. 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 answered at the Pre-Bid conference and available on our website at www.wshfc.org no later than November 4, 2024.
6. As required by State contracting guidelines, the Commission will hold a Pre-Bid conference at 10:00 am Prevailing Pacific Time on Friday, November 1, 2024. The Commission will answer pre-submitted questions at the Pre-Bid conference. Attendance at the Pre-Bid conference is not required to submit a bid. The Zoom link for the Pre-Bid conference is:

Zoom Meeting

<https://us02web.zoom.us/j/87157678922>

Meeting ID: 871 5767 8922

One tap mobile

+12532050468,,87157678922# US

+12532158782,,87157678922# US (Tacoma)

7. There shall be no ex parte communications concerning the selection process between any Proposer and any Commissioner, staff or others aiding in the underwriter 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, Homeownership Director, Washington State Housing Finance Commission, and (206) 287-4461.
8. 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.
9. By submitting a proposal, proposers 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 or for participating in an interview.
10. By submitting a proposal, a proposer agrees that, if selected (a “Contractor”), it shall comply with the following State-required non-discrimination provisions:

Nondiscrimination Requirement. During the term of this Agreement, Contractor, including any subcontractor, shall not discriminate on the bases enumerated at RCW 49.60.530(3). In addition, Contractor, including any subcontractor, shall give written notice of this nondiscrimination requirement to any labor organizations with which Contractor, or subcontractor, has a collective bargaining or other agreement.

Obligation to Cooperate. Contractor, including any subcontractor, shall cooperate and comply with any Washington state agency investigation regarding any allegation that Contractor, including any subcontractor, has engaged in discrimination prohibited by this Agreement pursuant to RCW 49.60.530(3).

Default. Notwithstanding any provision to the contrary, the Commission may suspend Contractor, including any subcontractor, upon notice of a failure to participate and cooperate with any state agency investigation into alleged discrimination prohibited by this Requirement, pursuant to RCW 49.60.530(3). Any such suspension will remain in place until the Commission receives notification that Contractor, including any subcontractor, is cooperating with the investigating state agency. In the event Contractor, or subcontractor, is determined to have engaged in discrimination identified at RCW 49.60.530(3), the Commission may terminate the engagement in whole or in part, and Contractor, subcontractor, or both, may be referred for debarment as provided in RCW 39.26.200. Contractor or subcontractor may be given a reasonable time in which to cure this noncompliance, including implementing conditions consistent with any court- ordered injunctive relief or settlement agreement.

Remedies for Breach. Notwithstanding any provision to the contrary, in the event of termination or suspension of the engagement for engaging in discrimination, Contractor, subcontractor, or both, shall be liable for contract damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, which damages are distinct from any penalties imposed under Chapter 49.60, RCW. The Commission shall have the right to deduct from any monies due to Contractor or subcontractor, or that thereafter become due, an amount for damages Contractor or subcontractor will owe the Commission for default under this provision.

TIME SCHEDULE FOR COMPLETION OF THIS RFP

Last Questions Accepted :	Thursday, October 31 st , 11:00 am Prevailing Pacific Time
Pre-Bid Conference:	Friday, November 1, 2024, 10:00 am Prevailing Pacific Time
Last Q&A Posted:	Monday, November 4, 2024
Proposals Due:	Tuesday, November 12, 2024 at 5:00 pm Prevailing Pacific Time
Virtual Interview:	The week of November 25 th and December 2, if determined necessary at the sole discretion of the Commission
Anticipated Commission Approval of Selection:	Thursday, December 12, 2024

ONCE A PROPOSAL IS SUBMITTED

The Commission reserves the right to retain all proposals submitted. Submission of a proposal indicates acceptance by the interested proposer 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 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 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.

Protests must be received by the Commission no later than 5:00 pm Prevailing Pacific Time on the fifth (5th) business day following the interested proposer'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. 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.

******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 and Underwriting Services to the Washington State Housing Finance Commission.

The undersigned hereby: a) acknowledges he/she has read and understands all requirements and proposer's 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 verifies that this proposal shall remain valid for at least sixty (60) day after Commission's November 16, 2022 submission deadline date for proposals.

(Firm Name)

By: _____
(Typed or Printed Name)

(Address)

(Title)

(City) (State) (Zip)

(Telephone No.)

(E-mail Address)

(Authorized Signature) (Date)