

OFFICE OF THE STATE TREASURER STATE OF WASHINGTON



REQUEST FOR QUALIFICATIONS & REQUEST FOR PROPOSALS FOR UNDERWRITING SERVICES

APRIL 12, 2019

LETTER OF INTENT: DUE BY 4:00 PM PDT, APRIL 19, 2019
QUESTIONS: DUE BY 4:00 PM PDT, APRIL 24, 2019
PROPOSALS: DUE BY 4:00 PM PDT, MAY 3, 2019

Office of the State Treasurer
State of Washington
Request for Qualifications &
Request for Proposals
for
Underwriting Services

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I. PURPOSE FOR THIS REQUEST FOR QUALIFICATIONS (RFQ) AND REQUEST FOR PROPOSALS (RFP)

The State of Washington acting through the Office of the State Treasurer (OST) is seeking:

- A. statements of qualifications from investment banking firms interested in providing underwriting services to the State in response to the RFQ, and
- B. proposals to provide underwriting services for a potential bond sale in response to the RFP.

Responses to the RFQ will be used to establish a pool of underwriters qualified to act as Senior Manager, Co-Manager, or Participant in the issuance of State debt and other financial obligations.

Concurrently with the RFQ, OST is soliciting responses to an RFP to provide underwriting services in connection with a potential forward delivery refunding of State general obligation bonds. Underwriters for subsequent transactions will be selected competitively through an RFP process directed to firms in the pool established by this RFQ.

Unless otherwise necessary to minimize the costs and risks of borrowing, it is the State's general policy to issue its general obligation bonds and certificates of participation (COPs) with fixed interest rates, by competitive bid. The State may elect not to negotiate bond issues; consequently, underwriting services from the pool may not be used. As such, selection of underwriters through this RFQ/RFP process does not guarantee that the services of any or all firms in the pool will be used.

Appointment to the pool of underwriters will be for an initial period that commences on July 1, 2019 and expires on June 30, 2023 (approximately four years), unless the State deems it necessary to modify the appointment period. The initial appointment period may be extended for an additional period, or periods, at the discretion of OST. The State reserves the right to terminate the underwriting pool at any time.

No contractual relationship will exist between the State and firms selected through this RFQ/RFP process. Contractual relationships will occur only upon the negotiated sale of bonds or COPs, and will take place through a Bond Purchase Contract, the form and content of which is subject to approval by the State. Costs incurred by firms responding to this RFQ/RFP will be borne by the respondents.

OST encourages bids from minority and women owned businesses, and veteran or service member owned businesses.

II. INFORMATION ABOUT THE STATE

The State periodically sells Various Purpose General Obligation Bonds (VP GOs), Motor Vehicle Fuel Tax General Obligation Bonds (MVFT GOs), and COPs. When and if market conditions allow, refundings of outstanding bonds and COPs will be considered.

The State may also issue general obligation bonds first payable from toll revenues, standalone toll revenue bonds, lease revenue bonds (63-20 Structure), and potentially other types of obligations.

Information about the State's debt issuance plans and policies may be found in the State's most recent Official Statement, available at <https://emma.msrb.org/>, and in the State's 2019 Debt Affordability Study and Debt Issuance Policy, both available at <https://www.tre.wa.gov/>.

III. SCOPE OF SERVICES

Underwriting services to be provided in connection with this RFQ/RFP may include:

- Providing on-going suggestions and analysis regarding optimal financing strategies, structuring, sizing, timing, debt financing techniques, and opportunities;
- Assisting in the development of financial plans and models for specific projects;
- Assisting in the preparation of disclosure documents and rating agency/investor presentations;
- Assisting in developing effective investor outreach strategies;
- Keeping the State apprised of regulatory developments, as appropriate;
- Keeping the State apprised of federal funding opportunities; and
- Acting as Senior Manager, Co-Manager, or Participant for specific debt issues.

IV. LETTER OF INTENT

Firms are required to submit an e-mail to OST indicating their intent to respond to this RFQ/RFP by **4:00 PM PDT, April 19, 2019**. Letters of Intent shall be submitted electronically (a simple email is sufficient) to DMRFP@tre.wa.gov. Only firms that timely submit a Letter of Intent will directly receive OST's written response to inquiries and other information issued by OST regarding this RFQ/RFP. Failure to submit the Letter of Intent shall result in elimination from further consideration.

V. INQUIRIES

Questions regarding this RFQ/RFP must be addressed only to Jason Richter, in writing, at Jason.Richter@tre.wa.gov. Firms shall not approach any other OST employee or financial advisor of OST regarding this RFQ/RFP. Nothing herein precludes firms from contacting any OST employee or financial advisor on matters not related to this RFQ/RFP.

All questions from firms concerning this RFQ/RFP must be received by Jason Richter by **4:00 PM PDT, April 24, 2019**. Written responses will be distributed to all firms that have timely submitted a Letter of Intent as provided above. This RFQ/RFP and any subsequent written announcements will be posted on the website of the Office of the State Treasurer (www.tre.wa.gov/rfq-rfp/).

VI. SUBMISSION REQUIREMENTS

Responses to the RFQ/RFP should be limited to no more than ten (10) pages (excluding a single cover page, a cover letter, table of contents, and up to five (5) pages as appendices), 8½ x 11-inch page size and single spaced, with font sizes no smaller than size 11, and margins at least at 0.75 inches. In total, the length of the submittal (pdf) is limited to no more than 18 pages.

Any information provided to the State in response to this RFQ/RFP is subject to public disclosure pursuant to the State's public records laws as defined in Chapter 42.56 of the Revised Code of Washington (RCW).

Submission of the RFQ/RFP will be accepted by e-mail only. No paper submittals will be accepted.

SCHEDULE (Subject to change)

April 12, 2019		Distribution of RFQ/RFP
April 19, 2019	4:00 PM PDT	Deadline to submit Letter of Intent
April 24, 2019	4:00 PM PDT	Deadline to submit questions relating to RFQ/RFP
May 3, 2019	4:00 PM PDT	Deadline to submit responses to RFQ/RFP

By submitting a response to this RFQ/RFP, the submitting firm unequivocally acknowledges that it has read and fully understands this RFQ/RFP, and that the firm has asked questions and received satisfactory answers from OST regarding any provisions of this RFQ/RFP with regard to which the firm desired clarification.

OST may cancel or re-advertise this procurement, including rejecting any submitted responses, at its discretion at any time in the process. By submitting a response to this RFQ/RFP, the firm agrees to be bound by the requirements outlined in this RFQ/RFP.

Responses that are incomplete or received after the deadline will not be considered. However, the State reserves the right to consider responses that contain only minor variances from the required content. Please send your RFQ/RFP response to Jason.Richter@tre.wa.gov and DMRFP@tre.wa.gov with the subject line “State of WA – Response to 2019 RFQ/RFP – [name of your firm]”.

VII. RESPONSE CONTENT

The response should address the following questions, with the question header or question reproduced before each response.

A) Cover Letter**B) RFQ Questions****1. Firm Overview**

- a) Please indicate the role or roles (senior managing underwriter, co-managing underwriter, or selling group member) for which your firm would like to be considered. Briefly describe your firm’s qualifications to serve in such a role.
- b) Discuss your firm’s commitment to public finance. Include the number of staff members currently assigned to public finance investment banking, underwriting, sales, and trading. Are there material changes expected to these assignments in the foreseeable future?
- c) If applicable, please indicate if your firm is a minority-owned, women-owned, and/or service disabled veteran-owned business.

2. Team

- a) Identify i) the person or persons within your firm who will act as lead banker(s) and ii) other key personnel assigned to the State. Confirm that key personnel will be able to attend meetings in person in Olympia and/or Seattle, as necessary.

- b) For each team member, please provide relevant biographical information in an appendix. For the lead banker(s), please provide three references.
- c) In the format below, list five negotiated debt issues *in which the lead banker(s)* participated since January 2016.

Issuer	Sale Date	Firm Role	Lead Banker Role	Par Amount (\$ millions)	Bond Type

- d) Please indicate if any proposed team members have been censured or fined by any state or federal regulatory agency or self-regulatory organization for improper, fraudulent, disreputable or unfair activities related to the sale or underwriting of municipal securities and products.

3. State of Washington Experience -- Support for the State’s competitive sales

List the firm’s participation in bidding (either as a primary underwriter or as a participant in a syndicate) for the State of Washington’s bonds and COPs in competitive sales since January 2016.

Series	Par Amount (\$ millions)	Winning Bid	Primary or Member of Syndicate	If member of syndicate list Primary Underwriter

4. Sales and Marketing Capabilities

- a) Describe the depth and breadth of your firm’s retail and institutional municipal securities marketing efforts both nationwide and in the State of Washington.
- b) Provide a summary of the largest holders of the State’s VP GOs and MVFT GOs. Have any investors made significant changes in their positions in the State’s debt over the past two years?
- c) Describe your firm's approach to and suggestions for improving investor outreach.

5. Retail Sales Strategy

Provide your firm’s proposed strategy for marketing the State’s VP GO and MVFT GO bonds to retail investors, as part of a standard negotiated issuance.

6. Transportation Finance Strategies and Experience

- a) The State may pursue selling additional triple pledge bonds (bonds backed by toll revenue, MVFT, and the GO pledge). Please discuss the most cost effective way to leverage toll

revenues in the current market. Note your firm’s experience underwriting toll revenue supported projects.

- b) The State effectively accessed the TIFIA program for a portion of the SR 520 project in 2012. Discuss any recent changes to the application process and/or the security provisions associated with the TIFIA loan process.
- c) Please discuss any other transportation financing issues that you believe the State should consider.

7. Other Financing Suggestions, including P3 and 63-20

Briefly discuss any other financing structures or considerations that your firm recommends for the State.

C) RFP Questions -- Forward Delivery Refunding

8. Refunding Strategy

The State is interested in potentially including a forward refunding component to its upcoming summer / fall 2019 GO sale. Assuming an August 2019 sale date, what refunding strategies should the State consider? Please provide your recommended structure, and discuss the pros and cons of the approach. Include information on added disclosure and/or bond purchase agreement requirements, risks, cost of the forward delivery, timing considerations relative to new money bond sales, and break-even compared to waiting for a current refunding, if applicable.

9. Fees and Expenses

Based upon your recommended structure in question #8, provide your firm’s proposed underwriting fees and expenses. Please detail each of the following elements: i) takedown by maturity; ii) expenses itemized, including underwriter’s counsel fee; iii) marketing expenses (itemized by category); iv) any other fees; and v) total average takedown.

10. Syndicate Composition

Assuming a forward refunding, describe your firm’s recommended syndicate composition and suggested approach to compensation (“group net” or “net designated”).

11. Underwriter's Counsel

List three law firms and their respective counsel that you recommend for the role of underwriter's counsel.

12. Engagement Disclosure

Please disclose:

- a) names of any persons or firms, including but not limited to, attorneys, lobbyists, and public relations firms that your firm engaged to promote your firm’s selection by the State;

- b) names of any persons or firms from whom your firm received or may receive, directly or indirectly, any remuneration arising out of or relating in any way to your firm’s relationship with the State, including but not limited to remuneration for promoting such persons or firms for selection by the State; and
- c) the existence and nature of any agreements by and between your firm and any other professionals that relate to a particular State financing or to the State’s financing programs in general.

VIII. SELECTION CRITERIA

Selection criteria will include:

- a) Response to this RFQ/RFP;
- b) Demonstrated ability to manage a number of firms in a complex financial transaction;
- c) Demonstrated ability to structure an issue of debt efficiently and effectively;
- d) Demonstrated ability to sell state debt to institutional and retail investors;
- e) Demonstrated willingness to put capital at risk by bidding competitively or previously underwriting prior sales of Washington State debt and other financial obligations;
- f) Quality and applicability of financing ideas;
- g) Experience and reputation of assigned personnel; and
- h) Proposed fees and expenses.