

Texas Public Finance Authority

REQUEST FOR PROPOSALS FOR FINANCIAL ADVISOR SERVICES

RFP No.: 347-16-0032

RFP Issue Date: January 13, 2016

Proposals Due: 2:00 p.m. CST, January 29, 2016

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FINANCIAL ADVISOR**

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PURPOSE

The Texas Public Finance Authority (the “Authority” or “TPFA”) seeks proposals in response to this Request for Proposals (“RFP”) from firms with the qualifications and experience required to provide financial advisory services to the Authority. This RFP is issued for the purpose of obtaining financial advisory services to assist the Authority during the remainder of the 2016-2017 biennium, beginning on or about February 15, 2016, and ending August 31, 2017, or, at the option of the Authority, through August 31, 2019. Based on consideration of the responses to this RFP, the Authority’s Board of Directors may either: (1) select one or more firms with which to contract for all bond matters; or (2) pre-qualify firms eligible to be selected for a contract for specific bond issues, on a transaction by transaction basis. The Authority has determined that this solicitation does not provide subcontracting opportunities.

It is the policy of the Authority to make a good faith effort to include participation of Historically Underutilized Businesses (“HUB”) certified firms in its contracts. A HUB is a for profit business that meets the requirements of Tx. Gov’t Code, Chapter 2161 and administrative rules of the Texas Comptroller of Public Accounts in 34 TAC Chapter 20, Subchapter B. (For further information on the State's HUB program, please refer to <http://comptroller.texas.gov/procurement/prog/hub/>.) In order to best comply with the Authority's HUB policy, the Authority may select, from firms responding to this RFP, one or more firms to serve as co-financial advisor.

HISTORY OF THE AUTHORITY’S FINANCING PROGRAMS

The Authority (formerly the Texas Public Building Authority) was created in 1983 by the 68th Texas Legislature. The Authority is authorized to issue revenue bonds and general obligation bonds for the State of Texas to provide funding for the purposes as specifically authorized by the Legislature. The Authority has issued revenue and/or general obligation bonds for the following state agencies: Department of Agriculture, the School for the Blind and Visually Impaired, the Texas School for the Deaf, the Texas Facilities Commission (formerly the Building and Procurement Commission), the Department of Criminal Justice, certain health and human services agencies, including the Health and Human Services Commission, the Department of State Health Services, and the Department of Aging and Disability Services, the Historical Commission, the Texas Juvenile Justice Department (formerly the Texas Juvenile Probation Commission and the Texas Youth Commission), the Texas Military Department (formerly Adjutant General’s Department and Texas Military Facilities Commission), the Texas Military Preparedness Commission, the Texas National Research Laboratory Commission (the agency responsible for the State’s share of the construction of the Superconducting Supercollider), the Texas Parks and Wildlife Department, the Department of Public Safety, the State Preservation Board, the Texas State Technical College System, the Texas Department of Transportation, the Texas Workers’ Compensation Fund, the Texas Workforce Commission, Midwestern State University, Stephen F. Austin University, and Texas Southern University. In addition, the Texas Legislature authorized the Authority to issue debt on behalf of the Texas Windstorm Insurance Association.

The Authority currently administers three commercial paper programs: the Master Lease Purchase Program, which is primarily for financing equipment acquisitions; a general obligation commercial paper program (Series 2008) for certain general state government construction projects; and a general obligation commercial paper program for the Cancer Prevention and Research Institute of Texas (CPRIT Series A & B).

In 2003, the Authority created a nonprofit corporation, the Texas Public Finance Authority Charter School Finance Corporation, to finance projects for eligible charter schools pursuant to Chapter 53 of the Education Code. Staff of the Authority provides administrative support to the corporation pursuant to contract.

DIRECTION AND MANAGEMENT OF THE AUTHORITY

The Authority is governed by a seven-member Board of Directors (the “Board”), appointed by the Governor with the advice and consent of the Senate for staggered, six-year terms. The current members of the Board are: Billy M. Atkinson, Jr., Chair; Ruth C. Schiermeyer, Vice Chair; Gerald B. Alley, Secretary; Ramon Manning, Walker N. Moody, Rodney K. Moore, and Robert T. Roddy, Jr. The Executive Director, Lee Deviney, is hired by the Board to implement Board policy and oversee operations of the Authority.

SCOPE OF SERVICES

The Authority’s financial advisor will be responsible for all duties and services necessary or advisable to facilitate the issuance of bonds and other obligations, including but not limited to:

1. devising and recommending to the Board a proposed method of sale and a plan of financing for bonds to be issued, which plan shall include a maturity schedule and other terms and conditions, as will result in the most advantageous terms to the Authority, consistent with a minimum effective interest rate;
2. determining the timing of the offering and the sizing of the issue;
3. participating in document preparation and assisting bond counsel in the coordination of the offering;
4. preparing such information, as necessary, for the rating agencies and upon Authority approval, assisting in the presentation to such agencies;
5. assisting the Authority in maintaining on-going relationships with the credit rating agencies, commercial paper dealers, liquidity providers, issuing and paying agents and other stakeholders and service providers;
6. participating in preliminary official statement (POS) and official statement (OS) preparation and delivery of a “camera-ready” copy to the printer;
7. advising the Authority concerning the need for credit enhancement and assisting in the negotiations in connection therewith;

8. assisting in the approval process of the Bond Review Board and any other agency as required for the issuance of the bonds;
9. assisting in closing details and post-closing duties, including the development of a closing memorandum and a final report to the Bond Review Board to include a verification of all costs of issuance;
10. answering questions or requests for additional information from prospective investors;
11. evaluating any bids submitted for the purchase of bonds;
12. advising the Authority with respect to the investment of bond proceeds and the accounting of arbitrage earnings;
13. assisting the Authority in providing information to the Office of the Governor, the state legislature and other state agencies;
14. advising the Authority of ongoing developments in the bond industry as they affect the Authority;
15. soliciting bids for, contracting with, and paying, on behalf of the Authority, fees associated with the printing of bond offering documents, ratings, trustee and paying agent fees and related services when necessary;
16. monitoring and controlling the costs of fees and expenses incurred in connection with the issuance of the bonds;
17. maintain records of debt service on all outstanding TPFA fixed rate bonds and other post-issuance bond administration services as requested;
18. monitoring and advising the Authority on refunding opportunities, derivatives and other financial products that would help the Authority lower its cost of borrowing;
19. assisting in administration of the Authority's Master Lease Purchase Program and other commercial paper programs;
20. assist in the evaluation of proposals for underwriting services and other professional services; and
21. all other matters necessary or incidental to the issuance and administration of debt obligations.

In addition, the financial advisor shall advise the Authority on any matters that might have an effect on the Authority or any of its outstanding issues.

The Authority will be responsible for allocating duties and tasks between the financial advisors (if more than one) commensurate with level of compensation.

Pursuant to agency policy and MSRB Rule G-23, financial advisors are prohibited from underwriting any portion of an issue or program for the Authority during the term of an engagement as the financial advisor.

FORM OF RESPONSE

Proposals that are determined to be materially incomplete or that fail to respond materially to any portion of the RFP may be disqualified from consideration. The Authority reserves the right to determine in its sole discretion whether a response is materially incomplete. **Please restate the question at the beginning of each response and provide a separate section for that response, or indicate why no response is given.**

1. Overview of the Firm

Provide a description of the firm, including general experience and history in public finance, date the firm was founded, number of offices, location and number of professionals and employees in each office, total number of employees and professionals in the firm, description of specialty practice areas and firm philosophy. Indicate those office(s) that will be responsible for day-to-day contact with the Authority. Describe structure of firm ownership (e.g., publicly held corporation, partnership, etc.) and any parents, affiliates, or subsidiaries of the firm. *Indicate whether your response to this RFP is to serve as a financial advisor, a co-financial advisor, or either.*

2. Qualifications and Experience

- A.** List the experience, since January 2013, of the firm and/or the professionals¹ proposed to be assigned to the Authority, serving as a financial advisor or financial consultant. This information shall be presented as an Appendix to your response, formatted as an Excel spreadsheet (template included as part of this RFP). When listing par amounts, please use the issuer categories provided.
- B.** Select three transactions from the above list that best demonstrate your firm's capacity and abilities to provide financial advisory services to the Authority. Explain the issues or unique problems involved and the approach that your firm recommended.
- C.** Describe your firm's experience in ground-up structuring of debt funded loan programs for governmental entities.
- D.** Describe your firm's experience in assisting clients with obtaining liquidity facilities supporting commercial paper programs and with other forms of variable rate debt products. Include a list of all relevant experience, as well as a narrative description of the services rendered and/or concepts involved on any transactions in which your firm's experience is particularly relevant to the Authority.

¹If listing experience of a professional while at a different firm, please specify the name of the firm.

- E.** Describe your firm's expertise and experience in assisting public finance clients in complying with continuing disclosure requirements.
- F.** Describe the steps your firm would take as financial advisor to ensure the pricing process on negotiated bond sales renders the lowest interest cost.
- G.** Describe recommended practices when evaluating whether to use a competitive versus negotiated bond sale process.
- H.** Describe your firm's experience during the past three years with the major rating agencies, and the applicability of that experience to TPFA's activities.
- I.** Describe your firm's experience during the past three years with the issuance of lease revenue bonds.
- J.** Describe your firm's experience during the past three years with the issuance of debt for Texas public institutions of higher education.
- K.** Describe your firm's experience during the past three years with the issuance of debt related to unemployment compensation.
- L.** Describe your firm's experience during the past three years with the issuance of debt related to catastrophe insurance.
- M.** Describe any ongoing bond administration services, other than continuing disclosure services, provided by your firm.

3. Automated Information Resources

Describe the analytical tools that your firm would apply to the Authority's work. Further, describe the automated information resources, including any bond market information, which would regularly be made available to the Authority.

4. Resumes

Provide brief resumes of those individuals who would be assigned to serve the Authority. Indicate the individual's years of experience in public finance, any relevant licenses they hold, and how any particular area of expertise would benefit the Authority. Specify who would be assigned as the primary contact for the Authority and the individual's office location, and indicate the role the individual played in the transactions listed your response to item "2.A." above. Also specify who would be the primary contact's backup and that individual's office location.

5. Business Practices

- A.** Please describe your firm's experience and involvement since January 2013 working with HUB-certified² firms (if your firm is not HUB-certified), or, if your firm is HUB-certified, your experience working in a co-financial advisor relationship. Further, describe your firm's approach to working with co-financial advisors, including level of effort and division of duties.
- B.** Please describe efforts made by your firm to encourage and develop the participation of minorities and women in your firm's provision of financial advisory services or underwriting, if any. Please note if your firm is eligible to be HUB-certified, but is not, or if your firm would be eligible were its principal place of business in Texas. Complete the grid describing workforce composition for 2014 and 2015 in the attached as Exhibit A, and if HUB-certified, attach a copy of your certification.

6. Conflicts of Interest

- A.** Disclose all contractual or informal business arrangements/agreements, including fee arrangements and consulting agreements, between your firm and the Authority, any member of its staff and/or its Board, or any entity that provides services to the Authority. If you believe that the retention of your firm as a financial advisory to the Authority will not result in any conflict of interest with the Board, you must include an affirmative statement that the retention of your firm as Financial Advisor will not result in any conflict of interest with the Board. This would include, but is not limited to, any conflicts arising from relationships (both professional and personal). Please describe your firm's criteria for each category of conflict.
- B.** Please conduct a conflicts analysis on your firm and disclose each actual, or potential, conflict to the Board. If your firm currently represents, or you anticipate that your firm may represent clients that may have a relationship with a member of the Board, please state in your response the existence of this potential conflict of interest, the nature of it, the implications, and describe all possible adverse and advantageous consequences of such dual representation and your firm's proposed resolution. Describe any other relationship between your firm or an individual owner, partner, member, principal or employee of your firm that may give rise to a conflict of interest in doing business with the State of Texas.
- C.** Please disclose any material litigation, administrative proceeding, violation of or investigation for violation of any regulatory entity rule (SEC, MSRB, NASD, FINRA, NYSE) in which your firm has been involved, whether currently ongoing or concluded within the last ten years.

7. References

Please provide names, addresses, and phone numbers of at least three references for whom your firm has provided financial advisory services in the past 24 months.

² See: 34 TAC §20.11(11) and 34 TAC §20.17.

8. Fee structure

Please provide your proposed fee structure including, if applicable: hourly rates, per transaction maximums on hourly fees, and flat fees. Fees based on a percentage of par amount or on a per bond basis are discouraged.

9. Signature of Authorized Representative

At least one hard copy of the submitted proposal must be executed with the original signature of a duly authorized representative of the firm. This copy should be clearly marked with a notation in the lower left corner of the cover with the words "**Signed Original.**" An unsigned proposal will not be considered.

MODIFICATION/QUESTIONS

The Authority reserves the right to make amendments to this RFP by giving written notice to all firms who request a copy of the RFP, and by posting notice thereof on the Authority’s website at <http://www.tpfa.state.tx.us/rfp.aspx> and the Electronic State Business Daily (“ESBD”) at <http://esbd.cpa.state.tx.us/>. It is the sole responsibility of the respondent firm to check the Authority’s website or the ESBD to determine if any modifications have been made.

It is the responsibility of the respondent to seek clarification of any portion of this RFP by submitting written questions to the Authority. Questions regarding this RFP should be submitted via electronic mail to RFP@tpfa.state.tx.us. Questions must be received by 5:00 p.m. CST, January 26, 2016, and the Authority’s responses will be posted on the Authority’s [website](#) no later than January 27, 2016. Questions submitted later than January 26, 2016 will not be answered.

A respondent may modify or withdraw a proposal at any time prior to the due date. No material changes to a proposal will be allowed after the expiration of the due date. The proposal must be valid for at least 90 days from the due date.

The Authority reserves the right to request clarification and modification of any proposal prior to the contract award being made.

TIME SCHEDULE AND SUBMISSION REQUIREMENTS

RFP Published	January 13, 2016
Deadline for Questions	5 p.m., January 26, 2016
Responses to Questions Posted on Website	5 p.m., January 27, 2016
Proposals Due	2 p.m., January 29, 2016

Proposals are due no later than 2:00 p.m. CST, January 29, 2016. Submit five (5) bound copies (including the Signed Original) and one electronic copy, searchable and unprotected, on a CD (or flash drive), addressed to:

Lee Deviney
Executive Director
Texas Public Finance Authority
Delivery Address: 300 West 15th Street, Suite 411, Austin, Texas 78701
-OR-
Mailing Address: P.O. Box 12906, Austin, Texas 78711-2906

Clearly mark the transmittal envelope as "RESPONSE TO RFP: FINANCIAL ADVISOR." Faxed proposals will not be accepted.

IN ADDITION TO THE BOUND COPIES AND CD, please email your entire response to: RFP@tpfa.state.tx.us, by 2:00 p.m. CST, January 29, 2016. The body of the response should be formatted in PDF and Exhibit A and the Section "2.A." Appendix should be formatted in Excel. Put your firm name and "FA RFP" in the subject line.

It is solely the responsibility of each prospective financial advisory firm to assure its proposal (hard copy, CD and email) is delivered at the specified place and prior to the submission deadline. Proposals which, for any reason, are not timely delivered will not be considered.

Proposals must set forth accurate and complete information as required by this RFP. Oral instructions or offers will not be considered. **Contact with Board Members or Authority staff regarding this RFP, except as described further herein, is prohibited and will result in disqualification of your proposal.**

BASIS OF AWARD/SELECTION CRITERIA

A team comprised of Authority staff will review the proposals, evaluate them and make recommendations to the Board, which may select one or more firms to serve as financial advisor.

The evaluation criteria to be used in selecting firms to serve as financial advisor will include, but not be limited to, the following:

1. relevant experience, qualifications, and success in providing the services outlined in this RFP;
2. depth of experience and commitment to municipal financial advisory services to the State of Texas;
3. prior services provided to the Authority;
4. Texas and locally based employment and bond market participation;
5. quality of the information provided regarding the firm's Qualifications and Experience; and,

6. any other factors relevant to the firm's capacity and ability to meet the Authority's needs.

The Authority will select one or more financial advisors whose experience and qualifications establish them, in the judgment of the Authority, as most qualified and offering the greatest benefits, experience and value to the Authority. The Authority may cancel this RFP or reject proposals at any time prior to an award, and is not required to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous. The Authority reserves the right to select one or more co-financial advisors from firms that respond to this RFP, but also may decide not to use a co-financial advisor. The Authority's decision to select a co-financial advisor, if any, will be determined by the evaluation of the responses to this RFP.

The Authority has the sole discretion and reserves the right to waive minor technicalities, or to reject any and all responses and to cancel the RFP if it is deemed in the best interest of the Authority or the State to do so.

The Board will make its selection based on demonstrated competence, experience, knowledge and qualifications, as well as the reasonableness of the proposed fee and any conflicts of interest or potential conflicts of interest identified. The Board may give first consideration to firms whose principal place of business is located in Texas.

By this RFP, however, the Board has not committed itself to employ a financial advisor nor does the suggested scope of service or term of agreement indicated herein require that the financial advisor be employed for any or all of those purposes. The Board reserves the right to make those decisions after receipt of proposals. The Board's decision on these matters is final.

The Board reserves the right to award the contract to the next-best qualified respondent if a selected respondent does not execute a contract acceptable to the Board within 30 days after final approval of the contract. The Authority reserves the right to negotiate individual elements of any proposal and to reject any and all proposals.

COSTS INCURRED IN RESPONDING

All costs directly or indirectly related to preparation of a response to this RFP, or any oral presentation required to supplement and/or clarify the RFP, shall be the sole responsibility of, and shall be borne by, the respondent.

RELEASE OF INFORMATION AND OPEN RECORDS

Upon submission, all responses shall be deemed to be the property of the Authority. Information submitted in response to this RFP will not be released to the public by the Authority during the response evaluation process or prior to Board's contract award. After the evaluation process is completed by the Board's award of a contract, responses and the information included therein may be subject to public disclosure under the Public Information Act, Texas Government Code, Ch. 552 (the "PIA"). Respondents have a right to assert the confidentiality of financial and trade information. Any

information considered by a respondent to be confidential under the PIA must be clearly marked in bold text, as indicated below, on each page, and only those pages, where such information appears:

“CONFIDENTIAL PURSUANT TO [CITE TO THE RELEVANT EXCEPTION TO DISCLOSURE UNDER THE PIA]”

The Authority is not responsible for the release of confidential information after the award of a contract made pursuant to this RFP if the response is not clearly marked as required. If a request for disclosure of a response is made for information marked confidential in accordance with this section, the Authority will notify the respondent and give it an opportunity to present its argument and evidence for protection from disclosure to the Office of the Attorney General, in accordance with the provisions of the PIA.

CONFIDENTIALITY OF AUTHORITY INFORMATION AND DATA

All financial, statistical, personal, technical and other data and information relating to Authority operations that are designated confidential by the Authority and made available to a contractor in order to carry out a resulting contract, or which becomes available to a contractor in carrying out a contract, shall be protected by the contractor from unauthorized use and disclosure through the observance of effective procedural requirements. A contractor shall not be required to keep confidential any data or information which: is or becomes publicly available, is already rightfully in the contractor’s possession, is independently developed by the contractor outside the scope of a contract, or is rightfully obtained from third parties.

Additionally, under no circumstances is a contractor to discuss and/or release information to the media without prior express written approval of the Executive Director of the Authority or his designee.

GENERAL TERMS AND CONDITIONS OF RESULTING CONTRACT

1. TERM OF AGREEMENT

The contract term is to be for an initial term of February 2016 to August 31, 2017, renewable, at the Board’s option, through August 31, 2019. The Board reserves the right to negotiate all elements of the contract, including fees for renewal terms, if the renewal option is exercised. The Board will also reserve the right to terminate the contract for convenience.

2. MANDATORY TERMS AND CONDITIONS

Any contract resulting from this RFP will be subject to the mandatory terms and conditions set forth in Exhibit B.