



Request For Proposals for Financial Advisor Services

for the Washington Higher Education Facilities Authority

3/17/06

Christine O. Gregoire,
Governor

Chair

Richard Mitchell, Esq.
Governor Designee

Brad Owen,
Lieutenant Governor

James Sulton, Jr., Ph.D.
Executive Director,
Higher Education
Coordinating Board

Heyward Watson,
Secretary

Karen Brown,
Public Member

Philip Eaton, Ph.D.,
President,
Seattle Pacific
University

Kim Herman,
Executive Director

The Washington Higher Education Facilities Authority is soliciting proposals for financial advisor services.

The Washington Higher Education Facilities Authority was created by the legislature: “. . . to enable the building, providing, and utilization of modern, well-equipped, efficient, and reasonably priced higher educational facilities, as well as the improvement, expansion, and modernization of such facilities, in a manner that will minimize the capital cost of construction, financing, and use of such facilities. The intention of this policy is to improve and ensure the quality and range of educational services available to the citizens of this state. The intent of the legislature is to accomplish these and related purposes, and this chapter shall be liberally construed in order to further these goals.” (RCW Chapter 28B.07.010)

In order to accomplish this task, the Authority issues tax-exempt, non-recourse revenue bonds and loans the proceeds to qualified not-for-profit higher educational institutions in Washington State. Higher educational institutions may use the bond proceeds for construction, equipment, refinancing of debt, or any other approved purpose.

The Authority first began issuing bonds in 1984. To date, the Authority has completed 53 separate bond and note financings totaling over \$800 million, of which approximately \$385 million is currently outstanding. On the average, the Authority completes two to three bond issues per year. Past Authority bond financings have included fixed- and variable-rate bond financings; stand-alone and credit-enhanced bond issues; and bonds that are direct, private placements with lenders.

Upon receipt of proposals from interested firms, the Authority plans to review and evaluate the proposals, interview the top two to three candidates on May 23rd and make a final selection by the following Authority Meeting.

The Attachment A to this RFP, “Scope of Services” lists the services we would expect the financial advisor to provide for the Authority. Please structure your proposal around the questions on Attachment B “Qualifications.”

Firms submitting proposals are encouraged to consider subcontracting portions of the engagement to women and/or minority owned firms. If you plan to subcontract, clearly identify that fact, and the name of the proposed subcontracting firms, in the proposal. Following the award for the Financial Advisor contract, no additional subcontracting will be allowed without the express prior written consent of the Authority.

The proposal should be no more than 12 pages. The deadline for proposals is April 7, 2006, at 5:00 p.m., Pacific Standard time. E-mail and fax submittals are acceptable, if followed by seven signed copies mailed the same day. Proposals and all communication regarding the submission should be addressed to:

Claire Petersky
Washington Higher Education Facilities Authority
1000 Second Avenue, Suite #2700
Seattle, Washington 98104-1046

E-mail: Claire.Petersky@wshfc.org
Phone: 206-464-7139
Fax: 206-587-5113

The Authority intends to select a financial advisor for a period of two years. To avoid conflict of interest, the Authority may require the selected financial advisor to discontinue the provision of services to Authority clients and other parties involved in Authority transactions. The Authority also reserves the right to appoint a special financial advisor with respect to a particular bond issue or issues.

As of the date of this letter, there shall be no ex parte communication with Authority members, staff, or others participating in the counsel selection process. Any such ex parte communications shall be grounds for disqualifying the proposer.

Thank you for your interest in working with the Authority.

ATTACHMENT A
FINANCIAL ADVISOR
SCOPE OF ROUTINE SERVICES

Provide well-qualified personnel to the Authority in order to perform the following duties:

Participant Assistance

- evaluate possible financing options for higher education institutions
- evaluate potential underwriters for a negotiated sale
- evaluate and assist in securing credit enhancement if necessary
- evaluate trustee proposals

Participant Financial Condition Review

- evaluate participant credit quality and financial strength using typical industry standards
- review, evaluate, and comment on adequacy of financial forecast studies
- prepare written report to Authority regarding the feasibility of issuing the bonds and sufficiency of revenues and funds pledged to support of the bonds

Bond Document Participation and Review

- attend all organizational, document review, and special meetings related to a bond financing
- evaluate, advise, and consult with the Authority and bond counsel regarding financial and non-financial bond covenants of each bond issue
- assist in furnishing materials and data to rating agencies, bond insurers, letter of credit providers
- assist in structuring bond transaction for competitively sold bond issues

Official Statement Review and Preparation

- lead team discussions in conjunction with bond counsel on form, content, and sufficiency of information in the official statement
- prepare the official statement in conjunction with bond counsel for competitively sold bond issues

Pricing of Bond Issue

Negotiated sale:

- coordinate pricing meetings and offerings of negotiated issues
- recommend structure of underwriting teams; i.e., co-managers, selling group, syndicate, etc.
- recommend timing of bond pricing
- review, monitor, and advise Authority and university regarding proposed negotiated interest rates and spreads
- **NOTE:** The financial advisor is precluded from participation in the underwriting as co-manager, syndicated member, selling group member, etc.

Competitive Sale:

- coordination of pre-sale publicity, call for bids, evaluation of bids, recommendation to Authority regarding sufficiency of bids, and awarding of bonds

Recommendations to the Authority

- prepare an oral and written recommendation to the Authority for each bond issue regarding financial feasibility, bond covenants, and pricing of the bonds

Bond Closing

- review closing memorandum with bond counsel to confirm activities at the closing and the role of each party
- assist participant in evaluating the investment of bond proceeds for construction fund, debt service fund, escrow, etc.

Special Meetings of the Authority

- attend all Authority board meetings and any special meetings with the Authority, bond counsel, bond insurers, and rating agencies as the Authority deems necessary

Post Issuance Assistance

- advise participant and the Authority on post issuance changes, credit enhancement, management consultants, etc.
- conduct post issuance reviews (e.g., remarketing agent performance) as requested by the Authority
- provide a report to the Authority on the project and the bond issue sale

Program Development

- assist staff by evaluating program proposals or changes in policy

ATTACHMENT B

QUALIFICATIONS OF PROSPECTIVE FINANCIAL ADVISOR

- I. Give name, address, phone and fax numbers of firm; also e-mail address of contact(s).
- II. Municipal finance practice.
 - A. Describe your firm's general background and experience in municipal finance.
 - B. List the number of individuals in your firm specializing in municipal finance expressed as:
 1. an absolute number; and,
 2. a percentage of the total number of individuals in the firm.
- III. Financial Advisor experience: Higher Education.
 - A. Describe your firm's general background and experience in higher education financial advisory services during the last three years. List the bond issue by type and size.
 - B. List the number of individuals in the firm specializing in higher education facility financial advisory services.
- IV. Detail the proposed working team for Washington Higher Education Facilities Authority matters including financial advisory matters, as well as post issuance assistance matters, if needed.
 - A. List the names, background, and experience of each individual. State how each of these individuals will be utilized in performing the attached "Scope of Services."
 - B. List any other individuals who would be assigned to the Washington Higher Education Facilities Authority.
 - C. State the approximate work allocation among individuals by stating the approximate time each individual would contribute to the total work provided for the Authority.
 - D. Please list and detail any financial advisory experience which your firm has provided to an issuer of tax-exempt bonds.
- V. Fee proposals.
 - A. Please state your fee proposal for the minimum scope of work as financial advisor as listed in the attachment titled "Scope of Services."
 - B. Is there a separate charge for attendance at Authority meetings which are not part of an otherwise specific Authority engagement?

- C. Please indicate any fees or hourly rates for special projects.

- VI. References – List at least three references for the firm’s financial advisory work specifically related to:
 - A. Higher education finance; and,
 - B. Municipal finance in general.

- VII. Additional information – please provide any additional information which you feel may be helpful to the Authority in evaluating your proposal to serve as financial advisor to the Washington Higher Education Facilities Authority.

Attachment C
Timeline for Finance Team & Bond Counsel
Selection Process – 2006

DATE	TASK
March 17	Notify firms on RFP list; notice to newspapers and the web
April 7	DEADLINE: RFPs submitted.
April 28	Notify firms of finalist list.
May 23	Interviews in the Boardroom.
At June Authority Meeting	Board approval