

RIHousing

**Request for Proposals
Quantitative Consultant
Issued October 30, 2018**

INTRODUCTION

Through this Request for Proposals (“RFP”), the Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) seeks proposals from qualified firms to provide cash flow and quantitative analysis relative to RIHousing’s bonding program, as detailed in the Scope of Work at [Attachment A](#).

INSTRUCTIONS

One original(s) and 5 copies of the proposal should be submitted to RIHousing, 44 Washington Street, Providence, Rhode Island 02903-1721, Attn: **Sarah Sanders, Director of Finance**. Please also direct a courtesy copy by email to: ssanders@rihousing.com. Proposals should be concise and include all attachments and work samples. Proposals must be presented on business letterhead.

Proposals must be received no later than 5:00 EST p.m. on Monday, November 26, 2018.

Respondents are advised that all submissions (including those not selected for engagement) may be made available to the public on request upon completion of the process and award of a contract(s).

SCOPE OF WORK

Please see the Scope of Work provided at [Attachment A](#).

ITEMS TO BE INCLUDED WITH YOUR PROPOSAL

Please note that failure to provide any information requested in this RFP may cause your submission not to be scored.

A. General Firm Information

1. Provide a brief description of your firm, including but not limited to the following:
 - a. Name of the principal(s) of the firm.
 - b. Name, telephone number and email address of a representative of the firm authorized to discuss your proposal.
 - c. Address of all offices of the firm.

Submission
Check List



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d. Number of employees of the firm.

B. Experience and Resources



1. Describe your firm and its capabilities. In particular, support your capacity to perform the Scope of Work. In doing so, please address each of the following specific questions.
 - a. Describe the cash flow and other quantitative models your firm uses and the extent to which those models are recognized and respected in the industry and by credit rating agencies. Does your firm develop its own models, or use models developed by other firms?
 - b. Describe the approach you recommend relative to funding construction loans with bond proceed. Please describe your firm's experience with 17-year bullet maturities within a bond structure.
 - c. Provide an example of a bond issuance structure developed by your firm that resulted in a significant savings from a refunding or a creative use of available products to achieve the lowest cost.
 - d. Please describe your firm's expertise in analyzing and providing advice on cross calling of bonds. Describe which clients you have advised in this area in the last five years and quantify the estimated magnitude of such cross calling. Describe or quantify the benefit of these activities.
 - e. Provide an example of your firm helping a client to interact with a credit rating agency and describe the benefit.
 - f. Describe your expertise in arbitrage rebate calculations for housing bonds and provide an estimate of the number of such calculations your firm has completed for clients in the last five years. Provide examples of your firm using its expertise to minimize arbitrage rebate expense.
 - g. Describe your firm's expertise in incorporating interest rate derivatives into a housing bonding program and list the approximate nominal amount of such derivatives your firm has worked on with clients in the last five years.
 - h. Approximately what percentage of housing bonds brought to market in the last 12 months were for your clients?

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- i. Describe any experience your firm has had with RIHousing and/or its bonding programs. Describe any unique features you are aware of relative to RIHousing's bonding practices or debt portfolio.
- j. Provide one new idea for how RIHousing can improve its bonding programs.

2. Indicate which principals and associates from your firm would be involved in providing services to RIHousing. Provide appropriate background information for each such person and identify his or her responsibilities.

3. Please include a current client roster, and a detailed list of references, including a contact name and telephone number for organizations or businesses for whom you have performed similar work.

4. Identify any conflict of interest that may arise as a result of business activities or ventures by your firm and associates of your firm, employees, or subcontractors as a result of any individual's status as a member of the board of directors of any organization likely to interact with RIHousing. If none, please provide a statement to such effect.

5. Identify any material litigation, administrative proceedings or investigations in which your firm is currently involved. Identify any material litigation, administrative proceedings or investigations, to which your firm or any of its principals, partners, associates, subcontractors or support staff was a party, that has been settled within the past two (2) years. If none, please provide a statement to such effect.

6. Describe how your firm will handle actual and or potential conflicts of interest.

C. Fee Structure

The cost of services is one of the factors that will be considered in awarding this contract. The information requested in this section is required to support the reasonableness of your fees.

1. Please provide a cost proposal for providing the Scope of Work at Attachment A.

2. Provide an itemized breakdown of billing rates and hourly costs, list of key personnel and their hourly rates, reimbursable expenses, etc. for any services that may be requested in addition to the services previously described.

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3. Please provide any other fee information applicable to the engagement that has not been previously covered that you wish to bring to the attention of RIHousing.

D. Miscellaneous

1. RIHousing encourages the participation of persons of color, women, persons with disabilities and members of other federally and State-protected classes. Describe your firm's affirmative action program and activities. Include the number and percentage of members of federally and State-protected classes who are either principals or senior managers in your firm, the number and percentage of members of federally and State-protected classes in your firm who will work on RIHousing's engagement and, if applicable, a copy of your Minority- or Women-Owned Business Enterprise state certification.

2. Discuss any topics not covered in this Request for Proposals that you would like to bring to RIHousing's attention.

E. Certifications

1. All bidders must provide a signed certification that they are a Municipal Advisory firm registered with the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB").

2. RIHousing insists upon full compliance with Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors. This law requires State Vendors entering into contracts to provide services to an agency such as RIHousing, for the aggregate sum of \$5,000 or more, to file an affidavit with the State Board of Elections concerning reportable political contributions. The affidavit must state whether the State Vendor (and any related parties as defined in the law) has, within 24 months preceding the date of the contract, contributed an aggregate amount in excess of \$250 within a calendar year to any general officer, any candidate for general office, or any political party. Please acknowledge your understanding of this in your RFP response.

3. Does any Rhode Island "Major State Decision-maker," as defined below, or the spouse or dependent child of such person, hold (i) a ten percent or greater equity interest, or (ii) a Five Thousand Dollar or greater cash interest in this business?

For purposes of this question, "Major State Decision-maker" means:

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(i) All general officers; and all executive or administrative head or heads of any state executive agency enumerated in § 42-6-1 as well as the executive or administrative head or heads of state quasi-public corporations, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff;

(ii) All members of the general assembly and the executive or administrative head or heads of a state legislative agency, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff;

(iii) All members of the state judiciary and all state magistrates and the executive or administrative head or heads of a state judicial agency, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel, chief of staff or state court administrator.

If your answer is “Yes,” please identify the Major State Decision-maker, specify the nature of their ownership interest, and provide a copy of the annual financial disclosure required to be filed with the Rhode Island Ethics Commission pursuant to R.I.G.L. §§36-14-16, 17 and 18. If your answer is “No,” please provide a statement to such effect.



4. In the course of providing goods or services to RIHousing, the selected respondent may receive certain personal information specific to RIHousing customer(s) including, without limitation, customer names and addresses, telephone numbers, email addresses, dates of birth, loan numbers, account numbers, social security numbers, driver’s license or identification card numbers, employment and income information, photographic likenesses, tax returns, or other personal or financial information (hereinafter collectively referred to as the “Personal Information”). The maintenance of the Personal Information in strict confidence and the confinement of its use to RIHousing are of vital importance to RIHousing. **Please include a letter from your president, chairman or CEO certifying that, in the event your firm is selected:**

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(i) any Personal Information disclosed to your firm by RIHousing or which your firm acquires as a result of its services hereunder will be regarded by your firm as confidential, and shall not be copied or disclosed to any third party, unless RIHousing has given its prior written consent thereto; and

(ii) your firm agrees to take all reasonable measures to (a) ensure the security and confidentiality of the Personal Information, (b) protect against any anticipated threats or hazards to the security or integrity of the Personal Information, and (c) maintain reasonable security procedures and practices appropriate to your firm's size, the nature of the Personal Information, and the purpose for which the Personal Information was collected in order to protect the Personal Information from unauthorized access, use, modification, destruction or disclosure; and

(iii) when discarding the Personal Information, destroying it in a commercially reasonable manner such that no third party can view or recreate the information, electronically or otherwise.

These provisions, which implement the requirements of the Rhode Island Identity Theft Protection Act, R.I.G.L. § 11-49.2 et seq., will also be incorporated into the final contract with the selected respondent(s).



5. Please include a letter from your president, chairman or CEO certifying that (i) no member of your firm has made inquiries or contacts with respect to this Request for Proposals other than in an email or written communication to Sarah Sanders at ssanders@rihousing.com seeking clarification on the Scope of Work set forth in this proposal, from the date of this RFP through the date of your proposal, (ii) no member of your firm will make any such inquiry or contact until after November 26, 2018, (iii) all information in your proposal is true and correct to the best of her/his knowledge, (iv) no member of your firm gave anything of monetary value or promise of future employment to a RIHousing employee or Commissioner, or a relative of the same, based on any understanding that such person's action or judgment will be influenced and (v) your firm is in full compliance with Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors.

EVALUATION AND SELECTION

A selection committee consisting of RIHousing employees (the "Committee") will review all proposals and make a determination based on the following factors:

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- Professional capacity to undertake the Scope of Work
- Proposed fee structure
- Ability to perform within time and budget constraints
- Previous work experience and performance with RIHousing and/or similar organizations
- Recommendations by references
- Firm minority status and affirmative action program or activities
- Other pertinent information submitted.

RIHousing may invite one or more finalists to make presentations.

In its sole discretion, RIHousing may negotiate with one or more firms who have submitted qualifications to submit more detailed proposals on specific projects as they arise.

By this Request for Proposals, RIHousing has not committed itself to undertake the work set forth. RIHousing reserves the right to reject any and all proposals, to rebid the original or amended scope of services and to enter into negotiations with one or more respondents. RIHousing reserves the right to make those decisions after receipt of responses. RIHousing's decision on these matters is final.

For additional information contact: Sarah Sanders, Director of Finance, 401-457-1262 or ssanders@rihousing.com.

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Attachment A

Scope of Work

RIHousing is seeking a Quantitative Consultant with highly specialized expertise in the financing affordable housing. The selected firm will be expected to work closely with RIHousing management, staff, bond counsel, investment bankers, bond trustee, swap advisor, rating agencies, financial institutions and other persons or organizations as may be necessary in furtherance of RIHousing's bond programs.

As of June 30, 2018, RIHousing had \$1,092,840,140 of bonds outstanding under six different single family and multi-family bond resolutions, as well as one general obligation bond resolution. RIHousing generally issues multi-family bonds up to two times a year as well as additional conduit bond issues. RIHousing recently reactivated its homeownership bonding program for single family mortgages and expects to issue these bonds twice a year going forward, accounting for approximately 60% of single family production.

The services to be performed by the selected firm will include, but are not limited to, the following:

Ongoing bond resolution management:

- Maintenance of sophisticated and industry respected computer cash flow models for all single family and multi-family bond resolutions to reflect actual transactions to date and to provide a summary of mortgage, bond and investment data consistent with existing standards of NCSHA. The models must be updated and reconciled quarterly;
- Structuring and/or evaluating ongoing indenture management, surpluses, reserve requirements, or operating policies;
- Sizing and analysis of ongoing contract and 10-year rule bond redemptions;
- Support and provide reports for ongoing contract compliance requirements including but not limited to: restricted payments, contract calls, recycling of proceeds, cross call, special redemptions and yield maintenance;
- Make quarterly recommendation for use of cross calling to maximize performance of bond resolutions over time.

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Bond transactions:

- Assist and advise RIHousing on the issuance of debt and financing structures to meet the RIHousing's program goals and needs given current and projected market conditions;
- Provide strategic advice and other assistance with respect to the incorporation of interest rate swaps into housing bond transactions;
- Provide new ideas and suggestions that are appropriate for the RIHousing's financial structure and to provide an evaluation of such ideas presented by outside parties, including investment bankers and swap advisor;
- Prepare rating agency cash flows, as requested, and communicate with rating agencies providing any data or analysis that is required;
- Review and/or assist in the preparation of bond documents and program documents used in connection with the program (including but not limited to resolutions, tax documents, closing documents, official statements, swap documents, etc.);
- Produce and maintain cash flow model after each bond issuance.

Post issuance tax compliance:

- The selected firm must have expertise in the application of the Internal Revenue Code and applicable IRS regulations and rulings relative to tax-exempt bonds, with a deep background in mortgage revenue bonds. The firms must be able to perform the following:
- Mortgage yield compliance on variable yield tax plans where both bond and mortgage yields are recalculated;
- Calculating the benefits/costs of fixed or variable yield tax plans when RIHousing evaluates bond redemptions related to variable rate debt obligations and par termination of swaps;

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- Ability to calculate universal cap positions and asset transfers, as required;
- Calculation of all required arbitrage rebate computations for all bond series.

Business management:

- Evaluate the benefits of any bond refunding opportunities and how such refundings can be executed to maximize savings and other benefits for RIHousing;
- Develop balance sheet and cash flow modeling for annual budgeting projections;
- Work with management to model future bond issues and bond calls to project income, assets, and cash flows for financial forecasting;
- Provide substantive ideas or analysis on an ad hoc basis regarding the RIHousing's debt and investment portfolio; participate in planning sessions;
- Provide feedback and information on the activities conducted by other housing finance agencies relative to their bond programs.