



JASON E. MUMPOWER
Comptroller

October 11, 2023

To Interested Parties:

The Tennessee Housing Development Agency (THDA) through its Bond Finance Committee is seeking an independent financial advisor to serve the for the period of January 1, 2024, through December 31, 2026. The Bond Finance Committee members consist of the Chairman of the Board of Directors of THDA, the Secretary of State, the Comptroller of the Treasury, the State Treasurer and the Commissioner of Finance and Administration.

Since 1989, the Comptroller of the Treasury, as Secretary of the Bond Finance Committee, with the assistance of the Division of State Government Finance (SGF), has contracted for financial advisory services separate from underwriting services. THDA anticipates needing financial advisory services for three to five bond transactions each year, including all associated 10-year rule and 42-month rule analysis, debt service reserve fund analysis and relevant cash flows, as well as other services as specified herein. In addition, the Bond Finance Committee and THDA expect the financial advisor to prepare annual consolidated cash flows for two of THDA's general resolutions, and to prepare cash flows and financial analysis associated with annual updates of THDA's Five-Year Financial Plan.

In selecting a financial advisor, the Bond Finance Committee and THDA seek to supplement and complement, as well as strengthen, their internal expertise. In addition, the Bond Finance Committee and THDA intend to select, as financial advisor, an independent firm providing financial advisory services that does not provide underwriting services. The Bond Finance Committee of the THDA Board of Directors is statutorily authorized to carry out THDA's debt issuance process, with the Comptroller of the Treasury, as secretary of the Bond Finance Committee, being responsible for the execution of all matters relating to the issuance of THDA debt.

The Bond Finance Committee has appointed the Director of SGF within the Office of the Comptroller of the Treasury as the Assistant Secretary to the Bond Finance Committee. The THDA Executive Director, Chief Financial Officer, Chief Legal Counsel and Director of Finance are the primary THDA personnel responsible for working with the Bond Finance Committee. Staff from the SGF and THDA work with the financial advisor, bond counsel, the Trustee and the underwriters, if any, to determine the timing, structure, and documentation for THDA debt issues. THDA utilizes the services of Kutak Rock LLP, Atlanta, Georgia, as bond counsel. If a negotiated sale is deemed appropriate, the firms of Citigroup, Raymond James, and RBC Capital Markets currently serve as senior managers and J.P. Morgan, Wells Fargo Securities, and one selected member of the selling group, serve as co-managers.

Since 2002, THDA conducts its debt issuances through negotiated sale. THDA, however, intends to consider the method of sale for each debt issuance on a case-by-case basis with consideration of a number of factors, including without limitation, the following factors:

- Complexity of the transaction, including whether the debt issuance incorporates structured bond components (such as planned amortization class bonds) and, generally, more complex redemption features.
- Including AMT or taxable components.
- Complexity of credit features, including multiple collateral pools and detailed loan portfolio histories, performance, and mortgage insurance characteristics.
- Importance of retail sales and institutional pre-marketing as part of the marketing plan.
- Volatility of bond market and other market conditions.
- Degree of investor concern about housing-backed transactions – especially secured by “whole loans.”
- Confidence in the rating agencies’ ability to evaluate structured credits.

The Bond Finance Committee and THDA expect a reasoned recommendation from the financial advisor as to method of sale in connection with each proposed debt issuance. Consequently, there can be no assumption that a negotiated sale will remain the method of sale on a going-forward basis.

The Bond Finance Committee and THDA maintain control over all processes related to debt issuance. The financial advisor is not expected to take a primary role with respect to the timing of financing transactions and transaction documents, including the preparation of the official statements. THDA maintains control of preliminary official statements and official statements and distributes them electronically. In the context of a bond issue, the financial advisor is expected to recommend the debt structure, type of sale, and other items as requested. In addition, the financial advisor, together with SGF and THDA staff, is expected to communicate with underwriters, selling group members, investors, bond counsel, rating agencies, and others. In the context of competitive sales, THDA uses electronic bidding.

THDA anticipates the financial advisor will be utilized consistently to assist with the following:

- structuring bond issues, including debt service analysis, 10-year rule/32-year rule analysis, universal cap analysis, and other analysis required by bond counsel or rating agencies or as otherwise necessitated by specific bond structures
- reviewing transaction documents and documents related to the underwriter and selling group
- reviewing and commenting on documents related to bids and bid verification in a competitive sale
- interacting with the underwriting team on behalf of the Bond Finance Committee and THDA in a negotiated sale
- recommending underwriter compensation in the case of a negotiated sale
- preparing memoranda or other documents containing recommendations as requested by THDA and the Bond Finance Committee
- assisting in the selection of underwriters and analyzing pricing proposals
- preparing cash flow projections, in connection with each bond transaction and annually on a consolidated basis for THDA’s two open indentures
- identifying and analyzing refunding opportunities and other debt management opportunities

- assisting with tax analysis
- assisting in investment decisions
- managing 10-year rule requirements, including genealogy, refunding components, etc.
- preparing analysis for the 5-Year Financial Plan
- managing yield compliance with respect to bond issues under open tax plans
- evaluating market conditions and providing comparables in connection with THDA debt issuance
- evaluating performance of the underwriting team
- evaluating bond pricing performance in relation to the market

THDA reserves the right to conduct virtual interviews of proposers between November 8, and November 14, 2023. Participation in an interview is not an indication that a proposer will be selected as financial advisor and is considered a part of the selection process. If your firm is interested in being considered to serve as financial advisor for THDA, we invite you to submit your firm's RFP Response and Pricing Proposal (two separate files) in **the format identified in the attached Request for Proposal. Please limit your response to sections II and III to 12 pages or less. Additional pages or extra material will be viewed negatively.** An electronic PDF version of the response is due by 12:00 p.m. CT on Wednesday, November 1, 2023, addressed as follows:

Email to:

SGF@cot.tn.gov

Addressed to:

Division of State Government Finance
Cordell Hull Building
425 Rep. John Lewis Way, N.
Nashville, TN 37243
Attn: Mark Graubner, RFP Coordinator
615-747-5366

Questions regarding this Request for Proposal must be submitted via email to the RFP Coordinator, Mark Graubner at SGF@cot.tn.gov, no later than 12:00 p.m., noon CT on Tuesday, October 17, 2023. Any questions received, along with the response of THDA, is anticipated to be circulated to all participants and posted on www.thda.org on or about Thursday, October 19, 2023.

No joint proposals will be accepted. Any subcontracting for services must be clearly delineated in your proposal. The ultimate selection of financial advisor will be based upon a variety of factors. Experience and expertise with State level housing finance agencies will be a prime consideration.


Staff representing various members of the Bond Finance Committee and THDA will review the submitted responses. If determined necessary, additional information may be requested. Once the review process is complete, a written contract between the financial advisor and the Comptroller of the Treasury, as Secretary of the Bond Finance Committee, will be executed.

The Bond Finance Committee and THDA retain the right to reject all proposals, to elect to continue discussions with one or more firms, or act in any manner which, in the sole discretion of the Bond Finance Committee and THDA, is deemed to be in the best interest of THDA.

Beginning on the date of receipt of this proposal, and extending until the financial advisor selection process is completed, no contact concerning this process, this Request for Proposal or for information about THDA that could be used in responding to this Request for Proposal is to be made with bond counsel, underwriters, any THDA staff member, any THDA Board member, any Bond Finance Committee member, or any staff member of a THDA Board or Bond Finance Committee member, except Mark Graubner. Notwithstanding the foregoing, THDA will continue to work with its current financial advisor, as needed, in connection with upcoming THDA financings. Contact, other than as specified herein, will be viewed negatively and could result in disqualification in the selection process.

Additional information regarding THDA and its programs may be reviewed at www.thda.org. We appreciate your interest in THDA and look forward to receiving your response.

Sincerely,



Jason E. Mumpower, Comptroller
Secretary for Bond Finance Committee of the
Tennessee Housing Development Agency

Enclosures

xc: Bill Lee, Governor
Tre Hargett, Secretary of State
David H. Lillard, Jr., State Treasurer
Jim Bryson, Commissioner of Finance and Administration
Matt McGauley, Chairman, THDA Board of Directors
Ralph Perrey, Executive Director, THDA