

**REQUEST FOR PROPOSAL FOR
FINANCIAL ADVISOR
TENNESSEE HOUSING DEVELOPMENT AGENCY
October 11, 2023**

Please be as succinct as possible with all summary information and responses to specific questions. Lengthy responses and documents are strongly discouraged. No more than twelve pages will be considered for the responses to Sections II and III. Exhibit A will be excluded from this page limit. In addition, if you wish to present your responses to items 2 and 3 under Section II A below in chart form, those charts will also be excluded from the specified page limit. Responses to Section IV, Pricing Proposal, must be limited to the two sheets provided and must be submitted in a separate sealed envelope clearly marked “Pricing Proposal”. Failure to submit the pricing proposal as requested will result in disqualification of the proposer.

I. The Calendar

October 11, 2023	RFP Distributed
October 17, 2023, 12:00 p.m., noon	Deadline to provide written questions.*
October 19, 2023, 9:00 a.m.	THDA provides answers to written questions received.
November 1, 2023, 12:00 p.m., noon	Proposals due via email to Mark Graubner
November 8, 2023	Short list developed by staff and bond counsel**
November 14, 2023	Bond Finance Committee meeting to consider staff recommendation
December 31, 2023	Current contract ends
January 1, 2024	New contract begins

*Send questions to Mark Graubner by email to: SGF@cot.tn.gov

**THDA reserves the right, at its sole discretion, to conduct virtual interviews of proposers between November 8, 2023, and November 14, 2023.

Note: All times noted are Central time.

II. Experience and Qualifications

A. Capabilities

1. Indicate whether your firm is a registered Municipal Advisor.
2. Since January 2019, for which housing finance agencies or authorities has your firm acted as financial advisor? Please specify the roles your firm played in the financing for these issuers, the form of sale (competitive or negotiate), the type of issuer involved (either direct borrowers or conduit issuers) (jurisdiction), and the types of projects financed. For each housing finance agency or authority for which your firm has served as financial advisor, specify whether the services were for single family or multi-family bonds and whether the resolutions were closed or open.
3. In tabular form, indicate the dollar volume and number of issues handled for these issuers, broken down between short-term and long-term issues and between single-family and multi-family. Also, please identify taxable issues separately, if any. Provide totals at the bottom of your chart as well.

4. Provide a contact name and phone number for three of the issuers listed above, including at least two state level single family issuers to be used as references.
5. List the three bond counsel firms with whom you most frequently work and the lawyers at those firms with whom you most often work.
6. Briefly describe your firm's structuring and analytic capability. What software is used and is it available for client use? Is software used on a timesharing basis or in house?
7. Describe how your firm can be differentiated from other financial advisors in the housing finance market and how that can benefit THDA.

B. Personnel

1. Provide background summaries on staff members who would be assigned routine responsibility for THDA's account, indicating the year first employed by your firm. If employees to be assigned to THDA's account have experience beyond your firm, please summarize that information. Indicate the employees who will serve as the primary and secondary contacts. Indicate the total number of professional level employees who work directly in housing.
2. Of the hours required to perform services on THDA's account, indicate the percentage to be performed by each staff member.
3. Indicate the office out of which THDA account would be serviced, the physical address, e-mail address, and phone number.
4. If any services for THDA's account will not be performed directly by your firm's employees, indicate the firm and the service to be subcontracted. **Any subcontracted financial advisory services or housing cash flow preparation must be included in the appropriate cap.**
5. If the senior project manager leaves the firm for any reason, how will the firm determine the staff member who will replace that senior team member? Other team members?
6. Provide information on the outcome of any litigation or administrative proceeding that occurred since January 2019 that was adverse to your firm in the course of its professional duties and activities.
7. In the last five years, have any officers, directors, or other key personnel been convicted of any crimes committed in the course of their duties or activities with your firm or been subject to any orders issued by regulatory or governmental agency? Please provide details of any convictions or orders issued.
8. Is your firm or any of its officers, directors, or other key personnel now under indictment or court order, under investigation, or under order issued by a regulatory or governmental agency, or engaged in litigation which relates to the professional competence of your firm or which could impair the performance of the services required of a Financial Advisor? Do you have any reason to anticipate that any of these actions will occur during the term of the contract to be executed pursuant to this RFP? Please provide details of any current or anticipated actions.

C. Diversity

Describe your firm's hiring practices and indicate the breakdown of public finance employees by position (management, professional and clerical), gender and race using the format contained in the chart attached as Exhibit A. Describe your firm's affirmative hiring policy and efforts. Have there been any formal complaints against your firm or members of your firm alleging discrimination based on protected class status? If so, how have the complaints been resolved?

III. Discussion Questions

A. Briefly describe or list the following:

1. Your firm's experience with open indentures for single-family mortgage loans.
2. Your firm's experience in preparation of consolidated cash flows for open indentures.
3. Your firm's experience with down payment assistance programs funded by the debt issuer.
4. Your firm's experience with universal cap and the strategies used to minimize the impact.
5. Your firm's experience with managing the requirements of the ten-year rule.
6. Your firm's experience with state housing finance agencies in developing long term strategic financial plans.
7. The steps your firm will take in order to be able to prepare the necessary cash flows, indicating the amount of time necessary.
8. Your firm's experience with and recommendations regarding whole loans versus mortgage backed securities in portfolios of state housing finance agencies, specifically discussing the following:
 - a. Transitioning from a whole loan program to an alternative structure;
 - b. Identification of and evaluation of the pros and cons of alternative single family mortgage loan financing options currently available;
 - c. The concept of keeping a whole loan program while executing MBS/TBA/pass-through structures; and
 - d. Recommendations that are suitable for THDA.
9. Describe the preliminary pricing process that your firm uses when bonds are sold at competitive sale and when bonds are sold a negotiated sale.
10. Describe alternatives to FHA mortgage insurance your firm has recommended to state housing finance agency clients.
11. Describe recommendations regarding use of proceeds your firm has made to state housing finance agency clients who have a pool of bonds proceeds that must be blended with the proceeds of other bond issues at 0% interest or other reduced interest rates in order to achieve yield compliance.

B. Innovations in Housing Finance

12. Discuss an innovative idea that your firm brought to a state housing finance agency client that helped the client meet their business goals and objectives, particularly with respect to financing in challenging market conditions.
13. Describe in detail any techniques which your firm considers innovative which you feel would be appropriate for THDA to consider.
14. What do you think will be the most important developments in single-family housing finance affecting the THDA in the next three to five years?
15. Describe two state-level housing financings completed recently (since January 2019) that the project team that would be assigned to THDA's account has completed and is most proud of.

C. Program Development and Guidance

1. What types of research and market analysis materials produced by your firm would be available to THDA on an on-going basis?
2. Provide recommendations for the best method(s) for THDA to communicate and create visibility with potential investors.
3. Based on your knowledge of THDA, identify the top three concerns the Issuer must address to improve how they are perceived in the market, their rating, or their sale process.
4. Does your firm offer any continuing education or in-house training as a service to its clients? Please describe.

IV. Pricing Proposal (to be submitted in separate sealed envelope)

Use the enclosed form for the Pricing Proposal. The evaluation model is only an estimate of the number of times certain services will be required, it is neither a guarantee nor a limit on the number of times a service will be required.

A. Pricing For Bond Transactions

Indicate a fixed, all-inclusive fee per bond transaction. This fee must include all professional fees, out-of-pocket expenses, all issue specific cash flow analyses, all yield analyses and any subcontracted financial advisory services or cash flow preparation required to complete a transaction. The flat fee bid must include all analyst and computer time as well as any fees or expenses associated with any subcontracts. For purposes of this bid, assume four bond transactions each year.

The fee bid should include all fees and expenses for all of the following activities:

1. Review of the current status of resolutions, cash flow projections, balance sheet, and contingent obligations.

2. Discussion of future program goals and specific requirements relative to administrative costs and program size.
3. Recommendation of long-term plans for investment strategy, financial exposure, cost projections, prepayment trends and use of unencumbered reserves.
4. Assistance in developing a specific financing plan and structure for THDA debt.
5. Review of outstanding debt and advice as to restructuring and refunding opportunities and evaluate future debt options.
6. Identification of financing alternatives/debt structures and monitor market activity and debt transactions as related to THDA financing needs.
7. Assistance in developing a financing timetable which takes into account market trends, supply of competing issues, and investor purchasing patterns.
8. Advice as to the method of sale (utilization of competitive, negotiated, or private placement) for particular debt transactions.
9. Preparation of regular cash flow analyses, credit analyses, market analyses, secondary market information, modifications to the marketing program for bond issues.
10. Preparation of memoranda and other documents as requested by THDA for presentation to the Bond Finance Committee and the THDA Board in connection with the authorization of a bond transaction, including, without limitation, description and analysis of market conditions, and recommendations regarding timing of sale, method of sale and resolution to be utilized.
11. Assistance in preparing bond resolutions, modifications to existing resolutions, and all other documents related to the financing.
12. Assistance in developing rating agency presentations and follow-up, including agendas and required cash flow analyses, as needed.
13. Assistance in the preparation of the preliminary and final official statements.
14. Upon request, the development of an investment strategy for the various bond funds including, if appropriate, contacting, negotiating with, and taking bids from investment agreement providers.
15. Preparation of final cash flows, 10-year rule analyses, 32-year rule analyses, bond redemption analyses, yield analyses, debt service reserve analyses and assist in analyses and preparation of yield memoranda for arbitrage certifications.
16. Advice on the need for and selection of national and local underwriters or the acceptance of an offer to purchase from an investor in the case of a private placement and underwriting fees and designation rules for negotiated sales.
17. Preparation or assistance in the preparation of a final report on the results of each negotiated bond sale including, but not limited to, the performance of each member of the underwriting syndicate (requests and allocations) and selling group, distribution of bonds by geographical region and type of investor, pricing and expense characteristics of comparable sales by other issuers, etc. (for negotiated sales only).

18. Assistance in the preparation of the notice of sale and bid form, verify all bids submitted, and advise THDA of the results of bidding (competitive sales only).
19. Performance of any other services, as necessary for successful THDA financings.

B. Pricing Cash Flows

Pricing for all cash flows specified below must be a flat fee per cash flow that includes both analyst and computer time. Indicate whether all or any part of cash flow analysis will be handled on a subcontracting basis. Any fees or expenses associated with such subcontracts must be included within the flat fee bid.

1. Consolidated Cash Flows - Proposers should assume a minimum of three (one for each of the three active THDA general resolutions) consolidated cash flows, annually.
2. Other Cash Flows - From time to time additional cash flow analysis may be required, for example, to support bond redemption strategies, to analyze use of funds within or outside the general resolutions, or to examine the impact of various proposed actions.
3. Cash Flows associated with a Bond Transaction - The pricing for this item must be included in the fixed, all-inclusive fee bid for each bond transaction.
4. Cash flows associated with the annual update of the five-year financial plan.

C. Pricing Bond Redemptions

THDA regularly evaluates its bond redemption strategy and may redeem bonds as frequently as monthly or quarterly, in addition to the redemptions associated with scheduled debt service payment dates. Indicate a flat fee for all analysis of and recommendations for bonds to be redeemed. This fee must include all professional fees, out-of-pocket expenses, all necessary analyses and any subcontracted financial advisory services or cash flow preparation required to complete each bond redemption.

D. Pricing Subsequent Yield Analysis for Bonds Issued Under Open Tax Plans

From time to time, THDA issues bonds that result in the creation or use of a pool or pools of proceeds that must be blended with the proceeds of other bond issues at 0% interest or other reduced interest rates in order to achieve yield compliance. Indicate the fee associated with yield analysis that may be subsequently required to demonstrate yield compliance.

E. Pricing For General Debt Management, Planning and Other Services

From time to time, THDA may request additional services. These services will be performed only at the request of and with the prior approval of THDA at the hourly rates bid for general debt management, planning and other services, provided, however; no fees will be paid if the services are performed in connection with a specific THDA bond issue. Indicate the all-inclusive hourly rates to be charged. Note that THDA reserves the right to negotiate a fixed fee prior to authorizing any such identified services.

F. Pricing Five Year Financial Plan

- G. THDA annually prepares and updates a Five Year Financial Plan (Plan) that balances the use of our financial resources to fund mortgage programs and other initiatives that fulfill our statutory purpose without compromising our financial strength or credit ratings assigned by

Standard & Poors and Moody's. The Plan shows the potential impact THDA's cash and investments, remaining liquidity, balance sheet, and PADR over a five-year period, given a set of assumptions (loan production, bond issuance, bond reserve requirements, PSA, reinvestment rates, indenture withdrawals, recoveries from DPA and New Start loan programs, etc). Indicate a flat fee for all analyses, cash flows, summaries, charts, etc. to effectively present the results of the Plan. This fee must include all professional fees, out-of-pocket expenses, all necessary analyses, and any subcontracted financial services required to complete the Plan.

EXHIBIT A

CHART SHOWING POSITION, RACE AND GENDER OF
ALL PUBLIC FINANCE EMPLOYEES AS OF September 30, 2023

	Management		Professional		Clerical		Total
	Male (number)	Female (number)	Male (number)	Female (number)	Male (number)	Female (number)	
Caucasian (number)							
African American (number)							
Other (number)							

PRICING PROPOSAL

(Note: all fees and expenses must be included in the pricing)

Submit your pricing proposal using only this form and in an envelope clearly marked “Pricing Proposal” by the specified deadline.

Pursuant to state contracting requirements, an annual cap for services and fees must be established. Staff representatives will negotiate the annual cap with the successful proposer. The successful proposer must agree to that cap for the contract to be executed.

Qualifications or limits placed on the pricing submitted or on the maximum contract amount will be deemed non-responsive and the proposal will be disqualified.

(name of firm)

By: _____
(name of principal)

Phone No.

E-mail Address

Flat Fee Pricing			
	Contract Year 2024	Contract Year 2025	Contract Year 2026
Bond Transaction Fee (fee per transaction)			
Consolidated Cash Flows (fee per consolidated cash flow)			
Other Cash Flows (fee per cash flow)			
5-Year Financial Plan Update			
Bond Redemption Analysis			
Subsequent yield analysis for bond issues under open tax plans			

Hourly Rates for Debt Management, Planning and Other Services			
Employee or Title/Position	Contract Year 2024	Contract Year 2025	Contract Year 2026