

**GOVERNMENT OF
THE DISTRICT OF COLUMBIA**

(Washington, DC)



OFFICE OF THE CHIEF FINANCIAL OFFICER

OFFICE OF FINANCE AND TREASURY

**REQUEST FOR QUALIFICATIONS
FOR UNDERWRITING SERVICES**

Issuance Date: April 28, 2022
Response Submission Date: May 25, 2022

I. INTRODUCTION

The District of Columbia (the “District”), Office of the Chief Financial Officer (the “OCFO”) is requesting statements of qualifications (“RFQ”) for underwriting and investment banking services for a five-year period which will begin with the selection of the underwriter pool. The OCFO will select firms from this qualified pool to provide senior manager and co-manager services on certain negotiated District debt offerings. Firms selected for the qualified pool for senior manager will automatically also qualify for the pool for co-manager. The OCFO may terminate or extend the underwriter pool at any time prior to the end of the initial five-year period if it is determined to be in the best interests of the District.

The OCFO will evaluate responses to this RFQ based on the criteria set forth in Section V-3 and intends to develop and maintain a pool of firms qualified to provide senior and co-manager underwriting services for negotiated transactions. The OCFO reserves the right to utilize any of the qualified firms in the capacity of co-senior manager on an issue-by-issue basis.

This RFQ will not assure any chosen underwriter of selection for any transaction in any capacity. There will be no contract with any of the selected group; membership in the pool provides nothing more than the possibility of being selected for participation in future transactions at the District’s sole discretion.

II. DISTRICT GOVERNMENT

The District of Columbia was created in 1791 by an act of the United States Congress and Presidential proclamation and has served as the capital of the United States since 1800. Since January 1975, the District has been governed under the District of Columbia Home Rule Act, which gave residents more autonomy over local affairs. Under the Home Rule Act, the District is governed by an elected Mayor and an elected Council.

The executive and legislative powers and duties of the District government are comparable to those held by states, counties, and cities throughout the United States. However, Congress reviews all legislation passed by the Council before it can become law and retains authority over the District’s budget. Except for the payment of debt service on District debt, the District may not obligate or expend funds absent annual Congressional appropriation.

The District is a unique entity, combining state, county, and municipal characteristics. Functions performed by the District government include public safety and justice, courts, police, fire, corrections, regulatory affairs, public works (highways, streets, traffic control and sanitation), human services (health, welfare and employment assistance), education (public schools) and general administration. The District also operates a university, a stadium and armory complex, a stand-alone stadium, a housing finance agency, a convention center, and a lottery.

III. FINANCING PROGRAMS

The firms selected through this RFQ process may be utilized for the OCFO’s financing programs as set forth below:

1. Capital Improvements Plan (General Obligation or Income Tax Secured Revenue bond programs)
2. Economic Development (Tax Increment Revenue, Payments-in-lieu of Taxes, or other Special Assessment bond programs)
3. Department of Transportation Infrastructure (Federal Highway Grant Anticipation Revenue bonds)

As of April 1, 2022, the District's total debt outstanding was \$12.6 billion. This total includes \$6.2 billion in General Obligation bonds (GO), \$4.5 billion in Income Tax Secured Revenue bonds (ITS), \$413 million of tax increment/payments-in-lieu of taxes financings (TIF/PILOT), and \$267 million of Federal Highway Grant Anticipation Revenue bonds (GARVEE).

The Fiscal Year 2023 Proposed Budget and Financial Plan assumes approximately \$6.25 billion of long-term borrowing (both tax-exempt and taxable GO and/or ITS bonds) supporting the Capital Improvement Plan (CIP) over the course of the six-year plan period (Fiscal Year 2023 through Fiscal Year 2028) and approximately \$1.8 billion of long-term borrowing supporting the CIP in Fiscal Year 2023 and \$1.3 billion in Fiscal Year 2024. The actual amount of capital projects financed with long-term bonds each year is re-evaluated in the annual budget development process and prior to each issuance. As a result, the par amount of each issuance will depend on capital project priorities, the progress of capital projects over their construction or life cycles, the deployment of Bond Anticipation Notes, and the District's intent to moderate its borrowing levels to prudently manage its debt capacity limitations and debt burden.

The OCFO issues revenue bonds for economic development projects that are secured by and paid from tax increment revenues (TIF Bonds) or payments-in-lieu of taxes (PILOT Bonds), and other securities supported by special assessments (Special Assessment Financing). There is approximately \$200 million in economic development debt that has legislative approval and could be issued in FY 2023 or later, in addition to new projects currently under evaluation for legislative approval. The typical size of an economic development debt issuance is in the \$10 million to \$25 million range; past issuances have included publicly offered and unrated privately placed bonds, as well as bonds or notes placed directly by the District with investors or held by the project developer. The par amount and timing of each issuance will depend upon the terms of the financing agreement with each project developer, including the progress of each project in meeting conditions of issuance, and the amount of debt that can be supported by the project's projected tax increment, as determined at the time of issuance. TIF and PILOT bonds may be credit enhanced by the Downtown TIF (also known as the Available Increment).

OCFO manages the debt portfolio within the parameters of federal and local debt limitations. Per the Home Rule Act, no general obligation bonds (expanded to include income tax revenue bonds by District statute) can be issued if the additional bonds would cause maximum annual debt service to exceed 17% of General Fund revenues in the fiscal year the bonds are proposed to be issued.

District law, specifically the Debt Ceiling Act, imposes a stricter limitation on the issuance of tax-supported debt. These are debt instruments secured by revenues derived from taxes, fees, or other general revenues of the District, or its agencies and authorities, pursuant to the District's power to

tax and impose fees. No additional tax-supported debt can be issued if additional debt results in aggregate tax-supported debt service, in the fiscal year of issuance or any of the five succeeding fiscal years, greater than 12% of total General Fund expenditures.

GARVEE bonds are revenue bonds that allow the District to pledge future federal highway funds to pay debt service. These obligations are not subject to federal or local debt limitations. The GARVEE program is intended to be “evergreen,” meaning additional projects will be added to the program and additional bonds will issued over time.

To the extent the District establishes a new borrowing program or credit managed by the OCFO, the OCFO will use this qualified list to select firms to serve as underwriters for the transaction.

Conduit securities issued through the Industrial Revenue Bond Program are not covered under this RFQ.

To assist your review and analysis, please find links to the following relevant documents:

- Public information about General Obligation Bonds (Series 2021 D and E) – <https://emma.msrb.org/P21516502-P21170341-P21586077.pdf>
- Ratings by Agency – <https://www.dcbonds.com/the-district-of-columbia-dc/bonds/i192>
- Current and Historical Budget and Capital Plan – <https://cfo.dc.gov/node/289642>
- Fiscal Year 2021 Annual Comprehensive Financial Report – <https://cfo.dc.gov/page/annual-comprehensive-financial-report-2021>
- Debt Statement – Provided in Appendix to this RFQ.

IV. SCOPE OF SERVICES

The services rendered by the Underwriter(s) with respect to financings will include, but not necessarily be limited to, the following:

1. Providing analysis to support the OCFO’s formulation of multi-year financing strategies. This analysis shall include consideration of fundamental factors such as the District’s outstanding debt burden, future debt capacity, revenue forecasts, cash flow, creditworthiness, and marketability of debt;
2. Marketing District bonds to investors who are most likely to purchase the offering(s) at rates most favorable to the District; recommending most advantageous prevailing market pricing levels; soliciting orders from investors; and underwriting primary market balances;
3. Assisting the District and its financial advisor(s) in the preparation and presentation of information regarding financing plans and issuance of bonds for credit enhancers, rating agencies, and/or investors;
4. Assisting the District, its financial advisor(s) and disclosure counsel in drafting the Preliminary Official Statement, the Official Statement, and any other documents required to market and sell the bonds;

5. Providing analysis of market conditions, data and forecast, and advising the District and its financial advisor(s) with regard to market timing;
6. Developing marketing plans for the District's financing programs or debt issuances to attract potential investors;
7. Scheduling and participating in informational meetings and/or conference calls for prospective investors prior to the issuance of bonds;
8. Supervising the closing of the transaction(s) and the transfer of funds;
9. Preparing a post-sale analysis to summarize the terms of the transaction, record market conditions and illustrate the rates received by comparable issues at the time of sale;
10. Identifying refunding/refinancing opportunities for savings or more favorable structuring within the District's portfolio of debt and other financial obligations;
11. Analyzing financing alternatives and recommending specific debt structures for new capital requirements;
12. Keeping the District informed of any actions involving the Underwriter and regulatory agencies with respect to the District's financing matters; and
13. Assisting the District and its financial advisor(s) in such other matters related to the District's financing as necessary or appropriate.

V. INSTRUCTIONS, CONDITIONS

1. Timetable Submittal

A tentative timetable for the selection of the managing underwriter(s) is provided below:

April 28, 2022	Release of RFQ
May 4, 2022	Questions due via Email by 3:00 pm District time
May 25, 2022	Proposals due via Email by 3:00 pm District time

From the time of release of this RFQ through the conclusion of the selection process, there shall be no communication between any prospective respondents and/or their lobbyist, authorized/unauthorized agent(s) or any other representatives with any staff of the District, any elected or appointed official of the District and/or their staff or bond counsel or financial advisor, except as provided for in the RFQ, unless such communication is initiated by the District and is unrelated to this RFQ process. Any violation of this provision by any prospective firm and/or its agent shall be immediate grounds for disqualification.

2. Proposal Overview and General Directions

All proposals for underwriters shall be submitted to the District and District’s financial advisor, as follows:

a. Proposal Content and Format

This RFQ is comprised of a transmittal letter and two sections with page limits as indicated below:

All Firms Section 1 – General Qualification and Background Information (10 pages)

Senior Managing Underwriters Section 2 – Questions Directed to Firms Proposing to be Considered for Senior Managing Underwriter (6 pages)

Clearly state in the transmittal letter of your proposal for which position – Senior Manager or Co-Manager – your firm is applying. Firms proposing for Senior Managing Underwriter must respond to the questions in both Sections 1 and 2 and will automatically be considered for the Co-Manager pool. Firms applying for Co-Managing Underwriter only, should not respond to questions in Section 2.

All proposals must be submitted in a single volume that contains the firm’s entire response to this RFQ.

b. Format and Page Limitations

Responses shall be limited to a maximum of 16 pages for firms wishing to be included in the pool of qualified senior managers and a maximum of 10 pages for firms wishing to be included in the pool of co-managers. Pages must include a minimum of one-inch margins and a font size no smaller than the equivalent of Times New Roman 11 point with normal line and width spacing. A cover letter (two page maximum) and a table of contents should be included and is not subject to the page limits specified in sections 1 and 2. Any disclaimer language that a respondent must include is not subject to the respective page limitation. Responses should be concise and relevant.

c. Delivery of Proposals

Responses to this RFQ should be submitted via email in single PDF document no later than 3:00 PM, District time on Wednesday, May 25,2022, to each of the contacts listed below. The subject title should read, “District of Columbia RFQ Submission - [insert firm name].”

District of Columbia
Office of Finance and Treasury
dcinvestorrelations@dc.gov

Acacia Financial Group
Noreen White
nwhite@acaciafin.com

Acacia Financial Group
Pete Nissen
pnissen@acaciafin.com

d. Questions Regarding this RFQ

Any questions regarding this RFQ should be directed to **Acacia Financial Group, via email only at nwhite@acaciafin.com** not later than **3:00 pm District time on May 4, 2022**. Responses to any such questions will be made, without identifying the firm that posed the question, via the FAQ page on the District's investor relations website (www.DCbonds.com). Any contact with other members of the District's financing team regarding issues raised by this request for proposals is prohibited and may result in disqualification.

e. Miscellaneous

The District reserves the right to reject any and all proposals and to waive irregularities. Joint proposals from multiple firms will not be considered.

The OCFO encourages proposals from District-certified businesses and small businesses. In order to be considered for certification pursuant to The Small and Certified Business Enterprise Development and Assistance Amendment Act of 2014, D.C. Law 20-0108; D.C. Official Code § 2-218.01 *et seq.*, the following conditions apply and must be clearly stated: that your principal office must be physically located in the District of Columbia and your chief executive officer and the highest level managerial employees must perform their managerial functions in their principal office located in the District. In addition, one of the following must be true: more than 50% of the business assets and gross receipts are in the District or more than 50% of the employees or owners are residents of the District.

Proposers will not be reimbursed for any costs incurred to prepare proposals or for any work performed in connection therewith or during any negotiations on proposed appointments. The District reserves the right to add or eliminate firms from the selected group at any time at its discretion. The District reserves the right to solicit ideas from the selected group of qualified underwriters.

Qualified firms will be responsible for notifying the District in writing within 30 days of the occurrence of any: (i) material change in ownership or ownership structure, organization, personnel, litigation or conflicts, regulatory investigations and/or enforcement actions, or (ii) changes related to the Firm Certifications in Section 1- C. Once the initial qualified list has been established, firms may respond or update their response to this RFQ at any time. The District may, at its sole discretion and at any time, add or remove firms from the qualified pools based on changes submitted or other material information that becomes known.

Responses to this RFQ are the property of the District and will be "public records". Responses that are labeled "confidential", or that contain information identified as "confidential", will not be considered by the District.

3. Evaluation Criteria and Selection Process

The responses received will be evaluated based upon factors, including but not limited to:

- A. Firm qualifications, experience, and commitment with respect to public finance and the municipal bond market.
- B. Qualifications, education, and experience of the individuals to be assigned.
- C. Experience and ability to market and distribute municipal obligations similar in structure and credit to the District's obligations, including:
 - i. Prior experience with District financings
 - ii. Proposed marketing and distribution plan for the District's financings.
- D. Commitment to diversity and inclusion as evidenced by the composition of personnel and the firm's diversity and inclusion initiatives, policies, and practices.
- E. Financial capacity and demonstrated willingness to underwrite at appropriately aggressive levels.
- F. Quality and applicability of the ideas and options proposed with respect to increasing the District's variable rate exposure and with respect to structures to achieve the lowest cost of borrowing over the ultimate life of long-term bonds.
- G. District commitment and experience, including:
 - i. Experience with District and
 - ii. Physical presence within the District.

The OCFO may, at its discretion, conduct interviews with one or more responding firms. The District reserves the right to reject any or all responses and to solicit clarifying or additional information regarding a firm's response to this RFQ. The District may take into consideration any other information, including information not requested in this RFQ nor included in the responses received.

VI. SPECIFIC RESPONSE REQUIREMENTS

SECTION 1 GENERAL QUALIFICATION AND BACKGROUND (Limit 10 Pages)

All firms seeking senior manager and co-manager roles must respond to all of Section 1.

A. Letter of Transmittal

Each proposal should be accompanied by a letter of transmittal which summarizes key points of the proposal and is signed by the person the OCFO or its financial advisors should contact in connection with your proposal. Please state whether your firm wishes to be considered for the position of senior manager or co-manager.

B. Firm Description

1. Provide a brief description of your firm including its headquarters location and ownership structure.
2. Provide information on your firm's business presence in the District. Does your firm pay business franchise taxes in the District? Does your firm employ District residents?
3. Is your firm certified as a local business, disadvantaged business or business operating in an enterprise zone as defined in DC Law 2-218.31?
4. Describe your firm's diversity, equity and inclusion initiatives and/or policies. Please include a comprehensive explanation of the firm's policies of succession, retention and employee advancement.

C. Firm Certifications Information

1. Provide a statement that if selected to serve on the underwriting team, no relationship exists which could constitute a conflict of interest between the District and your firm. The statement should further certify that the firm will promptly provide notice to the District when the firm learns of any conflict of interest that may arise in the future.
2. Provide a detailed discussion of any investigation, review, litigation, criminal or civil charges regarding a violation by your firm or any firm employee of any federal securities or tax law or regulations relating to municipal financings that is currently pending or concluded since January 1, 2017. Such statement should discuss the settlement of those matters and any sanctions resulting from such settlement. Please do not respond by referring the District to online filings with public agencies such as the SEC.
3. Provide a statement that neither your firm nor any person or entity associated with your firm and covered by the Municipal Securities Rulemaking Board Rule G-37 has made any

contribution since January 1, 2017, directly or indirectly to an official of the District. Please also describe your firm's compliance with MSRB Rule G-37.

4. Please describe (i) any material financial relationships that your firm or any firm employee has with any financial advisory firms, investment banks or law firms or other persons or entities that may create a conflict of interest in acting as an underwriter to the District; (ii) any family relationship that any employee of your firm has with any public servant that may create a conflict of interest, or the appearance of a conflict of interest in acting as an underwriter to the District and (iii) any other matter that your firm believes may create a conflict of interest or the appearance of a conflict of interest in acting as an underwriter to the District. Please describe any procedures your firm either has adopted, or would adopt, to assure the District that a conflict of interest would not exist for your firm in the future.

D. Financing Team

1. Provide a summary of qualifications for individuals in your firm who would be assigned to the District's financings. Include only the personnel who will be assigned and available to the OCFO. If your firm is selected to give an oral presentation, only those individuals listed may participate. Indicate the individual(s) authorized to commit your firm's capital. Please be specific for the following duties:
 - a. Investment Banking
 - i. Primary contact
 - ii. Day-to-day responsibilities
 - iii. Quantitative analysis
 - b. Underwriting (long-term tax-exempt and taxable)
 - c. Sales and Marketing
 - i. Institutional
 - ii. Retail
 - iii. Municipal credit research

E. Firm Experience

1. Discuss your firm's select relevant public finance experience since January 1, 2017, in the debt categories set forth in Section III under "Financing Programs of this RFQ and indicate how such experience is relevant or applicable to the District's financing needs. In the Table 1 format provided in the Appendix to this RFQ, summarize your firm's experience serving as a senior manager and co-manager in the previous five full calendar years (2017 to 2021). The table should be submitted as an appendix in your pdf response and as a separate excel

file and will not count as part of the page limit. Label the file “Firm Experience – Table 1”.

2. In the Table 2 format provided in the Appendix to this RFQ list: (a) the ten largest issues and (b) all additional District issues for which your firm served as senior manager, co-senior manager, or co-manager for the previous five full calendar years (2017 to 2021). For purposes of this question, “largest” is defined as the total allotments made to your firm. Designations received by your firm should be included under priority allotments. Allotments should be expressed in dollar amount of bonds, not takedown revenues. Retail orders and allotments should be specified only if the issue had a retail order period or similar policy/procedure that recognized retail demand. Otherwise, mark the retail columns as N/A and include this information as member orders and allotments. Your response should only include negotiated bond issues. This table should be submitted as an appendix in your pdf response and as a separate excel file and will not count as part of the page limit. Label the file “Firm Experience – Table 2.”
3. From the experience listed in Question 2 above, provide one (single) example of how your firm added value to the financing program of a large public issuer relevant to the programs of the District. Provide a detailed description of this issuer, its financing needs, and the firm’s work with this client.
4. Identify three municipal clients OCFO may contact as references and provide the following information for each: name, title, organization, address, phone number, and e-mail. Please provide a brief overview of the issuer and the work completed for this client, including your firm’s role, the length of the relationship with this client, and the number and type of financings completed. Describe a unique solution that your firm recommended and implemented for each client reference.

F. Capitalization

1. Discuss your firm’s capital structure including total capital, equity capital, and uncommitted excess net capital as of April 1, 2022, or the latest date for which such information is available.
2. State the maximum amount your firm is capable of underwriting in a single municipal transaction. Provide examples of no more than five transactions since January 1, 2017, in which your firm supported an issuer in a difficult market. Describe the way your firm made a significant use of its capital to support an issuer’s debt.

SECTION 2
QUESTIONS DIRECTED TO FIRMS FOR SENIOR MANAGING UNDERWRITER
POSITIONS
(Limit 6 Pages)

A. Financing

1. Discuss no more than three ideas your firm suggests OCFO incorporate into financing the proposed FY22 to FY27 CIP. Provide a concise description of each idea and summarize its principal benefits to the District. If applicable, discuss the principal risks, any federal or District law, tax law, or other issues associated with implementation and the economic benefit to the District based on market conditions as of the date of this RFQ.
2. Given current market conditions and the future interest rate environment outlook, discuss your firm's recommendations to the OFCO regarding the use of fixed rate versus variable rate debt, the rationale of using either the District's GO and IT credit, the timing for issuing bonds each year, and the optimal size for each debt issuance.
3. Discuss the depth of your firm's quantitative capabilities, including the software programs and methodologies utilized for providing bond structuring analytics for new money and refunding transactions. Please describe the experience of the individual(s) responsible for this work at your firm.

B. Underwriting

1. Describe specific aspects of your firm's experience as the book-running senior manager for up to five of the issues your firm listed in your response to Section I E-2 of this RFQ. Highlight any innovative financing techniques that your firm recommended, implemented and/or executed for these clients.
2. Describe your general understanding and experience working with an issuer that has multiple credits through which it finances annual capital needs. Your response should address strategic considerations regarding the use of multiple credits to maximize demand and pricing as well as optimum issue size. Please provide one case study and discuss the contribution made by your firm as senior manager.
3. Does your firm have any new or innovative ideas not mentioned above to enhance, diversify, or otherwise assist the District in its financing program?
4. Describe any additional factors which you believe are important in considering your firm as a senior manager.

Appendix A

Firm Experience - Table 1

(In \$ Millions)										
	2017		2018		2019		2020		2021	
	#	\$	#	\$	#	\$	#	\$	#	\$
GO BONDS										
Senior										
Co-Senior										
Co-Manager										
TOTALS										
REVENUE BONDS										
Senior										
Co-Senior										
Co-Manager										
TOTALS										

Firm Experience - Table 2

	Your Firm's Role:	Your Firm's Underwriting Liability (% or \$000)	Orders (\$000)				Allotments (\$000)			
			Retail	Priority	Member/Stock	Total	Retail	Priority	Member/Stock	Total
A. Name of Issuer	SR									
B. Contact Person	CS									
C. Par Amount (\$000)	CM									
D. Pricing Date										
E. Senior Manager										

Appendix B

DISTRICT OF COLUMBIA

Debt Statement

As of March 31, 2022

		<u>Amount Outstanding</u> <u>(\$000)</u>
<u>General Obligation Bonds</u>		
1 Outstanding at 03-31-2022	\$	6,205,795
<u>Income Tax Secured Revenue Bonds</u>		
2 Outstanding at 03-31-2022	\$	4,500,600
<u>Bond Anticipation Notes</u>		
3 Outstanding at 03-31-2022	\$	13,665
<u>TIF and PILOT Debt</u>		
4 Gallery Place	\$	33,290
5 Mandarin Oriental Hotel		4,280
6 Great Streets (Georgia Avenue)		1,674
9 Southeast Federal Center (Foundry Lofts) PILOT		4,298
10 Convention Center Hotel TIF Note		119,199
12 Bryant Street TIF		17,300
14 O Street TIF		36,155
15 Skyland		16,718
16 Union Market		14,778
17 Southeast Federal Center (The Yards) PILOT		29,343
18 Southwest Waterfront (The Wharf) Phase I & II		138,062
Subtotal TIFs and PILOTs	\$	415,095
<u>Other Tax-Supported Debt</u>		
19 Ballpark Revenue Bonds		179,205
20 Verizon Center Note		47,845
21 Housing Production Trust Fund - Deed Tax Revenue Bonds		35,215
22 Qualified Zone Academy Bonds (QZAB)		829
Subtotal Other Tax-Supported Debt	\$	263,094
<u>Other Debt</u>		
23 Washington Convention and Sports Authority (Events DC)		389,250
Subtotal Other Debt	\$	389,250
Total Tax and Fee-Supported District Debt (Included in Debt Cap)		\$ 11,787,499
<u>Other Debt Not Included in Tax and Fee-Supported Debt (Not Included in Debt Cap):</u>		
24 Tobacco Settlement Asset-Backed Bonds	\$	487,644
25 Federal Highway Grant Anticipation Revenue Bonds	\$	266,505
Total Direct Debt		\$ 12,541,648