

**REQUEST FOR QUALIFICATIONS
MUNICIPAL ADVISORY SERVICES**

**Relating to:
Certificate of Participation Financings for
State of Ohio Information Technology Systems**

STATE OF OHIO



April 27, 2023

Issued by:

**Ohio Office of Budget and Management
Rhodes State Office Tower
30 East Broad Street, 34th Floor
Columbus, Ohio 43215**

I. Introduction

The Ohio Office of Budget and Management (OBM) is soliciting statements of qualifications for municipal advisory services for the period July 1, 2023 through March 31, 2027, in connection with financings of the acquisition and implementation of State of Ohio (State) information technology (IT) systems through the issuance of Certificates of Participation (COPS). The IT systems in various stages of design and/or implementation include the Enterprise Data Center Solutions (EDCS) project, the Ohio Administrative Knowledge System (OAKS) project, the State Taxation Accounting and Revenue System (STARS), the Voting System Acquisition (VSA) program, the Unemployment Insurance System (UIS), and the Attorney General New Collection System (AGCS).

EDCS and OAKS are information technology initiatives to expand and improve the State's cloud computing environment and to support upgrades to enterprise-wide systems and shared solutions. The State has financed the acquisition and implementation of EDCS and OAKS through the issuance of COPS. The EDCS/OAKS project is administered by the Ohio Department of Administrative Services.

STARS is an integrated tax collection and audit system that replaced several separate tax software and administration systems used to support the administration, collection and enforcement of various State of Ohio taxes. Three series of COPS have been issued to date to finance the acquisition and implementation of STARS. The STARS project is administered by and housed in the Ohio Department of Taxation.

VSA provides funding for the acquisition and implementation of upgraded voting systems for Ohio counties. Two series of COPS have been issued to finance the VSA program. The VSA program is administered by the Ohio Secretary of State.

UIS is an integrated unemployment benefits and tax administration information technology system designed to replace the State's existing separate unemployment benefits and tax systems. One series of COPS has been issued to finance the UIS program. The UIS project is administered by Ohio Department of Administrative Services.

AGCS is an integrated debt collection system designed to replace the current system for collecting past-due debt on behalf of the State. One series of COPS has been issued to finance the AGCS program. OBM anticipates one additional COPS issuance to finance up to \$25 million in remaining project authorization. The AGCS project is administered by the Ohio Attorney General's Office.

Firms responding to this RFQ may apply by answering all questions in Section VII (1-16). All firms responding to this RFQ must also execute and submit the Certifications in Section VIII and the enclosed Information sheet. Joint proposals (i.e. more than one firm included in one response) will not be considered.

OBM will evaluate RFQ responses based on the criteria in Section VI and select one or more firms to assist with the issuance of COPS. The selected firm(s) will be responsible for notifying OBM in writing within 30 days of the occurrence of any: (i) material changes in ownership or ownership structure, organization, personnel, litigation or conflicts, regulatory investigations or enforcement actions, or any other material changes or developments or (ii) changes related to the Certifications in Section VIII. OBM may, at its discretion and at any time, add or remove municipal advisory firms from the qualified pool

based on a request for updated qualifications or other material information that becomes known.

Responses to this RFQ are the property of the State and will be public records under Ohio law. Responses labeled “confidential,” or that contain information identified as “confidential,” will not be considered.

All questions related to this RFQ must be submitted by e-mail to OBM.DebtMgmt@obm.ohio.gov with the subject "RFQ – COPS MA Questions" by 4:00 p.m. EDT Monday, May 1, 2023. Responded to questions will be posted at: <https://obm.ohio.gov/areas-of-interest/bonds-and-investors/RFQs>. Respondents and their representatives may not communicate about this RFQ directly with the OBM or other state agency personnel. Any such communication will disqualify the respondent and its proposal from consideration.

OBM intends to qualify two or more firms to serve as municipal advisor with selections from the qualified pool of firms being made on a deal-by-deal basis.

This RFQ is not to be construed as an offer of an agreement by OBM. Any contractual arrangement for municipal advisory services will be evidenced by a separate contract with OBM. This RFQ, the resulting agreement with the firm selected, and the rights of the parties involved shall be governed, construed, and interpreted in accordance with the laws of the State of Ohio. The selected firm consents to jurisdiction in a court of proper jurisdiction in Franklin County, Ohio.

II. Minimum Qualifications

Each firm selected to serve must be a “municipal advisor” within the meaning of the Securities Exchange Act of 1934 Rule 15Ba1-1(d)(1)¹ and be currently registered with both the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board (MSRB). Firms seeking to provide services associated with the issuance and management of COPS must have served as the primary municipal advisor on at least five federally tax-exempt municipal bond issuances, each having a par amount of at least \$15,000,000, for an Ohio governmental bond issuer (including state-level issuers, higher education institutions, school districts, regional issuer, special districts, and local governments) since January 1, 2020.

The firm or firms selected to serve as municipal advisor under this RFQ will not be eligible to serve as an underwriter on any of the contemplated transactions during the four-year period covered by this RFQ.

III. Scope of Services

The firm(s) selected through this RFQ process may be asked to provide or assist in the provision of the following services:

- Assist and make recommendations on all aspects of COPS issuance, including the method of sale, structure, terms, redemption provisions, timing, marketing, and pricing.

¹ 17 CFR 240.15Ba1-1(d)(1)

- Examine, evaluate, and recommend an overall financing plan that is expected to result in the lowest cost of borrowing to the State over the life of the COPS, including the ability to estimate and compare the financial impact of various call option and coupon combinations.
- Assist in the preparation of the preliminary and final official statements, schedules, distribution lists, meeting agendas, and other documents related to the marketing and issuance of the bonds.
- Assist with the preparation for, and participate in, meetings and conference calls with the working group, investors, credit rating agencies, credit facility providers, and swap/derivative providers.
- For negotiated transactions: (i) create a transaction term sheet for the underwriting team detailing priority of orders, retail definition, liability allocations, designation rules, takedown levels, etc.; (ii) recommend pricing levels based on the OPFC's historical pricing and the pricing of comparable credits in the then current market; (iii) provide a written opinion that the initial offering price of the bonds reflected fair market pricing on the date of sale; (iv) review and coordinate the allocation of bonds among the members of the underwriting syndicate; (v) certify yield, weighted average maturity, and other matters relating to the transaction; and (vi) summarize the allocation of bonds across the different types of investors.
- For competitive transactions: (i) assist in the preparation of the notices of sale and bid specifications; (ii) inform underwriting firms of the structure and timing of the transaction; (iii) independently evaluate bids, verify the true interest cost calculation, and recommend award; and (iv) certify yield, weighted average maturity, and other matters relating to the transaction.
- Assist in the evaluation and selection of underwriters/investment bankers, legal counsel, credit facility providers, trustees, verification agents, printers, and other professional service providers, including preparation of RFQ's, requests for proposals (RFPs), or bids and the evaluation of statements of qualifications, proposals, or bids submitted in response thereto.
- Monitor and evaluate refunding opportunities with respect to outstanding COPS obligations.
- For refunding transactions: submit or assist with the submission of State and Local Government Series (SLGS) subscriptions and evaluate the efficiency of open market securities relative to SLGS and, if necessary, prepare bid specifications and receive bids for open market securities.
- Provide a transaction summary outlining pricing performance, investor participation, orders and allocations, market dynamics, and other relevant data.
- Provide advice and guidance on post-issuance compliance, including, but not limited to, continuing disclosure, GASB, or any other state or federal regulations affecting the COPS, as requested.
- Advise and assist OBM in evaluating alternative financing options.
- Analyze proposals presented by investment bankers and perform other related services related to current or prospective COPS issues, as requested by OBM.

- Perform other related services related to current or prospective COPS issues, as requested by OBM.

IV. Submission of Responses

Interested firms must respond to this RFQ in all applicable respects. Responses are strictly limited to a total of ten (10) pages at no smaller than 12-point font. This 10-page limit does not include the requested attachments which consist of the table of transactions requested in question 11, the Information Sheet, and the Certification. Please restate each question and sub-question in the response.

A single page cover letter may be submitted with the proposal at the discretion of the responding firm and will not count toward the 10-page limit. Information contained in the cover letter will not be used to evaluate the response. Responses must be electronically submitted in PDF searchable format to OBM.DebtMgmt@obm.ohio.gov with the subject "RFQ - COPS MA Submission" no later than 1:00 p.m. EDT, on Friday, May 12, 2023. A responding firm bears full responsibility for the timely delivery of its response. Responses received after the time and date listed above will not be considered. Each responding firm will receive a confirmation receipt by noon of the following business day.

V. Compensation

The State will compensate the selected firm(s) at a flat rate per series of \$0.35 per \$1,000 bond, with a minimum fee of \$17,500 and a maximum fee of \$40,000 per series. These fees are inclusive of expenses.

Only the two largest series by par amount will be compensated as separate sales when three or more series of COPS are sold on the same date. Compensation for each additional series of COPS sold on that same date will reflect the applicable minimum fee. OBM may adjust the above fee schedule to reflect special circumstances that increase the volume or complexity of the work performed.

The above fees are inclusive of all expenses and SLGS subscription services (if applicable). If applicable, fees associated with the optimization and bidding of open market securities escrows for refunding transactions will be negotiated with the selected firm and based on the size, term, number of securities, and number of payment dates, subject to a maximum fee of \$15,000 per series.

VI. Evaluation Criteria

The statement of qualifications received will be evaluated on several factors, including but not limited to:

- Capability of the firm to perform the required scope of services, including:
 - Knowledge of and experience in the municipal bond market, particularly obligations similar to the State's COPS;
 - Capacity to provide technical financial analyses and alternative financing options;
 - Experience and ability to effectively structure transactions and negotiate pricings to lower the State's cost of borrowing; and
 - Ability to assist in the ongoing management of the State's COPS.

- Qualifications, education, and experience of the individuals to be assigned.
- Commitment to Ohio:
 - Experience with Ohio governmental bond issuers; and
 - Physical presence within the State of Ohio.

At its discretion, OBM may conduct interviews with one or more responding firms. OBM reserves the right to reject all responses or to solicit additional information regarding a firm's participation in transactions that occur subsequent to its response to this RFQ. OBM may consider information not requested in this RFQ or included in the statements received.

VII. Information to be Provided by Responding Firms

General Firm Information

1. Overview and Organizational Structure
 - i. Provide a brief overview of the firm and its areas of business. Identify ownership and legal organization (e.g., corporation, partnership).
 - ii. Confirm that the firm meets the minimum qualifications set forth in Section II of this RFQ.
 - iii. Describe the firm's commitment to public finance and municipal advisory services, both generally and specifically within the State of Ohio.
 - iv. Indicate if the firm is a women business enterprise (WBE), minority business enterprise (MBE), or disadvantaged business enterprise (DBE) and describe how the firm qualifies as a WBE, MBE, or DBE.
2. Footprint
 - i. Provide the total number and location(s) of the firm's offices.
 - ii. Provide the total number of employees and total number of municipal advisory professionals.
 - iii. State the location of the offices in Ohio and provide the number and type of employees at each location.
 - iv. Discuss any significant changes in staffing levels and number of offices since January 2020.
3. Staffing Plan
 - i. Identify the individual from the firm who will be primarily and directly responsible for overseeing this engagement.
 - ii. Provide a staffing plan listing the individual(s) that will be assigned to this engagement and their primary role. Provide summary information relative to the training, education, and relevant experience of the listed individuals, including the number of years with the firm.
 - iii. Confirm that only individuals from the firm—and not subcontractors of the firm—will provide services to OBM.

Issuance and Management

4. Describe the firm's experience, qualifications, and resources to perform the tasks identified in Section III. Describe how the firm is organized to facilitate coordination of its advisors and specialists who may be performing various tasks within the scope of services.

5. Given the nature of the lease-appropriation credit and a short amortization period of 8-10 years, what ideas and recommendations does the firm have with respect to:
 - i. Structuring considerations including fixed vs. variable, call options, couponing, etc.;
 - ii. Marketing and investor outreach; and
 - iii. Alternative financing options (other than the issuance of COPS) that may result in the lowest cost of borrowing.
6. Provide an overview of the major legislative and regulatory changes in the municipal bond market since January 2020 and the impact those changes may have on the COPS issuances contemplated in this engagement.
7. Provide two references from Ohio governmental issuers to which the firm or individuals from the firm has/have provided similar services since January 2020 that can be contacted by OBM during the RFQ process. Identify the primary contact (name, title, address, telephone, and e-mail) and list the transaction(s) worked on for that issuer.
8. Describe the firm's ideas with respect to structuring and marketing COPS obligations that would lower the State's cost of borrowing taking into account potential future refunding savings. Include in the discussion the approach to determining the most cost-effective call option and couponing parameters.
9. Describe how the firm would manage the pricing of a negotiated bond sale, including the real-time resources and information the firm would utilize.
10. Discuss any ideas the firm has with respect to the competitive sale process that would help achieve the lowest cost of borrowing on the day of sale.
11. Provide a tabular list and subtotals for each of the following types of transactions of at least \$15,000,000 for which the firm has served as the primary municipal advisor since January 2020. Please identify the issuer/borrower, brief description, par amount, fixed rate or variable rate, security/pledge, date of the issue from which interest begins to accrue, and method of sale for each transaction.
 - i. Bond or note issuances for state-level governmental issuers in the State of Ohio;
 - ii. Bond or note issuances for non-state-level governmental issuers in Ohio (e.g., local/regional governments, higher education institutions, and school districts).
 - iii. COPS (or comparable obligation) issuances backed by lease-purchase agreements; and
 - iv. Direct bank loans or vendor financings of equipment, vehicles, or information systems.
12. How does the firm differentiate its services from other Municipal Advisory providers?

Regulatory

13. Describe the firm's compliance with MSRB Rule G-37 on Political Contributions and Prohibitions on Municipal Securities Business as it relates to the State of Ohio.
14. Describe any investigation, review, enforcement, disciplinary action, or litigation regarding a violation or alleged violation by the firm of any state or federal securities, investment advisor, or tax law or regulation relating to tax-exempt or taxable financings that is currently pending or that was concluded since January 1, 2020.

15. Describe any official investigation or review, or litigation regarding a violation or alleged violation by the firm of any State of Ohio ethics (ORC Chapter 102 and Sections 2921.42 and 2921.43), campaign financing (ORC Chapter 3517), lobbying (ORC Sections 101.70 et seq., 101.90 et seq., and 121.60 et seq.), and non-discrimination (ORC Section 125.111) laws or rules that is currently pending or concluded since January 1, 2020.
16. As required under MSRB Rule G-42, detail any material existing or potential conflict of interest that the firm might have if selected to serve as municipal advisor to OBM. Disclose any affiliation or relationship the firm has or had within the previous two years with any broker-dealer. If no known material conflicts of interest exist provide a written statement to that effect.

VIII. Certifications

In addition to responding to the foregoing items, this firm certifies that:

1. The firm's position as municipal advisor in the proposed project will not create any conflict of interest for the firm or any of its assigned personnel and it will promptly disclose to OBM any such conflict of interest if, as and when it arises and is known to the firm. (If the firm believes that any conflict of interest may exist, the nature of the conflict must be described in Part VII, question 17).
2. All of the assigned personnel of the firm who are not United States citizens will have executed a valid I-9 form and have valid employment authorization documents.
3. The firm is an independent contractor and neither the firm nor its personnel shall at any time, or for any purpose as a result of the transactions, be considered as agents, servants, or employees of OBM or the State of Ohio, or as public employees for the purpose of Ohio Public Employees Retirement Systems benefits.
4. The firm is not currently in violation of or under any investigation or review for a violation of any state or federal law or regulation that might have a material adverse impact on the firm's ability to serve.
5. The firm is and will during the period from July 1, 2023 through March 31, 2027 remain in compliance with all applicable federal, state, and local laws, including, but not limited to, the applicable provisions of the following for which it also makes the following related certifications:
 - i. Non-discrimination of employment (Section 125.111 of the Ohio Revised Code). The firm is an equal opportunity employer that does not and will not discriminate against applicants or employees on the basis of race, color, religion, sex, age, disability, military status, national origin, or ancestry. In addition, in compliance with such provisions, the firm has a written affirmative action program for the employment and effective utilization of economically disadvantaged persons and will annually report such progress.
 - ii. Drug Free Workplace. The firm will comply with all applicable federal, state, and local laws regarding smoke-free and drug-free work places and will make good faith efforts to ensure that all of its employees will not have or be engaged in the purchase, transfer, use, or possession of illegal drugs, influence of alcohol, or abuse prescription drugs in any way while providing services to the State of Ohio.
 - iii. Ethics, Campaign Financing, and Lobbying (Chapter 102 and Sections 2921.42 and 2921.43, Chapter 3517, and Sections 101.70, 101.90, and 121.60 et seq. of the Ohio Revised Code). The firm affirms compliance with these provisions of law and will notify OBM of any applicable noncompliance.
 - iv. Findings for Recovery (Section 9.24 of the Ohio Revised Code). The firm is not subject to an "unresolved" finding for recovery under that section.
 - v. Debarment (Sections 153.02 and 125.25 of the Ohio Revised Code). The firm is not debarred from consideration for contract awards by the Executive Director of the Ohio Facilities Construction Commission or the Director of the Department of Administrative Services.
 - vi. Qualifications to Do Business. The firm certifies that it has all of the approvals, licenses, or other qualifications needed to conduct business in Ohio and that all

are current and if selected, will immediately notify OBM of any applicable noncompliance.

- vii. Boycotting (Section 9.76 of the Ohio Revised Code). The firm is not boycotting any jurisdiction with whom the State of Ohio can enjoy open trade, including Israel, and if selected, will not do so during the term any resulting agreement.
6. The firm is duly registered as a “municipal advisor” within the meaning of the Securities Exchange Act of 1934 Rule 15Ba1-1(d)(1)¹, and acknowledges that if selected to provide services under this RFQ it (a) must maintain its status as a registered “municipal advisor” and (b) will not be eligible to serve as an underwriter (any level) on the obligations contemplated by and during the four-year period covered by this RFQ.
7. The firm will be responsible for notifying OBM, in writing, within 30 days of the occurrence of any changes related to the certifications in this section.

Firm: _____
By: _____
Name: _____
Title: _____
Date: _____

¹ 17 CFR 240.15Ba1-1(d)(1)

Information Sheet

**Request for Qualifications (RFQ) To Serve as Municipal Advisor for
State of Ohio Information Technology Financings**

Name of Firm: _____

Primary Contact: _____

Telephone Number: _____

E-Mail Address: _____

Mailing Address: _____

Date: _____