

**REQUEST FOR QUALIFICATIONS
MUNICIPAL ADVISORY SERVICES**

**Relating to:
General Obligation Bond Issuance and Management
Swap and Derivative Product Agreements and Management**

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**

On Behalf of:

The Ohio Public Facilities Commission

I. Introduction

The Ohio Public Facilities Commission (OPFC) is soliciting statements of qualifications for municipal advisory services for the period April 1, 2023 through March 31, 2027, in connection with: (i) the issuance of State of Ohio general obligation bonds and management of the State's outstanding general obligation debt, and (ii) the analysis, execution, and management of interest rate swaps and derivative products proposed or entered into in connection with OPFC bonds. The OPFC is a public body and instrumentality of the State consisting of six members—the elective offices of Governor, Attorney General, Auditor of State, Secretary of State, and Treasurer of State, and the appointed Director of the Office of Budget and Management (OBM).

The OPFC may utilize competitive and negotiated methods of sale for bonds issued during the four-year service period covered by this request for qualifications (RFQ). In addition to new money issuances as necessary, refunding obligations may also be issued if determined to be economically advantageous to the State and consistent with the criteria set forth in the State's Debt and Interest Rate Risk Management policy. The OPFC also manages its existing interest rate swap portfolio and may consider entering into new interest rate swaps or derivatives if those transactions are determined to be of a net benefit to the State and consistent with its adopted policies.

Firms responding to this RFQ may apply as follows: (i) to provide services associated with the issuance and management of OPFC bonds—respond to questions 1-12 and 19-22; (ii) to provide services associated with the execution and management of interest rate swaps and derivatives linked to OPFC bonds—respond to questions 1-3 and 13-22; or (iii) to provide services associated with both bonds and swaps/derivatives—respond to all questions. All firms responding to this RFQ must also execute and submit the Certifications in Section VIII and the enclosed Information Sheet. Firms will only be considered for the position(s) indicated on the enclosed Information Sheet. Joint proposals, i.e. more than one firm included in one response, will not be considered.

The OPFC will evaluate RFQ responses based on the criteria in Section VI and will select one or more firms to assist with the issuance of OPFC bonds and related debt management functions and one firm to assist with interest rate swaps and derivatives. The selected firms will be responsible for notifying the OPFC 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, and any other material changes or developments or (ii) changes related to the Certifications in Section VIII. The OPFC 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 by the OPFC.

All questions related to this RFQ must be submitted by e-mail to OBM.DebtMgmt@obm.ohio.gov with the subject "RFQ - MA Questions" by 4:00 p.m. EDT Monday, May 1, 2023. Responses 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 with OBM staff, the OPFC

members, or any of their designees outside of requests made using the protocol described above. Any such communication will disqualify the respondent and its proposal from consideration.

This RFQ is not to be construed as an offer of an agreement by the OPFC. Any contractual arrangement will be evidenced by a separate contract authorized by the OPFC. 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 OPFC bonds must have served as the primary municipal advisor on at least five federally tax-exempt bond issuances, each having a par amount of at least \$50,000,000, for a state-level, local, or regional public sector municipal bond issuer since January 1, 2020.

The firms selected to provide municipal advisory services to the OPFC pursuant to this RFQ will not be eligible to serve the OPFC as an underwriter (at any level) or as an interest rate exchange agreement counterparty during the four-year period covered by this RFQ.

III. Scope of Services

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

Debt Issuance and Management

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

¹ 17 CFR 240.15Ba1-1(d)(1)

- 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 OPFC 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 State's debt, as requested.
- Assist in reviewing and updating the State's debt policies.
- Analyze proposals presented by investment bankers and perform other related services as requested by the OPFC.
- Other related services as requested by the OPFC.

Swaps and Derivatives

- Advise and assist the OPFC in evaluating interest rate swap and other derivative proposals.
- For new interest rate swaps or derivatives: (i) determine pricing relative to mid-market and recommend spreads to mid-market that fairly compensate the counterparty for costs and profit; (ii) review swap documents to ensure consistency with existing State swap documents; and (iii) review swap documents to ensure terms and conditions most favorable to the State.

- Provide weekly valuations and threshold valuation notifications for each of the OPFC's outstanding interest rate swap agreements.
- Assist in the preparation and maintenance of end-of-fiscal-year, derivative disclosure reports required for GASB compliance.
- Assist the OPFC in compliance with applicable regulatory requirements (e.g., International Swaps and Derivatives Association protocols).
- Assist in reviewing and updating the State's interest rate swap and derivative policies.
- Other related services as requested by the OPFC.

IV. Submission of Responses

Interested firms must respond to this RFQ in all applicable respects. Responses are strictly limited to a total of 12 pages at no smaller than 12-point font. This 12-page limit does not include the requested attachments which consist of the tables of transactions requested in questions 10 and 15, 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 12-page limit. Information contained in the cover letter will not be used to evaluate the response. Responses must be electronically submitted to OBM.DebtMgmt@obm.ohio.gov in PDF searchable format 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 OPFC will compensate the selected firm(s) at a flat rate per issuance of \$0.25 per \$1,000 bond, with a minimum fee of \$15,000 and a maximum fee of \$40,000 per issuance on competitive bond sales. The OPFC will compensate the selected firm(s) at a flat rate per issuance of \$0.40 per \$1,000 bond, with a minimum fee of \$20,000 and a maximum fee of \$60,000 per issuance on negotiated bond sales. 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 bonds are sold on the same date. Compensation for each additional series of bonds sold on that same date will reflect the applicable minimum fee. The OPFC may adjust the above fee schedule to reflect special circumstances that increase the volume or complexity of the work performed.

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.

The OPFC will compensate a selected firm \$12,000 annually for ongoing weekly valuations and assistance with preparing and reviewing fiscal-year end GASB-required schedules related to its existing interest rate swaps and derivatives contracts. The annual

fee will be paid in quarterly installments of \$3,000 upon receipt of the firm's service invoice. Compensation related to any new interest rate swap and derivative product transactions will be negotiated with the selected firm based on factors such as the size, complexity, and term of the agreements. Firms submitting qualifications to serve as the advisor for swaps and derivatives are asked to provide a proposed schedule of fees in Section VII of this RFQ.

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:
 - Experience in serving as the advisor on large municipal bond and swap/derivative financings;
 - Capacity to provide technical financial analyses for bond issuances and derivative products;
 - 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 outstanding debt and derivative products.
- Qualifications, education, and experience of the individuals to be assigned.
- Commitment to Ohio:
 - Municipal advisory experience with Ohio issuers; and
 - Physical presence within the State of Ohio.

At its discretion, the OPFC may conduct interviews with one or more responding firms. The OPFC 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. The OPFC 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.
 - 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 the OPFC.

Debt Issuance and Management

4. Describe the firm's experience, qualifications, and resources to perform the tasks identified in Section III under Debt Issuance and Management. 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. Provide an overview of the major legislative and regulatory changes in the municipal bond market since January 2020.
6. Describe the firm's ideas with respect to structuring and marketing OPFC 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.
7. Describe how the firm would manage the pricing of a negotiated bond sale, including the real-time resources and information the firm would utilize. 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.
8. Provide recommendations on the most cost-effective method of introducing more variable rate debt into the State's debt portfolio. Include a discussion of the risk factors inherent in the products you propose.
9. Provide two references from public issuers to which the firm or individuals from the firm has/have provided debt issuance and management services since January 2020 that can be contacted by the OPFC 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.
10. Provide a tabular list and subtotals for each of the following types of transactions of at least \$50,000,000 for which the firm has served as the primary municipal advisor since January 2020. Please identify the issuer, par amount, security/pledge, date of the bond issue from which interest begins to accrue, and method of sale for each transaction.
 - i. Fixed rate bonds for state-level issuers outside of Ohio;
 - ii. Variable rate debt for state-level issuers outside of Ohio;

- iii. Bond or note issuances for state-level issuers in the State of Ohio; and
 - iv. Bond or note issuances for non-state-level issuers in Ohio (e.g., local/regional governments and school districts).
11. For work outside the scope of services of this RFQ, please provide an hourly rate/fee for each of the individuals identified in the staffing plan.
 12. How does the firm differentiate its services from other Municipal Advisory providers?

Swaps and Derivatives

13. Describe the firm's experience, qualifications, and resources to perform the tasks identified in Section III under Swaps and Derivatives.
14. Describe how the firm would price a negotiated swap to determine the mid-market level and the appropriate level of fees to compensate the counterparty for costs (e.g., hedging/execution, legal, credit, etc.) to achieve the lowest possible cost of borrowing for the State. Include in the answer the real-time resources and information the firm has access to and will utilize to ensure the best possible pricing.
15. Provide a tabular list (sorted by type of derivative product, e.g., synthetic fixed, synthetic variable, basis swap, etc.) of swaps or derivatives transactions of more than \$10,000,000 in notional amount for which the firm or the assigned staff have served as the municipal advisor since January 2020 for each of the below categories. Identify each issuer, notional amount, and date of the agreement within the table and include notional amount totals.
 - i. State-level issuers nationally (excluding Ohio)
 - ii. State-level issuers in Ohio
 - iii. Local government issuers in Ohio
16. Assuming a negotiated floating-to-fixed swap involving the State's general obligation credit (assume \$100 million in serial maturities over 20 years and a level debt service structure), please provide an indication of the fee the firm would propose both in basis points and in dollars and discuss how that fee is calculated.
17. Provide two references from public issuers to which the firm or individuals from the firm has/have provided interest rate swap and derivative services since January 2020 that can be contacted by the OPFC during the RFQ process. Identify the primary contact (name, title, address, telephone, and e-mail) and list the transactions worked on for that issuer.
18. How does the firm differentiate its services from other Municipal Advisory providers?

Regulatory

19. 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
20. 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.
21. 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.

22. 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 the OPFC. 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 22).
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 April 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 the OPFC as an underwriter (any level) or as an interest rate exchange agreement counterparty during the four-year period covered by this RFQ.
 7. The firm will be responsible for notifying the OPFC, 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

**Ohio Public Facilities Commission
Request for Qualifications for
Municipal Advisory Services for Bonds and
Municipal Advisory Services for Interest Rate Swaps and Derivative Products**

Name of Firm: _____

Primary Contact: _____

Telephone Number: _____

E-Mail Address: _____

Mailing Address: _____

Date: _____

Qualification Categories:

_____ Debt Issuance and Management (Questions 1-12 and 19-22)

_____ Interest Rate Swaps and Derivatives (Questions 1-3 and 13-22)

_____ Both Debt and Swaps and Derivatives (Questions 1-22)