



CONTRACT NO: 14-08-11-04

**UNDERWRITING SERVICES
2014 PROPOSED BOND ISSUE**

Delaware Code: Title 29, Sections 6981 and 6982

Bid packets must be received by
3 p.m.
August 26, 2014

Delaware State University
Room 321
Administration Building
1200 North DuPont Highway
Dover, DE 19901-2277

Point of Contact
Jessica Wilson
(302) 857-6272
(302) 857- 6278

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TO: ALL BIDDERS

The enclosed packet contains a "REQUEST FOR PROPOSAL" for, Underwriting Services 2014 Proposed Bond Issue. The bid consists of the following documents:

REQUEST FOR PROPOSAL – CONTRACT NO. 14-08-11-04

1. Definitions and General Provisions
2. Special Provisions, Request for Proposal, and Scope of Work
3. Bid Reply Section
 - a. Non-Collusion Statement and Acceptance
 - b. Bid Reply Section

Your bid and the Bid Reply Section must be executed completely and correctly and returned in a clearly marked envelope by 3:00 p.m. EST, Wednesday, August 26, 2014, to be considered.

Please review and follow the information and instructions contained in the General Provisions and this Request for Proposal. Should you need additional information, please call Jessica Wilson at (302) 857-6270.

Minority Business Enterprise (MBE) and Women Owned Business Enterprise (WBE) will be afforded full opportunity to submit bids and will not be subject to discrimination on the basis of any potential class or category in consideration of this award.

Delaware State University reserves the right to extend the time and place for the opening of bids from that described in the advertisement, with notice of not less than two (2) calendar days' by certified delivery, facsimile transmission, or by verifiable electronic means to those bidders who obtained copies of the bid documents. Delaware State University reserves the right to reject any and all bids and waive all informalities.

NON-COLLUSION STATEMENT

Delaware State University
Office of Purchasing
Dover, DE 19901-2275

Gentlemen:

This is to certify that the undersigned bidder

_____ has not, either directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with the bid for Contract No. 14-08-11-04 or any part(s) thereof, submitted to the Delaware State University on the _____ day of _____, 20__.

SIGNATURE OF BIDDER

CORPORATE SEAL

BY: _____

ATTEST:

Secretary

SWORN to and SUBSCRIBED before me this _____ day of _____, 20 ____.

City of _____

County of _____

State of _____

My Commission Expires: _____

Notary Public

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INTRODUCTION

The Delaware State University (the University) seeks to retain a firm or firms of underwriters to serve as manager and/or co-manager(s) in connection with the issuance of up to \$40 million principal amount of capital revenue bonds to be issued on or before October 15, 2014. A pledge of Unrestricted University Revenues will secure these bonds.

Proceeds from the bonds will be used for (1) the construction, acquisition, renovation, equipping and furnishing of an Optical Science Center for Applied Research (approximately eight million dollars (\$8 million)); (2) the acquisition and capital improvement of the former Sheraton Hotel and Convention Center, now known as the Living and Learning Commons (approximately twelve million dollars (\$12 million)); and (3) the purchase of the University Courtyard, a 416 bed student housing facility owned by the Delaware State University Housing Foundation in the amount of approximately \$15 million.

The Delaware State University Vision

As one of America's most highly respected Historically Black Colleges and Universities, Delaware State University is known for a standard of academic excellence that prepares our graduates to become the first choice of employers in a global market, and invigorates the economy and the culture of Delaware and the Mid-Atlantic Region.

Humble Beginnings and New Horizons

Delaware State University (DSU) is an accredited, comprehensive, state-assisted, land-grant University. Established under the Morrill Act of 1890, the University was founded as the "State College for Colored Students" by an "Act of Incorporation" of the 58th General Assembly of the State of Delaware on May 15, 1891. The name was changed to Delaware State College in 1947 by an Act of the 114th General Assembly. On July 1, 1993, Delaware State College turned another chapter in its history, when Governor Thomas R. Carper signed a name change into law, renaming the College to Delaware State University. Thus, the University has existed as a land-grant institution for 120 years during which time it has evolved into a comprehensive University serving the needs of a diverse student population of 4,505 as of the fall 2013 semester.

DSU has a long and proud history as one of America's Historically Black Colleges and Universities (HBCUs). It has a blend of both long-standing traditions and growing diversity. Our current population includes a 76 percent African-American enrollment and an increasing number of Caucasian, Hispanic, Asian and other international students.

With a changing world comes a changing campus as DSU prepares its students for the global challenges of the new millennium and beyond. The University is a welcome center for learning, supporting people from many cultural backgrounds who speak several different languages and dialects. DSU is a melting pot for education, and after graduation—wherever life takes them—our students are truly “making their mark on the world.”

DSU's focus on cutting-edge research, technology and business practices has brought the

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University into modernity and made it a member of the scientific, solution-seeking community. Today, it remains in the vanguard of four-year institutions throughout the region and country.

DSU currently offers 52 undergraduate degree options, an impressive number for a school of DSU's size. It also offers 25 master's degree programs and 5 doctoral degree programs in areas such as interdisciplinary applied mathematics/mathematical physics and educational leadership.

SPECIFICATIONS

Section 1 Scope of Work

- 1.1 The bond underwriter(s) shall provide, but are not limited to the following services to the University:
 - A. Develop one or more financing structures for consideration based upon the financing needs and repayment abilities of Delaware State University and its regional campuses. Provide a schedule of issuance, an estimate of bond issuance costs, and annual debt service payments.
 - B. Advise the University on the merits and cost benefits of insuring or not insuring the bonds.
 - C. Establish the interest rates, prices, yields and maturity schedules for the bonds.
 - D. Identify the components of underwriting spread including take-down, commissions, risk, expenses and management fees.
 - E. Manage the marketing, sale and distribution of bonds to institutional and retail accounts. Provide order flow information on the day of pricing. Establish priority of orders and manage syndicate and selling group.
 - F. Deliver proceeds at closing. Provide for such certificates and receipts as Bond or University Counsel determine.

Section 2 Response Specifications

- 2.1 Proposals will be accepted only from entities which: (a) are free from all obligations, interests and regulatory problems which might conflict with the interests of the University and the State of Delaware; (b) are experienced in public finance transactions and have an established reputation for excellence and the ability to successfully transact public finance business; and (c) are able to demonstrate the availability of relevant resources, including capital, personnel, data processing, credit analysis, sales distribution capacity, and other professional services necessary in connection with the issuance, structuring, underwriting, and sale of the Bonds. Failure to meet the three criteria listed above will be cause for immediate disqualification of the proposal.
- 2.2 The University reserves the right to establish the underwriting team; however, firms are allowed to submit joint proposals.

2.3 Required Components of Proposal:

2.3.1 Proposals should respond to each of the following requests in the order indicated. Each request should be identified by its own numbered tab within the proposal for ease of reference. Additionally, in a cover letter at the beginning of the proposal, specify whether your firm wants to be considered as a senior manager, co-manager or both. It is anticipated that Delaware State University will select a single Manager and/or co-manager(s) for the proposed issue.

1. Conflict of interest and adverse legal situation:
 - A. Affirm that your firm and all individuals that will be assigned to this transaction are free from all obligations, interests and regulatory problems that might conflict with the interests of the University and the State.
 - B. Identify all pending litigation or regulatory actions, either state or federal, related to public finance in which your firm or any predecessor or associated firm is involved.
 - C. Disclose any information about your firm that presently, or in the future, could impair your firm's ability to provide the services required for this transaction.
2. Firm's qualifications and experience:
 - A. List your firm's senior management experience in similar size financing for bond/note issues. Also, indicate your firm's experience with rating agencies and primary bond insurers by noting each issue that was either rated and/or used bond insurance, the rating and the name of the insurer that was selected by the institution.
 - B. Please indicate the capital position of your firm for the year ending December 31, 2013, or other most recent fiscal year, and the four preceding years. Please provide a copy of your firm's latest audited financial statements that reflect your firm's capital position.
 - C. Please indicate your firm's historical performance in utilizing its capital to underwrite tax-exempt securities. Please provide the amount of capital utilized to underwrite tax-exempt securities over the past three years. Please indicate your firm's underwriting commitments of tax-exempt securities expressed as a percentage of

your firm's total underwriting of securities.

- D. Please indicate the amount of tax-exempt bonds for which your firm has served as a senior manager of negotiated transactions for the past three years (2011, 2012 and 2013).
 - E. Please indicate the amount of tax-exempt bonds issued for higher education purposes for which your firm served as senior manager of negotiated transactions for the last three years.
 - F. Please provide no less than four references from issuers concerning your firm's qualifications and experience in higher education financing.
 - G. Please indicate the number of registered salespersons in your firm nationally, and the number of salespersons registered in the State of Delaware.
 - H. Please describe your firm's ability to provide distribution of tax-exempt bonds to both the retail and institutional sectors. Please provide a historical analysis of your firm's actual distribution of tax-exempt bonds to retail and institutional buyers for the past three years (2011, 2012 and 2013).
 - I. Please describe your firm's ability to provide distribution of tax-exempt bonds in the State of Delaware to both the retail and institutional sectors. Please provide a historical analysis of your firm's actual distribution of tax-exempt bonds to retail and institutional buyers for the past three years (2011, 2012 and 2013).
3. Financing team's qualifications and experience:
- A. Identify all members of your team who would be involved in the proposed transaction.
 - B. Please provide their background, relevant experience, and their role in the proposed transaction.
4. Marketing:
- A. Briefly describe your firm's and team's municipal sales and distribution network (retail and institutional), including the number of offices, registered representatives, municipal salespersons and municipal traders. Describe how in-state Delaware investors will

be handled.

- B. Outline your strategy for distributing (selling) the proposed bonds. Describe your firm's commitment to using capital to underwrite the offering. Cite specific examples and contacts for the transactions listed. Describe your firm's ability to underwrite the issuance of tax-exempt debt under adverse market conditions.

5. Financing recommendations and analysis:

- A. What type of bond structure would you recommend for the proposed issues? What other relevant alternative(s) do you believe should be considered?
- B. Describe your firm's quantitative capabilities, particularly as they relate to the structure(s) you recommended in this proposal.

6. Underwriting fee:

Please provide a breakdown of your proposed underwriter's discount and expenses assuming Delaware State University seeks to issue \$40 million principal amount of capital revenue bonds to be issued on or before October 1, 2014. Included in this fee proposal should be the following: (1) management fee; (2) expenses, including underwriter's counsel, printing, etc.; (3) average takedown; and (4) risk, if applicable. Describe any other costs for which your firm will request to be reimbursed.

7. Project time line:

Please provide a timetable listing each task that needs to be accomplished to meet the schedule for the bond issue to be completed by October 15, 2014.

- 2.4 Please set forth any further information or insights that you believe are relevant to consideration of your firm as an underwriter of the bonds.

Section 3 Proposal Evaluation Criteria

- 3.1 All acceptable proposals will be evaluated by a committee composed of University staff in accordance with the University purchasing rules and regulations, based on the criteria in paragraph 3.3 and 3.4.

- 3.2 Once the evaluation committee has narrowed the number of proposals for further consideration, telephone conference calls and/or on-site presentations may be necessary but not required to assist in determining the best-qualified firm. The selection committee members may make final adjustments in their scoring of the evaluative criteria if such conference calls or on-site presentations are necessary.
- 3.3 Evaluations will be based on overall services, qualifications and costs. Award will not necessarily be made to the firm submitting the lowest cost.
- 3.4 The proposals will be evaluated based on the following criteria and weighting scale:

CRITERIA	MAXIMUM WEIGHT
Underwriting Fee	25
Financing Recommendations and Analysis	20
Firm's Qualification and Experience	20
Financing Team's Qualifications and Experience	15
Marketing	10
Project Timeline	10

Section 4 Other Information

- 4.1 The University reserves the right to utilize any structures presented in the proposals, even if the proposing vendor is not selected.
- 4.2 The University reserves the right to reject any and all proposals with or without cause, and to waive any irregularities in the responses received as a result of this request, when such irregularities are not in conflict with the State of Delaware Code or University Purchasing Regulations. In addition, the University reserves the right to make such investigations as it deems necessary as to the qualifications of any and all proposers, and to conduct pre-contract negotiations.
- 4.3 Discussions and interviews may be held with firms under final consideration prior to making a selection for award; however, proposals may be accepted without such discussions or interviews.
- 4.4 In the event that mutually acceptable terms cannot be reached within a reasonable period of time, the University reserves the right to undertake negotiations with the next most advantageous firm without undertaking a new procurement process. A copy of additional terms and conditions that a firm wishes to offer for consideration should be enclosed with the proposal. Payment of fees and expenses, not to exceed the maximum proposed, will be made upon satisfactory completion of the required services.
- 4.5 The University has retained NW Financial Group, LLC as its financial advisor.

Section 5 Proposal Submission and Due Dates

- 5.1 A total of six (6) original copies of your proposal should be submitted to the following parties by 3:00 PM (EDT) on **Tuesday, August 26, 2014**. **The timeliness of the bid is the receipt of the original copies at the address listed below.** Late proposals will not be accepted. All proposals must be signed by an officer authorized to commit and negotiate on behalf of the financial institution. Proposals should be delivered to:

Jessica Wilson
Director of Purchasing
Delaware State University
Administration Building, Room 302
1200 N. DuPont Highway
Dover, DE 19901-2277
Email: jwilson@desu.edu

- 5.2 The University reserves the right to reject any or all proposals, to conduct interviews, and to negotiate final terms with proposers. All bids must remain firm through December 31, 2014. Nothing in this RFP, the responses, or in the acceptance of any responses in whole or in part shall obligate the University to complete negotiations with the related financial institution. The University will not provide an engagement letter to any financial institution. The University reserves the right to end, in its sole discretion, negotiations with a financial institution at any time up to the consummation of the transactions arising from this RFP.

- 5.3 Schedule:

The University plans to select an underwriter in a most expeditious manner. Negotiation with the selected provider will be completed upon selection.

- 6 Additional Information and Questions:

For general information and questions, all questions must be submitted in writing to the University's financial advisor, Tom Beckett of NW Financial Group, LLC at tbeckett@nwfinancial.com with copy to Dr. Teresa Hardee, Chief Financial Officer THardee@desu.edu.