



State of Delaware

Department of Finance

Carvel State Office Building, 8th Floor
820 N. French Street
Wilmington, DE 19801

Request for Proposals
to provide
Underwriting Services
to the
State of Delaware

Bid Number: FIN 12 001

Bid Closing: September 28, 2012, noon, EDT

REQUEST FOR PROPOSALS
to provide
UNDERWRITING SERVICES
to the
STATE OF DELAWARE

I. RFP SCHEDULE

ID	Date/Time	Activity
1	September 10, 2012	Request for Proposal issued, First Public Notice published and posted on http://bids.delaware.gov/
2	September 17, 2012	Second Public Notice posted
3	September 18, 2012	All Vendor questions regarding RFP are due Please direct any questions regarding this request for proposal via e-mail to Geoff Stewart, stewartg@pfm.com .
4	September 24, 2012	State issues answers to questions regarding the RFP via http://bids.delaware.gov/
5	September 28, 2012	RFP Response due date Please submit your proposal via e-mail to Stephanie Scola, stephanie.scola@state.de.us , and Geoff Stewart, stewartg@pfm.com , by noon (Eastern) on September 28, 2012.
4	October 8, 2012	Begin Negotiations (subject to change)
5	October 31, 2012	Contract awarded (subject to change)

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II. OVERVIEW

The State of Delaware (the "State") is soliciting proposals from qualified firms interested in performing senior manager ("Senior Manager"), co-senior manager ("Co-Senior Manager") or co-manager ("Co-Manager") underwriting services for general obligation debt issuance planned for early 2013 through fiscal 2014. Firms that apply for Senior Manager, Co-Senior Manager, and Co-Manager will be considered when the syndicate is formed. Firms which apply for Senior Manager but are not selected will be considered for Co-Senior Manager or Co-Manager. All

remaining firms, including those who have applied only for Co-Manager, will then be considered for the syndicate.

In the first quarter of 2013, the State intends to offer up to \$200 million of general obligation bonds to fund its ongoing capital program and will market a portion of its bonds to retail investors. The State will also consider refunding portions of its outstanding general obligation bonds for debt service savings provided the refunding meets or exceeds net present value savings and conservative refunding efficiency thresholds.

The selected underwriters will work with the Department of Finance, the Office of the State Treasurer, the Attorney General and other professionals selected by the State. The State reserves the right to select multiple firms for the same series of bonds or select a single firm for multiple series of bonds. Further, the State reserves the right to sell its bonds, or any portion of its bonds, on a competitive bid basis, as indicated by *29 Del. C. c. 74*, and reserves the right to modify and/or cancel this solicitation at any time during the RFP process.

The Senior Manager selected will be required to provide some or all of the scope of services identified below, at the request of the State. Co-Senior Managers (if any), and Co-Managers shall provide information and assistance upon request and shall act as members of the underwriting syndicate.

III. SCOPE OF SERVICES

1. Recommend structures for each specific debt series being issued in order to minimize overall debt service costs;
2. Assist in drafting and reviewing relevant bond documents, including, but not limited to, official statements, bond resolutions and bond purchase agreements;
3. Assist in preparation of materials, presentations or other communications with rating agencies and investors;
4. Identify financing opportunities available to the State;
5. Manage the underwriting process;
6. Commit capital to underwrite the bonds being issued;
7. Provide post-closing analysis of the debt issuance, including but not limited to pricing, orders, allotments;
8. Identify investment opportunities that provide savings and improve the efficiency or execution of a transaction;
9. Provide such underwriting and investment banking services as requested by the State.

IV. REQUIRED COMPONENTS OF THE PROPOSAL

Each firm submitting a proposal must follow the instructions contained in this RFP in preparing and submitting its proposal. The proposing firm is advised to thoroughly read and follow all instructions and limit its proposal to a length of no more than 15 pages. A Proposal must contain all of the information in the order and format indicated below.

1. Provide the name, title, business address, e-mail address, telephone number and fax number of the individual the State should contact regarding your proposal;
2. Provide a brief description of your firm and its ownership structure. Discuss your firm's public finance and municipal sales, trading and underwriting departments including a discussion of your commitment to these areas;
3. Provide your firm's total capital, net capital, equity capital and excess net capital position as of the end of your most recent quarter;
4. Describe your firm's physical presence in the State of Delaware, including number of offices, number of employees and type of business activity conducted in the State
5. Identify any existing or potential conflict of interest, or any relationships that might be considered a conflict of interest, that may affect or involve transactions for the State;
6. Provide a summary of any ongoing investigations or litigation involving the firm, its directors, officers and principals and any individuals employed by the firm in the past five years. Include in such summary any censures, fines, indictments or prosecutions. Please include details in an appendix.
7. Provide as an appendix, the last two G37/38 reports your firm has filed.
8. Describe your firm's municipal bond sales and distribution capabilities nationally and within the State of Delaware, including both retail and institutional sales. Discuss how the State can diversify and expand its investor base and how this will impact the overall cost of capital.
9. Describe the team that will be assigned to cover the State with a discussion of their relevant experience. Please include brief resumes in an appendix.
10. Discuss your firm's support of the State's bonds in the secondary market as well as your support of the State's bonds in the competitive market;
11. Provide indicative pricing for tax-exempt general obligation bonds maturing 10/1/2013 through 10/1/2032 relative to Municipal Market Data's AAA GO scale (5% coupons) published as of close of business September 21, 2012. Assume a delivery date of 10/1/2012 and level annual installments of principal of \$10.0 million and a par call of 10/1/2020. In addition, provide your expectations with regard to any and all fees including management fees and takedown by maturity as well as any relevant supporting discussion.

12. Discuss alternatives to an 8-year par call and how the alternative could lower the cost of capital for the State.

V. TERMS AND CONDITIONS

1. The senior manager will be expected to execute a Bond Purchase Agreement which will include the usual and customary terms and conditions. The form and content of the agreement will be provided by the State of Delaware.
2. If retained, underwriters' counsel must be selected from a pre-qualified list of firms which will be provided upon request.
3. The State reserves the right to reject any or all proposals, the right, in its sole discretion, to accept the proposal it considers most closely aligned with its interests and the right to waive minor irregularities in the procedures. The State also reserves the right to reject all proposals and seek new proposals.
4. The State reserves the right to request clarification of information submitted and to request additional information from one or more respondents.
5. The State will not be liable for any costs incurred in the preparation of this proposal.
6. The State reserves the right to conduct oral interviews with any or all bidders prior to selection and will not be liable for costs incurred by the bidders in connection with such interview.

In accordance with Executive Order 29 (Ensuring Representation of Veteran-Owned Businesses in Delaware's Supplier Diversity Initiatives and Amending Executive Order 14 Increasing Supplier Diversity Initiatives within State Government), the State of Delaware is committed to supporting its diverse business industry and population. The successful vendor will be required to report on the participation by a minority and/or women owned business and/or a veteran-owned business.

The firm shall be properly licensed and authorized to transact business in the State of Delaware as provided in Section 2502 of Title 30 of the Delaware Code and other applicable statutes and regulations.