



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/Agent Services
to the
State of Delaware

Bid Number: FIN-14-010-U/W/Agent

Bid Closing: August 22, 2014, noon, EDT

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

I. RFP SCHEDULE

ID	Date/Time	Activity
1	August 7, 2014	Request for Proposal issued, First Public Notice published and posted on http://bids.delaware.gov/
2	August 14, 2014	Second Public Notice posted
3	August 12, 2014	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	August 15, 2014	State issues answers to questions regarding the RFP via http://bids.delaware.gov/
5	August 22, 2014	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 August 22, 2014.
4	September 2, 2014	Begin Negotiations (subject to change)
5	September 15, 2014	Contract awarded (subject to change)

Contact Information:

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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 late 2014 and for any transactions through the end of state fiscal year 2016. Firms that apply for Senior Manager, Co-Senior Manager, and Co-Manager will be considered when the bank 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 bank syndicate.

In October of 2014, the State intends to offer \$225 million of general obligation bonds to fund its ongoing capital program and may select qualified firm(s) to market a portion of its bonds to retail investors via a negotiated sale. The State may also consider refunding portions of its outstanding general obligation bonds for debt service savings provided the refunding meets or exceeds certain net present value debt service savings and refunding efficiency thresholds.

The selected firm(s) 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 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, bond purchase agreements and escrow 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 offered for sale competitively in the primary market.
11. Provide indicative pricing for tax-exempt general obligation bonds maturing 7/1/2015 through 7/1/2034 relative to Municipal Market Data's AAA GO scale (5% coupons) published as of close of business August 1, 2014. Assume a delivery date of 11/1/2014 and level annual installments of principal of \$11.25 million and a par call of 7/1/2022. 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 would affect the cost of capital for the State.
13. Describe any alternatives that would diversify the state's investor base including structures that appeal to retail investors, tender option bond programs and CRA eligibility. Explain its effect on the state's cost of capital.

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, in its sole discretion, reserves the right to reject any or all proposals, to accept the proposal it considers most closely aligned with its interests, the right to waive minor irregularities in the procedures, and 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 vendor costs incurred in the preparation of proposals in response to this request.
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 44 (Ensuring Representation of Minority and/or Women Business Enterprises, Veteran-Owned Businesses and Businesses owned by Individuals with Disabilities in Delaware's Supplier Diversity Initiatives, and Rescinding Executive Order No. 14 and No. 29), 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 qualified minority, women, veteran-owned business enterprises and businesses owned by individuals with disabilities.

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.