



State of Rhode Island and Providence Plantations  
Office of the General Treasurer

**Gina M. Raimondo**  
General Treasurer

December 10, 2013

The State of Rhode Island is inviting all interested and qualified firms to submit a proposal to serve as Financial Advisor to provide financial advisory services to the State of Rhode Island for the remainder of fiscal year 2013 and for fiscal year 2014. The State will reserve the right to terminate the contract if it believes that the Financial Advisor is not delivering the appropriate services. All proposals are due no later than 4:00 p.m., EST, on January 6, 2014.

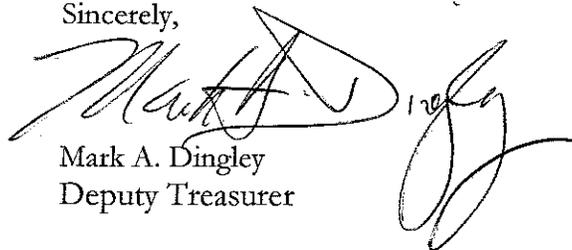
Review of these proposals will be undertaken by a committee comprised of staff of the Department of Administration, the Governor's office, and the staff of the Treasurer's office. This committee will review all proposals and select a firm to serve as Financial Advisor to the State.

Enclosed you will find the Request for Proposals ("RFP").

Any and all responses to the RFP must be made in writing with both two (2) hard copies to Deputy General Treasurer Mark A. Dingley, Office of the General Treasurer, 50 Service Avenue, Warwick, RI 02886 and one (1) copy by email to [mdingley@treasury.ri.gov](mailto:mdingley@treasury.ri.gov), and two (2) copies to Thomas Mullaney, State Budget Officer, at the State Budget Office, One Capitol Hill, 4<sup>th</sup> floor, Providence, RI 02903, and one copy by email to [tomm@budget.ri.gov](mailto:tomm@budget.ri.gov). All responses must be in writing. Any questions regarding the RFP must be made in writing no later than January 3, 2014 to [mdingley@treasury.ri.gov](mailto:mdingley@treasury.ri.gov). Except as provided above, no firm submitting a proposal may make inquiries with respect to this matter of any other person or in any other manner from the date above through completion of the RFP process.

Thank you for your interest in the State of Rhode Island.

Sincerely,



Mark A. Dingley  
Deputy Treasurer

REQUEST FOR PROPOSALS  
to serve as  
FINANCIAL ADVISOR

INTRODUCTION AND PURPOSE OF THE RFP

The State of Rhode Island (the "State") requests proposals from qualified firms interested in providing financial advisory services to the State. The State intends to use this RFP process to select a firm to serve as financial advisor to the State in connection with its primary financing programs including, but not limited to the following:

- General Obligation Bond issues totaling approximately \$80 million to \$100 million per year.
- Certificates of Participation and Lease programs.
- GARVEE Financing.
- Refunding opportunities for the State's outstanding general obligation or certificate of participation debt.
- Short-term financing program, as necessary, which may include the issuance of Tax Anticipation Notes.
- Compliance with arbitrage rebate regulations and performance of calculations of the arbitrage rebate liability for all State issues.
- As yet undetermined, additional services for other financing programs will also be covered under the contracted scope of services for the engagement.

The firm selected to provide financial advisory services as part of the RFP process will be required to enter into a contract with the State. It is expected that the contract covering the engagement relative to this RFP will be similar in scope to the scope of services listed below and for a two-year term, renewable at the State's option.

SCOPE OF SERVICES

The scope of services to be provided by the financial advisor at the request of the State will include, but not be limited to, the following:

- Advise the State on its overall approach to the State's financings working with Treasury; Department of Administration, Office of Management and Budget - Budget Office; bond counsel; disclosure counsel; underwriters; rating agencies; trustees and other professionals involved in the State's financings.
- Assist the State in competitive financings, including publication and distribution of the offering statements, use of electronic bidding and publication methods, communication with underwriter syndicates and verification of bids.
- Assist the State in negotiated financings, including advice on market factors, syndicate policies, issue price and structure.
- Assist in the bidding of services and coordination of vendors required for competitive and negotiated bond issuances (i.e. printing of official statement, trustee or paying agent services, verification agent, etc.).

- Assist the State in the development and presentation of information to the rating agencies and for the State's Investor Portal and to credit enhancers, if applicable.
- Assist in the evaluation of the availability and economics of credit enhancement.
- Assist the State in developing and implementing investor relations and marketing plans in connection with the State's financings.
- Evaluate proposals on new products, refunding opportunities and other financing ideas.
- Assist in the review and analysis of State and Federal legislation pertaining to the State's financing programs.
- Assist the State in evaluation of debt defeasance opportunities, in the event resources are dedicated for such purpose.
- Provide Market Information and respond to other information requests on a regular basis.
- Assist the State in special projects relating to debt issuance, debt management and debt reporting as assigned.
- Assist the State in meeting its short term cash flow financing needs.
- Provide recommendations on the management of the State's debt including, but not limited to, refunding opportunities, the analysis of derivative products, bond proceeds investments and asset/liability management strategies.
- Provide assistance to the State for the PFMB State and Local Debt Studies.
- Work with the State to provide educational sessions regarding bond market conditions/updates/best practices to RI local governments and other governmental agencies.
- Assist in the analysis and bidding of investments of bond proceeds at the State's request.
- Assist the State in its compliance with IRS rebate regulations for tax-exempt securities, including general obligation and non-general obligation issues for which the State is responsible. The State's objective is to have arbitrage rebate calculations performed by the financial advisor. The advisor will provide a written report describing the calculation methods used and deliver appropriate supporting documentation for the rebate calculations. The advisor will provide IRS Form 8038 (or applicable form) when a penalty/rebate payment is due and a statement summarizing the determination of the amount to be paid to the IRS at such time as required by law.
- Special Projects for the State or its agencies as determined by mutual agreement.

## EVALUATION CRITERIA

Firms will be evaluated on the basis of their written responses to this RFP, additional written information requested by the Office of the General Treasurer and oral interviews, if any, utilizing the following criteria (not necessarily in order of importance):

1. Experience of the firm in serving as financial advisor to large issuers including the firm's understanding and level of competence in structuring and marketing debt offerings and in developing innovative or alternative financing structures.
2. Demonstrated understanding of the State of Rhode Island, its credit, its capital structure, financing plans, economy, legal constraints, bureaucratic organization, legislative process and other relevant factors.
3. Quantitative analytical ability of the firm and professionals assigned.
4. Qualifications of the financing team including the experience and availability of the primary contact and the breadth and depth of the other professionals available to provide financial advisory services to the State.
5. Team organization and approach, including the ability of the firm to adequately staff and complete time-sensitive transactions and to interact effectively with the General Treasurer and other State agencies, bond and disclosure counsels, underwriters, underwriters' counsel, trustees and other professionals involved in the State's financings.
6. Resources and ability to provide full scope of services with in-house personnel and assets.
7. Equal employment opportunity record as evidenced by the composition of firm personnel and the firm's affirmative action and equal employment opportunity policies and practices.
8. Overall quality of the written proposal, and oral presentation, if any.

## REQUESTED INFORMATION

Part A: General Information - Responses to Part A must not exceed 10 pages.

1. Provide the name, title and contact information for the primary contact in connection with your proposal.
2. Provide a summary of the key strengths and qualifications of your firm to serve as financial advisor to the State.

3. Provide a brief description of your firm, its affiliate and subsidiary corporations, its history in providing financial advisory services and its ownership structure. Describe any changes in ownership over the past three years. Discuss the location(s) of the office(s) from which the primary work on this engagement is to be performed. Detail the staffing levels of your firm including managing directors, senior vice presidents, associates and analysts as of the date of your proposal. Explain any significant changes in staffing and/or organization of your firm during the previous three years. How is your firm strategically positioned to cope with the changes in the Public Finance Industry over the past several years?
4. Provide summary resumes with the background and qualifications of the individuals who would be assigned to work with the State, including tenure with your firm. Specify the person who will serve as the primary day-to-day contact and discuss the primary roles of other assigned members of your team. Indicate how the quality and availability of the staff over the term of the contract will be maintained.
5. Provide, in tabular form, information on the employee composition of your firm indicating the total number of employees and the total number and percentages of minorities and women employed as managing directors, senior vice presidents, vice presidents, associates, analysts and clerical/technical support. Provide a summary description of your firm's equal opportunity and affirmative action policy. (This policy description may be included as an Appendix to your proposal.)
6. Provide the name, title, address and telephone number of three client references the State may contact in connection with your proposal. Include length of relationship and a summary of your experience with the client. Detail and explain any terminated relationships over the past three years.
7. Discuss your firm's analysis of competitive versus negotiated financings. What methodology do you use to assure optimal pricing for your clients? Where would a twenty-year, general obligation bond of the State be priced as of January 1, 2014. Include a scale with estimated takedowns by maturity. What call features would you recommend and under what circumstances would you recommend non-callable bonds?
8. Discuss your experience in and approach in evaluating the use of derivative products for municipal issuers. Under what circumstances should the State consider the use of derivative products?
9. The State is a regular issuer of general obligation bonds. What recommendations do you have regarding the marketing of the State's debt? Discuss the relative merits of hiring a firm which has underwriting capabilities versus a firm that does not. Please discuss how important it is for the State to balance the distribution of the State's debt offerings to Rhode Island and other retail investors with achieving the lowest possible interest cost.
10. Specifically identify your firm's analytical resources and quantitative capabilities.

11. Where does your firm obtain market information? What assurances do you have that your market information is accurate, current and derived from a reliable source? Disclose your affiliation or relationship with any broker dealer, including describing the firm's dependence or reliance on other broker dealer firms or underwriting firms to obtain information on market interest rates, other factors of the bond market, and in the pricing of issues by financial advisory clients.
12. Disclose any material agreements, relationships, retainers or other employment that your firm or any employee of your firm has with any other financial advisory firm, investment banking firm, law firm, or other person or entity that conducts business in the municipal securities industry.
13. Please describe any pending and ongoing criminal or civil investigation, pertinent litigation and/or regulatory action involving your firm or members of your firm.
14. Please describe your proposed fee structure for new money G.O. bonds, COPS issues, any refunding or revenue bonds, tax anticipation notes, the arbitrage calculations as specified in Part C, and the fee arrangement for other assignments. The State prefers an arrangement whereby a modest retainer would be paid in addition to a calculated per transaction fee. However, the State will entertain any proposed fee ideas including hourly fees. Please do not quote artificially low initial fees with the expectation of raising fees in the future.

Part B: General Obligation Bonds and Certificates of Participation-Responses to Part B must not exceed 5 pages.

1. Summarize in tabular format your financial advisory experience with tax exempt issuers since January 2008. Separately identify your Rhode Island experience. The table should include the name of issuer, issue size and name, date of sale, negotiated or competitive and rating.
2. Describe at least two financial advisory assignments involving your firm over the last two years that are most relevant to this RFP. Please indicate the name of the issuer, a description(s) of the transaction(s), the individual(s) from your firm involved and the value added by your firm.
3. In your view, what are the most important challenges and opportunities facing the State over the next two years, specifically in connection with its general obligation financing program? How will your firm help the State in addressing these issues?
4. How would your firm assist the State in communicating with the rating agencies and investors?
5. Describe your experience with cash flow borrowings and the value your firm could add to the State's short-term financing program.

Part C: Arbitrage Consulting Services-Responses to Part C must not exceed 5 pages.

1. Summarize the firm's experience in arbitrage rebate consulting. Provide references for at least three governmental agencies for which the firm has provided arbitrage calculations. Identify the individual(s) in the firm who will be performing the rebate calculations and working with State personnel. Provide a brief description of their background and experience, location and accessibility, and at least two references. Please provide at least two sample arbitrage calculation reports prepared by the firm.
2. Provide a breakdown of all estimated fees and costs for the proposed arbitrage consulting services. Separately identify fees for:
  - Annual Rebate Calculation
  - Interim Rebate Calculation (less than 12 months)
  - Five year Rebate Calculation
  - Penalty (spend down) Calculation per 6 month spending period
  - Penalty (spend down) Calculation per 100% of spending period
  - Please specify whether there is an additional fee, and the amount of this fee, for providing the State with the IRS Form 8038 when penalty/rebate payments are due. Also, please state whether lower fees apply in cases where the construction or project funds have already been depleted. If fees are quoted on an hourly basis, specify a "not-to-exceed" figure along with your estimate of the time required. Please indicate whether your fee is negotiable and if the State can qualify for any discounts.
3. Outline a schedule and typical time frame for completion of compliance with arbitrage rebate regulations. Provide in detail the information and assistance that will be required of the State and other interested parties in the arbitrage calculations.
4. Describe the legal expertise available to the firm, particularly with regard to the arbitrage provisions of the Internal Revenue Code. Describe the assurances that will be provided to the State that the work performed is consistent with federal tax law and other applicable law. The State may not require that a legal opinion be provided in conjunction with the arbitrage report(s), but if such an opinion is available from the firm, please provide an example of the opinion and the additional costs, if any, of providing such an opinion.
5. Describe opportunities, investment or otherwise, which your firm might recommend to the State relating to arbitrage regulations which could minimize the State's exposure to negative arbitrage.

Part D: Other Assignments-Responses to Part D must not exceed 5 pages.

1. Describe how your firm can be helpful on projects for which the State might engage your firm.
2. Provide examples of special projects or unique services provided to similar clients.
3. Outline your firm's in-house resources and discuss how they can benefit the State.

SUBMISSION OF RESPONSES

- A. To be considered, all proposals must be clearly marked “RFP Financial Advisory Services” and include all of the following:
1. Cover letter signed by an individual authorized to commit the firm to a financial advisory contract with the State of Rhode Island.
  2. Responses to the questions asked and information requested in this RFP; and
  3. Letter from the firm’s Chief Executive Officer or managing partner, certifying that the firm and individuals representing the firm have not engaged in direct or indirect unauthorized communication with State officials regarding this RFP.
- B. Proposals may not exceed the page limits specified. Page limits are given for each Part A through Part D. Excluded from these page limits are the cover letter, the firm’s affirmative action policy description and the no unauthorized communication certification. Brief and concise responses which keep boiler plate information to a minimum are encouraged. Page limits are intended to set limits; not targets.
- C. Joint Proposals will not be considered.
- D. Four copies of your proposal are due no later than 4:00 p.m., EST, on January 6, 2014. The proposals are to be delivered to the following locations:
- Two copies to: Office of the General Treasurer  
Attention: Mark A. Dingley, Esquire  
Deputy General Treasurer  
50 Service Avenue, 2<sup>nd</sup> Floor  
Warwick, RI 02886
- One copy by email to: [mdingley@treasury.ri.gov](mailto:mdingley@treasury.ri.gov)
- Two copies to: State Budget Office  
Attention: Thomas Mullaney  
State Budget Officer  
One Capitol Hill, 4<sup>th</sup> floor  
Providence, RI 02903
- One copy by email to: [tomm@budget.ri.gov](mailto:tomm@budget.ri.gov)
- E. The Office of the General Treasurer reserves the right, in its sole discretion, to reject any and all responses to this RFP, to waive any minor irregularities or informalities in a response and to enter into any agreement deemed by the Office of the General Treasurer to be in its best interest.

## ADDITIONAL INFORMATION

- A. The Office of the General Treasurer reserves the right to request additional information from firms responding to the RFP and to request certain firms responding to this RFP to make oral presentations
- B. The Office of the General Treasurer will not reimburse for any expenses incurred in connection with this RFP including the cost of preparing the initial responses and any additional information requested and travel expenses related to an oral presentation.
- C. CONFIDENTIALITY

The offices of the General Treasurer and the Governor may treat all information submitted by a respondent as public information following the conclusion of the selection process unless the respondent properly identifies and specifies certain information be treated as confidential at the time of submitting the bid proposal. The release of information is governed by the State of Rhode Island's "Access to Public Records" law (Title 38-2). Respondents are encouraged to familiarize themselves with this law before submitting a proposal.

Any request for confidential treatment of information must be included in the transmittal letter with the respondent's bid proposal. In addition, the respondent must enumerate the specific grounds under the State of Rhode Island's "Access to Public Records" law (Title 38-2) or other applicable law which support treatment of the material as confidential and explain why disclosure is not in the best interest of the public. The request for confidential treatment of information must also include the name, address, and telephone number of the person authorized by the respondent to respond to any inquiries concerning the confidential status of the materials.

Any bid proposal submitted which contains confidential information must be conspicuously marked on the outside as containing confidential information. Identification of the entire bid proposal as confidential will be deemed non-responsive.

If the respondent designates any portion of the proposal as confidential, the respondent must submit one additional copy of the bid proposal from which the confidential information has been excised or redacted. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the bid proposal as possible.

## REMOVAL OF FINANCIAL ADVISOR

After engagement by the State, the Financial Advisor may be removed for reasons which include, but are not limited to, the following:

1. Unacceptable performance, as determined by the Treasurer's Office.

2. Being the subject of disciplinary action by the Department of Business Regulation or any other federal or state governmental regulatory agency.
3. Filing for protection under federal or state bankruptcy laws or the transfer or liquidation of all or substantially all of the entity's assets.