

Rhode Island Commerce Corporation

REQUEST FOR PROPOSALS FOR A DIRECT PURCHASE BY A FINANCIAL INSTITUTION OF A FEDERALLY TAXABLE BOND ISSUE

APRIL 30, 2015

INTRODUCTION

The Rhode Island Commerce Corporation (“Commerce RI” or the “Corporation”) is requesting proposals from qualified financial institutions to purchase, through a private placement, its proposed \$75,000,000* Revenue Bonds - Historic Structures Tax Credit Financing Bond Program, Series 2015 A (Federally Taxable) (the “Bonds”). The Bonds are non-bank qualified. Bond proceeds will: (1) provide funds from which the State's General Fund would be reimbursed for the State’s historic tax credit liabilities; and (2) to pay costs of issuance in connection with the Bonds. The Bonds will be issued under the Corporation’s 2009 Master Trust Indenture dated as of June 1, 2009 and a Supplemental Trust Indenture to be dated June 1, 2015. **The obligation of the State to make payments to the Trustee is subject to annual appropriation by the State General Assembly.** The Corporation will not be preparing an Official Statement or any other type of disclosure document in connection with this transaction.

RHODE ISLAND COMMERCE CORPORATION

The Corporation was authorized, created, and established in 1974 by an Act of the General Assembly of the State of Rhode Island (the “State”) for the purpose of acquiring and developing real and personal property to promote economic development in the State. The Corporation, a governmental agency and public instrumentality of the State, has a distinct legal existence from the State and has the power to issue industrial development bonds and revenue bonds to accomplish its corporate purpose. In 2013, the General Assembly of the State passed legislation that changed the name of the Rhode Island Economic Development Corporation to the Rhode Island Commerce Corporation effective as of January 1, 2014.

THE HISTORIC TAX CREDIT PROGRAM

In the 2001 Session, the Rhode Island General Assembly passed enabling legislation for the State of Rhode Island's Historic Structures Tax Credit. This tax credit allows a taxpayer to receive a tax credit equal to thirty percent (30%) of the qualified rehabilitation expenditures made in the substantial “rehabilitation of a certified historic structure.” To qualify, such expenditures must be made on structures that are “either: (i) depreciable under the Internal Revenue Code, or (ii) made with respect to property (other than the principal residence of the owner) held for sale by the owner.” The legislation was made effective for January 1, 2002 with retroactivity back to January 1, 2000. The credits are transferable and can be carried forward for ten years. The tax credits can be used to offset the tax liability of a taxpayer in several tax categories, the most significant being personal income tax.

In the 2008 Session, the Rhode Island General Assembly enacted legislation that authorizes the Rhode Island Commerce Corporation (formerly known as the Rhode Island Economic Development Corporation) to issue up to \$356.2 million in bonds to provide a fund from which the general fund would be reimbursed for the State’s historic tax credit liabilities (“Historic Preservation Tax Credit Fund”). The Corporation issued bonds in the amount of \$150 million on June 25, 2009 which are secured by payment obligations of the State subject to annual appropriation by the Rhode Island General Assembly. In 2008 the General Assembly of the State also placed a moratorium on new projects eligible for the Historic Preservation Tax Credit program, lowered the effective credits for ongoing projects to twenty-two percent (22%) from twenty-seven and three quarter percent (27.75%) after processing fees, and authorized the State to enter into contracts with developers for the amount of credits that would be awarded upon completion of projects.

*Preliminary, subject to change.

REQUESTED INFORMATION

Following the review of the written proposals, the Corporation may engage in individual discussions and negotiations with one or more institutions that submit proposals. **The Corporation reserves the right to reject any and all proposals for any services.** Consideration of proposals will not be limited to fee structure and cost alone. Multiple considerations will be taken into account including, but not limited to, credit standing, experience and a demonstrated ability to timely execute the proposal. The Corporation will allow potential bidders to submit joint proposals.

The Corporation accepts no financial responsibility for any costs incurred by a firm in responding to this RFP. The proposals in response to this RFP become the property of Commerce RI and may be used by the Corporation in any way it deems appropriate. By submitting a proposal, the firm certifies that it has fully read and understands the RFP, has full knowledge of the proposal to be provided, and accepts the terms and conditions under which the loan will be provided.

Six (6) printed copies and one (1) electronic copy (thumb drive) of the proposal must be submitted **no later than 4:00pm, Monday, May 11, 2015** Eastern Daylight Savings Time to the following:

Rhode Island Commerce Corporation
Attn: Direct Purchase – Revenue Bonds RFP
315 Iron Horse Way, Suite 101
Providence, RI 02908

The proposal must be submitted no later than **4:00pm, Monday, May 11, 2015** Eastern Daylight Savings Time. Late submittals will not be considered. There will be no exceptions to this deadline.

Questions, interpretations, or clarifications concerning this RFP should be directed by e-mail to William Ash at: wash@commerceri.com no later than 4:30pm on Monday, May 4, 2015. Responses to questions, interpretations, or clarifications concerning this RFP will be posted online via addendum at www.commerceri.com and www.purchasing.ri.gov by Wednesday, May 6, 2015 to ensure equal awareness of important facts and details.

The information provided by the Corporation in this Request for Proposals or in connection with it should be considered confidential and should be appropriately controlled.

To assist you in the preparation of your proposal, we have provided the following:

- 1) State of Rhode Island Official Information Statement Dated March 26, 2015; http://www.commerceri.com/documents/RFP/Official-Statement_3.26.15.PDF
- 2) Corporation audited financial statements for the fiscal year ended June 30, 2014; <http://www.commerceri.com/documents/finance/2014%20Audited%20Financials/Final%20RI%20Commerce%20Corporation%202014%20Audit.pdf>
- 3) State audited financial statements for the fiscal years ended June 30, 2012, 2013 and 2014; <http://www.oag.state.ri.us/reports.html>;
- 4) Master Trust Indenture Dated June 1, 2009; <http://www.commerceri.com/documents/RFP/Master-Trust-Indenture.pdf>

DIRECT PURCHASE - TERM SHEET

Issuer: Rhode Island Commerce Corporation (the “Corporation” or “Commerce RI”)

Issue Description: Revenue Bonds - Historic Structures Tax Credit Financing Bond Program, Series 2015 A (Federally Taxable) (the “Bonds”)

Par Amount: \$75,000,000*

Bond Counsel: Pannone Lopes Devereaux & West LLC
Corporation Counsel: Shechtman Halperin Savage, LLP

Financial Advisor: Public Financial Management, Inc.

Proposal Due Date: May 11, 2015

Expected Funding Date: On or about June 15, 2015

Trustee/Paying Agent: The Bank of New York Mellon Trust Company, N.A.

Tax Status: Taxable

Interest Calculation: 30/360.

Interest Payments: Semi-annual on June 15 and December 15, commencing December 15, 2015

Principal Payments: Annual on June 15, commencing June 15, 2016 through 2024

Principal Amortization: See attached Appendix A

Bank Qualification: The Bonds are non-bank qualified.

Use of Proceeds: Bond proceeds will: (1) provide funds from which the State's General Fund would be reimbursed for the State’s historic tax credit liabilities; and (2) to pay costs of issuance in connection with the Bonds.

Security: The Bonds and the interest thereon do not constitute a debt, liability or obligation of the State or any political subdivision thereof (other than a special and limited obligation of the Corporation) and neither the faith and credit nor the taking or taxing power of the State or any political subdivision or municipality thereof is pledged to the payment of the Bonds or the interest thereon. The Corporation has no taxing power. **The obligation of the State to make payments to the Trustee is subject to annual appropriation by the State General Assembly.**

Ratings: The Bonds **will not** be rated. The State's current long-term ratings with Moody's, Fitch and S&P are Aa2, AA and AA, respectively. The ratings were affirmed in March 2015.

*Preliminary, subject to change.

DIRECT PURCHASE - REQUEST FOR PROPOSALS INFORMATION

If you are interested in a direct purchase of the Corporation's proposed \$75,000,000* Bonds, please submit a comprehensive proposal describing your qualifications, outlining all anticipated costs and detailing the material terms and conditions of the principal legal documents. Outlined below are the items of information that should be specifically included in your firm's response.

1. **Name of Bank:** _____

2. **Maximum Commitment Amount (up to):** \$_____

3. **Interest Rate:** _____

Rate Lock Expiration Date: _____

4. **Credit Rating:**

- a. Please provide long-term credit ratings from all rating agencies currently maintaining such ratings. Please indicate if any of your current ratings are under review by any credit rating.

<u>Rating Agency</u>	<u>Long-term Rating</u>	<u>Outlook</u>
Moody's Investors Service		
Standard & Poor's		
Fitch Ratings		

5. **Prepayment Provisions:**

- a. Please describe the terms and calculation methodology for any proposed pre-payment penalties (if any). Please provide definitions of key terms, as necessary.

6. **Other Conditions:**

- a. Please detail any other conditions that would be required of the Corporation. Please define any terms necessary to understand these conditions.
b. The Corporation will not accept any Material Adverse Change provisions.

7. **Legal Fees:**

- a. Please provide a not-to-exceed figure for legal fees. Please provide the name of the legal firm you would propose to use and the person from that firm that would serve as the primary contact.

8. **Reporting Requirements:**

- a. Please explain any reporting requirements that would be required of the Corporation.

9. **Personnel:**

- a. Please provide the contact information (email, address, phone, fax) of the individuals who will be working with the Corporation.

10. **Timing:**

- a. Please note the Bank's timing to receive internal credit approval.

11. **Conflicts of Interest:**

- a. Please describe any conflicts of interests that could impact the contemplated transaction.

*Preliminary, subject to change.

12. Treatment of the Bonds:

State whether the Bank intends to purchase the Bonds as an investment or whether the Bank intends to treat the Bonds as evidencing a loan from the Bank to the Corporation. Bond counsel will require an investment letter from the purchaser.

Fees and Expenses are to be paid only if the transaction is closed.

By: _____

Title: _____

Date: _____

Signature: _____

DIRECT PURCHASE - APPENDIX A

Provided below is an estimated principal repayment schedule for the direct purchase Bonds. The schedule provided below is an estimate and could change depending on the interest rate provided.

Maturity Date (June 15)*	Principal*
2016	\$7,400,000
2017	7,620,000
2018	7,840,000
2019	8,075,000
2020	8,310,000
2021	8,555,000
2022	8,805,000
2023	9,065,000
2024	9,330,000

*Preliminary, subject to change.