

Rhode Island Student Loan Authority  
935 Jefferson Blvd. Suite 3000  
Warwick, RI 02886

Financial Advisor Request for Proposal  
August 30, 2016

The Authority

The Rhode Island Student Loan Authority ("RISLA or the Authority") is a public corporation of the State of Rhode Island and is a leading originator of state based private loans. RISLA also offers free college planning services through the College Planning Center of Rhode Island (CPCRI), hosts RIScholarships.org, a statewide database of hard-to-find local scholarships, and bRIdge.jobs, a web-based tool that helps students find internships. RISLA has been making non-federal education loans for twenty four years and has an excellent track record with low defaults and delinquencies. RISLA has been refinancing student loans for the past two years and was the first state based organization in the country to offer refinancing of prior education loans. Public offering statements are available at [www.emma.msrb.org](http://www.emma.msrb.org). Rating reports may be obtained from S&P and Fitch.

The Authority is seeking to engage one or more organizations to provide RISLA with Financial Advisory (FA) services to support the Authority's debt issuances and other financings. The Authority is seeking organizations to assist in preparing cash flow analysis and pricing services related to the issuance of RISLA's bonds. The Authority currently has outstanding \$531.8 million in bond debt plus an additional \$10.5 million in outstanding bank debt. The Authority plans to issue additional tax exempt and taxable debt as described below. The Authority wants to engage one or more financial advisory organizations to assist in the potential sale of, fixed rate bonds, floating rate notes, variable rate demand notes or other financial instruments issued by the Authority. Organizations can submit a proposal to provide either 1) cash flow preparation services or 2) bond issue pricing services or 3) both cash flow preparation and bond issue pricing services as described below.

Volume of Bond Issues

The Authority anticipates that over the next two years there will be at least two new money bond issues and potential refinancing of existing bonds or other debt. The timing and size of the bond issue(s) is directly related to educational financing demand, and/or the availability of tax-exempt bond CAP, and market conditions. The bond issues may be a mix of fixed rate bonds, labor floating notes or variable rate demand notes. The Authority is also open to reviewing alternative financing structures. The Authority works aggressively to implement the most efficient financing structures possible and to do so on a cost effective basis.

Term of Financial Advisor's Engagement

The Authority typically goes out to bid for professional services every two years. The FA will serve at the pleasure of the Authority and be subject to all applicable limitations of state law and policy.

## Deadline for Submission of Proposal

Please submit five copies of your response no later than Thursday September 29, 2016 at 4:00 P.M. to 935 Jefferson Boulevard Suite 3000, Warwick, Rhode Island 02886-2225 Attention: Deputy Director. Also, please email a pdf copy of your proposal to [info@risla.com](mailto:info@risla.com).

## **Financial Information**

Interested parties can obtain the Authority's most recent audited financials and a recent bond offering statement from the Authority's web site at [www.risla.com](http://www.risla.com).

## Selection Process

Review of Financial Advisor proposals will be undertaken by a committee comprised of the Executive Director, Deputy Director & Chief Financial Officer, Manager of Strategic Planning and the Authority's General Counsel. This committee will review all proposals, select finalists for oral interviews, if deemed necessary, and recommend a firm or firms to serve as Financial Advisor for the Authority.

Selection will be made based on student loan financing experience, knowledge and background in providing cash flow analysis and/or pricing services, ability to meet the Authority's financing schedules and lowest qualified bid price.

RISLA reserves the right to cancel this request for proposals, to reject any and all proposals submitted, to request any additional clarifying information from any proposers, and to negotiate separately with any and all proposers. Issuance of this RFP does not commit RISLA to pay costs incurred in the preparation of proposals and RISLA reserves the right to accept or reject any and/or all proposals, in part or in their entirety.

## Conference Call

Any and all questions regarding the RFP or the selection process should be emailed to Noel Simpson, the Authority's Deputy Director and CFO, at [nsimpson@risla.com](mailto:nsimpson@risla.com). There will be a bidder's conference call where all questions submitted prior to the call will be answered as well as the opportunity for prospective proposers to ask questions. This call shall take place on:

**Friday September 9, 2016 at 10:00 AM Eastern Time**

**The call in number is 1-800-704-9804**

**Participant code is: 355339 #**

### Scope of Services Financial Advisor Cash Flow Preparation Services:

The scope of work being requested from the Financial Advisor in connection with the issuance of the Bonds will include, but not be limited to, the following items.

1. Work with RISLA staff, underwriters, bond counsel and rating agencies to develop a financing plan, or alternative financing plans, including preparation of estimates of interest expense, estimates of issuance costs, and recommendations of debt structures, for selling the proposed Bonds. For institutionally directed sales, the underwriter would be expected to provide to the Authority a list of potential purchasers of the Authority debt.
2. Work with Authority staff, underwriters and bond counsel in preparing rating agency presentations and marketing presentation designed to encourage potential investors to purchase RISLA's bonds.
3. Participate with RISLA staff, underwriters and Bond Counsel in activities regarding obtaining credit/liquidity facilities, if any, and preparation of documentation related thereto.
4. Work with RISLA staff to develop management case and rating agency cash flow analysis.
5. Review and provide timely comment on the basic legal documentation prepared by Bond and Underwriters Counsel.
6. Review and timely comment on the preliminary and final official statements, ensuring full disclosure in accordance with guidelines established by the Government Finance Officers Association ("GFOA") and complying with the Distribution, filing and other requirements of the Securities Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB").
7. Work with RISLA staff, underwriters and bond counsel, to advise the Authority on the requirements of credit rating agencies with regard to the various alternative financing plans, and participate with the Authority and Bond Counsel in activities regarding credit rating agency reviews and the assignment of a credit rating to the proposed Bonds.
8. Work with RISLA's staff and underwriters, to assist the Authority in obtaining any necessary or desirable repurchase agreement instrument from an independent provider for investment of acquisition, float and reserve monies. The Authority will conduct the bid process.
9. Private Placements – identify, evaluate and help facilitate the possible use of private placements for RISLA debt obligations.

## Scope of Services Financial Advisor for Bond Issue Pricing Services

1. Prepare a pricing analysis to precede the offering of any RISLA debt, whether it is taxable, tax-exempt, public or private, with specific target spreads to applicable benchmarks. The target spreads for each maturity and/or class should be supported by the results of comparable recent sales, indicating the interest rates, spread components, ratings, redemption provisions and any unusual aspects.
2. Commentary and recommendations as to the current market and recommendations as to when RISLA should schedule debt issuances to achieve the lowest cost of funds.
3. Provide a post-sale report of the bond sale execution including a comparison of other transactions to the Authority.
4. Provide progress reports to the Authority from time to time, and assist in other specified activities as the Authority may identify relating to the preparation, issuance and sale of the Bonds, including providing a final sales distribution report.

## Minimum Experience of Financial Advisor

Non Federal Education Loans - The Financial Advisor involved in the Authority's Bond issues must have demonstrated experience as either the lead underwriter or Financial Advisor of non-Federal loan program bonds.

## **Required Response Information**

- 1) Provide the name, address, telephone and fax numbers, and e-mail address of the Applicant's representative to contact regarding all contractual and technical matters concerning their organization's proposal.**
- 2) Provide your organization's relevant experience in performing Financial Advisory services for state and not for profit student loan agencies. Provide three references including name, address, phone numbers and email address from each agency. Please also indicate the specific services provided including cash flow analysis and/or pricing services.**
- 3) Provide an overview of the proposing organization including its organizational structure, office locations, web site, and telephone number. Please also provide the name and contact information of the person who will serve as the primary contact for this RFP and engagement.**
- 4) Provide the name, resume and professional licenses of all individuals who will work with RISLA and identify one person who would serve as the lead contact.**

- 5) Identify the software that will be used in running cash flow projections for the Authority, underwriters, rating agencies, banks and other credit providers. Identify the person(s) in your organization who will be responsible for developing the projections and their experience in developing the projections.**
- 6) Describe your organization's ability to provide pricing services to a student loan issuer. Does your firm have access to real time market data for fixed and variable rate transactions?**
- 7) Please indicate whether your organization is registered with the Securities and Exchange Commission and/or the Municipal Securities Rulemaking Board as a municipal advisor. Please provide your relevant registration numbers. Also please disclose any outstanding complaints, proceedings or other legal actions that have been filed or sanctions that have been issued against your organization or individuals that may work on this engagement.**
- 8) Please identify any potential conflicts of interest that your organization could have by virtue of its engagement with the Authority and other student loan clients.**
- 9) Provide the name and qualifications of any subcontractors the organization may utilize in this engagement.**
- 10) Provide your fees including expenses for both 1) cash flow analysis and 2) bond pricing services related to bond transactions. Please list the fees separately for cash flow analysis and bond pricing services. Please note that the Authority will only accept proposals that cap financial advisor fees and costs related to a bond transaction. Also please list hourly fees for any additional work that is in addition to what is required under this engagement.**
- 11) In your view, how should a client measure its Financial Advisor's performance? Please explain.**
- 12) List examples of how your organization could tangibly increase revenue or reduce financing costs of the Authority.**
- 13) Discuss any topics not covered in this Request for Proposal which you would like to bring to the attention of the Authority.**

Respondents must complete the attached Exhibit A and return to the Authority along with any other information that they deem appropriate. Each response must be valid for at least 90 days from the due date for submissions.

#### Rhode Island Ethics & Disclosure Requirements

Discuss how your firm deals with professional ethics in connection with public finance engagements. How do you handle actual or potential ethical problems that arise in the marketing and execution of your public finance business? What process do you maintain so as to provide a consistently high standard of professional ethics?

The highest standards of conduct must apply to this Authority in decisions relative to the issuance of millions of dollars of bonds, especially in regards to the review and selection of Underwriters who receive substantial fees for services related to the bond issuance. The public has a right to know that decisions relative to the issuance of bonds or to the review and selection of Underwriters are not based upon political considerations. Accordingly, the Authority insists upon full compliance with Title 17, Chapter 27 of the General Laws of Rhode Island, Reporting of Political Contributions by State Vendors and such regulations promulgated thereunder, which require that you execute and submit with your proposal an affidavit in the form prescribed by the Board of Elections listing your reportable contributions.

You must also include a letter from your Chief Executive Officer or Firm Managing Partner, as required by Rhode Island State law and/or policy, certifying that (i) no members of your firm made inquiries with respect to this Request for Proposal with any member of the Board of Directors of the Authority, or any employee of the Authority (other than the Issuing Officers) or any elected official in the State of Rhode Island from the date of this Request for Proposals through the date of your proposal and (ii) that all information in your proposal is true and correct to the best of his/her knowledge and (iii) that the firm listing of campaign contributions above is complete, and is in full compliance with Title 17 Chapter 27, Reporting of Political Contributions by State Vendors. Also include in such letter that the proposed fee structure does not exceed the rate of compensation charged to other preferred public or private clients.

#### Access to Public Records Act

The Authority may treat all information submitted by a proposer as public information following the conclusion of the selection process unless the Authority deems such information as non-public information within the meaning of the State's Access To Public Records Act.

#### Copyrights

By submitting a proposal, the proposer agrees that the Authority may copy the proposal for purposes of facilitating the evaluation of the proposal or to respond to requests for public records. The proposer consents to such copying by submitting a proposal and warrants that such copying will not violate the rights of any third party. The Authority shall have the right to use ideas or adaptations of ideas that are presented in the proposals.

#### Release of Claims

By submitting a proposal, the proposer agrees that it will not bring any claim or action against the Authority based on any misunderstanding concerning the information provided herein or concerning the failure, negligent or otherwise, to provide the proposer with pertinent information as intended by this RFP.

## Non-Discrimination

The Authority shall consider all proposals on the basis of their merit in accordance with the criteria specified herein and shall not exclude any person, firm, or other entity from consideration on the grounds of sex, race, color, national origin, or any other type of unlawful discrimination. Likewise, the Authority requires that all proposers have established non-discrimination policies, including policies which prohibit discrimination in the selection of subcontractors. The proposer shall represent and warrant in its response to this RFP that it does not discriminate on the basis of sex, race, color, or national origin, or any other unlawfully discriminatory basis, including but not limited to in its selection of subcontractors.

## State Code of Ethics

The Authority and its board of directors and staff are committed to maintaining the highest standard of ethics in the awarding of contracts. In accordance therewith the Authority requires that the chief operating officer of the proposer certify the following:

“Neither the proposer nor any officer, employee, agent, representative or affiliate of the proposer has given or offered or shall give or offer to any board member, employee, or representative of the Authority or to any family member of the foregoing, or to any business by which any of the foregoing persons are employed, or to any official of the State of Rhode Island who is subject to the State Code of Ethics, any gift, loan, political contribution, reward, or promise of future employment based on any understanding or expectation that the vote, official action, or judgment of the person would be influenced thereby, and, that no officer, employee, agent, representative, or affiliate of the proposer shall have any direct or indirect non-incident contact with any State officer or employee or with any member of the board of directors of the Authority during any period of time prior to the Authority’s award of a contract, except at a public meeting of the board of directors of the Authority or at a meeting of a subcommittee of the board of directors.”

Any violation of this Section shall result in immediate disqualification of the proposer’s proposal.

**EXHIBIT A**

Student Loan Bond Financial Advisor Experience  
1/1/2014 to Present

Name of Municipal Financial Advisor: \_\_\_\_\_

<u>Date</u>	Name of <u>Issuer</u>	Type of Security <u>Fixed, Libor floater, etc.</u>	<u>Amount</u>	<u>Role</u>
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