

**GOVERNMENT OF
THE DISTRICT OF COLUMBIA**

(Washington, DC)



OFFICE OF THE CHIEF FINANCIAL OFFICER

OFFICE OF FINANCE AND TREASURY

**REQUEST FOR QUALIFICATIONS
FOR UNDERWRITING SERVICES**

**Issuance Date: December 15, 2014
Response Submission Date: January 15, 2015**

I. INTRODUCTION

This Request for Qualifications ("RFQ") is issued by the District of Columbia, Office of the Chief Financial Officer (the "District") to seek a pool of qualified underwriting firms, from which the District will select underwriters for its bonds and/or notes issuance as well as a wide range of financing transactions over the following five (5) year period. The District reserves the right to amend the duration and/or the composition of the underwriting pool. **This RFQ will not assure any chosen underwriter of selection for any transaction in any capacity. There will be no contract with any of the selected group; membership in the pool provides nothing more than the possibility of being selected for participation in future transactions at the District's sole discretion.**

Description of District Financing Programs

The District typically funds the majority of its annual Capital Improvements Plan ("CIP") needs through the issuance of long-term general obligation bonds ("GO Bonds") and/or Income Tax Secured Revenue Bonds ("IT Bonds"). The District plans to issue approximately \$1.1 billion of GO and/or IT Bonds in Fiscal Year 2015 (October 1, 2014 to September 30, 2015). The District also borrows annually on a short-term basis through the issuance of General Obligation Tax Revenue Anticipation Notes ("TRANS") to meet its annual operational cash flow needs. In addition, the District has the authority to issue bond anticipation notes ("BANs"). The District is planning to implement a Commercial Paper ("CP") or other interim financing program secured by either the GO or IT credit, to more efficiently manage costs associated with the District's CIP which averages \$1.0 billion annually through Fiscal Year 2020. The District is also authorized to issue other revenue bonds to fulfill its CIP needs.

In addition, the District is authorized to issue revenue bonds for economic development projects that are secured by and paid from tax increment revenues ("TIF Bonds") or payments-in-lieu of taxes ("PILOT Bonds"), and other securities supported by special assessments ("Special Assessment Financing"). Conduit securities issued through the Industrial Revenue Bond Program are not covered under this RFQ.

District Financing Programs Covered by Underwriting Pool

The firms selected through this RFQ process may be utilized for District's financing programs as set forth below:

1. General Obligation (fixed or variable rate)
2. Income Tax (fixed or variable)
3. Economic Development (TIF, PILOT, or other Special Assessment Financing programs)
4. Asset Securitizations
5. GARVEE
6. Tobacco
7. Other Revenue Bonds

The District shall not bear any costs or obligations to the underwriter(s) or their counsel in the event that a planned transaction is not completed or is not conducted on a negotiated basis. **Further, unless and until a bond purchase agreement is executed by the District and the underwriter with respect to a specific transaction, there is no contract between the underwriter and the District, and the District has no contractual obligations to the underwriter or its counsel.**

II. BACKGROUND

The District was created in 1791 and has served as the capital of the United States since 1800. Since January 2, 1975, it has been governed in accordance with the District Home Rule Act, approved December 24, 1973 (Pub. L. 93-198; 87 Stat. 774; District Code Sec. 1-201.01 et sec, as amended) (“Home Rule Act”). The District is governed by an elected Mayor and an elected Council pursuant to broad powers delegated by Congress in the Home Rule Act, although Congress retains legislative authority over the District pursuant to the Home Rule Act as well as under Article 1, Section 8, Clause 17 of the Constitution of the United States. In particular, Congress must appropriate the District’s local budget.

The District is a unique entity, combining state, county and city characteristics. Functions performed by the District government include public safety and justice, courts, police, fire, corrections, regulatory affairs, public works (highways, streets, traffic control and sanitation), human services (health, welfare and employment assistance), education (public schools) and general administration. The District also operates a university, a stadium and armory complex, a stand-alone stadium, a convention center and a lottery.

III. SCOPE OF SERVICES

The services rendered by the Underwriter(s) with respect to financings will include, but not necessarily be limited to, the following:

1. Developing models for the analysis of financing mechanism and alternatives with the District’s staff and its financial advisor(s);
2. Analyzing the cost-effectiveness of credit enhancement and assisting in securing insurance, liquidity facilities and/or letters of credit, as applicable;
3. Marketing District bonds to investors who are most likely to purchase the offering(s) at rates most favorable to the District; recommending most advantageous prevailing market pricing levels; soliciting orders from investors; and underwriting primary market balances.
4. Assisting the District and its financial advisor(s) in the preparation and presentation of information regarding financing plans and issuance of bonds for credit enhancers, rating agencies, and/or investors;
5. Assisting the District, its financial advisor(s) and disclosure counsel in drafting the Preliminary Official Statement, the Official Statement, and any other documents required to market and sell the bonds;
6. Providing analysis of market conditions, data and forecast, and advising the District and its financial advisor(s) with regard to market timing;
7. Developing marketing plans for the District’s financing programs or debt issuances to attract potential investors;
8. Scheduling and participating in informational meetings and/or conference calls for prospective investors prior to the issuance of bonds;

9. Supervising the closing of the transaction(s) and the transfer of funds;
10. Preparing a post-sale analysis to summarize the terms of the transaction, record market conditions and illustrate the rates received by comparable issues at the time of sale;
11. Identifying refunding/refinancing opportunities for savings or more favorable structuring within the District's portfolio of debt and other financial obligations;
12. Analyzing financing alternatives and recommending specific debt structures for new capital requirements;
13. Keeping the District informed of any actions involving the Underwriter and regulatory agencies with respect to the District's financing matters; and
14. Assisting the District and its financial advisor(s) in such other matters related to the District's financing as necessary or appropriate.

IV. INSTRUCTIONS, CONDITIONS

1. Timetable Submittal

The District is requesting responses from experienced and qualified firms to serve as underwriters in one or more of the District's financings over a five (5) year period. Selection of underwriters will be made based upon the proposals submitted and possibly oral interviews, and/or requests for additional information, ideas or proposals regarding a specific proposed financing.

Placement on the qualified list will not guarantee and the District is not obligated to assure any contracts or work on the District's financings. The District reserves the right to seek additional information as it undertakes specific transactions. Formal selection, contracting and pricing will be made with regard to specific transactions at the sole discretion of the District.

A tentative timetable for the selection of the managing underwriter(s) is provided below:

December 15, 2014	Release of RFQ
December 19, 2014	Questions due via Email
January 15, 2015 (by 3:00 pm EST)	Proposals Due
January 28 and January 29, 2015	Interview Dates (if necessary)
February 6, 2015	Selection of Underwriting Pool

From the time of release of this RFQ through the conclusion of the selection process, there shall be no communication between any prospective respondents and/or their lobbyist, authorized/unauthorized agent(s) or any other representatives with any staff of the District, any elected or appointed official of the District and/or their staff or financial advisors, except as provided for in the RFQ, unless such communication is initiated by the District and is unrelated to this RFQ process. Any violation of this provision by any prospective firm and/or its agent shall be immediate grounds for disqualification.

2. Proposal Overview and General Directions

All proposals for underwriters shall be submitted to the District and District's financial advisors, as follows:

a. Proposal Content and Format

This RFQ is comprised of a transmittal letter and two sections with page limits as indicated below:

All Firms	Section 1 – General Qualification and Background Information (15 pages)
Senior Managing Underwriters	Section 2 – Questions Directed to Firms Proposing to be Considered for Senior Managing Underwriter (10 pages)

Clearly state in the transmittal letter of your proposal for which position – Senior Manager or Co-Manager – your firm is applying. Firms proposing to be considered for Senior Managing Underwriter must respond to the questions in both Sections 1 and 2 and will be assumed also to be proposing for Co-Managing Underwriter positions. Firms applying for Co-Managing Underwriter only should not respond to questions in Section 2 and will not be considered for Senior Manager positions.

All proposals must be submitted in a single volume that contains the firm's entire response to this RFQ.

b. Format and Page Limitations

Responses shall be limited to a maximum of 25 pages of text. The complete proposal submission package, including any/all attachments, cover letter and tabs should not exceed 45 pages in length on 8 ½" X 11" paper, single-sided, one-inch margins, using a minimum font size of 10-point font. The transmittal letter must be limited to one page. Responses should be concise and relevant.

c. Delivery of Proposals

One (1) original, six (6) copies, and (1) one electronic copy on a CD-ROM in Word or PDF format of the proposal shall be prepared and submitted to the District, in such form as is set forth in this RFQ **by 3:00 pm EST on Thursday, January 15, 2015**, at the following address. Pages should be consecutively numbered.

Jeffrey Barnette
Deputy Chief Financial Officer and Treasurer
District of Columbia
1101 4th Street SW, Suite 850
Washington, DC 20024
Tel: (202) 727-6288

In addition, Two (2) additional hard copies and one (1) CD-ROM should be sent to each financial advisor by the same due date and time, addressed as follows.

Rebecca Perry-Glickstein
Director
Public Financial Management, Inc.
Two Logan Square
18th & Arch Streets, Suite 1600
Philadelphia, PA 19103
Tel: (215) 567-6100

Mark Gooding
Senior Managing Director
Public Resources Advisory Group
40 Rector Street, Suite 1600
New York, NY 10006
Tel: (212) 566-7800

d. Questions Regarding this RFQ

Any questions regarding this RFQ should be directed to **Kenneth Gear, Associate Treasurer, Debt and Grants Management, via e-mail only at kenneth.gear@dc.gov** not later than **2:00 pm EST on December 19, 2014**. Responses to any such questions will be made via e-mail and will be provided to all firms to which this request has been sent. Any contact with other members of the District's financing team regarding issues raised by this request for proposals is prohibited and may result in disqualification.

e. Miscellaneous

The District reserves the right to reject any and all proposals and to waive irregularities. Joint proposals from multiple firms will not be considered except in the context of pending mergers or acquisitions.

The District will only select firms that do not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, gender identity or citizenship status. Proposals are encouraged from minority-owned and women-owned businesses. In addition, the District encourages proposals from District-certified businesses and small businesses. In order to be considered for certification pursuant to The Small and Certified Business Enterprise Development and Assistance Amendment Act of 2014, D.C. Law 20-0108; D.C. Official Code § 2-218.01 *et seq.*, the following conditions apply and must be clearly stated: that your principal office must be physically located in the District of Columbia and your chief executive officer and the highest level managerial employees must perform their managerial functions in their principal office located in the District. In addition, one of the following must be true: more than 50% of the business assets and gross receipts are in the District or more than 50% of the employees or owners are residents of the District.

Proposers will not be reimbursed for any costs incurred to prepare proposals or for any work performed in connection therewith or during any negotiations on proposed appointments. All materials submitted in response to the RFQ will become the property of the District, but will be handled with confidentiality.

The District reserves the right to add or eliminate firms from the selected group at any time at its discretion. The District reserves the right to solicit ideas from the selected group of qualified underwriters.

V. SPECIFIC RESPONSE REQUIREMENTS

SECTION 1 GENERAL QUALIFICATION AND BACKGROUND INFORMATION– ALL FIRMS (15 PAGES)

I. Letter of Transmittal (limit 1 page)

Each proposal should be accompanied by a letter of transmittal which summarizes key points of the proposal and which is signed by an officer of the firm who is responsible for committing the firm's resources.

II. Firm Description (limit 1 page)

- A. Provide a brief description of your firm and its ownership structure.
- B. Is your firm legally certified in the District as a Minority Business Enterprise ("MBE"), a Women Business Enterprise ("WBE"), a Disadvantage Business Enterprise ("DBE") or a Certified Business Enterprise ("CBE")?
- C. Is your firm qualified to do business in the District?
- D. Does your firm have offices in the District? Does your firm pay District taxes? Does your firm hire District residents as employees?

III. Financing Team (limit 2 pages)

Provide brief resumes for the individuals who will be assigned to the District's financing transactions and their primary locations, including any relevant experience for each individual. Please include only those individuals who will work on the District's account as follows:

- A. The senior investment banker who will assume the day-to-day and on-site responsibility for managing and supporting the District's financings.
- B. The senior underwriter who will negotiate the pricing and direct the marketing of the bonds.
- C. The person(s) who will be responsible for analytical work.
- D. Other member(s) of your public finance investment banking team assigned to the District transactions and the specific role they can be expected to play.

IV. Prior Contribution to the District's Financing Programs (limit 2 pages)

- A. If your firm has served as a manager or selling group member for the District, describe the most significant (no more than five) contributions your firm has made since October 1, 2009.

- B. Please include in table form (as an appendix) your firm's sales performance on District transactions including orders and allotments, retail order period performance, and designations for transactions your firm has participated in since October 1, 2009.

V. Firm Experience (limit 3 pages)

- A. Discuss your firm's select relevant public finance experience since January 1, 2012 in the debt categories set forth on page 2, Section I under "Financing Programs Covered by Underwriting Pool" of this RFQ, and indicate how such experience is relevant/applicable to the District's financing needs. In addition to a discussion, please include in summary table form your firm's ranking(s) during this period for each of the debt categories, and state the total number of issuances and the total par value of issuances managed.
- B. Please provide (as an appendix) a listing in table form of your firm's senior manager and co-manager experience since January 1, 2012, including issuers and dollar amounts.

VI. Capitalization (limit 2 pages)

- A. What is your firm's capitalization as of December 31, 2014 or the latest date for which such information is available? Include equity, debt, and excess net capital as defined by the Securities and Exchange Commission.
- B. Does your firm have access to additional capital, such as bank credit lines or support from a corporate parent that can be unconditionally called on during the underwriting process? Please describe briefly.
- C. State amount of capital committed to municipal finance.
- D. What is your firm's process for making capital commitments to an underwriting of a District issue? Provide evidence of your firm's ability and willingness to commit capital to the District's proposed issuances.
- E. Identify average daily municipal bond inventory amounts for 2012, 2013 and 2014, separately for fixed and variable rate debt.

VII. Distribution Capabilities (limit 2 pages)

- A. Describe your firm's marketing and distribution capabilities for municipal bonds. Does your firm specialize in any unique distribution channels? How would this benefit the District?
- B. Discuss the benefits of retail order periods for the District's bonds. How can the District maximize distribution to District of Columbia retail?
- C. Provide information of your firm's secondary market trading of District bonds.

VIII. Firm Information/Equal Employment Opportunity (2 pages)

- A. Is your firm certified as a local business, disadvantaged business or business operating in an enterprise zone as defined in DC Law 2-218.31?

- B. Describe your firm's equal employment opportunity policies and programs.
- C. Has your firm or any of its employees, or anyone acting on its behalf, ever been convicted of any crime or offense arising directly or indirectly from the conduct of your firm's business or have any of your firm's officers, directors or persons exercising substantial policy discretion ever been convicted of any crime or offense involving financial misconduct or fraud? If so, please describe any such convictions and surrounding circumstances in detail.
- D. Has your firm, or any of its employees, or anyone acting on its behalf, been indicted or otherwise charged in connection with any criminal matter arising directly or indirectly from the conduct of your firm's business which is still pending or have any of your firm's officers, directors or persons exercising substantial policy discretion been indicted or otherwise charged in connection with any criminal matter involving financial misconduct or fraud which is still pending? If so, please describe any such indictments and surrounding circumstances in detail.
- E. Detail your firm's compliance procedures designed to detect misconduct by employees, including compliance with regulations promulgated by outside bodies, such as the Securities and Exchange Commission and Municipal Securities Rule Making Board (i.e., Rule G-37). How would you inform the District of any finding uncovered by those procedures? Please provide information to the District of any finding uncovered by those procedures. Please provide information on any violations, which have occurred over the last three years including violations of regulations promulgated by outside bodies. Also provide the status of any other violations that have not yet been resolved, even if they pre-date the three-year period.
- F. Please describe (i) any material financial relationships that your firm or any firm employee has with any financial advisory firms, investment banks or law firms or other persons or entities that may create a conflict of interest in acting as an underwriter to the District; (ii) any family relationship that any employee of your firm has with any public servant that may create a conflict of interest, or the appearance of a conflict of interest in acting as an underwriter to the District and (iii) any other matter that your firm believes may create a conflict of interest or the appearance of a conflict of interest in acting as an underwriter to the District. Please describe any procedures your firm either has adopted, or would adopt, to assure the District that a conflict of interest would not exist for your firm in the future.
- G. Please describe in detail your firm's compliance with the SEC's Municipalities Continuing Disclosure Cooperation Initiative (MCDC) and any planned on-going activities to ensure compliance with reporting requirements from regulatory agencies or compliance with applicable laws and SEC rules.
- H. Please disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your being hired for this engagement. Identify fully the extent to which your firm or individual partners or employees are the subject of any ongoing securities investigation, are a party to any securities litigation or arbitration, or are the subject of a subpoena in connection with a municipal securities investigation, including any investigations involving auction rate securities. Include any such investigations which

concluded in an enforcement or disciplinary action ordered or imposed in the last three years.

- I. In addition, describe the current status and timing of any announced mergers with, or acquisitions of, any other firm that could impact your engagement with the District.

SECTION 2
QUESTIONS DIRECTED TO FIRMS FOR SENIOR MANAGING UNDERWRITER POSITIONS
(10 PAGES)

I. Long Term CIP Financing (limit 5 pages)

The District typically borrows annually on a long-term basis through the issuance of GO or IT Bonds to meet most of its capital project financing requirements. The District plans to issue approximately \$1.1 billion of GO and/or IT Bonds in fiscal year 2015.

- A. Given the current market and interest rate environment, discuss your firm's recommendations regarding the use of fixed rate versus variable rate debt, the pricing of the District's GO and IT bonds, and the timing of funding the District's FY 2015-2020 CIP. Provide a discussion and an analysis regarding the trade-offs associated with a 10-year par call or shorter par calls.
- B. Briefly describe your firm's experience serving as book-running senior manager for GO and IT Bonds or any other District's financing transactions, including but not limited to TIF and PILOT Bonds.
- C. Provide pricing scales (coupons and yields) for 25-year fixed rate issue (both GO and IT) based on market conditions as of 4:00 pm EST, January 6, 2015.
- D. Provide the estimated gross spread and expenses for a long term fixed rate issue (both GO and IT) based on the assumptions below.
 1. Takedown (takedowns by maturity and average takedown),
 2. Management/Structuring fee, if any,
 3. Expenses (itemized, including underwriter's counsel), and
 4. Assumptions:
 - i. Total par amount of \$500 million,
 - ii. Principal amortizes annually on December 1,
 - iii. 25 year level debt service structure.
- E. Please provide recommendations on how the District may improve its investor relations program and market demand for its security issuance. How would you recommend the District improve its investor website? Is there any value in utilizing social media to market bonds? What would you propose regarding media advertising, particularly with regard to District residents?

II. Syndicate (limit 1 page)

- A. Provide a discussion of the proposed structure of the syndicate, including a brief discussion of the use and number of co-managing underwriters and/or selling group members.
- B. Provide recommendations regarding priority of orders, designation rules and retention.
- C. Describe your firm's experience in serving as senior manager on transactions which involved M/W/D/CBE firms.

III. Strategy (limit 4 pages)

- A. Describe your general understanding and experience working with an issuer that has multiple credits through which it finances annual capital needs exceeding \$1.0 billion. Your response should address strategic considerations regarding the use of multiple credits to maximize demand and pricing. Your approach should consider the following:
 - 1. Utilization of GO, IT, and Sales Tax Bonds
 - 2. Under what market conditions/rate environment should each security type be issued?
 - 3. How issuance patterns impact and build up demand for issuer paper
- B. Discuss the current market for fixed rate tax-exempt and taxable bonds. In particular, address current access to the market for the District and demand for fixed rate tax-exempt and taxable bonds.
- C. In light of the prediction of rising rates, what changes should the District consider in its approach to debt issuance and risk management including exposure to market, credit and systemic risk?
- D. Does your firm have any new or innovative ideas not mentioned above to enhance, diversify or otherwise assist the District in its financing program?
- E. Describe any additional factors which you believe are important in considering your firm as a manager.

IV. Evaluation Criteria and Selection Process

Selections will be made based upon the evaluation criteria specified below. The scores will guide the District in making its selections; however, the District reserves the right to select firms other than those who receive the highest relative scores, based on considerations associated with composing an overall underwriting pool that best serves the District's overall underwriting needs.

The District reserves the right to request oral presentations from those firms determined to be in a competitive range and shall use the information derived from these oral presentations, if any, in its evaluation.

The District anticipates selecting numerous underwriting firms to form its underwriting pool, which will be utilized for its upcoming transaction and subsequent transactions of the next five (5) years. Firms will be evaluated using the following criteria to determine those that best meet the needs of the District.

Selection Criteria

The proposals will be evaluated based on the criteria and weightings as indicated below.

Senior Managing Underwriter	Maximum Points
Experience	20 points
Marketing and Distribution Capabilities	20 points
Project Team Assigned.	20 points
Firm presence in the District of Columbia	5 points
Plan of Finance	25 points
Minority/Protected Firm	10 points
TOTAL	100 points

Co-Managing Underwriter	Maximum Points
Experience	30 points
Marketing and Distribution Capabilities	40 points
Project Team Assigned	15 points
Firm presence in the District of Columbia	5 points
Minority/Protected Firm	10 points
TOTAL	100 points