

**Pennsylvania Housing Finance Agency
Commonwealth of Pennsylvania**

Request for Qualifications for Swap Advisory Services

The Pennsylvania Housing Finance Agency (“PHFA”) is soliciting statements of qualifications to identify companies to provide specialized financial services to PHFA on an as needed basis. PHFA has a number of financing programs, which require the specialized services of professionals in the financing field. General information about PHFA, as well as information regarding financing programs, outstanding bonds and mortgage loans and interest rate management contracts is available at www.phfa.org.

PHFA is seeking to qualify one or more firms capable of providing swap evaluations, pricing, methodology and monitoring services and valuation studies for both the existing interest rate derivative portfolio as well as new contracts or transactions proposed during the contract period.

Firms that respond to this invitation may be qualified for a period of two (2) years for this pool, and participation in the pool may be extended for additional periods as determined by PHFA. **PHFA may determine to separate the services into one or more contracts. All qualified firms will be expected to enter into a contract for services in a form determined by PHFA.**

Responses must fully address all information requested in the sections below. Submissions will be accepted in electronic form only and must be submitted to PHFA **no later than 2:00 p.m. on December 19, 2018.** All material submitted will become the property of PHFA and may be subject to public inspection under Pennsylvania’s Right to Know law. Any information intended to be kept confidential must be clearly labeled as such.

Proposals should be submitted **electronically only** to Jordan Laird, Director of Finance, at jlaird@phfa.org. Questions may also be directed in advance of the deadline to Mr. Laird via email. If appropriate, additional information and clarification to this RFQ may be available to respondents on the website at www.phfa.org (see procurement page). Please do not contact anyone else regarding this RFQ, as any unauthorized communication may disqualify your firm from consideration.

PHFA reserves the right to contact any firm for additional information, to contact third parties for references or information about your firm’s services and to schedule interviews and oral presentations with some or all of the applicants, if it is deemed necessary or desirable.

INFORMATION FOR RESPONDING FIRMS:

Information about PHFA and its financing programs is generally available on the website at www.phfa.org. Please note the specific page linking financial statements, which include information about hedge products. Respondents are expected to be well-versed with the types of financing transactions currently in use by housing finance agencies, to understand the challenges encountered by housing finance agencies, to be able to create and propose viable resolutions to such challenges and to anticipate the programs and products being designed to respond to current market constraints. In addition, respondents are expected to have an in-depth, fully developed technical capability to immediately assist PHFA in its interest rate management programs.

SCOPE OF SERVICES:

I. Qualified swap advisory firms may be utilized by PHFA on *a transaction specific* basis including some or all of the following:

- Assisting in transaction structuring options and impact;
- Issuance of fair value opinions relating to specific transactions;
- Monitoring and reporting on market and counterparty conditions and impact on portfolio, including mark-to-market valuations;
- Review of proposed ISDA contract terms;
- Negotiation, when and as deemed appropriate by the Agency, to replace and substitute LIBOR in existing legacy hedge transactions; and
- Providing presentations, if necessary, to PHFA's management, Board or financing team.

II. Qualified swap advisory firms may be utilized by PHFA on an *ongoing portfolio basis* for some or all of the following types of services:

- Monthly (and periodic as needed) reporting of market value and market regarding portfolio;
- Monitoring of collateral and other ISDA contract requirements and credit events;
- Evaluating possible restructurings, transfers or amendments of existing interest rate agreements based on market changes or bond portfolio modifications;
- Evaluating impact of refundings, remarketings, conversions of underlying bond financings;
- Preparing reports or assessments of swap portfolio as needed for rating agencies, investors, insurers, auditors, or other third parties or as requested by PHFA staff;
- Assisting with all necessary reporting;
- Providing trainings and tutorials, if necessary, to PHFA management, Board or other financing team members regarding swaps and portfolio management;
- Evaluating swap pricing (including a review of optionality); and
- GASB 53 hedge accounting testing and GASB 72 fair value valuations.

III. Qualified swap advisory firms may be utilized by PHFA for the following types of services:

Per Dodd Frank/CFTC, the Agency may wish to have your firm serve as an independent registered municipal advisor (IRMA) and/or to act as a Qualified Independent Representative with respect to hedge proposals/ transactions. Please describe what these services entail, how your firm carries out these services, and identify what, if any, conflicts may arise by providing these services and any of the other services set forth in prior sections.

Section A. STATEMENT OF QUALIFICATIONS

1.) Briefly describe your firm and what specific services it proposes to provide to PHFA. Use the general descriptions in I, II, and III above, but you may rearrange and group the tasks above as you deem appropriate (with explanation). Describe your firm's capabilities and experience in providing these types of services.

Describe:

- Number of years the firm has been in business;
- The firm's history in this business;
- The firm's organizational structure;
- Identify the principals of the firm and describe their background and expertise;
- The firm's specific housing group, its composition and position in the firm;
- The firm's information technology support structure; and
- Identify the staff status under the SEC and MSRB "Municipal Advisor" standards.

2.) Outline your firm's commitment to providing services relating to housing bond/mortgage programs and providing swap advisory services specifically targeting this market area. Describe, in narrative form, your relationship with and your specific knowledge of housing finance agencies and their bond/mortgage programs.

3.) Provide resumés for each member of your group. Provide specific contact info (phone number, e-mail address and mailing address) for each person responsible for the following:

- a. Primary contact/day-to-day
- b. Other identified services

4.) Please identify if, and to what extent, your firm has experienced any ownership or organizational changes over the last two (2) years. Discuss any changes which could have either a positive or negative impact on the overall coverage of housing finance agency client group.

5.) Summarize your firm's experience in providing swap advisory services to housing bond issuers or market participants within the past two (2) years.

6.) Describe two (2) portfolios or transactions for which your firm provided services and describe the type of services, demonstrating the technical and other capabilities of your firm and how they benefitted the clients within the past three (3) years. Focus your response on issues that were encountered and the solutions that your firm recommended and implemented. For each transaction listed, provide the issuer name, issuer contact (including e-mail address and telephone number), date, the primary contact from your firm, and amount involved.

7.) As it relates to interest rate management programs, comment on current market conditions, regulatory and rating agency trends, and accounting issues. In addition, recommend appropriate swap advisory services your firm can provide to address the needs of housing finance agencies in this market. Include any strategies your firm would suggest for items such as improvement of PHFA's debt profile or the options and valuations of its swaps and counterparty distribution, as appropriate.

8.) Describe how your firm will assist PHFA as it considers changes to the typical structure or terms of its bond issues, the use of other financial products, and other such considerations.

9.) Identify any memberships your firm has in national housing organizations. Include your firm's membership in advisory groups working on the LIBOR transition, if any.

10.) Identify your firm's specific work and familiarity with GASB hedge valuations.

SECTION B. FEES

Please include the following information under separate cover.

- 1.) Propose the methodology for determining fees to be charged by your firm.

Describe the categories of expenses, if any, for which your firm would expect to be reimbursed by PHFA. Provide a specific breakout fee for costs associated with transactional work and a separate fee for ongoing services as outlined in SCOPE OF SERVICES I, II and III above, as appropriate. Please include, if applicable, any amounts payable to third parties. If any of the outlined services are not included within your fee, please identify which fees are not included and articulate the reasons for their exclusion. If your firm provides additional services which are not outlined in SCOPE OF SERVICES above, please describe the proposed services and what your fee includes.

- 2.) Discuss any factors not mentioned above that you believe should be considered in connection with the consideration of your firm.

SECTION C. REQUIRED DISCLOSURES

Please include the following information under separate cover. If sensitive, please identify that the responses are confidential.

Answer and explain, as appropriate, the following:

- Within the past three (3) years, has your firm and/or any of its principals or any of the public finance professionals identified to work on this PHFA engagement been involved in any litigation, arbitration, disciplinary or other official actions arising from the firm's underwriting, management or handling of municipal securities?
- Within the past three (3) years, has your firm and/or any of its current principals or any of the public finance professionals identified to work on this PHFA engagement been the subject of any investigation by SEC, FINRA, Office of Inspector General or any other state or federal governmental or securities industry-based regulatory agencies?
- Provide details of any criminal investigation or pertinent litigation pending against your firm, members of your municipal bond or public finance departments.
- Within the past three (3) years, has your firm or any of your partners or owners filed for protection under federal bankruptcy or state receivership laws?

Please affirmatively certify that if your firm is selected, the firm will comply with the provisions of Rule 15c2-12, municipal advisor rules, and all applicable Pennsylvania and federal securities laws regarding political lobbying and political contributions.

ADDITIONAL INFORMATION FOR RESPONDING FIRMS

Evaluation of submitted Statements of Qualifications will be based on the following criteria:

- Capability to provide required services on a timely basis;
- Technical expertise;
- Proposed Fee structure;
- Commitment to housing bond market issuance and administration;
- References and demonstrated service history; and
- Satisfactory disclosures.

PHFA may request an interview with, or require additional information from any firm prior to its selection; consider information about any firm from other sources in addition to the information submitted by the firm; contact any entity for information about the firm and its capacity; reject any or all proposals without written explanation; amend or suspend this RFQ at any time; and appoint additional firms for specific financing programs or to provide financing services as needed, with or without undertaking an additional or supplemental RFQ process.

Inclusion of any firm in this RFQ process does not constitute a guarantee of any placement or specific services by PHFA. PHFA may select more than one firm to provide services, in its sole discretion. Such appointments will be made by PHFA in its sole and absolute discretion.

PHFA encourages opportunities for minority, female owned, and small disadvantaged business partners.

PHFA may discontinue this RFQ process at any time for any or no reason, in its sole discretion. All materials submitted are subject to public inspection and are the property of the PHFA. All costs and fees associated with this solicitation are the respondent's sole responsibility.