

# **REQUEST FOR QUALIFICATIONS**

## **FINANCIAL ADVISORY SERVICES BY INDEPENDENT REGISTERED MUNICIPAL ADVISORS**

**Relating to:  
STATE OF OHIO  
Information Technology Financings**



**July 29, 2016**

**Issued by:  
Ohio Office of Budget and Management  
Rhodes State Office Tower  
30 East Broad Street, 34<sup>th</sup> Floor  
Columbus, Ohio 43215**



# OBM

## I. Introduction

The Ohio Office of Budget and Management (OBM) is soliciting statements of qualifications for financial advisory services for the period September 1, 2016 through December 31, 2018 to be provided in connection with financings of the acquisition and implementation of State of Ohio information technology (IT) systems through the issuance via competitive bid of Certificates of Participation (COPS). The IT systems in various stages of design and/or implementation include the Enterprise Data Center Solutions (EDCS) project, the Ohio Administrative Knowledge System (OAKS), the Bureau of Criminal Investigation Records System (BCIRS), the State Taxation Accounting and Revenue System (STARS), and the Multi-Agency Radio & Communication System (MARCS).

EDCS is an information technology initiative to expand and improve the State's cloud computing environment and support upgrades to enterprise shared solutions. The State has financed the acquisition and implementation of EDCS through the issuance of COPS totaling \$34 million and anticipates one additional COPS issuance of up to \$30 million. The EDCS project is administered by the Ohio Department of Administrative Services.

OAKS is an enterprise-wide resource planning system that replaced the State's separate central services infrastructure system, including but not limited to its central accounting and human resources / payroll system. Four series of COPS were issued in 2005 through 2009 to finance the acquisition, implementation, and enhancement of the OAKS system. The State anticipates one additional COPS issuance of up to \$22 million for enhancements to OAKS.

BCIRS is a criminal records management and biometric identification system that will replace the Ohio Attorney General's existing computerized criminal history and automated fingerprint identification systems. The BCIRS project is anticipated to take place over two-to-three years at an estimated cost of \$25 million and will be administered by the Ohio Attorney General.

STARS is an integrated tax collection and audit system that is replacing all of the separate tax software and administration systems currently used to support the administration, collection and enforcement of various State of Ohio taxes. Two series of COPS totaling \$60 million have been issued to finance the acquisition and implementation of STARS. The State anticipates one additional COPS issuance totaling approximately \$10 million to complete the project. The STARS project is administered by and housed in the Ohio Department of Taxation.

MARCS is the State's computer and communications network that provides instant voice and data communication and supplies a communications backbone to state and local public safety and emergency management personnel. The State commenced in 2012 a comprehensive upgrade of MARCS to next generation standards which was financed through the issuance of two series of COPS totaling \$72 million. There are no current plans for new MARCS COPS financings; however, the State may consider refunding currently outstanding MARCS COPS if determined to be economically advantageous.

OBM intends to qualify multiple firms for consideration for appointment as financial advisor on a deal-by-deal basis. Interested firms must respond to this Request of Qualifications (RFQ) in all respects. The selected firm(s) will be responsible for notifying OBM in writing within 30 days of the occurrence of any material changes related to: (i) ownership or ownership structure, organization, personnel, litigation or conflicts, regulatory investigations or enforcement actions, (ii) the Certifications made in Section VIII of this RFQ; or (iii) any other information provided hereunder.



# OBM

Questions must be submitted by e-mail to Larry Scurlock at [obm.debtmgmt@obm.ohio.gov](mailto:obm.debtmgmt@obm.ohio.gov). All questions and responses will be posted to the web at <http://obm.ohio.gov/rfq>. With the sole exception of questions submitted following the above protocol, respondents or their representatives shall not communicate about this RFQ directly with the OBM, DAS, Attorney General, or any State agency user of the aforementioned IT systems. Any such communication will disqualify the respondent and its proposal from consideration. All questions and answers become a matter of public record and will be made available to all RFQ respondents.

Joint proposals will not be accepted. The firm or firms selected to serve as financial advisor under this RFQ will not be eligible to serve as an underwriter on any of the contemplated transactions.

Responses to this RFQ are the property of the State and will be “public records.” Responses that are labeled “confidential,” or that contain information identified as “confidential,” will not be considered.

This RFQ is not and shall not be construed as an offer of a contract. A contractual arrangement for financial advisory services will be evidenced by a separate contract with OBM. This RFQ, the resulting agreement with the firm selected, and the rights of the parties involved shall be governed, construed, and interpreted in accordance with the laws of the State of Ohio. The selected firm consents to jurisdiction in a court of proper jurisdiction in Franklin County, Ohio.

## **II. Minimum Qualifications**

Each firm submitting a proposal must be a registered “municipal advisor” within the meaning of the Securities Exchange Act of 1934 Rule 15Ba1-1(d)(3)(vi).

## **III. Scope of Services**

The firm selected through this RFQ process may be asked to provide or assist in the provision of the following services:

- Assist and make recommendations on certain aspects of the COPS issuance, including the structure, terms, timing, marketing, and pricing.
- Examine, evaluate, and recommend an overall financing plan that is expected to result in the lowest cost of borrowing to the State over the life of the COPS, including the ability to estimate and compare the financial impact of various call options and coupon combinations.
- Assist in the preparation of the financing schedule, distribution list, meeting agendas, the preliminary/final offering circulars, lease agreements, and other documents related to the marketing and issuance of the COPS.
- Assist with the preparation for, and participate in, meetings and conference calls with the working group, investors, and rating agencies.
- Assist in the preparation of the notice of sale and bid specifications; inform underwriting firms of the structure and timing of the transaction; and independently evaluate bids, verify the TIC calculation, and recommend award.
- Compile secondary market trading information for trades of the issued COPS that occur between the pricing and closing dates and assist in analyzing that information.
- Assist in the evaluation and selection of underwriters, trustees, verification agents, printers, and other professional service providers, including preparation of requests for proposals or bids and the review and evaluation of submitted proposals or bids.



# OBM

- For refunding transactions, submit or assist with the submission of SLGS subscriptions, evaluate the efficiency of open market securities relative to SLGS and, if necessary, prepare bid specifications and receive bids for open market securities.
- Provide a transaction summary outlining pricing performance, investor participation, orders and allocations, market dynamics, and other relevant data.
- Advise and assist OBM in evaluating other available financing options.
- Other analyses and services related to current or prospective COPS issues, as requested by OBM.

## IV. Submission of Responses

Firms must respond to this RFQ in all respects. Responses are strictly limited to a total of ten (10) pages, not including the requested attachments (which should be included in an appendix to your response). Please restate each question and sub-question in your response. A complete copy of the response must also be provided on a CD-ROM in both MSWord and PDF format.

A single page cover letter may be submitted with the proposal at the discretion of the responding firm and will not count toward the ten (10) page limit. Information contained in the cover letter will not be used to evaluate the response. **Five (5) copies** of your response are to be delivered to:

Larry Scurlock  
Assistant Debt Manager, Ohio Office of Budget and Management  
30 East Broad Street, 34<sup>th</sup> Floor  
Columbus, Ohio, 43215

Responses must be received no later than 1:00 p.m. EST, on Wednesday, August 17, 2016. Faxed or e-mailed copies will not be accepted. A responding firm bears full responsibility for the timely delivery of its response at the prescribed location. Responses received after the date and time listed above will not be considered.

## V. Compensation

The State will compensate the selected firm at a flat rate per series of \$0.40 per \$1,000 bond, with a minimum fee of \$12,500 and a maximum fee of \$40,000 per series. This fee is inclusive of all expenses.

In circumstances in which three or more series of COPS are sold on the same date, the two largest series by par amount will be considered and compensated as separate sales based on the above fee schedule. Compensation for each additional series of COPS sold on that same date will reflect the applicable minimum fee. OBM may adjust the above fee schedule to reflect additional work associated with refunding issuances or other special circumstances that increase the volume or complexity of the work performed.

The above fees are inclusive of all expenses and SLGS subscription services (if applicable). Fees associated with the optimization and bidding of open market securities escrows for refunding transactions will be negotiated with the selected firm and based on the size, term, number of securities, and number of payment dates, subject to a maximum fee of \$15,000 per series.



# OBM

## VI. Evaluation Criteria

The statement of qualifications received will be evaluated based upon several factors, including but not limited to:

- Capability of the firm to perform the required scope of services, including:
  - i) Knowledge of and experience in the Ohio and national municipal bond markets;
  - ii) Capacity to provide technical financial analysis for COPS and alternative financing options; and
  - iii) Ideas and resources to lower the States' cost of borrowing and ability to cost-effectively structure transactions.
- Qualifications, education and experience of the individuals to be assigned to the State.
- Commitment to Ohio:
  - i) Experience of assigned individuals Ohio, and
  - ii) Physical presence within the State of Ohio.

OBM may, at its discretion, conduct interviews with one or more responding firms. OBM reserves the right to reject all responses or to solicit additional information regarding a firm's participation in transactions that occur subsequent to its response to this RFQ. OBM may take into consideration any other information, including information not requested in this RFQ or not included in the statements received.

## VII. Information to be Provided by Responding Firms

1. Overview and Organizational Structure
  - a) Provide a brief overview of your firm and its areas of business. Identify ownership and legal organization (e.g., corporation, partnership).
  - b) Confirm that your firm is a registered "municipal advisor" within the meaning of the Securities Exchange Act of 1934 Rule 15Ba1-1(d)(3)(vi).
  - c) Describe your firm's commitment to public finance and municipal advisory services.
  - d) Indicate if your firm is a women business enterprise (WBE), minority business enterprise (MBE), or disadvantaged business enterprise (DBE) and describe how you qualify as an MBE, MBE or DBE.
2. Footprint
  - a) Provide the total number and location of your firm's offices.
  - b) Provide the total number of employees and number of municipal advisory professionals.
  - c) State the location of your offices in Ohio and the number and type of employees at each.
  - d) Discuss any significant changes in staffing levels and number of offices since January 1, 2013.
3. Staffing Plan
  - a) Identify the individual(s) from your firm who will be primarily and directly responsible for providing services to OBM (include the name and telephone number for the lead individual and any quantitative personnel).



# OBM

- b) Provide information relative to the training, education, and relevant experience of the listed individuals, including the number of years with the firm. *Note: resumes may be attached as Appendices and do not count toward the page limit;* and
  - c) Confirm that only individuals from your firm and not subcontractors of your firm will provide services to OBM.
4. Describe your firm's experience, qualifications, and resources to perform the tasks identified in the scope of services. Describe how your firm is organized to facilitate coordination of its advisors and specialists who may be performing various tasks within the scope of services.
  5. Discuss ideas and access to real-time information that your firm has with respect to planning and executing competitive sales to achieve the lowest cost of borrowing.
  6. Describe two examples of projects that demonstrate the value of your firm's financial advisory services for similar types of project financings.
  7. Provide two references of public entities to which your firm has provided similar services since January 1, 2013 that can be contacted by the OBM during the RFQ evaluation process. Include the issuer name and contact information (title, address, telephone number, and e-mail address) and a list of financing transactions worked on for that public entity.
  9. Discuss any other relevant factors that you believe should be considered by OBM.
  10. Provide a tabular listing and subtotals for each of the following types of transactions for which your firm has served as the primary financial advisor since January 1, 2013. Please identify the issuer, par amount, security structure, and method of sale for each transaction.
    - (a) Fixed rate municipal bonds for State-level issuers and local governments in the State of Ohio;
    - (b) Fixed rate municipal bonds for state-level issuers outside of Ohio;
    - (c) COPS or comparable obligations backed by lease-purchase agreements;
    - (d) Tax-exempt loans or vendor financings of equipment, vehicles, or information systems.

## Regulatory and Other

11. With respect to the State of Ohio, describe your firm's compliance with MSRB Rule G-37, as effective August 17, 2016, on Political Contributions and Prohibitions on Municipal Securities Business.
12. Describe any investigation, review, enforcement or disciplinary action, or litigation regarding a violation or alleged violation by your firm of any state or federal securities, municipal advisor, or tax law or regulation relating to tax-exempt financings that is currently pending or that was concluded since January 1, 2013.



# OBM

13. Describe any official investigation or review, or litigation regarding a violation or alleged violation by your firm of any State of Ohio ethics (Chapter 102 and Sections 2921.42 and 2921.43 of the Ohio Revised Code), campaign financing (Chapter 3517 of the Ohio Revised Code), or lobbying (Sections 101.70 et seq. and 121.60 et seq. of the Ohio Revised Code), and non-discrimination (Section 125.111 of the Ohio Revised Code) laws or rules that is currently pending or concluded since January 2011.
14. As required under MSRB Rule G-42, detail any material existing or potential conflict of interest that the firm might have if selected to serve as financial advisor to the OBM. Disclose any affiliation or relationship the firm has or had within the previous two years with any broker-dealer. If no known material conflicts of interest exist provide a written statement to that effect.
15. Describe reasons for and explanations of any deviation from the Certifications in Section VIII of this RFQ.



# OBM

## VIII. Certifications

In addition to responding to the foregoing items, this firm certifies that:

1. The firm's position as financial advisor in the proposed project will not create any conflict of interest for the firm or any of its assigned personnel and the firm will promptly disclose to OBM any such conflict of interest if, as and when the conflict of interest arises and is known to the firm. (If the firm believes that any conflict of interest may exist, the nature of the conflict must be described in Section VII, question 14).
2. All of the assigned personnel of the firm who are not United States citizens will have executed a valid I-9 form and have valid employment authorization documents.
3. The firm is an independent contractor and neither firm nor its personnel shall at any time, or for any purpose as a result of the transactions be considered as agents, servants, or employees of OBM or the State of Ohio, or as public employees for the purpose of Ohio Public Employees Retirement Systems benefits.
4. The firm is not currently in violation of or under any investigation or review for a violation of any state or federal law or regulation that might have a material adverse impact on the firm's ability to serve.
5. The firm is and will be during the period from the below date through December 31, 2018 in compliance with all applicable federal, State, and local laws, including but not limited to the applicable provisions of the following for which it also makes the following related certifications:
  - a) State of Ohio equal opportunity provisions (Section 125.111 of the Ohio Revised Code). The firm is an equal opportunity employer that does not and will not discriminate against applicants or employees on the basis of race, color, religion, sex, age, disability, military status, national origin, or ancestry. In addition, in compliance with such provisions, the firm has a written affirmative action program for the employment and effective utilization of economically disadvantaged persons and will annually report such progress.
  - b) The Federal (41 U.S.C. 701(a)) and Ohio (R.C. 153.03) Drug Free Workplace Acts. The firm will make good faith efforts to ensure that all of its employees will not have or be under the influence of illegal drugs or alcohol or abuse prescription drugs in any way while providing services to OBM or the State of Ohio.
  - c) State of Ohio ethics (Chapter 102 and Sections 2921.42 and 2921.43 of the Ohio Revised Code), campaign financing (Chapter 3517 of the Ohio Revised Code), lobbying (Sections 101.70 and 121.60 et seq. of the Ohio Revised Code), and non-discrimination (Section 125.111 of the Ohio Revised Code). The firm affirms compliance with these provisions of law and will notify OBM of any applicable noncompliance.
  - d) Section 9.24 of the Ohio Revised Code. The firm is not subject to an "unresolved" finding for recovery under that section.
  - e) Ohio Executive Order 2011-12K<sup>1</sup>. The firm understands and affirms that both the firm and any of its subcontractors will not provide any services (including data storage) requested under this RFQ for OBM outside of the United States and will disclose all locations where services are performed for OBM or where state data associated with the services performed will be stored.

<sup>1</sup> <http://procure.ohio.gov/pdf/EO201112K/EO201112K.pdf>



# OBM

6. The firm is duly registered as a “municipal advisor” within the meaning of the Securities Exchange Act of 1934 Rule 15Ba1-1(d)(3)(vi), and acknowledges that if selected to provide services under this RFQ it (a) must maintain that status as a registered “municipal advisor” and (b) will not be eligible to serve OBM as an underwriter (at any level) during the period covered by this RFQ.

Firm: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2016



# O B M

## Information Sheet

### State of Ohio Office of Budget and Management Request for Qualifications (RFQ) To Serve as Financial Advisor for State of Ohio Information Technology Financings

Submitted By: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, 2016