



WASHINGTON STATE

**HOUSING FINANCE
COMMISSION**

REQUEST FOR PROPOSAL

QUANTITATIVE SERVICES

DEADLINE FOR SUBMISSION:

Tuesday, February 20, 2024 at 5:00 p.m. Prevailing Pacific Time

1000 Second Avenue, Suite 2700
Seattle, WA 98104-1046
tel: 206.464.7139
800.767.HOME
www.wshfc.org

REQUEST FOR PROPOSAL
for
Quantitative Services
for
**THE WASHINGTON STATE
HOUSING FINANCE COMMISSION**

ISSUING OFFICER

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INTRODUCTION

The Washington State Housing Finance Commission (the “Commission”) is requesting proposals from qualified firms to provide professional quantitative services to the Commission for the period July 1, 2024 through December 31, 2026. The Commission is not seeking services of a Municipal Advisor. Background information, Statement of Work, information to be included, proposal requirements, proposal evaluation and other contract information are discussed in the information that follows.

BACKGROUND INFORMATION

For the 1995 indenture, the Commission has issued \$3,790,087,204 in single family bonds, \$629,475,203 in the NIBP indenture, and \$26,171,376 in Special Single Family bonds to meet the housing needs of Washington families. The Commission intends to continue its record of service and is soliciting proposals from experienced firms for quantitative analysis services for the Single-Family Programs.

STATEMENT OF WORK (SERVICES TO BE PROVIDED)

At the current time, the Commission is issuing bonds under the 1995 Single Family Indenture. For each new bond issue, the firm that is selected to provide quantitative services will be responsible for duties that should include, but are not limited to:

- Bond issuance strategy analyses including quantification and utilization of new volume cap, replacement refunding resources, economic refunding resources, taxable resources, the integration of interest rate swaps, the benefits/risks of structure options.
- Quantitative information included in the preliminary and official statements.
- Management of 10-year rule, including genealogy, and 32-year rule analysis, as applicable.
- Calculation of bond and mortgage yields.
- Use of mortgage loan participations between multiple bond issues.
- Analyzing funding sources, including the Federal Home Loan Bank.
- Structuring private placement of bonds.
- Utilization of interest rate hedges and effect on bond and mortgage yield.
- Integration of bond finance program with TBA program.
- Participation in transaction planning sessions, including conference calls, and review and comment on preliminary and final official statements.
- Participation in structuring of bond issue in collaboration with underwriters and other members of the financing team.
- Preparation of preliminary and final cash flow projections in connection with each transaction and annually on a consolidated basis.
- Analyses of economic refunding opportunities under optional redemption provisions.
- Bond redemption strategy analyses, including quantification of economic benefits of cross calling between series.
- Maintenance of mortgage database and updating of mortgage yield compliance calculations to ensure compliance with universal cap.
- Provide consultation and analysis as needed with bond rating agencies.

On an ongoing basis and upon request, the firm that is selected to provide quantitative services will be responsible for duties that should include, for all outstanding bonds, but are not limited to:

- Management and analysis of 10 and 32-year rule genealogy.
- Redemption strategy analysis and strategy including economic refunding, current refunding and cross calling.
- Maintenance of mortgage database and updating mortgage yield compliance calculations, including compliance with universal cap.
- Consultation, analysis and critical review of ongoing mortgage pipeline yield compliance calculations including zero participations and application of unused bond proceeds.
- Consultation and analysis as needed with bond rating agencies.
- Cash flow projections used in preparation of annual indenture management including the sources and uses of funds and annual budget.
- Performance reporting as requested.
- Consultation on acquisition and operating policy, including interest rates, with regard to mortgage yield and cash flows.
- Bond yield recalculations for open tax plans.
- Preparation and analysis of annual consolidated cash flows.
- Oversight and cooperation with the trustee.
- Analysis of prepayment recycling and redemption, and reinvestment strategies.
- Preparation of arbitrage rebate calculations for all tax-exempt issues.
- Computations of net present value of mortgage loan interest rate buydowns.

INFORMATION TO BE INCLUDED IN PROPOSAL

Written proposals must be limited to no more than 15 pages, and include the following information:

QUALIFICATION OF THE FIRM

1. Describe the history and organization of the firm and its experience in the provision of quantitative services.
2. Provide a discussion of relevant quantitative services experience of the firm in the area of mortgage revenue bond financings. Specifically, identify those housing finance agencies or authorities for which you serve in this capacity. Specify the role your firm plays with these issuers.
3. Provide specific examples of tax-exempt and taxable housing issues for which the firm has provided cash flow analysis and structuring analysis.
4. Describe the firm's experience with open parity indentures and the preparation of consolidated cash flows for open indentures.
5. Discuss your firm's ability to advise the Commission on investment strategies for bond proceeds to maximize earnings while complying with all applicable tax laws, rating agency requirements and bond covenants.
6. Describe your firm's experience in ways to mitigate negative arbitrage.
7. Describe your firm's experience and capacity to perform trustee oversight and cash flow responsibilities, particularly with regard to a parity indenture. Please indicate who will perform this work, where they are located and what computer software they will use. Provide examples of recent experience doing similar work for other clients. Provide at least three references.
8. Describe how your firm works with Investment Bankers and the Trustee so that information is updated and shared among all parties before, during and after bond issuance.
9. Describe the types of reports you can provide on a quarterly basis that would summarize the financial situation of the Commission's parity indenture. The reports should also include an analysis of the performance of previous bond structures, programmatic changes, and the impact of future structures on the indenture.
10. Discuss any ideas with respect to coordinating the TBA program with Mortgage Revenue Bonds to finance mortgages.
11. Present and discuss any additional ancillary services and associated pricing, beyond those discussed above, that the respondent considers beneficial to the Commission.

12. Provide a statement of assurance that your firm is not currently in violation of any regulatory agency rules, or if in violation, explain why the violation does not have a material adverse effect on your firm's ability to perform under this contract.

13. Describe the steps your firm has taken to further diversity, equity, and inclusion.

STAFF QUALIFICATIONS

1. Discuss the experience of the specific individuals who would be assigned to work with the Commission, the estimated percentage of time each person would devote to Commission issues, the nature of work that each person would perform, and where each person would be located. Please provide a resume for each of the individuals identified that would be assigned to work on this account.
2. Provide specific references for the firm's experience with similar issuers. Include the names, addresses and telephone numbers of three references familiar with your work.

FEE PROPOSAL

Provide a fee proposal for work to be performed during the contract period in accordance with either, or both, of the options presented below.

- A. Provide a fee proposal on a per transaction basis inclusive of all services to be provided. Describe the scope of services to be provided and how it compares to the Statement of Work identified above.
- B. Provide an annual fixed-fee proposal, inclusive of all expenses, for all services including bond issuances. Describe the total scope of services to be provided and how it compares to the Statement of Work identified above.

Complete Attachment I - Proposal Certification Statement form provided as part of this RFP.

EVALUATION PROCESS

A committee appointed by the Executive Director of the Commission will evaluate the proposals received. Proposals will be evaluated based on the responses to the questions included in the "Information to Be Included in Proposals" section of this RFP. Proposals that omit any of these items may be rejected as non-responsive.

The Commission may award a contract to the interested bidders(s) whose proposal is most advantageous to the Commission. The Commission reserves the right to award a contract to the interested bidders(s) who will best meet the requirements of this RFP, and not necessarily to the interested bidders(s) with the lowest bid.

The Commission reserves the right to seek clarification of each proposal and the right to negotiate a final contract in its best interest, considering cost effectiveness and the level of time

and effort required for the services.

SELECTION CRITERIA

1. The Commission may, at its discretion, retain a quantitative analyst for a particular issue or scope of work, or for an initial fixed 4 1/2-year term with subsequent renewals upon the negotiation of mutually agreeable two-year terms not to exceed 8 ½ years in total. If the Commission elects to contract with a quantitative analyst for a fixed period, it reserves the right to choose a financial advisor for a particular bond issue during the period of the contract.

The Commission and selected quantitative analyst may renegotiate the annual fee at the time of contract renewal.

3. In selecting a quantitative analyst, the Commission will consider at least the following, not necessarily in order of priority:
 - a. Demonstrated technical competence, expertise and innovative ability.
 - b. Capacity and history to provide a cost-effective Scope of Work.
 - c. Demonstrated success in structuring housing bond issues.
 - d. Demonstrated competence in maintaining and documenting tax compliance.
 - e. The cost in fees and expenses.
 - f. Reputation for services.
 - g. Qualifications of the individuals to be assigned to service the Commission.
 - h. Compatibility of the individuals assigned to work with the Commission and its staff.
 - i. Accessibility of the quantitative analyst's personnel to the Commission and its staff.
 - j. Demonstrated ability to maximize the efficiency of an open indenture.

AWARD NOTICE

After completion and evaluation of all proposals and, if deemed necessary, virtual interviews may be held at the discretion of the Commission. The selection committee will select the firm that will provide quantitative analyst services. A recommendation to award a contract is expected to be made on March 28, 2024 at a meeting of the Board of Commissioners. A final award will be contingent upon successful negotiation of a final contract within twenty-one (21) calendar days of the announcement of the recommendation. The effective date of the contract will be July 1, 2024.

If the Commission is unable to negotiate a mutually satisfactory contract with its first choice it may, in its sole discretion, negotiate with its secondary choices or cancel and reissue a new RFP.

RECERTIFICATION PROCESS

As part of the Commission's efforts to become a Fannie Mae, Freddie Mac, and Ginnie Mae Seller Servicer, the Commission requires the selected awardee to supply the following documents upon request by the Commission on an annual basis:

- Policies and procedures related to internal controls and information security
- Disaster recovery and business continuity plan
- Penetration testing results
- Vulnerability testing
- Network Diagram
- Data flow diagram, including third party/forth party
- Audit reports (internal audit, external audit, SOC type review, security reviews) of other examination reports evidencing internal controls
- Audited Financial Statements
- Vendor Management Policy
- Quality Control Policy
- Evidence of sufficient insurance coverage (Fidelity, E&O, and Cybersecurity)
- Current organizational chart
- Training plan or training requirements for employees and contractors
- W-9

This list is subject to change.

PROPOSAL SUBMISSION

Interested Proposers must submit their proposals electronically to the Commission no later than **5:00 PM Prevailing Pacific Time, on or before Tuesday, February 20, 2024** to: lisa.debrock@wshfc.org

NO FACSIMILE (FAX) TRANSMITTED PROPOSALS WILL BE ACCEPTED.

Prior to the date and time designated for receipt of proposals, any proposal may be modified or withdrawn by email notice to lisa.debrock@wshfc.org . Such notice shall be delivered on or before the date and time set for receipt of proposals.

1. **Late Submissions:** A proposal shall be considered late if received at any time after 5:00 p.m., Prevailing Pacific Time, February 20, 2024. Proposals received after the specified time **WILL NOT** be given further consideration.
2. **Proposal Certification Statement:** A proposal certification statement (see Attachment 1) shall be filled out and signed, and accompany each proposal. The certification shall bind the proposer to perform the services for the fees stated in its proposal. Failure to submit a signed proposal certification form will result in rejection of the proposing firm.
3. **Modification or Withdrawal of Proposal:** Prior to the date and time designated for receipt of proposals, any proposal may be modified or withdrawn by notice to the party receiving proposals at the place designated for receipt of proposals. Such notice shall be in writing over the signature of the Proposer and shall be delivered on or before the date and time set for receipt of proposals.

4. **Written Questions:** Questions regarding the information contained in the RFP must be submitted to the Designated RFP contact, Lisa DeBrock, no later than 5:00 p.m. Prevailing Pacific Time, February 14, 2024. All questions must be submitted in writing by e-mail to: lisa.debrock@wshfc.org, and received by the specified date and time. E-mail questions will be accepted if received on or before the deadline for RFP responses.
5. There shall be no ex parte communications concerning the selection process between any Proposer and any Commissioner, staff or others aiding in the financial advisory selection process. Any such ex parte communications shall be grounds for disqualifying a proposer. All communications concerning the selection process should be addressed to Lisa DeBrock, Director, Homeownership Division, Washington State Housing Finance Commission, (206) 287-4461.
6. **Addenda to RFP:** In the event it becomes necessary to revise any part of this RFP, addenda will be provided to all proposers who received the original RFP.
7. Additionally, by submitting a proposal, contractors agree that they waive any claim against the Commission, the State of Washington, and their respective officers, employees, and agents for the recovery of any costs or expenses incurred in preparing and submitting a proposal.

TIME SCHEDULE FOR COMPLETION OF THIS RFP

Proposals Due:	February 20, 2024, 5:00 PM Prevailing Pacific Time
Notify Candidates of Interview:	On or before March 1, 2024
Virtual Interviews (if applicable):	Week of March 18, 2024
Commission Approval of Selection:	March 28, 2024

The Commission reserves the right to modify the time schedule.

REJECTION OF PROPOSALS

The Commission reserves the right to reject any and all proposals received as a result of this RFP without liability, and, if doing so would be in the public interest, to cancel this solicitation. The Commission reserves the right to accept a proposal or proposals in whole or in part. A Contractor will be held to the terms submitted in its proposal, but may be required to reduce costs depending upon services which the Commission may determine to be unnecessary or for which the Commission decides to assume responsibility. Failure to meet these obligations will result in cancellation of any pending apparent successful proposer.

PROTEST PROCEDURES

All protests, either against the solicitation or the award, must be in writing or contain the original signature of the protesting party or authorized agent. Such protests must state all facts and arguments on which the protesting party is relying as the basis for its action. Copies of the protest must be mailed or hand-delivered to the office of the Commission.

The Commission must receive protests against the solicitation no later than 5:00 PM Prevailing Pacific Time two (2) business days prior to the date proposals are due. Filing of a protest against the solicitation does not entitle the protesting party to an extension of time for submitting its proposal.

If the protest involves the rejection of a proposal, the protest must be received by the Commission no later than 5:00 PM Prevailing Pacific Time on the fifth (5th) business day following the interested bidder's receipt of the notice of rejection, whether oral or written, or the announcement of the apparent successful interested bidder, whichever occurs first. Only those who are eligible to submit a proposal under the criteria established by the Commission may protest the rejection of a proposal.

The Executive Director of the Commission will consider the record and all facts available and issue a decision within five (5) business days from receipt of the protest unless additional time is required, in which case the protesting party will be notified by the Commission. The decision of the Executive Director will be final.

ACCEPTANCE OF PROPOSAL

The contents of this RFP and the proposal of the successful Contractor will become a part of the contract. Failure of the successful Proposer to accept these obligations may result in cancellation of the contract.

The Commission shall not be bound to the terms of any proposal until and unless its authorized representative has executed a written contract with a Contractor.

Proposals must remain valid for at least 60 days after the February 20, 2024 deadline date for receipt of proposals as evidenced by a completed Attachment I - Proposal Certification Statement.

INVESTIGATION OF REFERENCES

The Commission reserves the right to investigate the references and past performance of any Proposer with respect to its successful performance of similar services, compliance with the RFP and contractual obligations, and its lawful payment of suppliers, sub-contractors, and workers. The Commission may postpone award or execution of the contract after the announcement of the apparent successful Proposer in order to complete its investigation. The Commission reserves the right to reject any proposal at any time prior to execution of a contract.

TRAVEL EXPENSES

If the fee proposal accepted allows for travel reimbursement, such reimbursement to the selected Contractor will be in compliance with the State Travel Policies promulgated by the Washington State Office of Financial Management. No exceptions will be allowed unless specific written

arrangements modifying travel reimbursement are approved in advance by the Commission.

ADDITIONAL PROVISIONS

The Commission reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

Submission of a proposal indicates an irrevocable acceptance by the Bidder of the conditions contained in this Request for Proposal unless exceptions to specific conditions are clearly and specifically noted in the submitted proposal.

INSURANCE

The selected Bidder is to furnish the Commission with a certificate(s) of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below.

The Contractor shall, at its own expense, obtain and keep in force insurance coverage that shall be maintained in full force and effect during the term of the contract. The Contractor shall furnish evidence in the form of a Certificate of Insurance that insurance shall be provided, and a copy shall be forwarded to the Agency within fifteen (15) days of the contract effective date.

Liability Insurance

Commercial General Liability Insurance: Contractor shall maintain general liability (CGL) insurance and, if necessary, commercial umbrella insurance, with a limit of not less than \$1,000,000 per each occurrence. If CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the "each occurrence" limit. CGL insurance shall have products-completed operations aggregate limit of at least two times the "each occurrence" limit. All insurance shall cover liability assumed under an insured contract (including the tort liability of another assumed in a business contract), and contain separation of insured's (cross liability) condition.

Additionally, the contractor is responsible for ensuring that any sub-contractors provide adequate insurance coverage for the activities arising out of subcontracts.

The insurance required shall be issued by an insurance company/ies authorized to do business within the state of Washington, and shall name the Washington State Housing Finance Commission, its agents and employees as additional insureds under the insurance policy/ies.

All policies shall be primary to any other valid and collectable insurance. Contractor shall instruct the insurers to give the Commission thirty (30) calendar days advance notice of any insurance cancellation or non-renewal.

Contractor shall submit to the Commission within fifteen (15) calendar days of the contract effective date, a certificate of insurance that outlines the coverage and limits defined in the

Insurance section. Contractor shall submit renewal certificates as appropriate during the term of the contract.

Employers Liability (“Stop Gap”) Insurance

In addition, the Contractor shall buy employers liability insurance and, if necessary, commercial umbrella liability insurance with limits not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease.

Above insurance policy shall include the following provisions:

1. **Insurance Carrier Rating.** All insurance and bonds should be issued by companies admitted to do business within the state of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best’s Reports. Any exception shall be reviewed and approved by the Washington State Housing Finance Commission. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with Chapter 48.15 RCW and 284-15 WAC.
2. **Excess Coverage.** By requiring insurance herein, the State does not represent that coverage and limits will be adequate to protect Contractor and such coverage and limits shall not limit Contractor’s liability under the indemnities and reimbursements granted to the State in this contract.
3. **Worker’s Compensation Coverage.** The Contractor will at all times comply with all applicable workers’ compensation, occupational disease, and occupational health and safety laws, statutes, and regulations to the full extent applicable.

*****THIS PAGE MUST BE COMPLETED, SIGNED AND RETURNED***
PRIOR TO THE PROPOSAL CLOSING DATE AND TIME.
FAILURE TO DO SO WILL RESULT IN PROPOSAL REJECTION.**

ATTACHMENT I
Proposal Certification Statement

Our/my proposal, of which this statement is a part, identifies certain staffing fees and compensation for services identified in the Request for a Proposal for Quantitative Services to the Washington State Housing Finance Commission.

The undersigned hereby: a) acknowledges he/she has read and understands all requirements and specifications of this Request for Proposal (including attachments); b) agrees to all requirements, specifications, terms, and conditions contained in this Request for Proposal; c) offers and agrees to perform the services with the staffing identified for the fees and compensation stated; and d) verifies that this proposal shall remain valid for at least sixty (60) day after Commission's closing deadline date for proposals.

(Firm Name)

By: _____
(Typed or Printed Name)

(Address)

(Title)

(City) (State) (Zip)

(Telephone No.)

(E-mail Address)

(Authorized Signature) (Date)