

Request for Proposal: Bond Trustee Services

MONTANA BOARD OF HOUSING
301 South Park, Suite 240
PO Box 200528
Helena, Montana 59620

September 19, 2016

Proposals must be received by MBOH no later than 5:00 p.m., Mountain Daylight Time,
October 19, 2016

Section 1 — Guidelines for Request for Proposals

1.1 Introduction

Montana Board of Housing (“MBOH”) is seeking proposals from qualified corporate trustees that must be a trust company or bank having the power and authority to act as a trust company within the State of Montana, to provide trustee services for the bond issues of MBOH as specified in this Request for Proposal (“RFP”). The trustee must be qualified and the trust services provided must be performed in accordance with MBOH trust indentures securing single family and general obligation bonds and the related supplemental indentures (“the Indenture”). MBOH intends to select a Trustee that will consult with MBOH staff, bond counsel, MBOH’s underwriters, MBOH counsel and any other parties necessary to create, sell, and service MBOH’s bond issues. The period during which the selected institution will continue as Trustee is indefinite subject to the terms of each Indenture. A copy of each Indenture under which the selected institution will act as Trustee is attached as Exhibit A.

The Montana Department of Administration, State Procurement Bureau, has determined that this RFP and selection process is not subject to the Montana Procurement Act, Mont. Code Ann. Title 18, Chapter 4. Therefore, this RFP and selection process will not be subject to the State of Montana’s typical procurement requirements or procedures.

1.2 Schedule of Events

MBOH has established the following schedule for selection of the Trustee:

<u>Event</u>	<u>Date</u>
RFP issuance date	September 19, 2016
RFP Questions by Potential Offerors	September 28, 2016
RFP Answers to Questions	October 5, 2016
Proposals due	October 19, 2016 5:00 pm (MDT)
Completion of evaluations	November 2016
Confirmed selection by MBOH Board	December 2016
Agreement for Services executed	January 2017
Start date of Services	Immediate

The above schedule is subject to change upon written notice from MBOH to all firms to which MBOH has provided these materials.

1.3 Questions or Requests for Additional Information

MBOH will accept questions and requests for additional information from all potential offerors. All questions and requests for additional information must be submitted to MBOH on or before September 28, 2016 at 5:00 pm. Questions and requests for additional information submitted after this date and time will not be answered. Potential offerors may submit questions or inquiries via telephone or email to:

Stacy Collette
Executive Operations Manager
Montana Board of Housing
Telephone: (406) 841-2826
Email: housing@mt.gov (Subject: Trustee RFP)

MBOH reserves the right to decline to respond to any question or request for additional information that will cause an undue burden or expense for MBOH. MBOH will post all questions or requests for additional information with answers on its Website at www.housing.mt.gov on October 5, 2016.

1.4 Submission of Proposals

Proposals must be submitted electronically to and received by MBOH through SHAREFILE by 5:00PM MDT on October 19, 2016. Set up in SHAREFILE is required before submission can take place. A set up request must be sent to housing@mt.gov and include:

- Subject: Trustee RFP SHAREFILE Set up Request
- Company Name
- Employee Name (can be multiple personnel)
- Title
- Email

Regardless of the cause for late receipt, proposals received after the specified date and time will be rejected without further evaluation or consideration. Any offeror wishing to confirm receipt of its proposal may contact Ms. Collette.

1.5 Right to Request Additional Information

MBOH reserves the right to request any additional information to assist in the proposal evaluation process, including requiring oral presentations of proposals by one or more offerors to MBOH staff members, MBOH's Review Committee and/or the MBOH Board.

1.6 Right to Reject Proposals and Cancel RFP

MBOH reserves the right to: reject any and all proposals at any time; cancel, terminate, withdraw, modify or reissue this RFP at any time for any reason; waive any undesirable, inconsequential or inconsistent provisions of this RFP that would not have any significant impact on any proposal; or not award a Contract.

1.7 Award of Contract

The Contract will be awarded to the offeror that MBOH, in its sole discretion, determines will provide the highest quality trust services at affordable prices as demonstrated in the proposals, based upon consideration of the following factors: qualifications, services to be provided, understanding of the trust services needed, ability to identify and analyze key issues, experience with similar bond issues and programs, assurances and availability of key personnel, benefits to MBOH, and costs.

While MBOH will consider cost, cost will be only one of the factors considered in its selection. Based upon consideration of all relevant factors listed above, MBOH may award the Contract to an offeror that does not propose the lowest cost services.

MBOH Board will award the contract in a public meeting and MBOH will post on its Website the offeror selected.

1.8 Agreement for Services

The offeror selected to provide the Bond Trustee Services described in this RFP will be required to complete, execute and submit to MBOH an Agreement for Services (Contract) containing all material requirements contained in the form attached to this RFP as Exhibit E. If the offeror selected does not accept all such material requirements, MBOH will move to the next selected offeror or cancel this RFP. Work under the Contract may begin when the Contract is signed by all parties.

Section 2 — Scope of Services – Required Responses

MBOH is seeking a qualified financial institution to serve as the Trustee for bonds issued or to be issued by MBOH. The qualified institution must have extensive experience managing single family mortgage revenue bonds, including the administration and accounting for multiple investments of such bond proceeds.

In your response, you must respond to each of the items in Sections 2.1 – 2.5, describing in detail your firm’s ability to provide the services required as specified in each of these sections.

2.1 Traditional Trust Services

Describe your firm’s ability to provide traditional trust services as they relate to instruments, such as single family housing mortgage revenue bonds. Traditional trust services include, but are not limited to, the following:

- A) Participate in any and all meetings, on an as needed basis, relating to the planning and structuring of new bond issues.
- B) Review and provide input regarding all transaction documents, including, but not limited to, Official Statements, General or Supplemental Indentures, Resolutions or Certificates, Bond Purchase Agreements, Repurchase Agreements and Investment Agreements.
- C) Provide day to day administration of the single family mortgage revenue bonds (i.e., how the offeror communicates internally regarding the recordkeeping requirements for the bonds). Describe the various offices and functions regarding initial setup for a new issue, monitoring of key dates and compliance issues, procedures for accurate and timely debt service payments, and compliance with reporting requirements.
- D) Institute procedures designed to ensure (i) funds are directed into accounts as described in the General or Supplemental Indentures, Resolutions or Certificates and any instructions of MBOH; and (ii) transactions are reconciled and monitored to ensure compliance with any General or Supplemental Indentures, Resolutions or Certificates and any MBOH instructions.
- E) Provide information to bondholders regarding bond issues.

2.2 Traditional Trust Services with MBOH Specific Requirements

Describe your firm’s ability to customize your services to meet MBOH specific requirements including, but not limited to, MBOH Requirements attached as Exhibit B, MBOH’s Investment Policy attached as Exhibit C and the following:

Bonds

- A) Ability to produce and submit single family mortgage revenue bond “Bond Call History” and “Flow of Funds” reports to meet MBOH’s specifications on bond payment dates and on an as needed basis.
- B) Submit redemption notices to bondholders and copies to MBOH for all bond calls.
- C) Confirm your willingness to enter into or undertake duties under bond documents governed by Montana law. **(All of MBOH’s existing Trust Indentures and Bond Resolutions are governed by Montana law.)**
- D) Make required EMMA filings.
- E) Willingness to contract with third party to monitor and calculate arbitrage rebate (BLX has handled this function in the past and MBOH prefers to continue using BLX).

Loans and Mortgage Backed Securities

- A) Ability to work with MBOH to purchase whole loans and Mortgage Backed Securities (the “Certificates”). Ability to reconcile reports prepared by MBOH to ensure loans and certificates are purchased and principal and interest payments are recorded correctly.
- B) Ability to provide principal and interest breakdown for all loan and Certificate receipts.
- C) Ability to maintain current wiring instructions for MBOH participating Lenders and to disburse funds to participating lenders as directed by MBOH for loan purchases.
- D) Ability to receive and accurately deposit funds received from multiple servicers including master servicers.
- E) Ability to receive and accurately deposit funds received from loan insurers.

Investments

- A) Ability to determine the fair market value of the investments held by MBOH, either as whole investments or the subject of amounts held under repurchase agreements, on a daily, weekly or monthly basis and the process used to make that determination.
- B) Ability to provide interest rates to MBOH on a daily, weekly or monthly basis on all variable rate investments held in the trust accounts.
- C) Ability to determine if investments meet permitted investment and quality requirements of MBOH’s General or Supplemental Trust Agreements or Resolutions and MBOH investment policy.
- D) Ability to assume the obligations of the Trustee under the investment agreements, repurchase agreements and similar investment agreements the MBOH’s trustee previously has entered without any revisions, modifications or other amendments to the existing documents. Copies of all such agreements are available for inspection in Exhibit C.

- E) Describe your monthly reconciliation procedures for investments.

2.3 Reporting Requirements

- A) MBOH will require the selected trustee to provide trust statements on a monthly basis within 3 business days of month end. Please state your ability to provide trust statements electronically. For purposes of this RFP, provide a printed copy of a sample trust statement and explain in detail the fields that are available for adaptation to MBOH specific needs. Please specify if the statements may be modified to fit MBOH needs. For example, describe the flexibility and characters available for descriptions of transactions.
- B) Describe your ability to provide electronic July 1 through June 30 year end recap statements to MBOH, and MBOH partners, within five business days of the fiscal year end (June 30).
- C) Describe your ability to provide other reports on an as needed basis.
- D) State your firm's ability to provide an annual SSAE 16 report as required by the Auditor of the State of Montana. **The inability to provide the SSAE 16 on an annual basis will disqualify your firm from further evaluation or consideration for award of the Contract.**

2.4 Electronic Capabilities

- A) Describe your online reporting capabilities. If possible, provide a link to a site that MBOH can access to view your online reporting. Describe in detail the types of reports and information available from your online site and the ability of MBOH to download information and convert to a usable format (e.g. CSV, Excel).
- B) Describe your system capabilities to provide MBOH current day and month-to-date information as it relates to fund balances, investment balances, investment types, and daily activity.
- C) Describe availability of your on-line system, including hours of availability, down time for maintenance or upgrades, multiple users and access from sites other than our main office.
- D) MBOH currently receives a daily data transmission from the Trustee that uploads directly into MBOH's Emphasys Cash Management module. This extract of data includes the daily transactions, cash balances, market rates and interest rate information by account. Describe the ability of your system to so download such information to MBOH. Please include any past experience in guiding other HFA's through process improvement in this area, including specific recommendations for frequency of downloads. Exhibit F to this RFP details the fields that will be required for the trust information to feed into MBOH's current accounting system. In your response, confirm your ability to provide the information in this requested format and the approximate amount of time needed to comply with this requirement. **Inability to provide the information in this format will disqualify your firm from further evaluation or consideration for award of the Contract.**

- E) Indicate your firm's ability to interface with the Depository Trust Company and utilize the Depository Trust Company's FAST procedures.
- F) Indicate your firm's ability to wire funds and any related fees, costs or time constraints.
- G) Indicate your firm's ability to accept and process electronic data files containing posting instructions, transfers and other transactions requested by MBOH.

2.5 Other Services

- A) Provide us with your turnaround time for processing disbursement requests. Describe the procedures in place for immediate access of funds and other time sensitive transactions.
- B) MBOH currently uses trust services for certain funds and accounts not pledged to the bondholders. Explain your trust department's ability to maintain these accounts, and whether there would be additional charges for doing so.
- C) Explain your ability and experience as successor of trust services for other comparable portfolios. Include in your explanation a plan for how this trustee transfer procedure will work and an estimated time frame for completion. Include a list of documents you will need for the transition.
- D) Describe any technical advancements you have made that can potentially improve trust operations with MBOH.
- E) Trustee agrees to contract at the direction of MBOH for the rebate calculation annually.

Section 3 — Required Information to be provided in Response to Proposal

3.1 Scope of Services

Include narrative description in response to Sections 2.1-2.5 above.

3.2 Description of Firm

Please describe your firm's experience serving as the trustee for single family mortgage revenue bonds or similar instruments. In this description of your firm, include the following:

- A) Number of years of operation of your corporate trust department.
- B) Amount of assets held or administered by your corporate trust department.
- C) Percentage of assets representing single family mortgage revenue bond assets.
- D) The ratings of your financial institution by national rating agencies.
- E) Trust department's organizational structure.
- F) List the number and dollar volume of housing bonds your firm has serviced as the trustee for the last 3 years. Include the name of the issuer of the housing bonds.

- G) Describe the various types of bond structures your staff has administered and the number of issues for each type. The description requested should include, but is not limited to, whether the bond structures were variable rate, fixed rate, hedged, unhedged, taxable and/or tax exempt.
- H) Provide a list of your existing State Housing Agency clients.

3.3 Firm References

Please provide 3 references from governmental issuers that have utilized your firm to provide trust services for housing bonds in the past 3 years. If your firm has serviced less than 3 housing bond issuers, you may provide references from governmental issuers issuing bonds other than housing bonds.

3.4 Staff Qualifications

Identify the specific key individuals who would be assigned to work the MBOH account. Describe the level of staffing and service that MBOH would receive, including the nature of the work that each person would perform and his/her related professional experience with housing issues. Please furnish resumes for each individual identified.

Specify which person would be the primary contact person with MBOH.

Describe your company's customer service model. The MBOH prefers to have a single point of contact for the trustee who will coordinate all activities within the trustee's organization.

Describe your firm's plan to make sure appropriate back-up will be provided at all times.

3.5 Locations

Identify the location of all of your offices where the servicing of the MBOH accounts would take place.

3.6 Cost Proposal

The MBOH trustee fees will be charged as follows:

Bond Issue Set-up Fee:	\$	
Minimum Fee for Outstanding Bond Issue	\$	
Annual Fee based on Outstanding Bonds	_____BPs	(pd every 6 mo)

The Trustee will be compensated from the bond proceeds and/or revenues derived from bond programs as billed by the Trustee. See Exhibit D, attached, for outstanding bond issues and amounts as of 6/30/2016. Please submit the fee proposal in Exhibit D for this engagement.

3.7 Implementation after Selection

If selected to be the Trustee, please estimate amount of time needed to become familiar with all bond Indentures. Please include a detailed implementation and transition schedule using April 1, 2017 as the completed transition deadline in order to be prepared for the bond call.

3.8 Litigation, Administrative Proceedings, Investigations

Please describe any pending or resolved material litigation, administrative proceedings or investigations in which your corporate trust department has been involved in the previous five year period.

3.9 Defaulted or Defeased Bond Issues

Describe your procedures for handling bond defaults or defeasances. Provide a short list of any defaulted or defeased bond issues your firm has participated in that may apply to MBOH. For any defaults, describe the circumstances of the default.

3.10 Additional Information

Include a copy of your latest annual audited financial statements and Community Reinvestment Act Examination document and SSAE 16 Audit.

3.11 Other Qualifications

List any other qualifications that should be considered.

Section 4 — Evaluation Process

4.1 Minimum Requirements; Evaluation Factors

An MBOH Review Committee will evaluate the responses to this RFP. Each proposal will be evaluated to ensure that the offeror has complied with each section of this RFP and followed the formatting, organizational and submission requirements as described in this RFP. All proposals meeting the mandatory requirements of this RFP will be evaluated with respect to each of the factors specified in Section 1.7. Proposals will not be scored. **Proposals not meeting any mandatory requirement of this RFP will be disqualified and will receive no further evaluation or consideration for award of the Contract.**

In addition to failure to comply with any other mandatory requirements of this RFP, the inability to provide the SSAE 16 on an annual basis (Section 2.3.D) and/or the inability to provide the electronic daily data transmission in the required format (Section 2.4.D) will disqualify your proposal from **further evaluation or consideration for award of the Contract.**

4.2 Basis for Selection

Selection of the successful offeror will be made by MBOH Board based upon the factors set forth in Section 1.7 and consideration of the recommendations of the Review Committee and MBOH senior staff. **The decision of the MBOH Board will be final.**

Section 5 — Preparing and Submitting the Proposal

5.1 Proposal Organization and Format

All proposals must be submitted in the following format:

- A) Proposals will be typed on standard 8.5x11 inch paper, single-spaced with one-inch margins and a 12-point font.
- B) Proposals will be organized and presented in order of and with the section headings and numbers as assigned in the RFP. Each heading will be clearly labeled and separated by tabs.
- C) Proposals will include as the second page a Table of Contents.

5.2 Submitting the Proposal

By submitting a proposal, the offeror agrees to the following:

- A) All materials submitted become the property of MBOH and shall be public information under Montana's Public Records laws, unless a Montana statutory exception protects such information from public disclosure. If an offeror contends that any information in its proposal is exempt from public disclosure under the Montana Public Records Laws, such offeror must identify each and every occurrence of the information in the proposal and the basis for exemption on a separate page titled "Exemptions to the Public Records Law."
- B) Offerors must respond to all requirements in this RFP and comply with all terms and conditions outlined in the RFP. Failure to do so may result in disqualification of the proposal.
- C) All costs incurred in preparation and submission of a proposal shall be borne by the offeror. Proposal preparation and submission costs are not recoverable under the Agreement for Services. MBOH will not contribute in any way to recovering the cost of proposal preparation and submission.
- D) If during the evaluation process it becomes necessary to make further distinctions between certain offerors, or to further clarify or define one or more proposals, MBOH may request one or more offerors make oral presentations of proposals to MBOH staff members, the MBOH Review Committee, or the MBOH Board. MBOH will not be required to allow every offeror the same presentation opportunity, and may request that any one or more offerors make such presentations.
- E) Proposals received after the deadline will be rejected without further evaluation or consideration. Offerors are advised that there will be no opportunity to correct mistakes or deficiencies in the proposals after submission. Proposals that are missing required information will not be further evaluated or considered. It is the sole responsibility of the offeror to ensure its proposal is complete, accurate, responsive to the requirements, and received on time. Proposals not complying with the requirements of the RFP will not be further evaluated or considered.
- F) By submitting a proposal, the offeror agrees, if selected for award of the Contract, to complete, execute and submit to MBOH an Agreement for Services containing all material requirements contained in the form attached to this RFP as Exhibit E.

Section 6 - RFP Exhibits

6.1 Exhibits Incorporated Into RFP.

The following Exhibits are attached to this RFP for purposes of providing offerors with information regarding the scope of services required, service requirements and other information to be considered in preparing proposals:

Exhibit A	MBOH Indentures
Exhibit B	MBOH Requirements and Timelines
Exhibit C	MBOH Investment Policy and Existing Investment and Repurchase Agreements
Exhibit D	Existing Bond Issues and Proposed Fee
Exhibit E	Agreement for Services
Exhibit F	Emphasys Software