REQUEST FOR QUALIFICATIONS

FINANCIAL ADVISORY SERVICES
BY INDEPENDENT REGISTERED MUNICIPAL ADVISORS

Relating to:
State of Ohio Information Technology System Financings

May 24, 2019

Issued by:
Ohio Office of Budget and Management
Rhodes State Office Tower
30 East Broad Street, 34th Floor
Columbus, Ohio 43215
I. Introduction

The Ohio Office of Budget and Management (OBM) is soliciting statements of qualifications for financial advisory services for the period July 1, 2019 through June 30, 2022 in connection with anticipated lease-purchase financings of the acquisition and development of State of Ohio (State) information technology (IT) systems. The method of financing may include vendor financing, lease-purchase financing through a financial institution, and the private placement and/or public issuance of Certificates of Participation (COPS). The IT systems in various stages of design and implementation include the Enterprise Data Center Solutions (EDCS) project, the Ohio Administrative Knowledge System (OAKS) project, the State Taxation Accounting and Revenue System (STARS), the Voting System Acquisition (VSA) program, and the Unemployment Insurance System (UIS).

EDCS and OAKS are information technology initiatives to expand and improve the State’s cloud computing environment and to support upgrades to enterprise-wide systems and shared solutions. The State has financed prior acquisition and development efforts for EDCS and OAKS through the issuance of COPS and anticipates one additional financing to raise an additional $21.5 million. The EDCS/OAKS project is administered by the Ohio Department of Administrative Services.

STARS is an integrated tax collection and audit system that replaced nearly all of the separate tax software and administration systems used to support the administration, collection and enforcement of various State of Ohio taxes. Three series of COPS have been issued to date to finance the acquisition and implementation of STARS. OBM anticipates one additional financing to generate up to $12 million in project costs to complete STARS. The STARS project is administered by and housed in the Ohio Department of Taxation.

VSA provides funding for the acquisition and implementation of new voting systems for Ohio counties. One series of COPS has been issued to date to finance the VSA program. OBM anticipates one additional COPS issuance to finance up to $24.5 million in remaining program authorization. The VSA program is administered by the Ohio Secretary of State.

UIS is an integrated unemployment benefits and tax administration information technology system designed to replace the State’s existing separate unemployment benefits and tax systems. OBM anticipates one financing to raise approximately $14 million in estimated UIS project costs. The UIS project will be administered by and housed in the Ohio Department of Job and Family Services.

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: (i) material changes in ownership or ownership structure, organization, personnel, litigation or conflicts, regulatory investigations or enforcement actions, or any other material change; and (ii) changes related to the Certifications in Section VIII. OBM may, at its discretion and at any time, add or remove firms from the qualified pool of financial advisory firms.

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.

Any and all questions must be submitted by e-mail to Larry Scurlock at 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 or other state agency personnel. Any such communication will disqualify the respondent and its proposal from consideration.
OBM intends to qualify two or more firms to serve as financial advisor with selections from the qualified pool of firms being made on a deal-by-deal basis. 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.

This RFQ is not and shall not be construed as an offer of a contract. Any 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 selected to serve must be a “municipal advisor” within the meaning of the Securities Exchange Act of 1934 Rule 15Ba1-1(d)(3)(vi) and be currently registered with both the SEC and the MSRB. Firms also must have served as the primary financial advisor on five (5) or more tax-exempt municipal bond issuances each with a par amount of at least $15,000,000 for an Ohio governmental bond issuer (including state-level, higher education institutions, school districts, regional, special district, and local governments) since January 1, 2016.

III. Scope of Services

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

- Advise and assist OBM in evaluating alternative lease-purchase and COPS financing options.
- 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 financing, including the ability to estimate and compare the financial impact of various early termination or call options.
- Assist and make recommendations on the process and the terms and conditions of the financing, including the structure, terms, timing, marketing, and pricing.
- Assist in the preparation of the financing schedule, distribution list, meeting agendas, preliminary/final offering circulars, notices and bid specifications, term sheets, lease agreements, and other documents related to the financing.
- Assist with the preparation for, and participate in, meetings and conference calls with the state and its representatives, providers, investors, and credit rating agencies.
- Assist in the evaluation of bids and proposals; verification of the all-in cost of the financing; certification of price/yield, weighted average maturity and other metrics relating to the financing.
- Assist in the evaluation and selection of professional service providers, as applicable, including but not limited to underwriters, trustees, verification agents, printers, and others, and in the preparation of requests for proposals or bids and the review and evaluation of submitted proposals or bids.
- With respect to refundings in the municipal bond market, 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 financing transaction summary outlining the financing options considered, the rationale and analyses supporting the selected option, pricing performance, investor participation, orders and allocations, market conditions and dynamics, and other relevant data.
- Other related analyses and services 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 at no smaller than 12-point font, 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 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) hard copies** of your response are to be delivered to:

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

Responses must be received no later than 2:00 p.m. EDST, on Friday, June 14, 2019. A responding firm bears full responsibility for the timely delivery of its response to the above location. Responses received after the date and time listed above will not be considered. A complete copy of the response must also be separately emailed to OBM.DebtMgmt@obm.ohio.gov in PDF format.

V. Compensation

The State will compensate the selected firm at a flat rate per series of $0.35 per $1,000 financed, with a minimum fee of $17,500 and a maximum fee of $40,000 per financing transaction. In the event that another governmental entity negotiates a lower fee for comparable services for similarly situated transactions with a similar financing structure, the firm will extend that lower fee to OBM.

In circumstances in which three or more financings are completed, or series of COPS are sold, on the same date, the two largest financings by amount will be considered and compensated based on the above fee schedule. Compensation for each additional financing completed, or 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 special circumstances that significantly increase the volume or complexity of the work performed.

The above fees are inclusive of all expenses and any SLGS subscription services.

VI. Evaluation Criteria

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

- Capability of the firm to perform the identified services at a high level of quality, including:
  1. Knowledge of and experience in the tax-exempt municipal bond market, particularly obligations similar to the State’s COPS;
  2. Capacity to provide financial analysis of alternative lease-purchase and COPS financing options; and
  3. Ability to effectively structure and manage alternative financing transactions and the quality and applicability of ideas to lower the State’s overall cost of borrowing.

- Qualifications, education and experience of the individuals to be assigned.

- State of Ohio commitment and experience, including:
  1. Experience with Ohio governmental bond issuers; and
  2. 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) Describe your firm’s commitment to public finance and municipal advisory services, both generally and specifically within the State of Ohio.
   c) Indicate if your firm is a women business enterprise, minority business enterprise, or disadvantaged business enterprise and describe how you qualify for that designation.

2. Footprint
   a) Provide the total number and location(s) of your firm's offices.
   b) Provide the total number of employees and the number of municipal advisory professionals.
   c) Identify the location of your Ohio office(s) and provide the total number of employees and the number of municipal advisory professionals at each location.
   d) Discuss any significant changes in staffing levels and number of offices since January 2016.

3. Staffing Plan
   a) Identify the individual from your firm who will be primarily and directly responsible for overseeing this engagement.
   b) Provide a staffing plan listing the individual(s) that will be assigned to this engagement and identify their primary role.
   c) Provide summary information relative to the training, education, and relevant experience of the listed individuals, including the number of years with the firm.
   d) Confirm that only individuals from your firm and not subcontractors will provide services to OBM.

4. Describe:
   a) The factors that you believe qualify your firm to serve as the municipal advisor for this engagement;
   b) How your firm is organized to facilitate coordination of its advisors and specialists who may be performing various tasks within the identified scope of services.

5. Discuss how your firm would go about identifying and analyzing alternative lease-purchase financing arrangements, including the option to issue COPS, to arrive at a recommended plan of finance that is expected to result in the lowest cost of borrowing to the State over the life of the financing.

6. Given the nature of the lease-purchase subject-to-appropriation credit and the short useful lives for IT system financings (expected to be 8-10 years), discuss your ideas with respect to:
   a) COPS structuring considerations including fixed vs. variable, call options, couponing, etc.;
   b) Marketing and provider/investor outreach; and
c) Alternative financing options (including third party and vendor lease-purchase financings) that may result in the lowest cost of borrowing.

7. Provide an overview of the major legislative and regulatory changes in the municipal bond market since January 2016 and the impact those changes may have on the financings contemplated in this engagement.

8. Provide two references within Ohio governmental issuers to which your firm has provided similar services since January 2016 that can be contacted by the OBM during this RFQ evaluation process. Include the issuer name and contact information (title, address, telephone number, and e-mail address) and describe the nature of the financing completed for that issuer.

9. Confirm that your firm meets the minimum qualifications set forth in Section II of this RFQ and discuss any other relevant factors that you believe should be considered by OBM.

10. Table of Transactions: as an attachment, provide a tabular list and a subtotal for each of the below types of tax-exempt financings of at least $15,000,000 for which your firm has served as the primary municipal advisor since January 1, 2016 (include the date, issuer/borrower, brief description, par amount, fixed rate or variable rate, security/pledge, and method of sale).
   a) Bond issuances for state-level governmental issuers in the State of Ohio;
   b) Bond issuances for non-state-level governmental issuers in Ohio (e.g., local/regional governments, higher education institutions, and school districts);
   c) COPS, or comparable lease-purchase backed obligations, issued by a governmental issuer; and
   d) Direct/privately placed COPS, third party and vendor lease-purchase financings of equipment, vehicles, or information systems for a governmental issuer.

   Regulatory and Other

11. With respect to the State of Ohio, describe your firm’s compliance with MSRB Rule G-37 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, investment advisor, or tax law or regulation relating to tax-exempt financings that is currently pending or that was concluded since January 1, 2016.

13. Describe any official investigation or review, or litigation regarding a violation or alleged violation by your firm of any State of Ohio ethics (ORC Chapter 102 and Sections 2921.42 and 2921.43), campaign financing (ORC Chapter 3517), lobbying (ORC Sections 101.70 et seq. and 121.60 et seq.), and non-discrimination (ORC Section 125.111) laws or rules that is currently pending or concluded since January 1, 2016.

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 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.
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 it will promptly disclose to the OBM any such conflict of interest if, as and when it 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 Part 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 during the period from July 1, 2019 through June 30, 2022 remain 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) Non-discrimination of employment (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) Drug Free Workplace. The firm will comply with all applicable federal, state, and local laws regarding smoke-free and drug-free workplaces and will make good faith efforts to ensure that all of its employees will not have or be engaged in the purchase, transfer, use, or possession of illegal drugs, influence of alcohol, or abuse prescription drugs in any way while providing services to the State of Ohio.
   c) Ethics, Campaign Financing, and Lobbying (Chapter 102 and Sections 2921.42 and 2921.43, Chapter 3517, and Sections 101.70 and 121.60 et seq. of the Ohio Revised Code). The firm affirms compliance with these provisions of law and will notify OBM of any applicable noncompliance.
   d) Findings for Recovery (Section 9.24 of the Ohio Revised Code). The firm is not subject to an “unresolved” finding for recovery under that section.
   e) Debarment (Sections 153.02 and 125.25 of the Ohio Revised Code). The firm is not debarred from consideration for contract awards by the Director of the Department of Administrative Services.
   f) Qualifications to Do Business. The firm certifies that it has all of the approvals, licenses, or other qualifications needed to conduct business in Ohio and that all are current and if selected, will immediately notify OBM of any applicable noncompliance.
g) Boycotting (Section 9.76 of the Ohio Revised Code). The firm is not boycotting any jurisdiction with whom the State of Ohio can enjoy open trade, including Israel, and if selected, will not do so during the term any resulting agreement.

h) Offshore Services Prohibition. Pursuant to Executive Order 2019-12D, the firm affirms to have read and understands Executive Order 2019-12D and shall abide by its requirements and will not provide any services (including data storage) in connection with its work for the Commission from outside of the United States.

6. The firm is duly registered as a “municipal advisor” within the meaning of the Securities Exchange Act of 1934 Rule 15B1a-1(d)(3)(vi), and acknowledges that if selected to provide services under this RFQ it (a) must maintain its status as a registered “municipal advisor” and (b) will not be eligible to serve as an underwriter (at any level) on the obligations contemplated by and during the period of this RFQ.

Firm: _______________________________

By:_________________________________

Name:_______________________________

Title:________________________________

Date:______________________________, 2019
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

Name of Firm: _________________________________________
Primary Contact: _________________________________________
Telephone Number: __________________________
E-Mail Address: __________________________
Mailing Address: _________________________________________

Date: ______________, 2019