REQUEST FOR PROPOSALS NO. 20-14M

FOR

UNDERWRITING SERVICES

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juliam@uidaho.edu

Date Issued: November 13, 2019
Questions Due: November 20, 2019 by 11:59pm to juliam@uidaho.edu
Proposals Due: December 2, 2019 by 11:59pm to juliam@uidaho.edu
PURPOSE

University of Idaho (the “University”) is seeking proposals from investment banking firms to provide underwriting services in connection with the issuance of revenue bonds by the University. The University may choose to select a pool of underwriters from which it can draw upon based on their unique financing expertise relative to particular University bond issues, or may select one or more underwriters for its financing team as an outcome of this process.

The University has engaged PFM Financial Advisors, LLC as financial advisors, and Hawley Troxell Ennis & Hawley as bond counsel and disclosure counsel.

The University plans to issue new money General Revenue Bonds in the range of $30-35 million in early 2020 to finance capital projects including, but not limited to, the construction and equipping of the Idaho Central Credit Union Arena, as well as contemplating a current refunding of the University’s 2010B and 2010C General Revenue Bonds. The University has a preference for a competitive sale, however, should the University elect to proceed with a negotiated sale, proposing firms should indicate their ability to meet the timeline outlined in this RFP.

BACKGROUND

A comprehensive land-grant institution, the University is the State of Idaho's (the “State”) oldest institution of higher learning. Its main campus is located in Moscow, Idaho. With an enrollment of approximately 11,926 full and part-time students, the University has been charged with primary responsibility in the State for advanced research and graduate education. The University was established in Moscow in 1889 by the Territorial Legislature, and provisions of the University's Charter as a territorial university are incorporated into the Idaho State Constitution. Policy direction of the University is vested in the Regents of the University of Idaho whose members also serve as the Idaho State Board of Education.

The University welcomes a diverse student body with student body representation from every state in the United States and approximately 80 foreign countries, with an alumni population exceeding 100,000. The University's academic structure includes ten degree-granting colleges: the Colleges of Agricultural and Life Science; Art and Architecture; Business and Economics; Education, Health and Human Sciences; Engineering; Graduate Studies; Law; Letters, Arts and Social Sciences; Natural Resources; and Science. In addition to degree programs in each of these colleges, the University includes a College of Graduate Studies and offers medical training for students in association with the University of Washington, School of Medicine. The University has several cooperative programs with Washington State University (located in Pullman, Washington, eight miles from Moscow), including a joint veterinary medical program. The University has an optional officer education program, leading to a regular or reserve commission in the U.S. Army, Navy, Marines or Air Force.

University property includes approximately 11,690 acres and 315 buildings, of which 1,585 acres and 251 buildings are located at its main campus in Moscow. The University operates twelve research centers and institutes, and six demonstration and training farms with a total acreage of about 1,000 acres used by forestry and agricultural students. The University owns and actively manages 8,160 acres of forest lands, a wilderness field research station in Idaho's primitive area, a veterinary teaching center, and ten research and extension centers in agricultural areas throughout Idaho. The University also operates a Research Park in Post Falls and Resident Instructional Centers in Boise, Coeur d'Alene and Idaho Falls.
The University’s outstanding Bonds as of 11/14/2019 are summarized below:

<table>
<thead>
<tr>
<th>Series</th>
<th>Delivery</th>
<th>Final Maturity</th>
<th>Issue Size</th>
<th>Outstanding Par</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Bonds, Series 2010B</td>
<td>3/17/2010</td>
<td>4/1/2032</td>
<td>$10,150,000</td>
<td>$10,150,000</td>
</tr>
<tr>
<td>Taxable General Revenue Bonds, Series 2010C</td>
<td>3/17/2010</td>
<td>4/1/2041</td>
<td>13,145,000</td>
<td>13,145,000</td>
</tr>
<tr>
<td>Adjustable Rate General Revenue Refunding Bonds, Series 2011</td>
<td>1/5/2011</td>
<td>4/1/2041</td>
<td>60,765,000</td>
<td>52,145,000</td>
</tr>
<tr>
<td>General Revenue and Refunding Bonds, Series 2013A</td>
<td>5/29/2013</td>
<td>4/1/2033</td>
<td>8,745,000</td>
<td>2,290,000</td>
</tr>
<tr>
<td>Taxable General Revenue Bonds, Series 2013B</td>
<td>5/29/2013</td>
<td>4/1/2033</td>
<td>6,325,000</td>
<td>4,745,000</td>
</tr>
<tr>
<td>General Revenue Bonds, Series 2014</td>
<td>7/10/2014</td>
<td>4/1/2045</td>
<td>48,660,000</td>
<td>46,080,000</td>
</tr>
<tr>
<td>General Revenue Refunding Bonds, Series 2015A</td>
<td>2/12/2015</td>
<td>4/1/2026</td>
<td>16,280,000</td>
<td>10,340,000</td>
</tr>
<tr>
<td>General Revenue Refunding Bonds, Series 2018A</td>
<td>2/13/2018</td>
<td>4/1/2041</td>
<td>29,145,000</td>
<td>29,145,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$168,040,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

The Series 2018A General Revenue Bond OS can be found here:  

The University’s fiscal year 2018 financial statements are available here:  
https://emma.msrb.org/ER1183255-ER925397-ER1326293.pdf

The University’s fiscal year 2019 financial statements are available here:  
https://www.uidaho.edu/finance/controller/annual-financial-statements

**RESPONSIBILITIES OF MEMBERS OF THE UNDERWRITING TEAM**

Members of the underwriting team are expected to provide services typically associated with an underwriter for the negotiated sale of bonds, including:

a) Provide input, ideas and feedback relative to proposed approach to structuring the University’s general revenue bonds to support a viable borrowing program into the future.

b) Provide assistance in review and application of the University’s internal debt policies, and, in conjunction with the University’s financial advisor, development of a financing plan for any financing.

c) Provide input for the bond resolution and the official statement for any financing.

d) Perform due diligence in conjunction with each project and financing.

e) Assist the University and the financial advisor with rating agency and bond insurance processes, as requested.

f) Provide input to the University and its financial advisor on timing of the bond sale, maturity structure and call provisions.

g) Assist with investor education and marketing to ensure broad market access.

h) Market the bonds on behalf of the University and present an offer to purchase the bonds.

i) Provide other services typically associated with a managing underwriter in pricing and closing a bond issue.

Firm(s) selected pursuant to this Request for Proposals will be expected to support pricing and marketing of University bond issues, in the role assigned for each issue.

Firm(s) selected as members of the University’s underwriting team will be expected to provide periodic market information, recommendations and relevant industry updates, to the University and its financial advisor. Heather Casperson and Thomas Toepfer, PFM Financial Advisors LLC, serve as financial advisor to the University and, as such, will serve in the role of Independent Registered Municipal Advisor (IRMA) for the University.
PERIOD OF PERFORMANCE

The pool or team selected during this process may be used on a year-by-year and as needed basis for up to three years. The University reserves the right to re-issue this request at any time prior to three years.

PROPOSAL FORMAT AND CONTENT

Proposals are to be limited to no greater than 10 pages, excluding any appendices or additional materials. Additional marketing materials will not be considered outside of the ten page limit.

Please provide the following information in your proposal. Per section page limits are suggestions only, however, concise responses where possible are encouraged:

1. **Experience in Financing Higher Education Projects (1 page)**
   Briefly describe your recent (past 24 months) higher education finance experience. Provide the following information in summary form:
   a) Highlight financing experience with public higher education institutions in the Northwest
   b) Highlight financing experience with other similar public higher education institutions nationwide

   Include the following information for the three (3) most recent public higher education financings:
   a) Contact Information;
   b) Name of issuer;
   c) Amount of financing;
   d) Sale/funding date;
   e) Rating (if enhanced, underlying rating too);
   f) Credit support (yes or no, type);
   g) Interest rate swaps (yes or no, type);
   h) Maturity and pricing structure;
   i) Firm’s role; and,
   j) Type of sale (public underwriting, competitively purchased, direct placement, etc.).

2. **Personnel (1 page)**
   The personnel to be assigned, their location, and their background and experience with similar types of financing. Clearly describe the role and relevant experience of each person to be assigned. Please identify the individual who will be the lead banker and primary contact. Please include the location and experience of the underwriter(s) expected to be responsible for pricing the University’s bonds.

3. **Structure (1.5 page)**
   Discuss structuring issues and ideas to be considered by the University given its outstanding debt profile and its contemplated basketball arena project. Include discussion of issuing new money bonds over a 30-year vs. 35-year (or longer) term.

4. **Credit Considerations (2 pages)**
   Please discuss your understanding of the University’s credit situation, and provide a credit rating strategy given the University’s upcoming financing. Discuss your firm’s experience with public universities with a similar financial position and level of state support.

5. **Marketing (2 pages)**
   a) Please describe how your marketing plan for the bonds (or other financing option) will benefit the University. How will you work to ensure broad distribution and lowest interest costs?
   b) Please discuss how you would adjust your marketing plan to mitigate negative effects in the event of a rating downgrade.
   c) Provide your view of using bond insurance, including potential benefit vs. cost.
6. **Underwriter Spread (1 page)**
   a) Please provide proposed underwriting spread by component including underwriter’s counsel fees, details of expenses and takedown by maturity.
   b) Please provide indicative 35 year interest rate scales as of November 20, 2019, assuming tax-exempt bonds including coupons and yield, with the spread to MMD. Please provide two scales, one assuming a “Aa3” rating and one scale assuming an “A1” rating.
   c) Please indicate firms and individual attorneys you propose to serve as underwriter’s counsel.

7. **Underwriting Team (0.5 pages)**
   Please discuss any advantages and disadvantages to having a co-manager on an issue of the size and type proposed. How can a co-manager be used to provide maximum benefit to the University? What is an ideal mix of co-managers, if any, to complement the marketing reach of your firm?

**PROPOSAL EVALUATION**

Proposals will be evaluated based on responses to the information requested herein. While proposed compensation will be one of the factors considered in selecting a firm, the University will consider all information provided in response to this request in making its selection.

The University reserves the right at its sole discretion to reject any and all proposals without penalty, to waive any formality in proposals received, to waive immaterial defects and irregularities in proposals, and to seek clarification from any firm.

**COMMUNICATION AND REQUESTS FOR ADDITIONAL INFORMATION**

The RFP point of contact is Julia R. McIlroy, Director, Contract & Purchasing Services.

Proposing firms should not contact other University staff or management, the University’s legal counsel or rating agencies in regard to the activities contemplated by this request for proposal until conclusion of the review process. Firms are to rely only on written statements regarding this RFP and any other communication will be considered unofficial and non-binding on the University. Communication directed to parties other than the University’s financial advisor may result in disqualification of the proposing firm.

**RFP TIMELINE**

The following timeline is expected, relative to this RFP, although dates are subject to change:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 13, 2019</td>
<td>RFP issuance</td>
</tr>
<tr>
<td>November 20, 2019</td>
<td>RFP questions due by 5:00pm to</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:juliam@uidaho.edu">juliam@uidaho.edu</a></td>
</tr>
<tr>
<td>December 2, 2019</td>
<td>Proposals due by 11:59pm to</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:juliam@uidaho.edu">juliam@uidaho.edu</a></td>
</tr>
<tr>
<td>December 3-4, 2019</td>
<td>Proposals evaluated</td>
</tr>
<tr>
<td>December 6, 2019</td>
<td>Successful firm announced</td>
</tr>
<tr>
<td>December 9, 2019</td>
<td>Tentative contract start date</td>
</tr>
</tbody>
</table>
GENERAL REVENUE AND REFUNDING BONDS, SERIES 2020 TIMELINE

The following timeline is preliminary, subject to change

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>November-December</td>
<td>Development of bond and disclosure documents</td>
</tr>
<tr>
<td>December 26</td>
<td>Substantially final documents due to State Board of Education</td>
</tr>
<tr>
<td>January</td>
<td>Rating activity</td>
</tr>
<tr>
<td>February 12-13</td>
<td>State Board of Education meeting – receive approval</td>
</tr>
<tr>
<td>February 14</td>
<td>Post Preliminary Official Statement</td>
</tr>
<tr>
<td>February 24-25</td>
<td>Bond Pricing</td>
</tr>
<tr>
<td>March 19</td>
<td>Bond Closing</td>
</tr>
</tbody>
</table>

PROPOSAL SUBMITTAL

Proposals must be received via email by 11:59pm on December 2, 2019 to juliam@uidaho.edu