
OFFICE OF THE TREASURER

P. O. BOX 942809
SACRAMENTO, CA 94209-0001



October 17, 2016

**SUPPLEMENTAL REQUEST FOR UNDERWRITER
STATEMENT OF QUALIFICATIONS
No Place Like Home Program**

To Underwriter Pool Members:

The State Treasurer's Office ("STO") is requesting that qualified firms interested in providing senior managing underwriting services for the No Place Like Home Program ("the Program") bonds to be issued by the California Health Facilities Financing Authority ("CHFFA"), submit a statement of qualifications to this office by **12:00 pm California time on November 10, 2016**, via e-mail to STO@treasurer.ca.gov. The statement of qualifications should respond to the attached request.

As an existing member of the STO underwriting pool, your firm may be selected as the senior manager for the inaugural issuance of bonds for the Program. The STO has established minimum qualifications to assist the State of California in meeting the Program's objectives.

It is the protocol of the STO that firms (and their agents) are to refrain from advocating or inquiring about the status of this selection process unless contacted by the STO. Any necessary contact with the STO regarding this request should be directed exclusively to Geoff Palmertree at (916) 653-2440 or via e-mail at gpalmertree@treasurer.ca.gov, unless a firm is given specific directions to contact another designated person. Failure to adhere to this protocol may result in disqualification.

Sincerely,

Blake Fowler, Director
Public Finance Division

**SUPPLEMENTAL REQUEST FOR UNDERWRITER
STATEMENT OF QUALIFICATIONS
California Health Facilities Financing Authority
No Place Like Home Program**

October 17, 2016

I. INTRODUCTION

The State Treasurer's Office ("STO") requests a supplemental statement of qualifications for senior managing underwriting services for bonds to be issued by the California Health Facilities Financing Authority ("CHFFA") for the No Place Like Home Program ("Program"). The scope of services and the information required to be submitted are explained in this Supplemental Request for Qualifications ("RFQ").

II. BACKGROUND

The Mental Health Services Act was enacted by the voters as Proposition 63 ("Prop 63") at the November 2, 2004, statewide general election. Prop 63 imposes a 1% tax on that portion of a taxpayer's taxable income that exceeds \$1,000,000 and requires that the revenue from that tax be deposited in the Mental Health Services Fund ("MHSF") to fund various county mental health programs for children, transition-age youth, adults, older adults and families.

The Program was established by Assembly Bill Number 1618 ("AB 1618"), which was enacted in July 2016. AB 1618 requires the Department of Housing and Community Development ("HCD") to distribute \$2 billion in grants and other funding to counties to provide permanent supportive housing for persons who are eligible for services under Prop 63 and are homeless, chronically homeless, or at risk of chronic homelessness. Funding for the Program is provided by Prop 63 revenues.

Assembly Bill Number 1628 ("AB 1628"), enacted in September 2016, authorizes CHFFA to issue revenue bonds in an amount not to exceed \$2 billion for the purpose of financing permanent supportive housing pursuant to the Program. Bond proceeds will be loaned to HCD, and secured by one or more service contracts entered into between HCD and CHFFA. Payments made from **CHFFA to HCD** pursuant to any service contract will be applied to repay the loans to HCD, and in turn, be used to repay the bonds. The amount of service contract payments shall not exceed \$140 million annually.

It is anticipated that the Program, including the bonds and service contracts, will need to be validated by the courts prior to issuance. The senior manager will be selected prior to the court validation in order to assist the State of California ("State") in developing the optimal financing structure. **Payment for senior manager services shall be made**

solely from bond proceeds and is conditioned upon the successful issuance of bonds. If bonds are not issued for the Program, no compensation will be provided.

III. SCOPE OF SERVICES

The scope of services to be provided by the senior manager(s) will include, but not be limited to, the following:

1. Assist the STO in the development of a financing structure, including the benefits and risks of alternative structures, to best meet the needs of the State while achieving the lowest possible net cost;
2. Assist in the development of rating agency strategies and presentations to achieve the State's objectives with the highest ratings possible;
3. Develop cash flow models of revenues and debt service requirements, including stress test cash flows and default tolerance models for the rating agencies;
4. Assist in the review of legal and financial documents for the Program (e.g. Indenture, **Loan Agreement**, Service Contract, Official Statement, Bond Purchase Agreement, etc.);
5. Assist in preparing the financing schedule for the issuance of bonds and coordinate the responsibilities of involved parties;
6. Manage an underwriting syndicate selected by the STO to market and sell the bonds to investors;
7. Develop a comprehensive marketing plan, including identification of potential investors;
8. Follow the STO's oral or written syndicate policies, pricing procedures, and process of selling bonds;
9. Assist the STO and CHFFA in the post-financing evaluation process including the timely submittal of all required reports; and
10. Other services as requested.

IV. MINIMUM QUALIFICATIONS

In order to be eligible to respond to this RFQ, the firm must meet the following minimum qualifications:

1. The firm must be a current member in good standing of the STO's Underwriter pool for State Bond Issues.
2. The firm must have senior managed a large, complex revenue bond transaction greater than \$250 million since January 1, 2012.
3. The firm must comply with the Darfur Contracting Act of 2008. The Act was passed by the California Legislature and signed into law by the Governor to preclude State agencies generally from contracting with "scrutinized" companies that do business in the African nation of Sudan. A scrutinized company is a company doing business in Sudan as defined in Public Contract Code section 10476. Scrutinized companies are ineligible to, and cannot bid on, or submit a proposal for a contract with a State agency for goods or services. (Public Contract Code section 10477(a).) Public Contract Code section 10478(a) requires a company that currently has, or within three previous years has had, business activities or other operations outside of the United States to certify that it is not a "scrutinized" company when it submits a bid or proposal to a State agency. A scrutinized company may still, however, submit a bid or proposal for a contract with a State agency for goods or services if the company first obtains permission from the Department of General Services (DGS), according to the criteria set forth in Public Contract Code section 10477(b).
4. For any contract which the firm may earn at least \$1 million in compensation, the firm is required to certify that it is in compliance with the provisions of the Iran Contract Act of 2010 (Public Contract Code section 2200, et seq.). Specifically, any firm submitting a proposal to this RFQ is required to certify, at the time of submittal, that it is not on the then current list of persons engaged in investment activities in Iran created by the California Department of General Services pursuant to Public Contract Code section 2203(b).
5. The firm must agree to comply with the Taxpayer and Shareholder Protection Act of 2003. Public Contract Code section 10286.1 generally provides that a State agency may not enter into any contract with an expatriate corporation or its subsidiaries unless the State Treasurer waives, in writing, the prohibition against contracting with such an entity upon a finding that the contract is necessary to meet a compelling public interest. Pursuant to section 10286.1, the STO will not contract or otherwise do business – absent a compelling public interest – with publicly held U.S. expatriate corporations. This policy is designed to ensure that companies with which the STO does business meet threshold standards of corporate accountability.

V. CONTENT OF STATEMENT OF QUALIFICATIONS

Please address the following items in responding to this RFQ. Responses should be concise and limited to fifteen (15) pages (excluding Attachments). Failure to provide all requested information or deviation from the required format may result in disqualification.

1. EXECUTIVE SUMMARY

Provide an executive summary describing the highlights of the response to this RFQ (2-page maximum).

2. RFQ CONTACT PERSON

Provide the name, title, address, e-mail address, and telephone number of the person who will serve as the firm's primary contact regarding this RFQ.

3. RELATED EXPERIENCE

Describe your firm's experience as a senior manager on up to three (3) innovative and/or complex bond transactions that are most relevant to the bond financing contemplated by the State. Provide the project team members who worked on the financing that would be assigned to the potential financing.

4. STRUCTURING AND PROGRAM RECOMMENDATIONS

- a. Discuss the most important issues or challenges the State may encounter in structuring and/or issuing bonds for the Program.
- b. Provide your recommended approach for structuring the bonds.
- c. Discuss your recommended approach to address the potential interruption of deposits to the MHSF resulting from the retroactive recalculation of tax liability requirement set forth in Prop 63.
- d. Provide your recommended approach for obtaining rating agency feedback on the proposed structure prior to validation.

5. ASSIGNED PERSONNEL

Identify the investment banking and underwriting personnel who will be assigned to work with the State. If an individual assigned to work on this assignment has served as a senior manager while working at another firm, such experience may be noted. Include for each person the areas addressed on Attachment A and their relevant experience. Please note that key personnel assigned to the financing shall not be replaced without prior approval of the STO.

6. **COMPLIANCE WITH MINIMUM QUALIFICATIONS**

a. **STO Underwriter Pool Membership.**

No documentation is required.

b. **Senior Manager Experience.**

Please describe how the firm meets the requirement to have senior managed a large, complex revenue bond transaction greater than \$250 million since January 1, 2012.

c. **Darfur Contracting Act of 2008.**

Please complete Attachment B.

d. **Iran Contracting Act of 2010.**

Please complete Attachment C.

e. **California Taxpayer and Shareholder Protection Act.**

Please complete Attachment D.

7. **CONFLICTS OF INTEREST**

Complete Attachment E (Conflicts of Interest Disclosure), which describes your firm's past or current relationships, liabilities, or other factors, which may be considered and actual or potential conflict of interest in rendering services to the STO.

8. **COMPENSATION**

It is anticipated that the bonds will need to be validated by the courts prior to issuance. The senior manager will be selected prior to the court validation in order to advise the State on the optimal financing structure. **Payment for senior manager services shall be made solely from bond proceeds and is conditioned upon the successful issuance of bonds. If bonds are not issued for the Program, no compensation will be provided.**

Fees and compensation will be subject to negotiation with the STO once structure, size, timing and other factors are determined.

9. **DELIVERY**

Supplemental Statements of Qualifications will be accepted by e-mail only. Responses will be received until **12:00 pm California time on November 10, 2016** at the following address:

STO@treasurer.ca.gov
RE: UW SOQ, No Place Like Home Program

Please contact Geoff Palmertree at (916) 653-2440 if you do not receive an e-mail confirming receipt of your Supplemental Statement of Qualifications. Firms who do not receive confirmation accept the risk that any proposal not received on a timely basis will not be considered.

All material submitted in response to this solicitation will become property of the State and will not be returned. Material will be a public record and subject to disclosure pursuant to the California Public Records Act (Government Code, Section 6250, et seq.). Should the STO receive a request for any proposals submitted in response to this RFQ, the firm submitting the requested proposal will be contacted prior to disclosure of the proposal to determine what portions, if any, of the proposal may be confidential. The STO reserves the right, consistent with the California Public Records Act and in consultation with the firm, to make the final determination whether a proposal, or any portion of it, is confidential and not subject to disclosure.

VI. **CONTACT WITH THE STO**

Firms (and their agents) are requested to refrain from calling the STO, CHFFA, or HCD to inquire about the status of their proposals unless contacted by the STO. Any necessary contact with the above should be directed exclusively to Geoff Palmertree at (916) 653-2440 or via e-mail at gpalmertree@treasurer.ca.gov unless given specific directions to respond to or contact another designated contact person. Failure to adhere to this request may result in disqualification.

VII. **STATEMENT EVALUATIONS**

Statements of Qualifications will be evaluated based on the following criteria (not listed in order of importance):

1. Qualifications and experience of the firm;
2. Experience with innovative and/or complex bond transactions that are relevant to the proposed bond financing for the Program;
3. Relevant experience and background of the assigned personnel; and

4. Quality of program structuring and financing recommendations.

The STO reserves the right to:

1. Request an interview with, and require additional information from, any firm prior to selection; and
2. Consider information about any firm from other sources in addition to the information submitted by the firm.

STATE OF CALIFORNIA
OFFICE OF THE STATE TREASURER
Personnel Experience

Firm Name:

Identify key personnel (including Investment Bankers, Underwriters, and Traders) that will be directly involved in the financing.

Name	Title	Office Location	Role	How Long In Current Position?	How Long Employed at Current Firm?	How Long in Municipal Industry?
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DARFUR CONTRACTING ACT
State of California
Office of the State Treasurer

Pursuant to Public Contract Code section 10478, if a proposer currently, or within the previous three years has had business activities, or other operations outside of the United States, it must declare that it is not a “scrutinized” company as defined in Public Contract Code section 10476.

Please check **one** of the following three paragraphs and sign below:

1. We do not currently have, or we have not had within the previous three years, business activities, or other operations outside of the United States.

OR

2. We are a scrutinized company as defined in Public Contract Code section 10476, but we have received written permission from the Department of General Services (DGS) to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.

OR

3. We currently have, or we have had within the previous three years, business activities, or other operations outside of the United States, but we certify below that we are not a scrutinized company as defined in Public Contract Code section 10476.

CERTIFICATION:

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective proposer to the clause listed above. This certification is made under the laws of the State of California.

Firm Name

DATE: _____

Signature

THE FIRM'S SOQ WILL BE DISQUALIFIED UNLESS THE SOQ INCLUDES THIS SIGNED FORM.

IRAN CONTRACTING ACT
(Public Contract Code sections 2202-2208)
 State of California
 Office of the State Treasurer

Prior to bidding on, submitting a proposal or executing a contract or renewal for a State of California contract for goods or services of \$1,000,000 or more, a vendor must either: a) certify it is **not** on the current list of persons engaged in investment activities in Iran created by the California Department of General Services (“DGS”) pursuant to Public Contract Code section 2203(b) and is not a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person, for 45 days or more, if that other person will use the credit to provide goods or services in the energy sector in Iran and is identified on the current list of persons engaged in investment activities in Iran created by DGS; or b) demonstrate it has been exempted from the certification requirement for that solicitation or contract pursuant to Public Contract Code section 2203(c) or (d).

To comply with this requirement, please insert your vendor or financial institution name and Federal ID Number (if available) and complete **one** of the options below. Please note: California law establishes penalties for providing false certifications, including civil penalties equal to the greater of \$250,000 or twice the amount of the contract for which the false certification was made; contract termination; and three-year ineligibility to bid on contracts. (Public Contract Code section 2205.)

OPTION #1 – CERTIFICATION

I, the official named below, certify I am duly authorized to execute this certification on behalf of the vendor/financial institution identified below, and the vendor/financial institution identified below is **not** on the current list of persons engaged in investment activities in Iran created by DGS and is not a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person/vendor, for 45 days or more, if that other person/vendor will use the credit to provide goods or services in the energy sector in Iran and is identified on the current list of persons engaged in investment activities in Iran created by DGS.

<i>Vendor Name/Financial Institution (Printed)</i>	<i>Federal ID Number (or n/a)</i>
<i>By (Authorized Signature)</i>	
<i>Printed Name and Title of Person Signing</i>	
<i>Date Executed</i>	<i>Executed in</i>

OPTION #2 – EXEMPTION

Pursuant to Public Contract Code sections 2203(c) and (d), a public entity may permit a vendor/financial institution engaged in investment activities in Iran, on a case-by-case basis, to be eligible for, or to bid on, submit a proposal for, or enters into or renews, a contract for goods and services.

If you have obtained an exemption from the certification requirement under the Iran Contracting Act, please fill out the information below, and attach documentation demonstrating the exemption approval.

<i>Vendor Name/Financial Institution (Printed)</i>	<i>Federal ID Number (or n/a)</i>
<i>By (Authorized Signature)</i>	
<i>Printed Name and Title of Person Signing</i>	<i>Date Executed</i>

Document to be completed upon each qualifying appointment.

CALIFORNIA TAXPAYER AND SHAREHOLDER PROTECTION ACT OF 2003

California Public Contract Code section 10286.1 generally provides that a state agency may not enter into any contract with an expatriate corporation or its subsidiaries unless the State Treasurer waives, in writing, the prohibition against contracting with such an entity upon a finding that the contract is necessary to meet a compelling public interest.

Pursuant to section 10286.1, the State Treasurer’s Office will not contract or otherwise do business – absent a compelling public interest – with publicly held U.S. expatriate corporations. This policy is designed to ensure that companies with which the State Treasurer’s Office does business meet threshold standards of corporate accountability.

Please check **one** of the following two paragraphs and sign below:

- 1. We are not an expatriate corporation or subsidiary of an expatriate corporation within the meaning Public Contract Code Section 10286 and 10286.1, and are eligible to contract with the State of California

OR

- 2. We are an expatriate corporation but we have received written permission from the State Treasurer.

CERTIFICATION:

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective proposer to the clause listed above. This certification is made under the laws of the State of California.

Firm Name

DATE: _____

Signature

STATE OF CALIFORNIA OFFICE OF
THE STATE TREASURER

Conflict of Interest

Firm:

Please identify and describe below any of your firm’s past or current relationships which may be considered an actual or potential conflict of interest including, but not limited to, clients that have or seek interaction with the State Treasurer’s Office or the boards, commissions or authorities chaired by the Treasurer. (Please use as much space as needed.) **Do not rely upon other, previously submitted, disclosures.**

Company	Relationship (Please be specific*)

* Please include, at a minimum, a description of the nature and subject of the relationship, and the beginning and ending dates of the relationship.