

**MASSACHUSETTS DEVELOPMENT  
FINANCE AGENCY**

**REQUEST FOR QUALIFICATIONS**

**FOR**

**BOND ARBITRAGE REBATE CONSULTANT SERVICES FOR  
CONDUIT BONDS ISSUED BY MASSDEVELOPMENT**

**1. ISSUING OFFICE/CONTACT PERSON**

All inquiries concerning this Request for Qualifications (RFQ) must be addressed to the following person:

Rebecca Sullivan, First Vice President  
Massachusetts Development Finance Agency  
160 Federal Street, 7<sup>th</sup> Floor  
Boston, MA 02110  
rsullivan@massdevelopment.com

All questions should be in writing via U.S. mail or email. Prospective respondents should note that all clarifications and requests for exceptions must be submitted prior to submission of a response. Answers to all questions of a substantive nature will be given to all prospective respondents in the form of a formal addendum.

**2. PROJECT DESCRIPTION AND SCOPE OF SERVICES**

Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) is soliciting statements of qualifications for Arbitrage Rebate Consultant services in connection with the post issuance compliance program that it is developing for its conduit borrowers.

MassDevelopment, as the Commonwealth’s finance and development agency, issues conduit bonds for diverse borrowers and programs and ranging from small bank direct purchases to large public offerings.

In FY2011, MassDevelopment issued 115 conduit bond issues with a par amount of over \$3.5 billion.

In order to ensure that the Yield Restriction and Arbitrage Rebate requirements are satisfied on a continuing basis, the Agency has determined that all Borrowers should take certain actions on or before the issue date of the Bonds to facilitate compliance with these requirements. This may include establishing internal procedures and/or hiring an outside

consultant at the time of computation or on a continuing basis to perform necessary computations.

The purpose of this RFQ is to develop and maintain a list of approved arbitrage rebate consultants which will be made available to prospective borrowers as part of the Agency's post issuance compliance program. Services that the consultants may be asked to provide include computation of Form 8038s and monitoring and advising borrowers of filing obligations.

The decision as to which firm, if any, will provide these services is made by the Borrower. Since this list is only a list of firms that the Agency has determined would be acceptable to the Agency, additional firms may apply and be approved in the future.

In addition, insofar as the Agency must make representations and sign forms submitted to the IRS, Borrowers will be advised that the Agency may not sign forms unless they have been completed by an approved firm or reviewed (at the Borrower's expense) by an approved firm.

The firms will be paid fees by the Borrower on terms determined by agreement between the consultant and the Borrower.

### **3. TIME AND PLACE OF SUBMISSION OF STATEMENTS OF QUALIFICATIONS**

The schedule is expected to proceed as follows:

RFQ Available	December 27, 2011
Statements of Qualifications due	January 13, 2012
Approval of Initial List of Firms	On or about February 3, 2012

Respondents should not contact any Agency staff or Agency board members or any other Commonwealth of Massachusetts staff or officials, or any other outside party regarding this RFQ during the RFQ submission and review period.

Statements of Qualification submitted in response to this RFQ are due at the Agency no later than 5:00 p.m. on January 13, 2012.

Please send an email copy to:

Rebecca Sullivan, First Vice President  
Massachusetts Development Finance Agency  
160 Federal Street, 7<sup>th</sup> Floor  
Boston, MA 02110  
rsullivan@massdevelopment.com

While Borrowers may choose to work with other firms, only firms approved by the Agency will be included in the list of firms provided to Borrowers.

#### **4. SELECTION PROCESS**

The goal of the RFQ is to enable Borrowers to select their own arbitrage rebate consultant but to ensure that the firm(s) selected meet certain standards necessary for the Agency to be comfortable signing required documents and to ensure that the Borrowers have an adequate compliance program in place.

After receipt of the qualification statements, MassDevelopment will open and review all qualifications in a timely manner. There is no public opening of this RFQ. The qualifications will be opened by the Investment Banking Department and then distributed to a designated evaluation committee in accordance with a pre-determined set of evaluation criteria.

MassDevelopment will review the submittals, and may contact references. MassDevelopment reserves the right to waive any of the formalities of this RFQ, to request additional information from any respondent, and to approve as many firms as it determines meets the required qualifications.

Additionally, this is an ongoing request for qualifications. Thus, although only firms which submit statements of qualifications by the due date will be included in the initial approval list, other firms may submit their qualifications and may be approved and added to the list in the future.

#### **5. ELEMENTS OF PROPOSAL**

Please submit a brief summary of your firm's qualifications (i.e., 1 to 2 short paragraphs per question) with the following information. Please respond to each question by listing the question, followed by your response to the question.

- Briefly describe your firm and staff including both relationship managers and operational employees who would be assigned to Borrowers. (Include brief resumes as an addendum.)
- Give a brief overview of the post issuance compliance services that you provide to borrowers, including arbitrage rebate calculations, yield restriction advice, monitoring and coordinating filings, assistance in audits, etc.
- Discuss the firm's experience providing arbitrage rebate services and/or monitoring services – including number of years, number of clients for different services, etc.
- Discuss the firm's principals' knowledge and experience working with applicable regulations. How does your firm stay abreast of changing regulations? What legal resources does your firm have available internally and/or externally?
- Has the IRS ever challenged a rebate analysis that the firm or firm principals completed? Discuss the issue(s) and the final outcome.
- Has the firm or firm principals ever been hired to review and/or challenge an IRS audit or adverse determination on a rebate calculation. Discuss the issue(s) and the final outcome.

- Provide an example in which your firm made a recommendation where multiple approaches could have been used and which benefited the borrower.
- Describe your fee basis - including up-front, on-going and miscellaneous fees to be charged for services.
- Recognizing that MassDevelopment is a frequent conduit issuer and many of its issues will require post issuance compliance services, would you provide any discount to borrowers who contact you through MassDevelopment?
- What do you think differentiates you from your competitors?
- Discuss any a similar transaction(s) that you are arbitrage agent on, which would illustrate the extent of your services.
- Would you be willing to provide training programs for staff and/or borrowers?
- Give three client references from comparable transactions. The references should not include anyone from MassDevelopment.
- Provide evidence that your firm is in good standing.
- Do you provide any additional services that would be of value to Borrowers or MassDevelopment as it relates to these transactions?
- Discuss any potential conflicts of interests.
- Discuss any existing or threatened litigation and/or investigations in which you or members of your firm are currently involved which could impact the firm's financial condition or ability to perform the services requested.

## **6. EVALUATION CRITERIA**

The Agency's Selection Committee will evaluate and compare each firm's Statement of Qualifications using the following Evaluation Criteria to evaluate the qualifications. Criteria are listed in no particular order.

- Capacity to Provide Arbitrage Rebate Services and Services Provided
- Experience with Similar Financing Programs and IRS 8038 Filings
- Qualifications of Firm and Key Personnel
- Proposed Compensation
- Evidence of Firm's Good Standing

## **7. GENERAL PROVISIONS**

1. By submitting qualifications to MassDevelopment, respondent is certifying that its response is in all respects bona fide, fair and made without collusion or fraud with any person. As used in this section, "person" shall mean any natural person, joint venture, partnership, corporation or other business or legal entity.
2. Applicants are encouraged to utilize qualified minority and women's business enterprises.

3. MassDevelopment hereby notifies all respondents that minority and women's business enterprises will be afforded full opportunity to submit qualifications in response to this RFQ and will not be subjected to discrimination on the basis of race, color, sex or national origin in consideration for an award.
4. Potential applicants are hereby notified that issuance of this RFQ and receipt of qualifications does not assure that a firm will be selected.
5. Applicants will bear all costs and expenses incurred in preparation of their responses and in the execution of any MassDevelopment contract.
6. Responses to any questions that may pertain to all potential respondents will be issued in writing to all firms who have requested the Request for Qualifications.
7. MassDevelopment reserves the right to waive any informalities, minor deviations, insignificant mistakes and matters of form rather than substance and to seek clarification of the proposals, which can be waived or corrected without prejudice to other respondents, potential respondents or MassDevelopment.
8. No respondent shall make any press conference, news releases or announcements concerning its selection or non-selection for a contract prior to MassDevelopment's public release of said information or prior to the written approval of MassDevelopment.
9. During the evaluation process, the content of each statement of qualifications will be held in confidence and details of any statement of qualifications will not be revealed (except as required under law).