

**Virginia Department of the Treasury**  
**Request for Proposals DM-05-014**  
**for**  
**Underwriter/Remarketing Agent**  
**for**  
**Variable Rate Demand Bond Program**

**PURPOSE AND REQUIREMENTS:**

The purpose of this Request for Proposals (“RFP”) is to solicit proposals to establish a pool of firms to act as Underwriter/Remarketing Agent in connection with a proposed variable rate demand bond (“VRDB”) program, initially for Commonwealth of Virginia (“the Commonwealth”) entities with respect to appropriation supported bonds, but could be expanded to other types of bonds. The Commonwealth is in the process of developing a variable rate program for one or more issuers including, but not limited to, the Treasury Board of the Commonwealth of Virginia, the Virginia College Building Authority, the Virginia Public Building Authority, the Virginia Public School Authority and the Commonwealth Transportation Board. Each issuing entity will adopt its own Variable Rate Debt Policy in compliance with the Treasury Board Interest Rate Risk Guidelines, dated May 18, 2005 (which may be found at this link [www.trs.virginia.gov/documents/debt/Var%20Rate%20Guidelines\\_5-18-05.pdf](http://www.trs.virginia.gov/documents/debt/Var%20Rate%20Guidelines_5-18-05.pdf)), and issue VRDBs under its respective bond documents. The appropriation-supported entities of the Commonwealth currently have no variable rate debt outstanding. At present, no variable rate bonds have been specifically authorized; however, an initial issue of up to \$50 million in VRDBs is anticipated

Requests for Proposals are being solicited now to allow the Commonwealth to benefit from the input of the firm(s) selected in structuring the variable rate bond program(s) and bond issue(s). Firms selected as a result of this RFP, will be qualified to serve as remarketing agent for one or more new issues of variable rate bonds issued through June 30, 2007, unless terminated or extended. The Department of the Treasury reserves the right to alternate or adjust the Underwriter/Remarketing Agent role(s) as it deems appropriate.

Concurrent with this proposal, the Commonwealth is soliciting proposals from banks to provide liquidity support under a Standby Bond Purchase Agreement. If a proposer intends to respond to both solicitations, **separate proposals must be submitted for each RFP.**

The Commonwealth may or may not use the services of an outside Trustee/Paying Agent.

The expenses of preparing and submitting the proposal will be the responsibility of the proposer.

The Underwriter/Remarketing Agent, their attorneys and/or consultants, if any, will only be compensated as determined by the issuing entity for the obligations when, as, and if issued.

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Due: Noon, July 19, 2005

**Timetable:**

<b>Event</b>	<b>Date</b>
Issuance of RFP	Thursday, July 7, 2005
Deadline for Submission of Proposals	Tuesday, July 19, 2005
In Person or Telephone Interviews (if any)	Monday, August 1 and/or Tuesday, August 2, 2005
Anticipated Notification of Successful Firm(s)	Friday, August 5, 2005

**PROPOSAL REQUIREMENTS and SELECTION CRITERIA:**

Proposals should provide information requested in the following selection criteria areas. **Responses shall be limited to a maximum of 10 pages, not including your firm's cover letter and any Appendices provided in response to questions B. 1, 4, 6 & 7. Treasury reserves the right to disqualify any proposal violating the 10 pages limit.** The selection and the award of the contract shall be made of the Offeror(s) deemed to be fully qualified and best suited among those submitting proposals on the basis of the following evaluation factors and questions:

A. Plan of Finance (40%)

1. Describe/discuss your recommendations for structuring a Virginia variable rate program (such as mode, minimum liquidity ratings, amortizations, etc.)
2. Discuss any special requirements and risks associated with issuing under \$100 million of VRDBs such as minimum credit rating, maximum exposure to a specific liquidity provider, insurance or other conditions. In particular, address the following issues: market saturation of VRDB products nationally and specifically in Virginia.
3. Discuss your approach for presenting an initial variable rate debt program to the rating agencies.
4. Describe your firm's marketing plan for the Commonwealth's VRDBs.

B. General Qualifications and Experience (30%)

1. Describe briefly your firm's experience with similar tax-exempt VRDB issues under \$100 million since July, 2002. Please include each issuer's name, date, amount, rating, liquidity provider/credit enhancer, mode, average spread to BMA, and a contact with telephone number, address and e-mail address.
2. Provide brief biographies of the public finance personnel specifically dedicated to this issue and those who will be responsible for the marketing of the Commonwealth's variable rate debt. Be specific regarding the person or persons who would have day-to-day responsibility for Virginia's variable rate program.
3. Provide a statement indicating how you believe your firm will be able to obtain the lowest cost of funds for Virginia's VRDB program.
4. Please provide a statement of the firm's net excess capital and its ability to hold bonds in inventory.
5. Please list number of offices and number of employees in Virginia. Describe your municipal underwriting experience in Virginia since July 2002.
6. Please provide three (3) references for variable rate programs your firm has managed, include phone numbers and e-mail addresses.
7. Please disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your being hired for this engagement. Identify fully the extent to which your firm or individual partners or employees are the subject of any ongoing securities investigation, are a party to any securities litigation or arbitration, or are the subject of a subpoena in connection with a municipal securities investigation. In addition, include any such investigations which concluded in an enforcement or disciplinary action ordered or imposed in the last three years.

C. Pricing (25%)

Provide an estimate of the dollar cost of a variable rate issue of \$50 million that will include:

1. proposed fees; identify any takedown to be paid at closing as well as the proposed ongoing remarketing fee;
2. a preliminary interest rate for a specific date and estimated all-in cost for VRDBs in the daily, weekly and monthly modes;
3. identification of one or more firms to serve as underwriter's counsel and their estimated cost;
4. other underwriter expenses;
5. all other costs (itemized) the Commonwealth would expect to incur in implementing a VRDB program.

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D. Participation of Small, Women-Owned, and Minority-Owned Businesses (5%)

1. Describe current and planned utilization of businesses in the three classes identified.

**DELIVERY OF INFORMATION:**

In order to be considered for selection, a complete response to this RFP must be submitted. **Please submit your electronic proposal OR 5 copies of your proposal no later than 12:00 noon on July 19, 2005. A cover letter should be submitted with your proposal stating that your firm agrees to serve as Underwriter/Remarketing Agent to the Commonwealth in accordance with the attached proposal for the purposes outlined in the RFP.** The Commonwealth reserves the right to waive any irregularity in any proposal and to reject any or all proposals and to select an underwriting team based solely on the proposals submitted. No joint proposals will be accepted.

Proposals must be delivered or mailed or preferably e-mailed as follows:

**Delivery Address:**

Dora D. Fazzini  
Director of Debt Management  
Department of the Treasury  
101 North 14<sup>th</sup> Street, 3<sup>rd</sup> Floor  
Richmond, Virginia 23219  
[dora.fazzini@trs.virginia.gov](mailto:dora.fazzini@trs.virginia.gov)

**Mailing Address:**

Dora D. Fazzini  
Director of Debt Management  
Department of the Treasury  
P.O. Box 1879  
Richmond, Virginia 23218-1879

**Also submit an electronic copy to:**

Janet M. Lee  
Managing Director  
Public Resources Advisory Group  
40 Rector Street, Suite 1600  
New York, NY 10006  
[jlee@pragny.com](mailto:jlee@pragny.com)

**QUESTIONS AND INFORMATION REQUESTS:**

If you have any questions please contact:

Robert S. Young, Director of Financial Policy, at (804) 225-2391, or FAX (804) 225-3187, or email at [Robert.Young@trs.virginia.gov](mailto:Robert.Young@trs.virginia.gov).