

RESPONSE TO QUESTIONS FOR INVESTMENT BANKER REQUEST FOR PROPOSAL

Question # 1 – We have reviewed Attachment 2 and would like to see if its scope can be narrowed to public entities only. We are aware we are in the Public Finance business. We think any such contacts should be limited to our work in the public domain.

Response: While the Treasurers' Office and Authority understand your rationale in requesting this change, given the variety of potential respondents to this RFP as well as the relevance of the existing scope in many instances, we have chosen to leave the scope as is in the attachment.

Question # 2

There is a typo in the sentence that starts "the firm authorized representatives". It perhaps should be "the firm authorizes representatives".

Response: This has been corrected

Question # 3

As outlined in the RFP, we have the following question pertaining to **Section 4.3 - Cost Proposal**.

Does the Authority wish to specify the size of the Single Family and Multi-family deals for which it would like a detailed fee quote? If so, please identify the size and also the split between fixed rate and variable rate for each since the requested takedown and expense detail will be impacted by both.

Response: We have revised Section 4.3 to address this question. Please see excerpt below.

Firm's applying as Senior Manager shall provide a cost proposal for the proposed services. State the amount of the Management Fee (in dollars per thousand) and Underwriter's Expenses (including underwriter's counsel fees) your firm proposes to be paid for serving as book-running Senior Manager for (a) a \$50 million new issue of long term single family MRBs, (b) a \$15 million new issue of long term fixed rate multi-family MRBs (assuming 'AA' or better credit enhancement and bond rating), and (c) a \$15 million new issue of floating rate multi-family MRBs (assuming 'AA' or better credit enhancement, liquidity and bond rating). Assume none of the management fee proposed by your firm is to be shared with the other managers. (Note: Underwriter's counsel is / is not expected to prepare preliminary and final disclosure documents in connection with the Authority's public sale of bonds.)



Chester J. Culver
Governor

Patty Judge
Lt. Governor

Bret L. Mills
Executive Director

The Authority understands the Takedown and Risk components of underwriter discount are “market-driven” costs and may fluctuate depending upon market conditions. Based upon current market conditions, provide estimates of the Takedown (in dollars per thousand) your firm would recommend for a typical issue of long term, fixed rate single family MRBs consisting of (a) par serial bond maturities out to 10 years, (b) par term bond maturities of 15, 20, 26 years, and (c) (10%) tax exempt premium PAC bonds to 32 years. For each of the par term bonds, indicate the extent to which the Takedowns could be reduced by offering those bonds only to institutional investors. (It may be assumed the premium PAC bonds would be offered only to institutional investors.)

Include in your cost proposal any assumptions and any other variables that might affect your quote. The response may also include suggestions concerning underwriting team and selling group compensation, syndicate rules, proposed designation policies and any other underwriting management considerations which you believe to be significant.

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