

Vermont Housing Finance Agency

164 St. Paul Street
Burlington, VT 05401
(802) 864-5473

REQUEST FOR PROPOSAL (RFP)

General Financial Advisory Services

Interest Rate Swap Advisor Services

Guaranteed Investment Contract Bidding Agent Services

March 18, 2008

Proposals due April 15, 2008.

See <http://www.vhfa.org/about/news/rfp.php> for updates and questions and answers.

TABLE OF CONTENTS

SECTION 1	GENERAL INFORMATION	Page 3
1.1	Vermont Housing Finance Agency	Page 3
SECTION 2	REQUIREMENTS FOR RFP - OFFEROR RESPONSE	Page 3
2.1	Submission of Proposals	Page 3
2.1.1	Offeror Information	Page 3
	2.1.1(a) Documentation demonstrating that Offeror meets minimum qualifications	Page 3
	2.1.1(b) Insurance	Page 3
	2.1.1(c) Offeror Statement of Qualifications and attachments	Page 3
2.1.2	Proposed Workplan	Page 3
2.1.3	Cost/Fee Proposal Form	Page 4
2.2	Reservations	Page 4
2.3	Contractual Agreements	Page 4
2.4	Terms of Contract	Page 5
2.5	Mandatory Information to be Provided	Page 5
	2.5.1 Minimum Qualifications	Page 5
	2.5.2 Customary State Contract Provisions	Page 5
	2.5.3 Additional Insurance	Page 5
	2.5.4 Offeror Information	Page 6
	2.5.5 Proposed Workplan	Page 6
	2.5.6 Cost/Fee Proposal	Page 6
2.6	Retention Of Proposals	Page 6
SECTION 3	SCOPE OF SERVICES	Page 6
3.1	General Financial Advisory Services	Page 7
3.2	Other Services	Page 8
3.3	Proposed Value-Added Options	Page 9
3.4	Interest Rate Swap Advisor Services	Page 9
3.5	Guaranteed Investment Contract ("GIC") Bidding Agent Services	Page 9
SECTION 4	EVALUATION CRITERIA	Page 10
4.1	Award Factors	Page 10
4.2	Unauthorized Negotiations	Page 11
4.3	Other Factors/Requirements	Page 11
SECTION 5	ATTACHMENTS	Page 11
5.1	No Bid Response Form	Page 11
5.2	Cost/Fee Proposal Form	Page 11
5.3	Sample Contract	Page 11
5.4	Offeror Statement of Qualifications	Page 11
5.5	VHFA GIC Bid Policy	Page 11

**SECTION 1
GENERAL INFORMATION**

The Vermont Housing Finance Agency ("VHFA") or the ("Agency") is seeking proposals from firms qualified to perform specific financial advisory services for the Agency. The Contract will begin in July, 2008. If you choose not to respond to this proposal, please complete a "No Bid Response Form" (Attachment 5.1). A tentative decision for the firm to be chosen based on this RFP will be made by May 15, 2008.

VHFA is an equal opportunity employer.

1.1 VERMONT HOUSING FINANCE AGENCY

Information about the Agency, including complete financial statements, bond disclosure reports, and disclosure documents from recent transactions may be found on its website: www.vhfa.org. **Respondents are encouraged to review the website for background information that may assist in responding to this RFP.**

As of June 30, 2007 VHFA's loan portfolio exceeded \$623.5 million with the following breakdown by type of loans:

Type Of Loan Portfolio	Number of Outstanding Loans	Outstanding Principal Balance
Single Family Mortgages Loans	5,430	\$475,431,004
Multifamily Mortgage Loans	329	\$120,422,419
Stand-alone or Conduit Multifamily Financing	20	\$27,706,085
Totals:	5,779	\$623,559,508

**SECTION 2
REQUIREMENTS FOR RFP - OFFEROR RESPONSE**

2.1 SUBMISSION OF PROPOSALS:

The Offeror's proposal must include the original proposal, including all attachments, plus three (3) photocopies of the entire proposal. Each copy of the Offeror's proposal should be organized and presented in the following format and progression:

2.1.1 OFFEROR INFORMATION

2.1.1(a) Documentation demonstrating that Offeror meets minimum qualifications

2.1.1(b) Insurance

2.1.1(c) Offeror Statement of Qualifications and attachments

2.1.2 PROPOSED WORKPLAN

2.1.3 COST/FEE PROPOSAL FORM

The attached Cost/Fee Proposal Form (Attachment 5.2) must be completed in its entirety and submitted with your proposal.

Offeror Information, Proposed Workplan and Cost/Fee Proposal must be received at the following office by April 15, 2008:

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, VT 05401
Attn: Tom Connors, Chief Financial Officer

Offerors shall carefully review this RFP for defects and questionable or objectionable material. Questions concerning defects or questionable material must be posted IN WRITING ONLY to finrfp@vhfa.org on or before **4:00 p.m., April 10, 2008**. Copies of questions received, along with a written response from VHFA, will be posted at this website address.

Offerors submittals must arrive at the above address and be date/time stamped no later than **4:00 p.m. April 15, 2008**. Failure to meet this submittal deadline will result in rejection of the proposal, and the proposal will be returned to Offeror without further consideration. Facsimile proposals will not be accepted.

Proposals submitted in response to this RFP must remain valid for at least ninety (90) calendar days from the date VHFA designates as the deadline for submitting proposals, plus any addenda or extensions to the RFP, and if the Offeror should enter into a Contract with VHFA to perform work or provide services as described in this solicitation for the term(s) of the Contract.

2.2 RESERVATIONS:

The Agency reserves the right to accept or reject any or all proposals or parts of proposals with or without cause, and the Offerors will have no recourse. The Agency may require proposals to be clarified or supplemented through additional written submissions.

VHFA will not be responsible for costs incurred for proposal preparation or Contract preparation as a result of valid and legal termination of this RFP or termination of any Contract resulting from the award of the RFP

2.3 CONTRACTUAL AGREEMENTS:

The basic agreement between the parties shall be the Contract for Financial Advisory Services, plus attachments. A Sample Contract is included as Attachment 5.3 to this RFP (the "Contract"). See Customary State Contract Provisions attached as Exhibit A to this contract.

Unless stated otherwise herein, the basic and governing language of the contractual agreement resulting from this solicitation shall be comprised of the Contract, this RFP, including all documents, any attachments and amendments, and the successful Offeror's signed proposal. The Offeror chosen for award should be prepared to have its proposal incorporated, along with all other written correspondence concerning this Contract, into the Contract. Any false or misleading statements found in the proposal will be grounds for disqualification. In the event of a conflict between the documents, the Contract shall govern.

2.4 **TERMS OF CONTRACT:**

The term of the Contract will be three (3) years with the option to extend up to two (2) additional one (1) year periods at the sole discretion of VHFA.

The VHFA Chief Financial Officer will administer any Contract that results from this solicitation. Contact with other VHFA staff, if necessary, will be coordinated through the VHFA Chief Financial Officer, or his/her designee.

2.5 **MANDATORY INFORMATION TO BE PROVIDED:**

Although Offerors are encouraged to provide any/all information which they wish to be considered in support of their proposal, **Offerors must, at a minimum, submit the following information:**

2.5.1 **MINIMUM QUALIFICATIONS:**

Offerors must satisfy certain minimum standards to be considered qualified to provide financial advisory services to VHFA.

Offerors are strongly encouraged to review the minimum qualifications specified in this section to avoid submitting a proposal that would immediately be rejected on technical grounds or as non-responsive. **Failure to clearly demonstrate that the Offeror meets all minimum requirements of this RFP will automatically disqualify the Offeror's proposal from further consideration by VHFA.**

(A) The Offeror must clearly demonstrate and present documentation proving that the Offeror is an experienced and reputable Financial Advisory firm by submitting the following:

- (1) Evidence of Offeror's providing such services for at least five (5) consecutive years to clients of size and activity similar to the Agency;
- (2) Five (5) references of current clients (names and telephone numbers) where similar work is performed; and
- (3) One (1) reference from a previous client (name and telephone number) where similar work was performed but for whom the Offeror no longer provides such services.

2.5.2 **CUSTOMARY STATE CONTRACT PROVISIONS:**

Offeror agrees to meet the obligations described in these provisions as terms of any Contract entered with VHFA.

2.5.3 **ADDITIONAL INSURANCE:**

Offeror will provide proof of additional insurance in the following amounts:

- A. Professional Liability Insurance (Errors & Omissions)--\$1,000,000 per occurrence.

- B. Fiduciary liability insurance - Please indicate whether Offeror currently has this coverage and in what amounts and indicate whether this coverage is a licensing requirement or not.
- C. Other Insurance as required by law. Please indicate additional coverages and in what amounts

2.5.4 OFFEROR INFORMATION:

OFFEROR STATEMENT OF QUALIFICATIONS FORM

Offeror shall submit a fully completed and signed Offeror Statement of Qualifications form (Attachment 5.4) on behalf of the Offeror submitting a proposal. **At a minimum, the information required by the form and attachments thereto must be submitted; other data may also be included as deemed relevant by the Offeror.**

2.5.5 PROPOSED WORKPLAN:

The Offeror must also include a Workplan that demonstrates the Offeror's comprehension of the objectives and scope of services anticipated by this RFP, without merely duplicating the Scope of Services provided in Section 3 of the RFP.

The Workplan must clearly describe and detail the Offeror's proposed approach to timely perform and complete all services required by the RFP and must include a profile of Offeror firm's individual staff, including location of each individual's primary office, anticipated to be assigned to complete the service. For all individuals listed in the Offeror's proposal who may actually render services to VHFA, please indicate their relevant experience. Discuss the availability and proximity of all individuals listed and the type of commitment Offeror's firm is willing and capable of making to VHFA in fulfillment of the Contract resulting from this RFP on a daily basis.

2.5.6 COST/FEE PROPOSAL:

Offerors must provide the Cost/Fee Proposal Form provided as Attachment 5.2 to this solicitation. Failure to provide cost information on the form provided may result in rejection of Offeror's proposal as non-responsive.

2.6 RETENTION OF PROPOSALS:

All proposals submitted become the property of VHFA. VHFA is a public instrumentality and is subject to public information rules under Vermont law. Proprietary information should be identified in each proposal.

SECTION 3 SCOPE OF SERVICES

The Agency may select one or more firms to perform the services included under this Section. Firms are encouraged to provide responses to all or any combination of the three sections according to the services available as the Agency may award up to three different Contracts for the services solicited hereunder.

3.1 **GENERAL FINANCIAL ADVISORY SERVICES**

Services to be provided under Section 3.1 are both general in nature and specific financing related services. They will include recommendations as to the timing and extent of debt issuances, GIC and insurance procurements, the use of derivatives, and other duties as required. Offerors should provide details in their responses of any experience they have in providing the required services, the type of transaction recommended, and the client goals the transaction met.

The Offeror will provide the following services:

- A. Assist the VHFA staff in the development and analysis of proposed bond financing structures, including the recommendation of whether a sale should be done on a negotiated or competitive basis.
- B. Review the coupon rates, re-offering yields, underwriters' spread (including takedowns, management fee and net to underwriters), remarketing fees, redemption provisions, and other terms and conditions of each bond issue. Advise VHFA as to the reasonableness of the underwriters' bid and make a recommendation as to the award of the bonds.
- C. Provide a written evaluation for VHFA's Board of the performance of the underwriting team and members of the syndicate in the marketing of the bonds subsequent to each sale and at the time of underwriter selections.
- D. Assist the VHFA in the procurement of bond-related services including underwriters, liquidity providers, bond insurers, and printers.
- E. Assist the VHFA in presentations to rating agencies and in obtaining credit ratings.
- F. Review proposed state legislation involving VHFA's ability and authority to issue bonds.
- G. Provide assistance in financial planning and the utilization of VHFA's fund balances. Prepare a Capital Adequacy Report based upon audited financial statements using cash flow projections for all of the bond resolutions and the general fund.
- H. Prepare consolidated cash flows for each bond resolution annually based upon June 30 audit balances using rating agencies' stress criteria.
- I. For each bond issue, prepare cash flows for the purposes of bond structuring, 32-year rule refunding analysis, credit ratings, yield calculations, and financial planning and management. Rating agencies stress runs should be prepared on a consolidated basis for the resolution which require updating the June 30 database.
- J. Update bond yields and loan yields as needed subsequent to bond issuance to maintain yield spreads for tax compliance purposes, including bond issues with excess yield.
- K. Provide assistance in establishing a debt redemption strategy that will minimize interest costs and maximize refunding authority. Semiannually, determine the amount of bond redemptions based upon loan prepayments received, excess revenues, ten-year rule restrictions, and bond redemption requirements. Prepare bond redemptions by maturity

for each bond issue and review with VHFA staff and Trustee. Calculate the eligible amount of replacement refunding.

- L. Establish and maintain the ten-year rule tax schedules for all of the bond issues.
- M. Periodically review VHFA's debt redemption provisions and recommend, when appropriate, debt refunding and/or refinancing.
- N. Maintain and update bonding authority projections for a three year period.
- O. Provide a weekly update of full spread mortgage rates for multifamily loans funded from nonAMT, AMT, and taxable bonds for both fixed rate transactions and variable rate transactions with swap terms based upon an existing agreement with a bank.
- P. Keep VHFA informed of housing programs and/or financing structures previously implemented or being implemented by other issuers.

3.2 OTHER SERVICES

Services to be provided not related to a specific newly-issued debt financing transaction, and to be provided only upon request (Please indicate if any or all of the services are included in General Financial Advisory Services):

- A. Review investment policies/procedures and related laws, regulations, requirements, and agreements. Provide suggestions to improve investment performance, compliance and safeguarding of assets.
- B. Review various documents related to securities lending and short-term working capital financing arrangements including draw-down bond programs, commercial paper programs, revolving credit facilities, and reverse repurchase agreement programs.
- C. Review of the Agency's general account assets and working capital projections and requirements.
- D. Review and advise Agency staff with regard to debt management, portfolio management and cost of capital analysis.
- E. Provide assistance to staff in the analysis of overall debt capacity of the Agency.
- F. Advise the Agency regarding applicable on-going disclosure requirements and draft or assist in the drafting of information designed to comply with such requirements or as may be desired for the improved marketability of the Agency's debt securities.
- G. Provide assistance and advice in connection with review or audit of an enterprise unit, a program or debt issuance by the Internal Revenue Service, Securities Exchange Commission, Municipal Securities Rulemakers Board, or other similar entity with review and regulatory functions.
- H. Assist the Agency in presentations to the Vermont State Legislature.
- I. Provide consultation and analysis to the Agency with regard to the sale or disposition of assets of the Agency.

- J. Review and advise staff regarding potential conduit financing proposals that may be received by the Agency.
- K. Assist Agency staff in the selection of the formation of the financing team, including preparation of a list of services required of underwriters, bond counsel, trustee, security safekeeping services and other professionals, as agreed upon.
- L. Assist the Agency in developing and analyzing new financing and program structure, such as, mortgage-backed securities.

3.3 PROPOSED VALUE-ADDED OPTIONS

VHFA will consider any option proposed by the Offeror as a value-added option that will substantially reduce costs and improve efficiency of operations. This Section is optional (but desirable) in the Offeror's proposal. Include any additional services (not included in the RFP Scope of Services) Offeror proposes to offer and specify on the Cost/Fee Proposal Form provided as Attachment 5.2 whether the services are included in the fee proposal or are offered for an additional fee.

3.4 INTEREST RATE SWAP ADVISOR SERVICES

Services to be provided related to soliciting bids for Swaps and providing other Swap-related services are detailed below. Offerors should provide details of advice given, innovative structures recommended, or other efficiencies achieved by their clients.

- A. The Swap Advisor will work with the Agency, Financial Advisor, and other parties to model the swap in a manner that optimizes the swap in accordance with the Agency's goals (including Swap structure, Swap providers and spread).
- B. On pricing date, verify that rate is priced at mid-market plus the agreed upon spread.
- C. Provide calculations verifying that the swap meets Treasury regulations for integration.
- D. Assist VHFA in the development and updating of its derivative policy.
- E. Provide education seminars to staff/Board regarding derivative products.
- F. Provide monthly mark-to-market reports for all derivative transactions.
- G. Provide semi-annual updates of VRDO/swap performance and swap counterparty credit exposure.
- H. Assist VHFA in the negotiation of ISDA documents.

3.5 GUARANTEED INVESTMENT CONTRACT ("GIC") BIDDING AGENT SERVICES

Services to be provided related to soliciting bids for a GIC related to tax-exempt bond financing or for other general corporate purposes include those listed below. Offerors should provide details of GICs bid on behalf of clients and the value added by their services, including innovative features or efficient processes that accomplished the client's goals.

- A. The GIC Bidding Agent will prepare the Solicitation for Guaranteed Investment Contract ("Solicitation") according to the requirements as set forth by the Agency, including their fee. Such Solicitation will comply in all manners with the Internal Revenue Code and Regulations.
- B. Prior to distributing any Solicitation the Agency, Financial Advisor, Special Tax Counsel, and Bond Counsel must review and approve the form and content of the Solicitation.
- C. The GIC Bidding Agent will accept bids for the GIC at the times and in the manner required by the Solicitation, provide the Agency with a summary of the bids received, and make a recommendation as to award to the Agency and Financial Advisor.
- D. The GIC Bidding Agent will review the terms of the GIC to insure compliance with the specifications of the bid, negotiate terms of the GIC that are acceptable to the Agency, and finalize the documents no later than one week before the closing date of the related bond transaction, if applicable. See Attachment 5.5 for the VHFA GIC Bid Policy.
- E. The GIC Bidding Agent will provide all opinions required under the Internal Revenue Code or such other governing authority as required.
- F. The GIC Bidding Agent will be compensated by the GIC Provider and in no event will such fee exceed the amount allowed under the Internal Revenue Code. The Agency shall not be responsible to the GIC Bidding Agent for payment of any fees or reimbursement of any expenses.

SECTION 4 EVALUATION CRITERIA

EVALUATION OF PROPOSALS:

The Agency will appoint an evaluation committee to review the proposals submitted.

At the sole discretion of VHFA, finalists for consideration of award may be required to make an oral presentation to the evaluation committee. All costs associated with the oral presentation shall be the responsibility of the Offeror.

Any proposals received by VHFA that may be missing any or all of the mandatory information required by this RFP may be determined to be non-responsive. If determined to be non-responsive, the Agency may decline to evaluate any such proposal. Offerors must ensure that their proposal has included each and every item listed under Section 2.5 (Mandatory Information to be Provided). The Agency will not be responsible for notifying any Offeror of any deficiencies in their proposal.

4.1 AWARD FACTORS:

The RFP will be awarded to the firm that gives VHFA the most effective combination of qualifications, services to be provided, understanding of the financial advisory services needed, experience with similar projects, assurances and availability of key personnel, and costs. VHFA will post on its web site the firm selected to be awarded the contract after formal approval by the VHFA Board of Commissioners.

If applicable, the CFO or Executive Director or their designee will conduct negotiations with responsive Offerors whose proposal, when considered with all other proposals submitted in response to this solicitation, best meet the needs of VHFA at its sole discretion.

Upon selection of the apparently successful Offeror(s), VHFA will notify the other Offerors of its decision by email.

4.2 UNAUTHORIZED NEGOTIATIONS:

In no event shall a prospective Offeror, or the apparently successful Offeror, enter into discussion or negotiations with representatives of VHFA other than the CFO, Executive Director or their designee.

4.3 OTHER FACTORS/REQUIREMENTS:

News releases pertaining to this request for proposal may not be made without prior written approval of the VHFA CFO.

All proposal information, including detailed price and cost information, will be held in confidence during the evaluation process and prior to award. Thereafter, proposals will become public information. See Section 2.6 Retention of Proposals.

**SECTION 5
ATTACHMENTS**

The following materials are included to assist in responding to this RFP:

- 5.1 No Bid Response Form**
- 5.2 Cost/Fee Proposal Form**
- 5.3 Sample Contract**
- 5.4 Offeror Statement of Qualifications**
- 5.5 VHFA GIC Bid Policy**

Attachment 5.1

NO BID RESPONSE FORM

1. If you have responded with a "No Bid", please indicate the reasons below:

- Other commitments preclude our participation at this time.
 - The subject of the Contract is not something we normally provide.
 - We are inexperienced in the services required.
 - Specifications are unclear, too restrictive, etc. (Please Explain in Remarks Section)
 - The scope of work is beyond our current capacity.
 - Doing business with Government is simply too complicated. (Please Explain in Remarks Section)
 - We cannot be competitive. (Explain in Remarks Section)
 - Time allotted for bid/proposal is insufficient.
 - Start-up time is insufficient.
 - Bonding/Insurance requirements are prohibitive. (Explain in Remarks Section)
 - Bid/Proposal requirements (other than specifications) are unreasonable or too risky. (Explain in Remarks Section)
 - MBE requirements (Explain in Remarks Section)
 - Prior experience with State of Vermont contracts was unprofitable or otherwise unsatisfactory. (Explain in Remarks Section)
 - Payment schedule is too slow.
 - Other
-

2. If you have submitted a bid or proposal, but wish to offer suggestions or express concerns, please use the Remarks Section below. (Use reverse or attach additional pages as needed.)

Remarks:

Vendor Name: _____ Date: _____

Contact Person: _____ Phone: _____

Address: _____

Attachment 5.2

COST/FEE PROPOSAL FORM

TO BE COMPLETED BY OFFEROR:

This Cost/Fee Proposal Form is submitted as part of a proposal in response to the solicitation entitled **General Financial Advisory Services, Interest Rate Swap Advisor Services, Guaranteed Investment Contract Bidding Agent Services**

The name of the Offeror firm is:

INSTRUCTIONS FOR COMPLETING FORM:

Respond to every question or blank space provided on this form. If the information required is not applicable, enter "N/A". If the form does not provide enough space to adequately respond to any question or request for information, enter "see attached explanation" in the space provided, and attach the additional pages of information. Clearly identify the portion of the form you are responding to, and attach the information in the proper order.

Please provide fees on an annual basis.

Services Provided under Section 3.1	FIRM FIXED FEE OR HOURLY WITH NOT TO EXCEED:
3.1 – General Financial Advisory Services	\$
3.2 – Other Services	\$
3.3 – Value Added Options	\$

STAFF LEVEL:	HOURLY FEES:
Senior Vice President/Principal	\$
Vice President	\$
Assistant Vice President	\$
Analyst	\$

PREPARED BY:

(Name)

(Title)

(Date)

OFFEROR'S SIGNATURE:

By signature on this document, the Offeror certifies that all terms and conditions, including fee or price quotes submitted as a part of the Offeror's response to this solicitation shall remain effective for a period of not less than ninety (90) days from the date VHFA designates as the deadline for submitting proposals, plus any addenda or extensions to the RFP, and if the Offeror should enter into a Contract with VHFA to perform work or provide services as described in this solicitation for the Contract term as described in Section 2.4. The Offeror further acknowledges and agrees that its proposal and all other material submitted will become the property of VHFA.

This Cost/Fee Proposal submitted by the Offeror pursuant to Section 2.5.6 of this RFP is submitted with the understanding that VHFA activities may change from time to time and the requirements will be adjusted accordingly. To the extent VHFA activities change, the result of which is to materially increase or decrease the work required of the Offeror to perform the services defined in this solicitation, either party may provide the other with a written request supported by documentation which substantiates an equitable adjustment to the Firm Fixed Fee proposal. Neither party may unreasonably withhold its approval of a properly documented and substantiated request for fee adjustment.

NOTE: FAILURE BY OFFEROR TO SIGN AND DATE THIS COST/FEE PROPOSAL FORM WILL RESULT IN VHFA REJECTING THE OFFEROR'S PROPOSAL AS NON-RESPONSIVE.

Offeror Signature and Date of Signature

Typed or Printed Name of Offeror

Title

Company Name/Tax I.D. Number

Mailing Address

Telephone Number

Fax Number

Attachment 5.3

SAMPLE CONTRACT

This Contract (the "Contract") is made between the undersigned Sample Financial Advisors Inc. (the "Contractor") and VERMONT HOUSING FINANCE AGENCY ("VHFA").

GENERAL PURPOSE OF CONTRACT

The purpose of this Contract is to establish the Contractor as approved to provide professional services as required by VHFA; and to define Contractor's duties and obligations, and the rights of the parties.

Contractor and VHFA agree as follows:

1. **INCORPORATION BY REFERENCE.** VHFA Request for Proposal (the "RFP"), Contractor's response to the RFP and the Customary State Contract Provisions attached as Exhibit A hereto are incorporated by reference into this Contract.
2. **CONTRACTOR'S SCOPE OF SERVICES.** Contractor shall diligently perform the following services for VHFA as needed under this Contract, and as provided in the RFP, and/or any written instructions by VHFA:
3. **COMPENSATION.** Compensation for services will be paid at the rates Contractor provided in response to the RFP, which is attached to, and incorporated to this Contract by reference.
4. **REIMBURSEMENT.** Any reasonable and necessary costs or expenses Contractor incurs performing Contractor's duties under this Contract will be reimbursed by VHFA except as provided in the RFP or this Contract.
5. **TERMINATION BY CONTRACTOR.** The Contractor's duties under this Contract may be terminated in whole at any time at the option of the Contractor, upon one hundred eighty (180) days written notice to VHFA.
6. **TERMINATION BY VHFA.** VHFA, by written notice, may terminate this Contract in whole or in part, as follows:
 - A. for any reason upon ninety (90) days written notice to Contractor; or
 - B. for Contractor's breach of any term of this Contract upon written notice to Contractor of the breach. A breach of this Contract includes, but is not limited to, Contractor's failure to comply with the Contract, including but not limited to:
 - 2) Contractor's failure to comply with any federal, State, or local law, regulation, order, or judicial precedent that applies to Contractor; or
 - 3) The dissolution or the commencement of any action or proceeding for the liquidation of the Contractor, or for the appointment of a receiver or trustee of the property of the Contractor; or

- 4) The insolvency of Contractor, the adjudication of Contractor as bankrupt, the appointment of a receiver for Contractor, the execution by Contractor of a general assignment for the benefit of Contractor creditors, or other material change in Contractor's status. Contractor's interest in this Contract is not an asset of Contractor or Contractor's successors or assigns, and no interest in this Contract may pass by operation of law without the express written consent of VHFA; or
 - 5) A substantial change in the ownership of Contractor, including but not limited to, a sale of the majority interest in Contractor or a change in the corporate status of a Contractor without the prior written consent of VHFA; or
 - 6) A finding by a court that Contractor, or any principal of Contractor, committed an act of civil fraud, or a conviction of Contractor or any principal of Contractor of a crime for acts related to Contractor's business; or
 - 7) Any revocation or suspension of Contractor's State of Vermont business license, or any determination by any professional board censuring Contractor in any manner; or
 - 8) Any action or inaction on the part of the Contractor which results in a lien being filed against VHFA or results in VHFA dispensing funds to prevent lien action.
- C. Whether or not VHFA has notified Contractor of the Contract termination under Subsection B, VHFA may take any action that in its discretion is reasonable to protect itself from Contractor's breach of this Contract.
- D. Failure of VHFA to terminate this Contract for Contractor's breach under Subsection B does not waive that right or any other right under this Contract.
- E. VHFA is liable only for payment in accordance with the compensation provisions of this Contract for services rendered before the effective date of any termination of this Contract.
7. TERMINATION NOT A RELEASE. Termination of this Contract by either VHFA or Contractor under Sections 5 or 6 of this Contract does not release Contractor from any obligations or liability under the Contract unless VHFA expressly releases Contractor in writing. Upon termination of the Contract by either VHFA or Contractor, if requested by VHFA, Contractor must assist in an orderly transfer of all files, notes, draft reports, or other work product related to this Contract to VHFA or to any successor or custodian designated by VHFA (in writing).
8. NOTICE. Any notice given to VHFA under this Contract must be in writing and must be sent by registered mail or certified mail, return receipt requested, addressed to:

Chief Financial Officer
Vermont Housing Finance Agency
164 St. Paul Street
Burlington, VT 05401

Notary Public in and for : _____
My Commission Expires: _____

Agreed to and Accepted by VERMONT HOUSING FINANCE AGENCY

By: _____ Date _____
(Authorized signature)

(Typewritten name/title)

STATE OF VERMONT)
CHITTENDEN COUNTY))ss

The foregoing instrument was executed by _____ of Vermont Housing Finance Agency, on behalf of the Agency and acknowledged before me this ____ day of _____, 20__.

Notary Public in and for Vermont
My Commission Expires: 2/10/11

EXHIBIT A TO THE CONTRACT

CUSTOMARY STATE CONTRACT PROVISIONS

1. ENTIRE AGREEMENT. This contract represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. APPLICABLE LAW. This contract will be governed by the laws of the State of Vermont.
3. NO EMPLOYEE BENEFITS FOR CONTRACTOR. The Contractor understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, workers compensation or other benefits or services available to state employees, nor will the State withhold any state or federal taxes. The Contractor understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including, but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Contractor, and information as to contract income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
4. INDEPENDENCE, LIABILITY. The Contractor will act in an independent capacity and not as officers or employees of the State. The Contractor shall indemnify, defend and hold harmless the State and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of the Contractor's acts and/or omissions in the performance of this contract.
5. INSURANCE. Before commencing work on this contract the Contractor must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Contractor to maintain current certificates of insurance on file with VHFA through the term of the contract.

WORKERS COMPENSATION: With respect to all operations performed, the Contractor shall carry workers compensation insurance in accordance with the laws of the State of Vermont.

GENERAL LIABILITY AND PROPERTY DAMAGE: With respect to all operations performed under the contract, the Contractor shall carry general liability insurance having all major divisions of coverage including, but not limited to:

- Premises - Operations
- Independent Contractors' Protective
- Products and Completed Operations
- Personal Injury Liability
- Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

- \$1,000,000 Per Occurrence
- \$1,000,000 General Aggregate
- \$1,000,000 Products/completed products aggregate
- \$ 50,000 Fire Legal Liability

AUTOMOTIVE LIABILITY: The Contractor shall carry automotive liability insurance covering all motor vehicles, including owned, non-owned, and hired, used in connection with the contract. Limits of coverage shall not be less than: \$1,000,000 combined single limit.

No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Contractor for the Contractor's operations. These are solely minimums that have been set to protect the interests of VHFA.

6. **RELIANCE BY VHFA ON WRITTEN MATERIAL.** All payments by VHFA under this contract will be made in reliance upon the accuracy of all prior written representation by the Contractor, including bills, invoices, progress reports and other proof of work.
7. **RECORDS AVAILABLE FOR AUDIT.** The Contractor will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the contract and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this contract.
8. **FAIR EMPLOYMENT PRACTICES AND AMERICAN WITH DISABILITIES.** The Contractor agrees to comply with the requirements of Title 21, VSA Chapter 5, Subchapter 6, relating to fair employment practices, to the extent applicable. Contractor shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Contractor under this contract. Contractor further agrees to include this provision in all subcontracts.
9. **SET OFF:** VHFA may set off any sums which the Contractor owes the State against any sums due the Contractor under this contract; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereafter.
10. **TAXES DUE TO THE STATE.**
 - a. Contractor understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of tax on property used within the State, corporate and/or personal income tax on income earned within the State.
 - b. Contractor certifies under the pains and penalties of perjury that, as of the date the contract is signed the Contractor is in good standing with respect to, or in full compliance with, a plan to pay, any and all taxes due the State of Vermont.

- c. Contractor understands that final payment under this contract may be withheld if the Commissioner of Taxes determines that the Contractor is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
 - d. Contractor also understands the State may set off taxes (and related penalties, interest and fees) due the State of Vermont, but only if the Contractor has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Contractor has no further legal recourse to contest the amounts due.
11. SUBCONTRACTORS. The Contractor shall not assign or subcontract the performance of this agreement or any portion thereof to any other Contractor without the prior written approval of the State. Contractor also agrees to include in all subcontract agreements a tax certification in form substantially identical to paragraph 10 above.
12. NO GIFTS OR GRATUITIES. Without first obtaining the written approval of the head of the agency entering this contract, Contractor will not give title or possession of any thing of substantial value (including property, currency, travel and education programs) to any officer or employee of the State during the term of this contract.

(END OF CUSTOMARY PROVISIONS)

Attachment 5.4

OFFEROR STATEMENT OF QUALIFICATIONS

TO BE COMPLETED BY OFFEROR:

This Offeror Statement of Qualifications is submitted as part of a proposal in response to the Request for Proposal for General Financial Advisory Services, Interest Rate Swap Advisor Services and Guaranteed Investment Contract Bidding Agent Services.

The name of the Offeror firm is:

INSTRUCTIONS FOR COMPLETION OF STATEMENT OF QUALIFICATIONS:

Respond to every question or blank space provided on this statement of qualifications. If the information required is not applicable, enter "N/A". If the statement of qualifications does not provide enough space to adequately respond to any question or request for information, enter "see attached explanation" in the space provided, and attach the additional pages of information. Clearly identify the portion of the statement of qualifications you are responding to, and attach the information in the proper order.

The Offeror's submission is not limited to information or documentation required by this statement of qualifications. The Offeror is encouraged to submit additional or supplemental information to substantiate Offeror's experience and qualifications.

OFFEROR STATEMENT OF QUALIFICATIONS

BY A PROPERLY AUTHORIZED SIGNATURE ON THIS DOCUMENT, OFFEROR HEREBY CERTIFIES AND AFFIRMS THAT:

Section I: Disclosure, Pledges and Promises

1. The proposal submitted to VHFA is genuine, not collusive or a sham; the Offeror has not colluded, conspired, connived or agreed, directly or indirectly, with any other Offeror or person, to submit a sham proposal or to refrain from submitting a proposal, and has not in any manner, directly or indirectly, sought by agreement or collusion, or communication or conference, with any person, to fix the proposal price submitted by Offeror or submitted by any other Offeror, or to fix any terms, conditions, overhead, profit or cost element of said proposal, or of the proposal of any other Offeror, or to secure any advantage against VHFA or any person interested in the proposed Contract; and that all statements in said proposal are true.

The Offeror has not, and will not disclose the terms and conditions of the proposal, directly or indirectly, to any other Offeror or interested person prior to Contract award unless otherwise required by law.

2. Each signature on the proposal and all addenda are considered to be a certification by the signatory that the signatory:

- a. Is the person from the Offeror's organization responsible for determining the prices and terms being offered in the proposal, and that the signatory has not participated and will not participate in any action contrary to Paragraph 1 above; and
- b. Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated and will not participate in any action contrary to Paragraph 1 above.

(Insert full name of person(s) in the Offeror's organization responsible for determining the prices and terms offered in the proposal, and the title of his or her position in the Offeror's organization.)

- c. As an authorized agent of the Offeror, does certify that the principals named in Paragraph 2, Section b, have not participated and will not participate in any action contrary to Paragraph 1 above.
- d. As an authorized agent of the Offeror, has not personally participated and will not participate in any action contrary to Paragraph 1 above.

3. The Offeror represents that, except for full-time bona fide employees working solely for the Offeror, the Offeror:

- a. () has, () has not, employed or retained any person or company to solicit or obtain the VHFA Contract resulting from this Request for Proposal; and
- b. () has, () has not, paid or agreed to pay any person or company employed or retained to solicit or obtain the VHFA Contract resulting from this Request for Proposal, any commission, percentage, brokerage or other fee contingent upon or resulting from the award of a Contract.

If the answer to 3a or 3b above is affirmative, the Offeror shall include a full and written disclosure attached to this affidavit and addressed to the VHFA CFO.

The Offeror acknowledges and agrees that any misrepresentation made by the Offeror subject to Paragraphs 3a and 3b above shall give VHFA the right to (1) terminate any subsequent Contract; (2) at its sole discretion, deduct from Contract payments the amount of any commission, percentage, brokerage, or other contingent fee; or (3) take other remedy pursuant to the Contract.

4. To the best of Offeror's knowledge and in good faith, it is the Offeror's belief that the following named VHFA employees or VHFA Board of Commissioners members may have a financial, business, or familial interest, direct or indirect, in or with the Offeror or Offeror's representative: (If none, so state.)

VHFA Employee Name/Job Title

VHFA Board of Commissioners Member(s)

Explanation of nature of VHFA employee or board member interest with Offeror or Offeror's representative: (If none, so state.)

The Offeror () is, () is not, an employee of VHFA. If the Offeror has previously served as an employee of VHFA, the Offeror certifies that his/her service was terminated () less than twenty-four (24) months ago, or () more than twenty-four (24) months ago.

5. The Offeror does not have any organizational conflict of interest which is defined as a situation in which the nature of work to be performed or services to be supplied under the proposed VHFA Contract, and the Offeror's organizational, financial, contractual, or other interests may:
- a. Result in an unfair competitive advantage to the Offeror; or
 - b. Impair the Offeror's objectivity in performing the Contract work or providing the Contract services.

If the Offeror cannot respond affirmatively to 5a and 5b above, the Offeror shall include a full and written disclosure attached to this affidavit and addressed to the VHFA CFO.

6. Neither the Offeror, nor any person or firm which has an interest in the Offeror's firm, is ineligible to be awarded contracts by any agency of the United States Government, HUD, VHFA, or the State of Vermont.
7. The Offeror certifies that all terms and conditions, including fee or price quotes submitted as a part of the Offeror's response to this solicitation shall remain effective for a period of not less than ninety (90) days from the date VHFA designates as the deadline for submitting proposals, plus any addenda or extensions to the RFP, and if the Offeror should enter into a Contract with VHFA to perform work or provide services as described in this solicitation for such initial Contract term and any additional Contract terms. The Offeror acknowledges and agrees that its proposal and all other material submitted will become the property of VHFA.
8. The Offeror certifies that no action, suit, proceeding, inquiry or investigation before or by any court or federal, State, municipal or other governmental authority is pending, or to the Offeror's knowledge, is threatened against Offeror or affecting the assets, properties, or operations of the Offeror or its interests, which if determined adversely to Offeror would have material and adverse effect upon the consummation of transactions contemplated by, or the validity of, agreements between VHFA and the Offeror, or upon the financial condition, assets, properties or operations of Offeror. No employee employed by the Offeror's firm, nor the Offeror's firm, has been debarred, suspended or otherwise prohibited from practice by any Federal, State or local agency.
 - a. If the Offeror is unable to affirmatively certify any statement under Paragraph (d) above, the Offeror shall include a full and written disclosure attached to this affidavit and addressed to the VHFA CFO.
 - b. In addition to the certification above, please respond specifically to the following:
 1. Has your firm, its principals or any affiliate ever (i) been the focus of a non-routine Securities and Exchange Commission ("SEC") inquiry or investigation or a similar inquiry or investigation from any similar federal, state, or self-regulatory body or organization; (ii) been a party to any litigation concerning fiduciary responsibility or ~~other~~ investment related matters; or (iii) submitted a claim to your errors and omissions, fiduciary liability, and/or fidelity bond insurance carrier(s)? If yes to any, please provide details.
 2. Within the last five years, has your organization or an officer or principal been involved in any business litigation or other legal proceedings not included in the previous question? If yes, please provide an explanation and indicate the current status or disposition.
 3. Recently, the Securities and Exchange Commission (SEC), Internal revenue Service (IRS), and Department of Justice (DOJ) have conducted various investigations into practices related to the services covered by this Request for Proposal. Please describe your firm's participation in these reviews and/or investigations. Describe the status, and results, relative to your firm and provide copies of all SEC letters and other relevant documentation.
9. Offeror represents that its response to this Request For Proposal reflects a true and accurate description of the Offeror's experience and ability to perform all tasks anticipated under the Scope of Services detailed in the RFP.

OFFEROR'S SIGNATURE

By signature on this document, the Offeror hereby certifies that all statements contained in this affidavit are accurate and complete.

Offeror's representations concerning its qualifications will be construed as a covenant under any Contract subsequent to this RFP. Should it appear that Offeror has made a material misrepresentation on this Offeror Statement of Qualifications form, VHFA shall have the right to terminate the Contract for Offeror's breach, and VHFA may then pursue such remedies as exist under the Contract, or as otherwise are provided by law.

NOTE: OFFEROR'S FAILURE TO SIGN AND DATE THIS STATEMENT OF QUALIFICATIONS WILL RESULT IN REJECTION OF THE OFFEROR'S PROPOSAL AS NON-RESPONSIVE.

Offeror Signature and Date of Signature

Typed or Printed Name of Offeror

Title

Company Name/Tax I.D. Number

Mailing Address

Telephone Number/Fax Number

Attachment 5.5

VHFA GIC BID POLICY

The following policy describes the process for procuring investment agreements for the reinvestment of bond proceeds, including Guaranteed Investment Contracts ("GICs"). Depending on the structure of any particular bond transaction, the Agency will likely procure GICs for one or more accounts in the same bond transaction and the GICs may be awarded to one or more providers. The objective is to ensure that the bid process is managed with due diligence and appropriate oversight by the Agency, including the overall investment concentration among providers.

The Agency expects that the GIC Broker will follow these steps to **solicit bids** for GICs:

1. Determine the type of contract. Verify that the type of contract selected is permitted under the Agency's Indenture or Resolution, and any Agency investment policy; obtain Bond Insurer's approval of the contract (if applicable); and, consider how much flexibility is necessary for withdrawals and whether the contract needs to be collateralized.
2. Draft a request for proposal ("RFP") describing the terms and conditions of the bid and solicit feedback from Financing Team¹. The RFP may allow providers to bid on one or more of the accounts included in the RFP.

The Agency, in conjunction with members of the Financing Team, will review the RFP, provide feedback and give final approval to the RFP. The Agency reserves the right to reject all bids for any reason in its sole discretion. Settlement is conditioned upon delivery of the Bonds by the Agency.

3. Create a list of potential providers. Obtain approval of the potential providers from the Agency, the Bond Insurer and the Rating Agencies, with input from the Financing Team.
4. Distribute the RFP and Preliminary Official Statement to the potential providers two (2) business days prior to the bid date and field questions from same.
5. Request that potential providers submit any conditions to the bid one (1) day prior to the bid date. This will ensure full disclosure and reliable comparisons, and facilitate faster bid awards.
6. Ensure that potential providers submit bids as directed by the GIC Broker. The RFP will specify the acceptable method or methods of transmittal. Options may include (1) faxing and/or emailing the bid form to the GIC Broker, and/or using the GIC Broker's web-based bidding system, and 2) emailing the bid form to the Agency and Bond Counsel. Whatever the method, the Agency will have simultaneous access to the bids upon receipt.

The Agency expects that the GIC Broker will follow these steps **once bids are received**:

1. Compile a summary and comparative chart of the bids with respective conditions, including yield calculations, and distribute it to the Financing Team via email.

¹ Financing Team consists of the Agency, the Financial Advisor, GIC Broker and Bond Counsel. In some contexts, it also includes the Underwriter, the Rating Agencies, the Trustee, and the Bond Insurer.

2. Discuss the bids and their respective conditions with the Financing Team. Verify with Bond Counsel that the bid process and the form of the bids received comply with current tax laws.

After reviewing the bids and analyzing any conditions with input from the GIC Broker and Bond Counsel, the Agency will select the winning provider(s) (“Provider”).

The Agency expects that the GIC Broker will follow these steps **once a Provider is selected**:

1. Confirm the bid terms with the Provider and inform it of the award. Send the transaction distribution list and bond documents to the Provider.
2. Distribute the bid results to each provider that responded to the RFP and to the Financing Team.

The Agency expects that the GIC Broker will follow these steps **once the Provider has been informed of the award**:

1. Ensure that the Provider sends out the draft agreement to the parties on the transaction distribution list within two (2) business days of bid award.
2. Provide comments, in conjunction with the Agency and Bond Counsel, and ensure that the final agreement meets the terms of the RFP.
3. Complete a bidding agent certificate for closing (required by Bond Counsel).

The Agency expects that the GIC Broker will, **at closing**, help coordinate wire payments/receipts with the Trustee and the Provider’s banks.