

# MEMORANDUM



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Date: 2 November 2020

To: MnHEFA RFP Recipients

From: Barry W. Fick, Executive Director

Subject: Response to MnHEFA RFP Questions

The following Questions have been received from recipients of the Minnesota Higher Education Facilities Authority Municipal Advisor Request for Proposal. Our response to the questions is also included in the Memorandum.

**The RFP includes a listing of insurance requirements. Would the Authority be willing to consider an exception to some or all the insurance requirements?**

Yes, the Authority is willing to consider alternative policy limits and coverages to those set out in the RFP. We recognize that cost factors can affect how much insurance is maintained by an Advisor and are willing to discuss different policy limits or exceptions to those included in the RFP.

**The Authority has introduced legislation that if approved, would expand the Authority's issuance to include HealthCare and Senior Living financings. Does the RFP include Municipal Advisory Services for those issuances?**

It is correct that the Authority has introduced legislation to expand the issuance authority to include HealthCare and Senior Living financings. That legislation has received bi-partisan sponsorship in the Minnesota House and Senate. The legislation was not considered by the Legislature in the 2020 session because of COVID-19. The Authority plans to reintroduce the issuance expansion legislation in the 2021 legislative session.

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Since passage of the expansion legislation is uncertain, the RFP as distributed does NOT include a request for HealthCare or Senior Living Municipal Advisor qualifications or experience. A response to the RFP may include information about your firm's experience in HealthCare or Senior Living areas, but such information is not required. A firm's experience with HealthCare or Senior Living financing will not provide an advantage or disadvantage in considering any response to the Higher Education Municipal Advisor RFP.

If the expanded issuance legislation is approved by the Legislature, we will ask the MHEFA Board how they wish to proceed. We anticipate that the Board will direct us to undertake a selection process, beginning with the members of the Authority's Municipal Advisor group and determine if additional firms should be considered for the Authority's Municipal Advisor roster.

**Does MHEFA prefer an hourly fee or a retainer fee engagement for MHEFA's primary advisor?**

The Authority prefers a fixed rate fee for a Municipal Advisor's service on a financing or refinancing. For general advisory services other than routine, non-time intensive services, the Authority will consider either an hourly fee or a retainer fee. Generally hourly fees will include a negotiated "not-to-exceed" based on an agreed upon scope of work for a project.

The Authority expects that an hourly fee structure for general MA services would be preferable, but is willing to consider a retainer fee to enhance access to MA services.

**Does the Authority have a system in place that could be built upon to aid in monitoring material events for continuing disclosure purposes as described in the RFP?**

Yes, the Authority has a system in place to monitor borrowers and material events. The proposer may build on this system to assist in monitoring material events and advising the Authority on how to best respond to the material events.

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**The RFP mentions Arbitrage Rebate Services being considered separately. If a proposing firm doesn't perform rebate services, should a proposing firm partner with a rebate preparation firm or simply note that it does not offer arbitrage rebate services?**

The Authority has a master Arbitrage Rebate contract with a firm that provides Arbitrage Rebate services for borrowers. The Municipal Advisor RFP does not need to include a proposal for Arbitrage Rebate services. The proposing firm does not need to partner with a firm that provides Arbitrage Rebate Services. Any change to the current master Arbitrage Rebate contract will be negotiated independently and separately from the general MA Engagement.

**Some of the Authority borrower schools have used their own Municipal Advisor. How will that affect how MHEFA uses a Municipal Advisor?**

One purpose of the current RFP is to develop a roster of qualified MA firms which the Authority may use for individual financing transactions and for general MA purposes. The Authority believes such an approach will allow for the MA firms selected for the roster to maximize their opportunity to work on Authority financings and allow the Authority to minimize any real or possible conflicts of interest between an MA and a borrower.

For example, if a firm is working as an MA for an Authority borrower and the borrower engages the MA to assist on a financing to be issued through the Authority, the MA working with the borrower would not serve as the MA to the Authority for that financing. In that situation, the Authority would be able to use another firm on the Authority's roster of qualified MA firms to serve as the MA to the Authority.