

**MARYLAND STATE TREASURER'S OFFICE  
Louis L. Goldstein Treasury Building  
80 Calvert Street, Room 109  
Annapolis, Maryland 21401**

**QUESTIONS AND ANSWERS  
FOR  
REQUEST FOR PROPOSALS FOR FINANCIAL ADVISORY SERVICES  
FOR THE DEPARTMENT OF HOUSING AND  
COMMUNITY DEVELOPMENT, RFP #DHCD-FA-04072014**

April 23, 2014

- Q-1. Sec. 3.02 (A) Minimum Qualifications: There may be missing words on the last two lines of this paragraph. Please clarify.
- A-1. See the First Amendment to the RFP dated April 23, 2014 correcting item A. of Section 3.02 Minimum Qualifications.
- Q-2. Sec. 3.04 Key Persons: In answering the question as to the primary individual(s) performing each task, we assume that the same person (whether a senior manager, manager or other) might be performing several functions, as opposed to requiring a different person in each position?
- A-2. Appendix C notes the following:
- “Note: For Personnel Title Level 3, a person may be assigned to more than one major category.”
- Q-3. Sec. 4.03 C. 1): The first and third bullets appear to be identical. Was there a second form of bond sale analysis you were seeking such as an example of a pre-bond sale analysis?
- A-3. No. See the First Amendment to the RFP dated April 23, 2014, that deletes the third bullet in item C.1) under Section 4.03, Volume I – Technical Proposal.
- Q-4. Contingency Services (sec. 3.03): Can you provide any past history on the extent of Contingency Services that have been requested (e.g., number of hours per year), since you have requested separate hourly rates for these services, and whether such personnel are to be located in DHCD's offices or not?
- A-4. We have not had to use Contingency Services as described in Item C under Section 3.03 Specific Services in the past and as such we cannot predict what service would be needed. It is not anticipated that personnel would need to be located in DHCD offices.

Q-5. TBA Mortgage Backed Securities Advisor (4.03 C. 4): We have advised numerous HFAs on the best ways to hedge their pipeline. The State HFAs we have worked with have primarily, in accordance with our recommendations, such as Minnesota, determined that they will obtain the greatest control and incur the lowest costs by performing these functions in-house, rather than having a financial advisor or other third party performing these functions at an ongoing cost to the HFA. We have advised on designing, establishing and working with such systems, with individual annual pipelines over \$300 million, as well as with other HFAs on direct MBS sales.

Would you like us:

- i) not to respond to the RFP since you only want firms to apply who are currently performing these third party functions for HFAs, or
- ii) apply, indicating our experience and roles in helping HFAs in this area, and our ability to perform these functions if requested?

A-5. We are seeking a firm to provide financial advisory services as outlined in the RFP. The Offeror needs to demonstrate through their response that they have the knowledge and experience to perform the services requested. The Offeror can also consider sub-contracting with another firm to meet the requirements of 4.03 C. 4.

Q-6. Compensation (4.05 B 1, Hourly Rates for General Advisory Services): With virtually all of the 15 state HFAs we work with, fees for bond transactions are charged on a contingent basis, only upon closing of the transaction, on a fixed fee schedule (eg in the same way you have outlined for cash flow services).

For bond issues:

- a) We assume you only want fees to be charged on an hourly non-contingent basis, regardless of whether they are related to bond transactions or swap transactions or TBA/Mortgage Backed Securities Advisor services. Is that correct?
- b) Given the liabilities involved, especially under new SEC and expected MSRB guidelines, our approach for the limited number of clients who have asked for hourly rates for transaction has been to establish a minimum fee for a transaction so that we are not taking on significant liability and insurance costs even if only a modest number of hours are involved. Is it acceptable to include such minimum fees in the Fee proposal together with the hourly rates?

A-6 a) DHCD does not permit advisory services to be paid on a contingency basis.  
b) DHCD will only pay for services provided on an hourly basis. A minimum fee is not acceptable.

Q-7 Who was the past incumbent firm for this project?

A-7. Caine Mitter & Associates, Inc.

Q-8. How many supporting staff will be needed for the project to project accurate pricing?

A-8. It is the responsibility of the Offeror to determine how they will staff for the services to be provided under this RFP.

Q-9. How much was awarded for this project in the past?

A-9. The Contract value for the past four years is: \$2,827,000.