



**Request for Proposals for
Underwriting Services**

**Massachusetts Housing Finance Agency
One Beacon Street
Boston, Massachusetts 02108
www.masshousing.com**

May 31, 2024

**Proposals must be submitted
no later than 3:00 p.m., EST
June 28, 2024**



MASSACHUSETTS HOUSING FINANCE AGENCY

One Beacon Street
Boston, MA 02108

Request for Proposals (RFP) for Underwriting Services

Section 1 – Guidelines for Request for Proposals

Project Description

The Massachusetts Housing Finance Agency (“MassHousing” or the “Agency”) is seeking proposals from qualified investment banking firms to provide underwriting services in connection with MassHousing’s single-family and multi-family bond programs. MassHousing will be selecting one or more senior managing underwriters and co-managing underwriters as a part of this RFP process. Firms responding to this RFP (“respondents”) are required to prepare and submit their proposals in accordance with the directions contained in this RFP.

MassHousing is an independent, quasi-public agency created in 1966 and charged with providing financing for affordable housing in Massachusetts. The Agency raises capital by selling bonds and lends the proceeds to low- and moderate-income home buyers and home owners, and to developers who build or preserve affordable and/or mixed-income rental housing. MassHousing does not use taxpayer dollars to sustain its operations, although it administers some publicly funded programs on behalf of the Commonwealth. Since its inception, MassHousing has provided more than \$29 billion for affordable housing. Most recently, in affirming MassHousing’s longstanding commitment to diversity and inclusion, the Agency has, among other things, committed to issuing at least 75% of its bonds under environmental, social, and governance (ESG) designations and increasing its ratio of expenditures to minority and women owned enterprises.

For a detailed overview of MassHousing and its financials, please review the most recent MassHousing Information Statement, dated March 28, 2024 and 2023 Annual Report. Both of these documents as well as others can be found on MassHousing’s website at <https://www.masshousing.com/en/about/investors>.

RFP Schedule of Events

MassHousing has established the following schedule for selection of firms to perform underwriting services:

<u>Event</u>	<u>Date</u>
RFP Issuance	May 31, 2024
Submission of Proposals Deadline	June 28, 2024, 3:00 p.m. (ET)
Completion of Evaluation (estimated)	August 1, 2024

The above schedule is subject to change upon notice from MassHousing. Schedule changes and/or other RFP revisions, including date, time and place changes, if any, will be posted on www.masshousing.com/rfp.

Interviews with selected respondents will be conducted to obtain additional information on the respondent’s ability to provide the required services and how such services will be furnished. To the extent that your firm is selected for an interview, key individuals from the investment banking team and the underwriting desk should be in attendance.

Any questions regarding this RFP or the selection process may only be made in writing to Paul Scola, Senior Director of Finance and Bond Compliance at pscola@masshousing.com. Such inquiries must be made between May 31, 2024 and June 21, 2024. No employee of, nor any other person or party (whether paid or unpaid) acting on behalf, at the direction, or for the benefit of, any firm submitting a proposal may make any inquiries with respect to this RFP to any other MassHousing employee, any Board Member of MassHousing, or any officer of the Commonwealth of Massachusetts or other state agency official until final selections have been determined and publicly announced by MassHousing.

Submission of Proposals Deadline

Searchable, electronic documents in PDF format of the written proposals in response to this RFP should be sent via email to Kathleen Connolly at kconnolly@masshousing.com and must be received no later than 3:00 p.m., Eastern Time, on June 28, 2024. Please type “[Name of your Firm] - Underwriter Services RFP” in the subject line of the email.

Proposals may not be submitted by hard copy or facsimile. Proposals delivered after the response deadline may not be considered.

Award of RFP

MassHousing will award this RFP to the respondent(s) whose proposals are the most beneficial to MassHousing and contribute to the furtherance of its mission and goals. Evaluation and selection will be based primarily upon MassHousing’s determination of service, experience, past performance, qualifications, financial strength, innovation, community investment, quality of the respondent(s)’ affirmative action program and experience as or with minority and/or women owned enterprises, and/or other factors considered relevant by MassHousing.

MassHousing is an equal opportunity employer and encourages responses from entities which are certified as minority and women-owned business enterprises (MBEs and WBEs), veteran-owned business enterprises (VBEs), disability-owned business enterprises (DBEs), and

lesbian/gay/bisexual/transgender-owned business enterprises (LGBTBEs). If your entity is certified as one or more of the above, please include evidence of such certification(s) or the basis for such designation(s).

Further, MassHousing strongly encourages respondent(s) to form joint ventures or cooperative arrangements or otherwise demonstrate their initiative and commitment to the advancement of their own and MassHousing's goals to amplify diversity, equity, and inclusion in achieving their respective missions.

Term

MassHousing expects to utilize the services of the respondent(s) selected pursuant to this RFP for an initial three-to-five-year term commencing at the time of MassHousing Board approval, with the possibility of extension at the discretion of the Agency. It is anticipated that the services will commence on or about August 13, 2024. MassHousing reserves the right to use other underwriting and financial service firms from time to time on a case-by-case basis, including for services that are within the scope of services under this RFP.

Right to Reject Proposals and Negotiate Terms

1. MassHousing reserves the right to reject any and all proposals submitted under this RFP, and to negotiate with any respondent the terms set forth in its proposal prior to commencement of its services. If MassHousing determines that negotiations cannot be concluded successfully with any selected respondent(s), MassHousing reserves the right to withdraw its selection of such respondent(s), and to select and negotiate with one or more of the other respondents, or to issue a new RFP.
2. MassHousing is not required by law to conduct this RFP and reserves the right to cancel or withdraw this RFP at any time and for any reason.
3. The expectations, plans, and requests expressed in this RFP are not to be considered a commitment or contract in any way. The only binding agreement will be bond purchase agreements and similarly enumerated contracts.

News Releases and Publicity

News releases and any other publicity pertaining to this RFP or a respondent's proposal or any part of this RFP or such proposal shall not be made without prior written approval of MassHousing.

Record Keeping and Record Retention

Any respondent selected under this RFP shall establish and maintain adequate records of all out-of-pocket expenditures incurred with respect to services performed. MassHousing shall have the right to audit, review, examine, copy and transcribe any pertinent records or documents relating to any services resulting from the RFP held by the respondent. Such respondent will retain all documents applicable to the services provided for a period of not less than seven (7) years after final payment is made.

Non-Discrimination Against Employees or Applicants for Employment and Affirmative Action Requirements

In connection with the performance of services undertaken by the selected respondent(s), the respondent agrees not to discriminate against any employee or applicant for employment because of age, physical or mental disability or handicap, sex, sexual orientation, gender identity or expression, genetic information, race, color, national origin, ancestry, alien or citizenship status, religion, creed, pregnancy or pregnancy related condition, children, marital status, familial status, veteran status or membership in the armed services, or any other characteristic protected by applicable federal, state or local laws. This provision shall include, but not be limited to: recruitment or recruitment advertising, hiring, placement, selection for training and training, employment, upgrading, promotion, transfer, demotion, layoff or termination, rates of pay, compensation, benefits, employee activities and general treatment during employment. The respondent further agrees to take affirmative action to ensure equal employment opportunities for those applicants of protected groups referred to above as required by applicable federal, state or local laws. The respondent agrees to post in conspicuous places, available for employees and applicants for employment, notices setting forth the provisions of the nondiscrimination clause.

Confidentiality

Each respondent, by electing to respond to this RFP, and each firm electing to review this RFP that does not ultimately elect to submit a proposal hereunder, expressly acknowledges and agrees that MassHousing's business procedures, ideas, inventions, plans, financial data, contents of this RFP, and all other MassHousing Confidential Information (as defined herein) are the sole and exclusive property of MassHousing, are to be held in strict confidence, and shall not be disclosed by such respondent or firm or any of its employees or agents to any third party. Such respondent or firm further agrees to notify MassHousing of any actual or suspected misuse, misappropriation, or unauthorized disclosure by it or its employees or agents of Confidential Information that may come to its attention. Disclosure of Confidential Information does not include (a) the disclosure of information which is known or made known to the public through no act or failure to act on the part of such respondent or firm, (b) the disclosure of information required by law or court order to be disclosed, but only to the extent of such required disclosure and provided MassHousing is first given notice of such required disclosure and an opportunity to contest such required disclosure, and (c) the disclosure of information which has been previously authorized by MassHousing. For purposes hereof, "Confidential Information" shall mean all proprietary information, whether in tangible or intangible form, whether disclosed or obtained by the respondent or firm orally, in writing, in graphic or machine-readable form, and whether or not it is designated as confidential, including but not limited to proprietary processes, source code, technology, computer programs, computer systems, software, designs, inventions, trade secrets, specifications, techniques, data, documentation, manuals, processes, non-public financial information and other business information, third-party information that MassHousing is obligated to keep confidential, oral statements, notes, analysis, compilations, studies, interpretations, or other documents prepared by the respondent or firm or its representative(s) which contain, reflect, or are based upon, in whole or in part, the information furnished to the respondent or firm or its representative(s) by MassHousing and any other information, tangible or intangible, that is disclosed or made available to the respondent as a result of the performance of the services for MassHousing. Confidential Information shall also include, in any and all forms, any nonpublic personal information, consumer reports, or other information pertaining to individuals, protected by MassHousing's information security program or federal or state law. Each such respondent and firm also agrees that it shall use the Confidential Information solely for the purpose of reviewing and, as applicable, responding to this RFP and performing the services hereunder, and will

safeguard such Confidential Information of MassHousing to the same extent it safeguards and is obligated to safeguard its own confidential material or data relating to its own business information that is of a confidential or proprietary nature.

Federal and state laws require that MassHousing maintain an information security program to protect certain personal information related to individuals who are customers, business partners, vendors, or employees of MassHousing. This information includes the following: (i) Personal Information protected by Massachusetts General Law 93H and Code of Massachusetts Regulations, 201 CMR 17; (ii) nonpublic personal information protected by the Safeguards Rule of the Gramm-Leach-Bliley Act (15 U.S.C. § 6801 *et. seq.*) and implementing regulations (16 C.F.R. Part 314); (iii) consumer reports protected under the federal Fair Credit Reporting Act, as amended by the 2004 FACT Act (15 U.S.C. § 1681 *et. seq.*); and (iv) any other information pertaining to individuals subject to data security, data security breach notification, and identity theft prevention laws. If MassHousing grants respondent access to its networks or otherwise allows respondent to view personal information related to individuals who are customers, business partners, vendors, or employees of MassHousing, respondent shall comply with all federal and state laws protecting such information while working at MassHousing's facility, while using MassHousing's protected information, and while connected to MassHousing's network. Respondent acknowledges that it is MassHousing's policy to employ the services of outside investigative agencies to conduct background checks on individuals with access to its networks. In submitting its proposal, respondent acknowledges that it will be required to submit to such background checks of its impacted employees at MassHousing's request. If selected, respondent shall comply with MassHousing's information security program by (1) implementing and maintaining measures designed to meet the information security objectives of federal and state laws; (2) using and disclosing customer information solely for the purposes of performing its work; and (3) providing MassHousing with copies of the results of any internal and external audits or tests of the effectiveness of its information security measures promptly upon MassHousing's request.

Termination of Services

MassHousing reserves the right to suspend or terminate any subsequent services in whole or in part with or without cause.

Waiver of Informalities

MassHousing reserves the right to accept or reject any or all responses to this RFP, waive minor informalities and to accept only the most qualified offer(s) in the sole judgment of MassHousing. The determination of whether an RFP condition is substantive or an informality shall reside solely with MassHousing.

Section 2 – Proposal Requirements

Qualifications

Provide a brief description of your firm, including, but not limited to, the following:

1. Location(s) in Massachusetts, including number of employees.
2. Name, address, and number of staff of the firm's Massachusetts municipal finance office (if applicable).

3. Name, address, phone number and email address of the firm's contact person(s).
4. Indicate whether your firm is proposing to be considered for senior managing underwriter, co-managing underwriter or both.
5. Describe the extent of your firm's participation with other Massachusetts statewide issuers over the last two years.
6. Describe your firm's status as an MBE, WBE, VBE, DBE, or LGBTBE and your experience working in joint arrangements with, or as, an MBE, WBE, VBE, DBE, or LGBTBE. If your entity is certified as one or more of the above, please include evidence of such certification(s) or the basis for such designation(s).
7. Describe your firm's diverse and social impact programs and activities including but not limited to co-senior manager, co-manager or selling group participations. Also state your expected relationships regarding such joint arrangements in the future. This will include directors or associates in your firm who will be working on MassHousing's transactions. Describe the diversity makeup of your executive leadership team. Please provide the breakdown by gender and ethnicity.
8. Discuss your firm's financial capacity to underwrite bonds. Include ratings (if applicable), IDC ratings (if applicable), equity position of the broker-dealer, and other financial resources available to underwrite bonds.
9. Indicate whether or not your firm has any knowledge of any active investigations or criminal proceedings by the Securities and Exchange Commission or any other state or federal agency with regard to your public finance department and municipal trading department members or practices. If so, please provide a brief description of such investigation and the name and phone number of a person whom MassHousing could contact to obtain more information.
10. Identify any insurance claims, administrative proceedings or investigations, criminal investigations or material litigation against your firm or members of your firm in the last ten (10) years, any instances in which your firm has been debarred by state or federal government and the circumstances for the debarment, as well as a summary of any formal complaints filed against your firm or members of your firm containing allegations of discrimination in the last ten (10) years.
11. Describe any facts you are aware of that may result in a conflict of interest with MassHousing if selected.
12. Describe any relationships that you have with other parties, e.g. brokers or financial advisory firms, regarding fee splitting or consulting/soliciting of business.

Housing Finance Agency Experience and Resources

1. List all state housing finance agency bond issues in which your firm served as senior "book running" managing underwriter during the past two years and indicate which, if any, issues were sold with an ESG designation.

2. Discuss your firm's experience in housing bond structuring and issuance.
3. Discuss your firm's Housing Finance Division, including its experience generally and ability to handle both tax-exempt and taxable financings for both single-family and multi-family offerings.
4. Identify the members of your Housing Finance Division who will manage MassHousing's financings on a day-to-day basis. Provide appropriate background information and identify the roles and responsibilities each member will perform in serving MassHousing.
5. Discuss your firm's institutional and retail bond sales capability. Provide examples of the competitive strengths that you would ascribe to your bond sales area. Discuss the difference in your firm's efforts and success selling bonds to individual (not professional) retail investors if the role of your firm is book-running senior manager, co-senior manager, or co-manager.
6. List how many bonds were taken into inventory as part of the primary market offering from the beginning of calendar year 2023 to the present date when the firm served as senior "book running" managing underwriter. List the housing finance agency, series, amount, and type of bond (i.e., serial, term, etc.).
7. Provide a listing of your state housing finance agency clients, noting whether you provide senior managing underwriter or co-managing underwriter services.
8. If your firm is currently a senior manager, co-manager, or member of the Agency's selling group, please describe specific contributions your firm has made to the team since its appointment. If your firm is not currently a member of the Agency's team, please describe specific contributions your firm has made during the past year for another housing revenue-bond issuer.
9. Provide three state housing finance agency references that may be contacted during this RFP process.

Recommendations

1. Detail your firm's experience in structuring bonds that achieve the lowest cost of funds, the lowest cost of issuance, the least negative arbitrage and the maximum bond yield to mortgage rate spread.
2. Discuss the future role, if any, of variable rate bonds to limit costs and enhance the ability of MassHousing to manage its portfolio, including the role of derivative obligations as financial tools. Discuss your firm's ability, experience, and limitations with respect to serving housing finance agencies in the role of remarketing agent, liquidity provider, and swap provider. Discuss your firm's ability and willingness to provide these services to MassHousing and the related fees your firm would propose. Include in your discussion your firm's experience with various forms of variable rate debt and the advantages and disadvantages of each type. Discuss your firm's ability and willingness to provide other forms of credit to MassHousing (e.g., an unenhanced line of credit) and the related fees you would propose.

3. Discuss how your firm could be helpful to MassHousing as it seeks to develop new programs for single-family and multi-family housing. Discuss any specific recommendations that you would propose for MassHousing to consider.
4. Describe your firm's strategies, programs and activities that highlight its commitment to diversity and inclusiveness. Indicate any third parties that you have engaged in your firm's programs or transactions and discuss the firm's future plans in this context. Discuss how those efforts have impacted the work your firm has done for HFAs.
5. Discuss the outlook for housing bonds, including, but not limited to, taxable, tax-exempt, PACs, premium bonds and pass-through structures, and the impact of issue size for each structure. Describe structures you would recommend MassHousing utilize given your views of the current market and in particular the limited availability of volume cap.
6. How would your firm describe the "perfect" pricing in terms of subscription levels, mix between institutional, professional retail and individual retail orders and the amount of bonds that are underwritten, including the level of adjustments, if any, to the scale.
7. Describe your firm's approach to premarketing and establishing the initial pricing wire. Discuss the factors that are involved in determining whether a transaction should initially be brought to market with a conservative scale versus an aggressive scale. Discuss your thoughts on presenting a scale based on your firm's view of the market versus premarketing to investors to determine the initial scale.
8. Discuss any strategies you might have to expand MassHousing's retail sales and institutional distribution. Include specific recommendations to enhance investor interest in MassHousing.
9. Propose the syndicate procedures for the retail and institutional order periods, including order priorities and designation rules, that would be optimal for MassHousing's bond sales. Discuss your views on whether professional retail should be a separate priority from individual retail and whether or not professional retail should be subject to designation rules.
10. Propose and justify how many senior and co-manager firms would be appropriate for MassHousing's syndicate, and the types of firms that should be included. Discuss your thoughts on the practice of elevating one or more selling group members to co-manager positions and moving an equivalent number of co-managers to the selling group based on retail sale performance by each firm during the issuer's prior bond sale.
11. Describe your firm's procedure for establishing takedowns for housing finance agency bond issues and, under current market conditions, what takedowns your firm would propose for MassHousing's bonds, broken down by maturity and type of security (taxable/tax-exempt, fixed rate, variable rate, PACs, notes/COBs, private placements, premium serials without housing calls, pass-throughs, and any other structure you think is relevant to MassHousing). Discuss the management fee your firm would propose, if any, and how it should be split among the managers.
12. MassHousing has sold ESG Bonds and will be doing so in the future. Please discuss the benefits and considerations you believe would be important as we continue this practice. Also discuss your tracking capabilities for such types of bonds.

Technology Resources

1. Describe your firm's technology capabilities, including a description of your computer software. Indicate whether you rely upon external sources for cash flow analyses for rating agency presentations. Describe the type of computer cash flow system you utilize.
2. MassHousing utilizes the services of cfX Incorporated, as its quantitative consultant. Describe any efficiencies and cost reductions you could incorporate because of our relationship with cfX.

Community Investment

1. Describe any affordable housing resources your firm has allocated to Massachusetts since 2022 to the present date.
2. Please include with the RFP submission your firm's performance evaluation under the Community Reinvestment Act in Massachusetts (if applicable).

Section 3 – Preparing and Submitting the Proposal

Proposal Organization and Format

Proposals will be in word-searchable PDF format and bookmarked in the exact form and sequence as described in this RFP. Additional information, if provided, should be added at the end of the proposal under its own bookmark(s).

Your submission must be limited to 20 pages (excluding exhibits). The proposal format must be with one-inch margins and 12-point font (Times New Roman). A brief (2 page) executive letter should accompany each proposal. The executive letter does not count against the 20-page proposal limit.

Specifically indicate in your executive letter and in the cover page of the proposal whether your firm is proposing to be considered for senior managing underwriter, co-managing underwriter or both.

This RFP is designed to elicit all information considered essential to evaluating each proposal. There is no intent to limit the content of the proposals. Respondents may include such additional information as may be appropriate, or offer alternate solutions, but should not exclude any information requested in this RFP.

Submitting the Proposal

1. Submit one searchable, electronic document in a word-searchable PDF format via email to Kathleen Connolly at kconnolly@masshousing.com. The electronic copy will qualify as the official submission; only proposals submitted by the date and time specified will be considered. Proposals may not be submitted by hard copy or facsimile.
2. Please type “[Name of your Firm] - Underwriter Services RFP” in the subject line of the email.
3. By submitting a proposal, respondents accept in all respects the conditions of this RFP, including that all proposals will become the property of MassHousing and will not be returned.
4. Late proposal submittals may not be reviewed or evaluated.
5. All material submitted becomes the property of MassHousing and will not be returned. If the respondent intends to submit confidential or proprietary information as part of the proposal, any limits on the use or distribution of that material should be clearly delineated in writing. Respondents should be aware that MassHousing is a quasi-public governmental agency subject to Massachusetts General Laws, Chapter 66, sections 1-18; therefore, any information submitted to MassHousing (even if marked as confidential or proprietary) may be subject to disclosure under the Massachusetts Public Records Law. MassHousing reserves the unrestricted right to copy and disseminate the respondent bids for internal review.
6. MassHousing is soliciting competitive proposals pursuant to a determination that such a process best serves the interests of MassHousing and not because of any legal requirement to do so. MassHousing accordingly reserves the right to accept any proposal; to withdraw or cancel this RFP; to modify or amend, with the consent of the applicable respondent, any proposal prior to acceptance; to reject any or all proposals or waive any informality and otherwise to effect any agreement that MassHousing in its sole judgment, deems to be in its best interest.
7. All respondent proposal related costs, including but not limited to, proposal preparation and presentation, system demonstrations, documentation, site visits, in-depth briefing for MassHousing, and negotiation meetings are entirely the responsibility of the respondent and shall not be chargeable in any manner to MassHousing. MassHousing will bear the costs of sending its own staff to respondent headquarters and respondent client sites if such meetings are required.