



TO: Interested Parties
RE: **REQUEST FOR PROPOSAL FOR FINANCIAL ADVISOR**
DATE: February 1, 2010

STATEMENT OF PURPOSE

The Washington County Housing and Redevelopment Authority (the "Authority"), is inviting proposals for the purpose of selecting a firm to serve as financial advisor to the Authority. The financial advisor will assist the Authority in the analysis, structure and issuance of its debt and the financial advisor will also assist the Authority with the financial evaluation and underwriting of a variety of housing and community development projects, either in a redevelopment project or as new construction.

SCHEDULE OF EVENTS

The following schedule of events includes benchmark dates toward selection of a financial advisor. The Authority retains the right to modify the schedule below with regard to the necessity of interviews or the date of Authority approval.

SPECIFIC CHRONOLOGY

TIMING

Send out Request for Proposals	February 1, 2010
Deadline for proposals	February 19, 2010 at 4:30 p.m.
Select finalists for interviews	February 23, 2010
Interviews	February 24 – March 9, 2010
Recommendation to Authority Board of Commissioners, with prepared contract	March 16, 2010

GENERAL INFORMATION

The Authority

The Authority is a public body, corporate and politic, of the State of Minnesota created in 1980 by the Washington County Board of Commissioners. The offices of the Authority are located at 321 Broadway Avenue in St. Paul Park, Minnesota. The Authority currently has 13 full-time and 2 part-time employees.

fax 651.458.1696 | tel. 651.458.0936 | www.wchra.com | 321 Broadway Avenue | St. Paul Park, MN 55071

The Authority owns and manages several affordable housing projects totaling 920 units. See Attachment A for a description of the Authority portfolio and the name of the bond issues. Please visit the Authority website at www.wchra.com/auditedfinancial.php for the Authority's financial statements.

Board of Commissioners

The Board of Commissioners of Washington County, under State Law, appoints a board consisting of seven persons as the commissioners of the Authority (the "Commissioners"). The Commissioners are appointed to two, three year terms. The Commissioners meet in regular session once each month and in special meetings upon due notice.

County Appropriations and the Special Benefit Tax Levy

A portion of the Authority's annual budget has historically been financed by appropriations from the County through the "Special Benefit Levy". Under State Law, with approval of the County, the Authority is authorized to levy an ad valorem tax based on the formula in state statute of all taxable real and personal property in the County. In 2010 the Authority was allocated \$3,332,236, about \$2 million below the amount permitted by law. The County Board has notified the Authority that it will allocate the Special Benefit Levy commensurate with the growth of the County's budget in addition to the particular needs of the Authority for the upcoming budget year. The resulting amount may be less than the amount defined in State Statute. Histories of previous year allocations are contained in the audited financial statements.

Currently, \$978,000 of the annual Special Benefit Tax is pledged to secure certain outstanding bonds of the Authority. There are however, special provisions of two other bond issues relating to appropriation of the levy.

Powers

Minnesota Statutes were amended in 1974 to authorize the creation of the Authority upon approval by the Washington County Board. The County Board subsequently adopted a resolution declaring a need for a housing and redevelopment authority in 1980. The Authority is officially organized as of January, 1981. Since that time, the Authority has engaged in several programs aimed at preserving, creating, and promoting affordable housing and to assist jurisdictions within the county to accomplish their community development objectives. In general, the Authority administers a wide variety of programs utilizing a variety of funding sources, including but not limited to, the issuance of multifamily housing revenue bonds, allocation of low income housing tax credits, rental assistance programs, owning and managing an affordable housing portfolio, and providing home buyer education and foreclosure prevention programs.

Recently, state law was changed to permit a housing authority to act as a general partner in a single asset entity in order to take advantage of the Low Income Housing Tax Credit Program. The Authority has named itself as a Limited Liability Company and is duly registered with the State (the WCHRA, LLC). The Authority is currently evaluating a 4% low income tax credit project in Forest Lake, known as TrailSide Senior Living.

SCOPE OF SERVICES

The Financial Advisor will assist the Authority in collaboration with its bond underwriter and legal advisor to perform a variety of services, including but not limited to:

A. Debt Issue Development:

The Financial Advisor will be responsible for assisting and developing the issuance of all competitive and negotiated bond transactions. This will include (1) Planning and Development; (2) Marketing; (3) Bond Sales; (4) Bond Closing; (5) Work Products.

1. Planning & Development

- a) Assist on aspects of tax exemption and arbitrage in cooperation with Bond Counsel and the Authority Attorney.
- b) Review feasibility studies in cooperation with the Authority, its officials, accounting staff, administrative staff, attorneys, and bond counsel, as requested.
- c) Analyze alternatives for structuring the proposed financing and establishing the terms of sale to strengthen marketability.
- d) Recommend the best method of sale, competitive or negotiated, considering current economic and market conditions and the character of the financing.
- e) Consult in obtaining the most favorable rating possible by directing the preparation of the appropriate information in meetings with the rating agencies as requested.
- f) Act as a liaison with Bond Counsel and coordinate the work of other professionals providing similar services.
- g) Prepare presentations for the Authority in relation to bond issuance, refinancing, restructuring, defeasance, and long-term debt planning.

2. Marketing

The Financial Advisor will assist the Authority in marketing bond issues. Such services will include:

- a) Advise on the appropriate terms and conditions of the sale, such as maturity schedule and other requirements including discount, par, premium, net interest cost, and true interest rate. The Financial Advisor will consult with the Authority and Bond Counsel concerning features such as parity provisions, reserve requirements, sinking fund payments and redemption provisions and assist the Authority in preparation of call provisions and notices.
- b) Advise on the timing of the sale, taking into consideration such factors as changing economic conditions, current and projected market trends and convenience to the Authority.
- c) Prepare the Authority's official statement in coordination with the Authority, Bond Counsel, and bond underwriter, if applicable. Advise the Authority on full disclosure requirements and conformance to suggested guidelines. Coordinate review and revise the official

statement with the Authority/Bond Counsel, and the Underwriter. The official statement shall be subject to final review by the Authority and Bond Counsel.

- d) Assist in publicizing the bond sale with an official statement, notice of sale, bid forms and other such means necessary and advisable to develop regional public and institutional interest.
- e) Advertising the bond sale in prominent financial publications as may be appropriate to the sale. In addition, to coordinate local publication requirements with Bond Counsel.
- f) Advise on the most appropriate formats for bidding electronic, fax, telephone, etc.

3. Bond Sale

The Financial Advisor will assist the Authority with the actual sale of the bonds.

- a) For competitive sales, the Financial Advisor will:
 - i) assist the Authority in conducting the sale, take bids and tabulate results; and
 - ii) analyze sale results and make a recommendation on the award of the sale.
- b) For negotiated sales, the Financial Advisor will:
 - i) assist with the development of a Request for Proposal for underwriting services where appropriate;
 - ii) assist in the evaluation of proposals for selection of an underwriter;
 - iii) participate in negotiating the structure and terms of sale on the issues;
 - iv) participate as necessary in any pre-marketing activities;
 - v) prepare market analysis and assist the county in negotiating the pricing of the issue;
 - vi) evaluate flow of orders and determine final pricing and terms of the sale;
 - vii) make recommendations on the result of the pricing and final issue structure and execution of the bond purchase agreement; and
 - viii) evaluate underwriter performance.

4. Bond Closing & Legal Filings

The Financial Advisor will assist the Authority in directing, coordinating and supervising bond closing transactions. Such services will include:

- a) Coordinate the compilation of transcript material.
- b) Verify all bond pricing and oversee registration procedures.
- c) Solicit bids for investment of funds if necessary.
- d) Perform all legal filings as deemed necessary such as: the Depository Trust Company of New York, Bond Registrar, etc.

5. **Work Product**

The Financial Advisor will be expected to provide the following work products for each debt offering unless specific arrangements are made for one or more of these products to be supplied by others:

- a) Presale analysis and recommendations
- b) Official Statement
- c) Day-of-sale products
- d) Post sale analysis
- e) Closing documents
- f) Such other studies, including analysis of funding alternatives, cash flow projections, and materials necessary for financial planning and establishing the purpose of the bond sale.

B. Arbitrage Rebate Management, Continuing Disclosure & Investment Program

The Financial Advisor will assist the Authority in the development of arbitrage/rebate management, continuing disclosure and investment program activities. These services will include, but are not limited to:

- a) advise on arbitrage and/or rebate provisions;
- b) monitor funds subject to arbitrage restrictions;
- c) compile an Annual Report that meets continuing disclosure requirements;
- d) monitor through periodic requests for information significant events, such as delinquencies or defaults, that must be disclosed;
- e) assist with the dissemination of Annual Reports and other required data to information repositories;
- f) perform cash flow projections based on construction draw schedules and/or fund activities; and
- g) solicit bids for investment of idle funds.

C. Pre-development Risk, Underwriting, And Financial Analysis

The Financial Advisor will assist the Authority with the evaluation of potential development and redevelopment projects that may involve the construction of affordable housing developments and/or the construction of facilities that are vital to the sponsoring community's interests. These services will include, but are not limited to:

1. Review and evaluate development proposals to determine eligibility for a variety of public financial tools, including but not limited to tax increment financing, taxable or tax exempt bond financing, tax abatement, and low income housing tax credits.
2. Structure debt instruments for tax increment financing districts and/or tax abatement.
3. Perform cash flow analysis for various development scenarios;
4. Develop public approval schedules.

5. Perform internal rate of return analysis, but-for test analysis, and other means to determine appropriate level of public subsidy in private development.
6. Complete underwriting analysis of multifamily housing developments for feasibility.

PROPOSALS

Please construct your proposal with responses in the same order as listed below to facilitate review and comparison. The proposal must contain a written narrative addressing the following:

- A. Description of general qualifications of the firm, areas of expertise, with special emphasis on Minnesota projects/activities.
- B. For each of the three service categories outlined in the Scope of Service, identify the person(s) who will be the primary contact to work with the Authority. List the qualifications and experience of the person(s). If more than one person is to be assigned, identify the person who will have senior-level responsibility or manage the engagement, and the approximate time commitment (as a percentage) of each person. Identify the person who will back-up the manager should he/she become unavailable for any reason. Include resumes.
- C. Describe the firm's experience with each service category outlined in the Scope of Service, highlighting two specific examples, and if possible, identify jurisdictions similar to Washington County. For Category C, provide specific examples that involve tax credit projects.
- D. Include names, addresses and phone numbers of contact persons at three public agencies.
- E. Indicate your fee structure for performing each of the categories described in the Scope of Services; further information on this section is provided below.

In order to be considered valid, the proposal shall be in writing, submitted on time, and be signed by an officer of the company who can be held accountable for all representations.

FEES

The Authority is interested in selecting that firm which provides the optimal service quality in the highest professional manner that also meets the Authority's concern with cost.

The Authority will make payment to the Financial Advisor for services provided for bond issuance only after the bond proceeds have been received. The Authority will make payment for continuing disclosure services and arbitrage rebate compliance services upon receipt of itemized invoices as requested, but not more often than once per month.

TERMS AND CONDITIONS

The terms and conditions of the proposal process are as follows:

- A. The Authority reserves the right to reject any or all proposals or to award the contract to the next most qualified consultant if the successful consultant does not execute a contract within thirty (30) days after the award of the proposal.
- B. The Authority is not responsible for costs incurred by anyone responding to the Request for Proposals.
- C. Upon submission, all proposals become the property of the Authority which retains the right to use any concept or idea presented in any proposal submitted, whether or not that proposal is accepted.
- D. The Authority expressly reserves the right to amend or withdraw this Request for Proposals at any time and to reject any or all proposals.
- E. The Authority is not bound to accept the lowest cost proposal. Proposers are held legally responsible for their proposals and proposal budgets.
- F. Proposers are not to collude with other proposers and competitors or take any other action which will restrict competition. Evidence of such activity will result in rejection of the proposal.
- G. The Authority reserves the right to negotiate contract terms contemporaneously and/or subsequently with any number of proposers as the Authority deems to be in its best interests.
- H. The Authority reserves the right to request any additional information at any stage of the request for Proposals process. Compliance shall be at proposer's expense.
- I. The Authority reserves the right to request clarification of the information submitted and to request additional information of one or more applicants.
- J. Any proposal may be withdrawn up until the date and time set above for the opening of proposals. Any proposals not so withdrawn shall constitute an irrevocable offer, for a period of 90 days, to sell to the Authority the services set forth above, or until one or more of the proposals have been approved by the Authority.
- K. Any agreement or contract resulting from the acceptance of a proposal shall be on forms either supplied by or approved by the Authority and shall contain, as a minimum, applicable provisions of the Request For Proposal. The Authority reserves the right to reject any agreement that does not conform to the Request For Proposal and any Authority requirements for agreements and contracts.
- L. The firm shall not subcontract or assign any interest in the contract and shall not transfer any interest in the same without prior written consent of the Authority.
- M. No reports, information, or data given to or prepared by the firm under the contract shall be made available to any individual or organization by the firm without the prior written approval of the Authority.
- N. The consultant will be required to have in force professional liability insurance of at least \$500,000.
- O. If, through any cause, the firm shall fail to fulfill in a timely and proper manner the obligations agreed to, the Authority shall have the right to terminate its contract by specifying the date of termination in a written notice to the firms at least thirty (30) working days before the termination date. In this event, the firm shall be entitled to just and equitable compensation for any satisfactory work completed.

QUESTIONS

Proposers may submit questions via email or telephone to the Executive Director. The Authority staff will respond to the questions and will maintain a written record of the responses, which is available upon request.

INTERVIEWS

Firms may be selected for interviews. The individuals who will be assigned to the project will be expected to participate in the interview.

SUBMISSION REQUIREMENTS

The firm may submit one electronic copy or one hard copy (with no binders or staples) of its proposal to the Authority Executive Director no later than 4:30 P.M., February 19, 2010.

Ms. Barbara Dacy, Executive Director
Washington County Housing and
Redevelopment Authority
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St. Paul Park, Minnesota 55071
Phone: 651-458-6556
Fax: 651-458-1696
Email: bdacy@wchra.com

EVALUATION OF PROPOSALS

The Authority will evaluate the proposals based on the following criteria; however, the Authority reserves the right to make a selection based upon other factors that may arise during the result of the review process, interviews, reference checks, or other circumstances unknown to the Authority at this time.

1. Clarity of proposal and level of understanding of the Scope of Services.
2. Rate and fee structure.
3. General qualifications and previous experience of the firm relating to the Scope of Services and programs, projects and activities carried out by the Authority.
4. Expertise of staff to be assigned to the Authority.
5. Experience related to tax-exempt financing, conduit bonds, and other debt related instruments.
6. Depth of experience in underwriting and structuring tax credit projects.
7. Demonstrated creativity with public and private financing approaches for new development or redevelopment programs.
8. Outcome of reference checks.

EXHIBIT A

Property Portfolio Background

The Washington County Housing and Redevelopment Authority (the "HRA" or the "Authority") owns approximately 70 residential properties, totaling 920 dwelling units. The properties consist of thirteen multifamily senior and family developments, and 59 scattered site single family residential properties (three transitional housing units and 56 Metropolitan Housing Opportunities Program (MHOP) units).

The mission of the Authority is "through innovation, the Washington County HRA promotes community and economic development, and provides and maintains affordable, decent and safe housing opportunities in Washington County." The HRA is governed by a seven member Board appointed by the Washington County Board of Commissioners. The Executive Director of the HRA reports to the HRA Board and is ultimately responsible for the oversight and management of all the HRA's programs. In addition to operating affordable residential communities, the HRA provides homeownership programs including homebuyer education, foreclosure prevention counseling, and loan programs through Minnesota Housing and/or other local issuers, administers tax increment financing districts, the low income housing tax credit program, and a locally funded gap financing program, administers several different rental assistance programs, and assists cities and townships in the County with their community development projects.

Senior Housing. The portfolio contains 211 senior affordable units, and a 96-unit project based Section 8 development for seniors. All of these developments are financed by tax exempt bonds and are subject to income restrictions based on the bond issue, either a maximum of 80% of area median income or 110% of area median income. One senior development, Raymie Johnson Estates, receives an annual operating subsidy from the federal government, through the Minnesota Housing Finance Agency (MHFA). The rents at this development are also subject to the restrictions imposed by the MHFA and HUD. Raymie Johnson also has a 24-unit family townhome development under the same occupancy requirements.

Family Housing. The portfolio also contains about 554 units of affordable family housing. Briar Pond and Woodland Park are the largest of the portfolio at 180 units each, both townhome units and apartments. Briar Pond is financed with an FHA mortgage, but household income cannot exceed 110% of area median income, and 20% of the units must be leased to households below 80% of area median income (bond documents also prevent any type of "incentive fee" to the contract manager). Woodland Park is supported by a general obligation bond, and all households must have incomes below 80% of area median income. Parkside Apartments is financed with a variety of affordable financing tools, including a grant from the Federal Home Loan Bank Board to lease to households below 50% area median income. Park Place Apartments is financed with a tax exempt bond and is subject to a maximum income of 110% of area median income, but 20% of the units must be leased to persons below 80% of area median income.

Public Housing Units/Hollman Consent Decree. The Authority entered into a contract with the Department of Housing and Urban Development to oversee 65 units of "Public Housing" in 1999, under the terms of the Metropolitan Housing Opportunities Program (MHOP) as a result of the Hollman Consent Decree. The Authority owns and manages 56 units and there are 9 units

that are owned by a private owner. Of the Authority owned units, 11 units are single family detached properties, and the remaining 45 are townhome properties. The rents for these units are subsidized by funds from HUD. The Authority receives an annual operating subsidy and a capital fund allocation from the federal government.

Transitional Housing. The Authority financed the acquisition of these units with funding from the Minnesota Housing Finance Agency through its Publicly Owned Transitional Housing program. The Authority has a lease agreement with Human Services Inc. to provide transitional housing services for persons with a mental illness. All of these units are located in the City of Oakdale. Human Services Inc. sub leases the units to their program participants, but tenant selection must comply with the Authority's policies.

TITLES OF BOND ISSUES FOR AUTHORITY PROPERTIES

Annual Appropriation Limited Tax and Gross Revenue Refunding Bonds, Series 2002A
\$3,035,000 (Ann Bodlovick)

Annual Appropriation Limited Tax and Gross Revenue Refunding Bonds, Series 2002B
\$9,875,000 (2002 Pooled)

Governmental Housing Revenue Refunding Bonds (Washington County General Obligation-
Landfall Terrace Project) Series 1997 - \$7,200,000

Governmental Housing Revenue Refunding Bonds (Washington County General Obligation-
Woodland Park Apartments Project) Series 2002 - \$17,225,000

Governmental Housing Revenue Refunding Bonds (GNMA Collateralized Mortgage Loan –
Briar Pond Apartments Project) Series 1999A - \$10,300,000

Subordinate Governmental Housing Revenue Refunding Bonds (Briar Pond Apartments Project)
Series 1999B - \$905,000

Surplus Cash Governmental Housing Revenue Refunding Bonds (Briar Pond Apartments
Project) Series 1999C - \$1,020,000

Governmental Housing Revenue Refunding Bonds (Washington County General Obligation-
Pooled Refunding Project) Series 2003 - \$9,760,000