

Missouri Housing Development Commission

REQUEST FOR PROPOSALS FOR TRUSTEE SERVICES



RESPONSE DEADLINE:

Five (5) hard copies and one (1) electronic copy by email
Due by Tuesday, January 27, 2015 by 3:00 p.m. Central time

SUBMIT RESONSES TO:

Marilyn Lappin, Director of Finance
Missouri Housing Development Commission
920 Main, Suite 1400
Kansas City, Missouri 64105
email: mlappin@mhdc.com

REQUEST FOR PROPOSALS FOR TRUSTEE SERVICES

I. INTRODUCTION

The Missouri Housing Development Commission (“MHDC” or the “Commission”) is a governmental instrumentality of the state of Missouri and a body corporate and politic. In 1969, the 75th General Assembly of Missouri, in the face of a general housing shortage severely affecting low and moderate income persons, established the Commission in order to increase the availability of decent, safe and sanitary housing at prices within the means of low and moderate income persons. The Commission’s authority is derived from Chapter 215 of the Revised Statutes of Missouri, as amended and supplemented. Chapter 215 provides general information about the Commission and is available on-line at www.moga.mo.gov/statutes/c215.htm. Further information about the Commission and its programs is available on the Commission’s website at www.mhdc.com. A core mission of the Commission is to provide affordable homeownership opportunities for low- to moderate-income homebuyers. The Commission originates and finances approximately \$125 to \$200 million of single family loans annually.

MHDC is preparing to issue and sell single family mortgage revenue bonds under a new parity master indenture during 2015 (“2015 Indenture”). The single family bonds could be structured either as traditional mortgage revenue bonds (MRBs) issued with serial, term, supersinker, and/or planned amortization class bonds, pass through structures, or may be similar to collateralized mortgage obligations (CMOs). The single family bonds may be secured by mortgage-backed securities (FNMA’s, FHLMC’s and GNMA’s), and/or by whole loans. The bonds issued under the 2015 Indenture are anticipated to be rated in one of the two highest rating categories. The bonds may include tax-exempt and/or taxable bonds. Debt service will generally be paid monthly or semi-annually. Redemptions may occur on non-debt service dates.

Sample Official Statements for recent mortgage revenue bonds issued can be found on the Municipal Securities Rulemaking Board Electronic Municipal Market Access (“EMMA”) website using the following CUSIPs: 60637BCR9 and 60637BCS7. While these bonds were issued in accordance with the Indenture of Trust dated December 1, 2009, similar bond series issues are expected for the 2015 Indenture. The provisions of the 2015 Indenture are expected to generally be similar to the provisions of the 2009 Indenture described in those official statements.

Purpose of Request for Proposals for Trustee Services (RFP)

The Missouri Housing Development Commission is seeking proposals from qualified financial institutions to furnish professional services as corporate trustee and paying agent for MHDC’s bond issuances for its 2015 Indenture.

Term of Service

It is expected that the institution selected pursuant to this Request for Proposals will serve as trustee beginning with the all series of bonds issued for the 2015 Indenture (unless replaced). MHDC reserves the right, at its sole discretion, to terminate the agreement with any institution selected pursuant to this RFP. MHDC anticipates issuing multiple series of bonds

under the 2015 Indenture but can provide no assurance as to the number of issues or timing of issuances under the 2015 Indenture.

II. ELIGIBILITY REQUIREMENTS

Only those institutions who meet the following minimum criteria are eligible to serve as Trustee for the Commission:

1. Be a corporation that is subject to federal supervision and audited by independent public accountants on an annual basis; and
2. Have equity capital and surplus of at least \$250 million; and
3. Have experience as trustee of state housing single family bond issues.

III. GUIDELINES AND INSTRUCTIONS

Anticipated Timetable for RFP and Proposals

Release RFP	December 16, 2014
Proposals Due	January 27, 2015
Evaluation Committee Recommendation	February 20, 2015
Selection by Commissioners	February 27, 2015

Proposal Due Date: Tuesday, January 27, 2015 by 3:00 p.m. Central time

Form of Response

The Commission desires to consider responses to this RFP in a consistent and easily-comparable format. Proposals not organized in the manner set forth in this RFP may be considered, at the Commission's sole discretion, as unresponsive. Respondents should not refer to other parts of their proposal, to information that may be publicly available elsewhere, or to the submitting entity's website or another website in lieu of answering a specific question. The proposal must be accompanied by a cover letter stating that: (a) the information submitted in and with the proposal is true and accurate, and (b) the person signing the letter is authorized to submit the proposal on behalf of the institution.

Interested qualified institutions are invited to submit proposals that contain information submitted in the order of Section V below.

Proposal Submission

Completed proposals must be submitted to the Commission electronically and in hard copy. **Prospective bidders shall transmit completed proposals to the Commission by email to mlappin@mhdc.com in PDF file format along with the spreadsheet listing in Excel file format of the bidding institution's owners pursuant to Section V.B.2. The "Subject" line of the email should state, "2015 Trustee Proposal."**

Five (5) printed copies of the institution's proposal — *marked as, "Response to Request for Proposal for Trustee"* – must also be submitted by the Proposal Due Date to:

Ms. Marilyn Lappin
Director of Finance
Missouri Housing Development Commission
920 Main, Suite 1400
Kansas City, MO 64105

Completed responses to the RFP must be received by the Commission no later than **3:00 p.m. Central Time on Tuesday, January 27, 2015**. Proposals must be received by the bid submission deadline. Proposers are responsible for ensuring actual receipt of the proposal by the Commission by the time designated above.

Standards of Conduct

This RFP is considered a "Competitive Matter" as that term is defined in the Commission's "Standards of Conduct" Policy (the "Standards of Conduct"). Further, every Respondent, including, but not limited to, their respective principals, key employees and agents acting on their behalf are considered "Interested Parties" (as defined in the Standards of Conduct). As a result, every Respondent (including, but not limited to, its principals, key employees and agents) under this RFP is obligated to abide by the rules and restrictions imposed by the Standards of Conduct, including the rules governing contact with Commissioners and MHDC employees. The failure of any Respondent to abide by the rules and restrictions established by the Standards of Conduct may result in the disqualification of that Respondent's proposal. Therefore, Respondents are strongly encouraged to review and familiarize themselves with the Standards of Conduct. The Standards of Conduct is available on MHDC's website at www.mhdc.com/about/commission/policies/standards_of_conduct.htm.

Furthermore, pursuant to the Standards of Conduct, any response under this RFP shall disclose the name of the individual, entity and/or entities having ownership interests in the Respondent. All entities identified in this disclosure shall be reduced to their human being level irrespective of the number of entity layers which may be present for any disclosed entity. Notwithstanding the previous sentence, to the extent any Respondent under this RFP is a publicly traded corporation, such a Respondent may limit this disclosure to all board members, officers (and other key employees) and any shareholders owning or controlling ten percent (10%) or more of the corporation. Questions regarding this requirement or any other requirements or restrictions imposed by the Standards of Conduct may be directed to the Commission's General Counsel, Weylin Watson, by phone at 816-759-6624 or email at wwatson@mhdc.com.

Inquiries

The Commission will provide responses to inquiries submitted by institutions to the Commission's contact person, Marilyn Lappin. All questions must be submitted in writing via email to Ms. Lappin at mlappin@mhdc.com and received no later than Wednesday, January 7, 2015, 3:00 p.m. CT. The "Subject" line of the email should be, "RFP for Trustee Questions." Questions submitted after the deadline will not receive a response. Responses will be provided by January 13, 2015, 5:00 p.m. CT to all interested

bidders that have provided an email address to Ms. Lappin prior to the above deadline for the submission of questions.

For inquiries regarding this RFP or to contact the Commission, please contact:

Ms. Marilyn Lappin
mlappin@mhdc.com

All inquiries must be submitted by email, citing the particular proposal section and paragraph number. Respondents should note that all clarifications and exceptions are to be resolved prior to submission of the proposal. A list of all substantive inquiries received with relevant responses will be provided to interested bidders.

Other than the contact person identified herein and except as provided in Section V.B.2 below, prospective proposers shall not approach the Commission's employees, managers or board members after the publication of this RFP and before the announcement of a selection about any matters related to the RFP or any proposal submitted pursuant thereto.

Public Records

Respondents should be aware that the proposals are public records, in accordance with state law, after the evaluation and selection process is completed.

Modifications to Proposals

Respondents may not modify or correct its proposal any time after the Proposal Due Date, except in direct response to a request from the Commission for clarification.

Revisions to this RFP

In the event that it becomes necessary to revise any part of the RFP, MHDC will provide an addendum to each institution receiving this RFP. Any additional information required to clarify portions of this RFP will be issued in the form of an addendum.

Expenses Relating to Proposals

All costs directly or indirectly related to the preparation of a response to this RFP shall be the sole responsibility of and shall be borne by the Respondent. MHDC shall not be liable for any expenses incurred by Respondents in replying to this Request.

Visits and Interviews

Respondents must be prepared to schedule a visit to its offices or to another location upon request by the Commission. In addition, Respondents may be interviewed by the Commission as a part of the selection process.

Reservation of Rights

The Commission reserves the right to conduct any investigation of the qualifications of any Respondent that it deems appropriate; negotiate modifications to any of the items proposed in the proposal; request additional information from any institution; reject any or all proposals; and waive any irregularities in any proposal. **The Commission retains the right to negotiate the fees and compensation arrangements for its trustee and paying agent services.** At the Commission's sole discretion, the selection of a proposal by the Commission may be cancelled at any time prior to the complete execution of a contract or

agreement. If the Commission cancels its selection of a proposal, the Commission may reissue this or a similar RFP and seek additional or revised proposals.

MHDC reserves the right to use alternative indentures or other financing approaches, such as the sale of mortgage-backed securities, to finance its single family homeownership program loans. MHDC reserves the right to use other trustees or financial firms and institutions for these purposes.

IV. SCOPE OF SERVICES

The trustee selected will be responsible for providing the following services:

1. Account for required flows of funds, investments and yield tracking as required by the applicable trust indenture;
2. Be available to attend board of Commissioner and other meetings of MHDC, bond closings, and to execute bonds;
3. Transact all receipts and disbursements under the 2015 Indenture as directed by MHDC, including ACH and other electronic funds transfers, wire transfers and checks;
4. Reconcile and confirm cash balances, investments, and bonds outstanding;
5. Prepare and confirm bond redemption calculations and monitor key dates and reporting requirements;
6. Furnish current market information relating to MHDC's assets in trust;
7. Provide redemption notices and other notices and post to the Electronic Municipal Market Access ("EMMA") as required under the Securities and Exchange Commission ("SEC") secondary market disclosure rules;
8. Provide all trust transaction information in electronic format. Train MHDC staff on utilization of all electronic transaction and/or reporting systems;
9. Provide monthly trust statements in electronic format;
10. Perform paying agent functions including disbursement of funds and payment of all bond interest and principal payments to The Depository Trust Company (DTC), any other successor depository or to bondholders in the event the services provided by DTC are discontinued for any reason;
11. Furnish trust transaction and balance information in electronic format to financial advisors, bond underwriters, rebate analysts and independent auditors as directed by MHDC;
12. Furnish annual audited financial statements and annual Service Organization Control (SOC 1) Report, or equivalent information;
13. Respond to MHDC electronic messages or telephone calls and resolve any MHDC questions on a timely basis; and
14. Furnish such other trustee services as requested by MHDC.

V. STRUCTURE AND CONTENT OF PROPOSAL

Respondents interested in providing trustee services to MHDC should submit the following information:

- A. Cover Letter stating that: (a) the information submitted in and with the proposal is true and accurate, and (b) the person signing the letter is authorized to submit the proposal on behalf of the Respondent.

B. Proposal including the following information:

1. Institution Information. Provide a description of the Respondent that includes the location of the institution's main office, corporate trust group and other office(s), the length of time the institution has been in business, the number of professionals and associates, an overview of the corporate trust department and a discussion of any substantive changes in its ownership, management and corporate trust group in the last three (3) years.
2. Institution Ownership. Pursuant to the Standards of Conduct (see Section III of this RFP), any response under this RFP shall disclose the name of the individual, entity and/or entities having ownership interests in the Respondent. All entities identified in this disclosure shall be reduced to their human being level irrespective of the number of entity layers which may be present for any disclosed entity. Notwithstanding the previous sentence, to the extent any Respondent under this RFP is a publicly traded corporation, such a Respondent may limit this disclosure to all board members, officers (and other key employees) and any shareholders owning or controlling ten percent (10%) or more of the corporation. **For purposes of providing institution ownership information, please complete Attachment 1 in spreadsheet format to include a listing of your institution's owners/shareholders.** Questions regarding this requirement or any other requirements or restrictions imposed by the Standards of Conduct may be directed to the Commission's General Counsel, Weylin Watson, by phone at 816-759-6624 or email at wwatson@mhdc.com.
3. Missouri Business. Provide evidence of authorization to do business or operate within the State of Missouri. Indicate if the institution's principal office is located in Missouri and if the majority of the institutions' employees who would be performing the services to be performed pursuant to Section IV of this RFP office in Missouri.
4. Contact Person and Staffing. Provide the name, mailing address, telephone number, fax number, and email address of the primary contact person regarding the Respondent's proposal and the primary contact person for day-to-day operations regarding MHDC's account. List personnel and location(s) of staff that would be assigned to perform the services required. Please attach relevant resumes or give brief descriptions of the trustee and housing experience of the personnel that would be responsible for this account.
5. Experience. Include general discussion of the Respondent's experience and services performed as corporate trustee and paying agent for governmental agencies, in particular for housing trust indentures.
6. Capabilities
 - a) Services to be Performed. Describe the Respondent's proposal for delivering services, including organization of responsibilities, work plan, and approach that will be utilized for each item under Section IV Scope of Services.

- b) Operations. Provide a description of back-office procedures, equipment and software, detailing the respondent's capability to account for bond activity; ability to deliver responsive, quality services; and the availability of personnel for consultation and discussion as necessary to serve the needs of MHDC.
7. Subcontracting. If the Respondent plans to subcontract any of the services required to be provided as trustee and paying agent, please indicate which service, if any, will be subcontracted. Identify the subcontractor firm(s) proposed and describe the subcontractor's experience with the services being provided. Provide the information in items 2 and 3 above regarding the proposed subcontractor. Use of a subcontractor to provide any services for the 2015 Indenture is subject to prior written approval by MHDC.
8. Reporting and Electronic Information. Describe the trustee month-end and annual reports. Provide sample reports in an appendix of the institution's reporting of transactions and period-end balances. Provide detail information about the availability of on-line electronic transaction and balance information and the ability to export such data, including the available export formats. Indicate how long the data is available electronically and what flexibility is available for the data ranges used to download/export the data.
9. Audit Confirmations. Describe the process for audit confirmations, including name and address to direct requests.
10. Special Strengths and/or Minority Representation. Include any additional information that will be helpful to the Commission in making a decision, including any special strengths or capabilities of the Respondent, which may include innovative ideas, special expertise with housing finance, or any other special services or assistance Respondent may provide to MHDC that may be relevant to or helpful to MHDC in financing or administering its housing programs. Describe any special strengths or capabilities of the institution, the institution's inclusion of minority and women participation, including the firm's employees and/or any participation with a minority or woman-owned institution.
11. References. Provide the names, contact person(s) and phone numbers for three references for corporate trustee and paying agent services similar to those services requested by this RFP. References for clients managed by the personnel to be assigned to the MHDC account are preferred. By providing this information, the Respondent is deemed to have provided permission for MHDC to communicate with each reference.

12. Exhibits. Please attach to one copy of the Proposal the most recent documents for the Respondent as listed below. The Respondent's most recent documents must be attached to one hard copy and the electronic copy, but do not need to be attached to every other hard copy of the proposal.

Exhibit A: Audited Financial Statements

Exhibit B: Service Organization Control Report pertaining to the Respondent's corporate trustee and paying agent services

Exhibit C: Credit Rating Analysis

Exhibit D: Call Report

Exhibit E: CRA Statement

Exhibit F: CRA Report and all information in the public file related to any assessment area in the state of Missouri

13. Trustee's Counsel. Provide the name of the attorney and firm intended to be used as trustee's counsel. Operational questions requiring legal work will be directed to MHDC. In most cases MHDC will ask its bond counsel to perform any necessary research.
14. Professional Liability Insurance. Describe the type and amount of professional liability insurance the Respondent carries with respect to its corporate trustee and paying agent services.
15. Security Policies. Describe the security policies and procedures the Respondent has in place to protect MHDC and bondholder records and assets. Provide details regarding the Respondent's procedures to detect and prevent fraud and unauthorized transactions.
16. Disaster Recovery. MHDC requires its corporate trustee and paying agent to maintain comprehensive disaster recovery procedures. The Respondent should describe its disaster recovery procedures; the projected response time to catastrophic events; and the frequency, extent, and results of testing of these procedures. In the event of a disaster that required the Respondent to rely on these procedures, describe the impacts MHDC would experience as a result.
17. Proposed Fees. The trustee fees may include an initial set-up fee and an annual fee based on the principal amount of bonds outstanding. Please provide a table listing, accompanied by narrative descriptive explanations to detail the Respondent's proposed fee arrangement and any minimum fee levels. Such fees are understood to be inclusive and include all anticipated fees and expenses.

- a) Aggregate initial set-up fee for each series: This is a one-time aggregate fee payable at bond closing. The fee is to include all fees and disbursements of the trustee and trustee's counsel, for review of documents, attendance at MHDC meetings and conferences prior to bond closing, attendance at bond closing, initial certification and authentication of bonds at closing, and setting-up of trustee records, accounts and procedures.

PROPOSED AGGREGATE SET-UP FEE
FOR EACH SERIES:

\$ _____

- b) Annual fee: This fee covers all the on-going fees of the trustee and will be payable in semi-annual installments in arrears for each series. The fee is to include all fees and disbursements of the trustee and its counsel, except fees and disbursements of trustee's counsel incurred in connection with events of default or extraordinary events by MHDC under the 2015 Indenture. The fee schedule should be expressed as a percentage of the principal amount of each series of bonds outstanding. The trustee is not expected to perform rebate calculations.

PROPOSED ANNUAL FEE: _____% of principal amount of each series of bonds outstanding

MINIMUM ANNUAL FEE: \$ _____, if applicable, per series

- c) Other fees: List any and all fees, charges and expenses anticipated in addition to those set-up and annual fees listed in (a) and (b) above. Detail and describe any charges for fund transfers, wires, investments, and out-of-pocket expenses. Include fees and disbursements of trustee's counsel incurred in connection with events of default or extraordinary events by MHDC under the 2015 Indenture and rebate calculations. Please detail any other fees and costs. Describe the process for determining any costs that cannot be quoted.

Describe the Respondent's proposed process for any fee and charge increase adjustments, if applicable, including any maximum percentage increases. If no changes in fees or charges will be proposed for the duration of the 2015 Indenture, please state so.

18. RFP Interview. Indicate if a member of the institution, preferably the person(s) who would be responsible for the account, would be willing to travel at the institution's expense, for an interview with MHDC staff.
19. Litigation and Investigations. Provide a summary of any litigation, arbitration and regulatory proceedings, pending, adjudicated or settled that the Respondent has been subject to within the last three years involving services the institution provides. Please describe each regulatory proceeding in detail and any litigation or arbitration proceeding resulting in judgments, settlements or damage claims (for those matters not yet resolved) in excess of \$100,000.

20. Federal Work Authorization Program. Pursuant to *Mo.Rev.Stat. §285.530.2*, the institution selected pursuant to this RFP shall provide MHDC with an affidavit stating that the institution does not employ any person who is an unauthorized alien in conjunction with the contracted services, and that the institution is enrolled in and participating in a federal work authorization program with respect to the employees working in connection with the contracted services. Prior to execution of any agreement contemplated herein, the institution shall provide evidence of participation in a federal work authorization program. Questions regarding this requirement may be directed to the Commission's General Counsel, Weylin Watson, by phone at 816-759-6624 or email at wwatson@mhdc.com. **In the proposal, please indicate whether your institution is currently enrolled in and participating in a federal work authorization program such as E-Verify.**

VI. RFP REVIEW AND SELECTION CRITERIA

The Trustee Services Agreement will be awarded to the institution which, in the opinion of MHDC, is the best qualified to provide such services.

The criteria to be used in evaluating the proposals will include, but are not limited to, the following:

1. Meets eligibility requirements.
2. Experience and expertise of the personnel to be assigned to the Commission's account.
3. The location, extent and capabilities of the financial institution's offices and trustee services in Missouri.
4. Relevant experience managing similar accounts and services with public sector and/or housing agency clients.
5. The institution's ability and willingness to provide the services desired by the Commission and demonstrated understanding of the operational requirements of the Commission.
6. Involvement and accessibility of staff to be assigned to MHDC.
7. The Commission's prior experiences, if any, with the institution and the personnel to be assigned MHDC's account, perspectives provided by references, information provided by other issuers or housing finance professionals regarding the performance of an institution and any other factors the Commission believes would be in its best interest to consider.
8. Proposed fees and charges for trustee and paying agent services to be performed.
9. The institution's inclusion of minority and women participation, including the institution's employees and/or any participation with a minority or woman-owned trustee institution.
10. Regulatory issues and legal actions taken against the institution.

There is no additional information requested. Thank you for reviewing this RFP. We look forward to your response.