

MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: John K. McCarthy, Executive Director
DATE: March 19, 2014
RE: Financial Advisor Procurement Update

On January 2, 2014 the Massachusetts School Building Authority (the “MSBA”) posted a procurement seeking responses from firms qualified to provide financial advisory services to the MSBA. The MSBA advertised the procurement on Comm-PASS and posted it on the MSBA’s website (www.massschoolbuildings.org).

The MSBA issued the request for proposals from qualified firms that were interested in providing debt and investment financial advisory services. The request was structured with a distinct scope services for debt and investment financial advisory services, and allowed firms to submit their proposals for debt management or investment financial advisory services, or for both scopes of service requested. The scope of services included:

Debt Management Advisory Services

- Review and make recommendations regarding the Authority’s debt management practices and outstanding debt structure;
- Assist and make recommendations on all aspects of financings (both new money and refundings), including: document preparation, method of sale, selection of financing team, timing of sale, economic considerations, market conditions, maturity structures, redemption provisions, debt service reserve requirements, use of ratings, bond pricing, evaluation of underwriter performance, and any post-sale services as may be reasonably required;
- Assist in development of financial models including analysis of sales tax revenue estimates, future debt service and program expenditures;
- Assist in development of multi-year financing plans;
- Assist in the preparation and presentation of information for credit agencies, investors, the Authority’s board, and other constituents; and
- Advise on arbitrage rebate, swaps and other derivatives, and other analyses related to debt issuance.

Investment Advisory Services

- Assist in the subscription of SLGS for refunding escrows and bond defeasances;
- Serve as, or assist in the selection of, a bidding agent for authority investments for open market securities for refunding or defeasance escrows;
- Assist in the selection of a depository to hold Authority assets not held by trustee;
- Review and make recommendations regarding MSBA’s investment policy; and
- Advise the MSBA on investment of financial assets.

Eight (8) firms submitted responses to the request. After completing an evaluation of the responses, a selection committee of MSBA staff selected five firms, Acacia Financial Group, Inc., FirstSouthwest, The PFM Group, Public Resources Advisory Group (“PRAG”), and Raymond James and Associates, Inc., for oral interviews in the following categories:

Debt Management Advisory Services:

Acacia Financial Group, Inc.
FirstSouthwest
The PFM Group
Public Resources Advisory Group

Investment Advisory Services:

FirstSouthwest
The PFM Group
Raymond James and Associates, Inc.

The selection committee conducted interviews with these firms February 10, 2014. Following the completion of the interviews, the selection committee agreed that these firms have the demonstrated capacity, resources, qualifications, and experience to provide the requested scope of services in the procurement. Accordingly, the selection committee agreed to make a recommendation to the Executive Director that the MSBA enter into Master Services Agreements with each of the firms, as listed above, in order for these firms to be eligible to perform these services at the request of the MSBA.

Based upon the recommendation of the selection committee, the Executive Director has authorized the MSBA to enter into Master Service Agreements with each of the firms.