

**Finance Authority of Maine  
Request for Proposals for Municipal Advisor**

December 9, 2020

I. Overview and Background Information

The Finance Authority of Maine (“FAME” or the “Authority”), as successor to the Maine Educational Loan Authority (“MELA”) is requesting proposals from qualified registered Municipal Advisors to provide financial advisory services commencing in January 2021 relative to a planned spring 2021 bond issuance. While FAME expects that the firm selected will be appointed to provide these services for three years, with up to two, two-year contract extensions, FAME reserves the right to terminate the relationship at any time and issue a Request for Proposals for subsequent bond issues.

FAME is a quasi-governmental agency that was created and established by Maine legislation in 1983 (10 M.R.S.A., Section 961 et seq.). FAME is an independent authority within the current organizational structure of State government. FAME is governed by a fifteen-member board appointed by the Governor and confirmed by the Legislature, except for the State Treasurer, who serves *ex-officio*, the Commissioner of the Department of Economic and Community Development or his or her designee, and the Commissioner or either the Department of Agriculture, Forestry and Conservation, or the Department of Marine Resources, as designated by the Governor. (Please see [Board Members - Finance Authority of Maine \(FAME\) \(famemaine.com\)](#) for a list of the FAME Members.) FAME has a Chief Executive Officer who is appointed by the Governor and confirmed by the Legislature, who is authorized to supervise the administrative affairs of the Authority. For general information about FAME and its various products and services, see [Home - Finance Authority of Maine \(FAME\) \(famemaine.com\)](#).

FAME became the successor to MELA in 2015 (20-A M.R.S.A. Section 11414). MELA had been established to assist Maine students and their families in achieving their higher education goals by providing a supplemental or alternative student loan program. An alternative student loan is designed primarily to help students and their families pay for educational expenses that exceed other available financial aid resources such as scholarships, grants, and the Federal education loan programs. In addition, an alternative student loan is a key resource for those students and their families who do not typically qualify for many financial aid programs, but who are without adequate cash reserves to pay for a college education. Alternative student loans exist to bridge the gap between the full cost of a higher education and traditional financial aid resources.

There are two student loan products previously offered by MELA, and currently offered by FAME (“MELA Loans”). The Maine Loan<sup>®</sup>, FAME’s primary alternative student loan product, is available to eligible undergraduate and graduate students to borrow funds up to the full cost of education less other financial aid. The Maine Medical Loan<sup>sm</sup> is available to eligible medical students to borrow funds up to the full cost of a medical degree less other financial aid. These loans are approved based on the creditworthiness of

the applicants consistent with FAME's program rules. Borrowers must have a Maine nexus.

All MELA Loans are funded with the proceeds from tax-exempt bonds or obligations, and no State monies are allocated to fund the program. FAME currently has approximately \$80 million in student loan revenue and refunding bonds outstanding under a 2009 Indenture of Trust and several Supplemental Indentures of Trust (collectively, "MELA Bonds"). All MELA Bond proceeds are currently held by Zions Bank, who serves as Indenture Trustee for all the relevant Indentures. MELA Bonds are insured by Assured Guaranty Corporation and carry the moral obligation backing of the State of Maine. For additional information on MELA Bonds outstanding, copies of the Official Statements for the Series 2009 and subsequent Series bond issues are available at [Investor Relations | The Maine Loan](#).

Since 1996, all MELA Loans have been serviced under contract with Nelnet, Inc., most recently through its division known as Firstmark Services (Nelnet). Nelnet, a publicly traded corporation based in Lincoln, Nebraska, is an integrated educational finance organization offering services in student loan origination and servicing, secondary market services, and guarantor servicing support.

The most recent bond issue for the Authority for the alternative student loan programs was in 2019, when it issued a total of \$42,400,000 of Bonds to fund loan originations for the 2019-2020 academic year, and refund approximately \$34.6 million of the then outstanding bonds issued in 2009. Total loan volume for the academic year 2019-2020 was approximately \$15 million for The Maine Loan and The Maine Medical Loan.

In the spring of 2021, FAME is contemplating the issuance and sale of approximately \$20 million in tax-exempt student loan revenue and/or refunding bonds to meet the financing needs for its alternative student loan programs for the 2021-2022 academic year, as well as refunding the approximately \$6 million of bonds outstanding under a 2010 Supplemental Bond Indenture. FAME plans to pursue a transaction which strengthens the current and future best interests of the Authority and its borrowers.

## II. Scope of Services

The financial advisory services to be provided by the Municipal Advisor to the Authority include, but are not limited to, the following:

- Provide FAME with overall financial advisory assistance in the issuance of its financings.
- Coordinate in consultation with FAME and the Authority's underwriters, development of the Plan of Finance.
- Participate in conference calls of the Authority and its finance team as requested.
- Assist in the structuring of the transactions, including the type of debt, repayment schedule, interest rates, annual maturity amounts, and call features.

- Review the Authority’s existing debt to determine potential impacts on proposed financings and make recommendations to FAME.
- Assist the Authority in the selection and evaluation of underwriters, credit enhancers, bond insurers, remarketing agents, etc.
- Provide oversight to the cash flow modeling conducted by the underwriter.
- Prepare detailed cash flow projections simulating those run by the underwriter under both managerial and stress cases, to enable the Authority to validate the reasonableness of cash flows prepared by others.
- Assist in reviewing the interest rates being proposed by the underwriter and provide advice on the reasonableness of the underwriter’s spread and marketability of such interest rates.
- Represent FAME in the pricing of its bonds and bringing the issues to market as competitive bond offerings.
- Assist in the preparation of the Official Statements and other related bond documents.
- Coordinate any presentations to the rating agencies that may be required for rating reviews.
- Participate in FAME Board meetings as requested, to discuss and make recommendations on financings, provide periodic reports on municipal bond market conditions, and other related matters.
- Provide on-going related financial advisory services as requested by the Authority.

### III. General Information

All proposals submitted in response to the Maine Educational Loan Authority’s (MELA) Request for Proposals (RFP) for Financial Advisory Services must comply with submission and deadline requirements plus contain the following information, responses or confirmations.

- A. The deadline for receipt of proposals is **Wednesday, December 23 at 5:00 p.m. Eastern Standard Time (EST)**. All proposals must be clearly marked “MELA Municipal Advisor Proposal” and be submitted via e-mail to: [rfournier@famemaine.com](mailto:rfournier@famemaine.com).
- B. Proposals must include a response to each item listed in the RFP under Section IV. Proposal Requirements.
- C. Proposals received after the deadline will be rejected, without exception.
- D. Proposals must be signed by a person legally authorized to bind the proposer.
- E. FAME will not accept responsibility for any costs incurred by a proposer in the preparation of their proposal or in connection with any interview or negotiation relating to this RFP.

F. Proposers should direct inquiries regarding the RFP or requests for additional information to Rita Fournier at: [rfournier@famemaine.com](mailto:rfournier@famemaine.com). All inquiries must be submitted by Wednesday, December 16, 2020 at 5:00 p.m. EST. Telephone inquiries will not be accepted. All questions and FAME's response to the questions will be posted to the FAME website by Friday, December 18, 2020 at 5:00 pm.

G. The RFP process includes the following timeframe of activities.

<u>Activity</u>	<u>Deadline</u>
• RFP Notification Sent to Prospective Proposers	December 9, 2020
• Inquiries from Prospective Proposers	December 16, 2020
• FAME's Response to Inquiries	December 18, 2020
• <b>Proposal Submission Deadline</b>	<b>December 23, 2020</b>
• Award Decision Notification	January 6, 2021

H. Selection will be based on: 1) proposal responsiveness (30 points); 2) qualifications and experience (35 points); and 3) proposed fees and expenses (35 points) for a total of 100 possible points.

I. All responses to the RFP become the property of FAME and will be considered available for public viewing following the award decision notification, subject to the Freedom of Access Laws of the State of Maine. Your submission of a proposal shall be deemed to be acceptance of this term, regardless of any attempt to mark all or any part of the proposal confidential.

J. Non-compliance with proposal guidelines, including failure to submit any requested information or to follow the proposal format requested in this RFP, may disqualify the proposal. The proposal must provide FAME with complete information needed for evaluation.

K. All proposals become the property of FAME upon receipt, and will not be returned to the proposer. Selection or rejection of proposals will not affect this right.

#### IV. Proposal Requirements

Please provide a thorough but concise response to the following items.

A. Provide a list, in table format, of student loan revenue or refunding bond issues for which your firm has provided municipal advisor services in the past five years. Please include the issuer, date, amount issued (taxable and tax-exempt), identify whether the issue was sold for new money or refunding purposes, structure of transaction (e.g. Libor Indexed Rate Notes, Variable

Rate Demand Notes, Auction Rate Notes, Fixed Rate Notes, etc.), use of credit enhancements and ratings, if any, and whether the transactions were backed by FFELP loans, alternative loans or both.

- B. Identify the qualifications and experience of the individuals from your firm to be assigned to FAME. Please include names and titles, brief biographical information, management reporting structure, and assigned role(s) for this engagement with lead personnel identified as such. Proposers are advised that the inclusion of specific personnel will be considered by FAME to be a commitment by the firm that those designated persons will be available to perform the roles represented in the proposal submitted.
- C. Confirm your firm is a Municipal Advisor under applicable securities laws and the rules of the Securities & Exchange Commission (“SEC”) and Municipal Securities Regulatory Board (“MSRB”), registered (a) with the SEC under Section 15B of the Securities Exchange Act of 1934, and (b) with the MSRB under Rule A-12, and is willing to act as the Authority’s Independent Registered Municipal Advisor (“IRMA”) in bond issuance transactions that may involve Underwriters seeking to use the IRMA exception to provide services to the Authority as Underwriter.
- D. Provide a brief description of your understanding of the role of a municipal advisor and provide specific examples of your firm’s unique contributions from prior bond transactions similar to FAME’s.
- E. Describe how your firm evaluates the success of any pricing to ensure that your clients receive the most favorable pricing on their bonds.
- F. Itemize all proposed fees and expenses. Please describe how these fees and expenses may differ for alternative debt structures. In addition, please include fees related to any additional financial advisory services that may be provided outside of a financing transaction.
- G. Describe any innovative or value-added services your firm would provide to FAME.
- H. Please disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your firm being hired for this engagement.
- I. Describe any material litigation against your firm or any member regarding financial advisory services your firm provided in the last three years (since January 1, 2018). Please indicate the date of the action, damages incurred or settlement paid, current status if pending and any other pertinent details.
- J. Provide a list of three references including the contact names, titles, addresses (mail and e-mail), and telephone numbers for which work similar to that being

proposed by FAME has been performed. Also, please include the capacity in which your firm served, as well as the length of time your services were provided to each reference.

- K. Include a sample contract for services or engagement letter and a sample invoice to report and bill for work performed.

## V. Selection Process

The Authority's selection will be based upon the following criteria:

- A. Proposal Responsiveness (30 points)
  - Completeness of proposal evidenced by a thorough response to each item under Section IV. Proposal Requirements
  - Quality of proposal
- B. Qualifications and Experience (35 points)
  - Proposed staff assigned to FAME
  - Level and number of years of experience with providing financial advisory services for student loan revenue and refunding bond issues
- C. Proposed Fees and Expenses (35 points)
  - Competiveness and inclusiveness of fees
  - Cost of additional expenses

## VI. Rights of the Authority

The Authority reserves the right to request and receive additional information from proposers, as it may reasonably require.

The issuance of this Request for Proposals (RFP) for Municipal Advisor in no way constitutes a commitment by FAME to award a contract. FAME further reserves the right to reject any or all proposals, waive minor irregularities in proposals submitted and to select the Municipal Advisor which demonstrates to the satisfaction of FAME (in its sole discretion) that its proposal will best serve the needs of FAME. FAME may not necessarily select the Municipal Advisor with the lowest cost proposal.

FAME reserves the right to make an award without further discussion with the proposers about the proposals received. Therefore, it is important that responses to the RFP are as thorough and competitive as possible at the time of submission.