

Finance Authority of Maine
Request for Proposals for Underwriter
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 firms to serve as Underwriter for its tax-exempt alternative student loan financing activities commencing in January 2021 relative to a planned spring 2021 issuance. While FAME expects that the firm selected will be appointed to serve as Underwriter for three years, with up to two, two-year extensions, FAME reserves the right to terminate the relationship at any time and issue a Request for Proposals (RFP) 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[®], 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 Loansm 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. FAME expects that an Independent Registered Municipal Advisor (IRMA), in accordance with Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB) Rules, will be retained during the term of the underwriting engagement. Based on the advice of the IRMA, with feedback provided by the successful underwriting firm, FAME will make the decision to create a new Indenture of Trust or proceed with a Supplemental Indenture.

II. Scope of Services

The firm engaged to serve as Underwriter will work with the Authority, the Authority's Independent Registered Municipal Advisor (IRMA), and FAME's bond counsel with respect to the Authority's issuance of bonds for its alternative student loan programs. Currently, FAME is in the process of selecting a new IRMA and Bond Counsel pursuant

to two separate RFP's. The services to be provided by the Underwriter include, but are not limited to, the following:

Underwriter Services

- Manage the overall underwriting process.
- Provide feedback to FAME and the Authority's IRMA regarding the recommended financial structure for a successful bond issue which minimizes borrowing costs, financial risk, and costs of issuance.
- Assist in drafting and reviewing relevant bond documents, including Official Statements, indentures, cash flow projections, etc.
- Participate in conference calls of the Authority and financing team as requested.
- Assist FAME and the Authority's IRMA in identifying tasks, assigning responsibilities, and coordinating dates for completing activities related to the Plan of Finance.
- Assist in preparations, discussions, and meetings with rating agencies, insurers (if applicable), investors, and other related parties.
- Coordinate/prepare cash flow analyses for management case and stressed case based on assumptions agreed to by the Authority, rating agencies, and bond insurers (if applicable), and other related parties.
- Obtain bids for other necessary service providers related to the transactions.
- Facilitate pre-pricing discussions.
- Pre-market the securities.
- Price and market the securities.
- Coordinate the sale and closing of the securities.
- Provide on-going related underwriting advice as requested by the Authority.

III. General Information

All proposals submitted in response to the Authority's Request for Proposals (RFP) for Underwriter 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 Underwriter Proposal" and be submitted via e-mail to: 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. 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
• Proposal Submission Deadline	December 23, 2020
• Award Decision Notification	January 6, 2021

- H. Selection will be based on: 1) qualifications and experience (30 points); 2) proposed structure/plan of finance (30 points); and 3) fees (40 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 brief summary and background information about your firm that you consider relevant to the services FAME is seeking.

- B. Provide a list, in table format, of student loan revenue and refunding bond issues for which your firm has served as Underwriter in the past three years. Please include the issuer, date, amount issued (taxable and tax-exempt), amount of underwriting fees charged, 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, 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.
- C. 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.
- D. Itemize all proposed fees and expenses assuming the structure of the transaction is for fixed rate notes, including: management fee, expenses (including Underwriter's counsel), takedown, and any other related fees and expenses. Please describe how these fees and expenses may differ for any proposed alternative debt structures.
- E. In general terms, provide a recommended structure or structures for FAME's anticipated issuance. Discuss any other innovative or value-added services your firm would provide to FAME.
- F. Describe your firm's key strategies for marketing and selling FAME's bonds through retail and institutional channels. Also, describe any unique structuring or marketing techniques your firm would employ to attract investors.
- G. 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.
- H. Describe any pending investigations, reviews, litigation or arbitration to which your firm or the owners, principals or employees are a party to. In addition, please include any such investigations or related reviews which concluded in an enforcement or disciplinary action imposed in the last three years (since January 1, 2018).
- I. 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.

V. Selection Process

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

A. Qualifications and Experience (30 points)

1. Experience serving as Underwriter for alternative student loan revenue and refunding bond issues similar to FAME's.
2. Background and experience of personnel to be assigned to FAME.

B. Proposed Structure/Plan of Finance (30 points)

1. Proposed structure/plan of finance in terms meeting FAME's financing objectives, minimizing debt service costs, and market appeal to existing and new investors.
2. Demonstration of an understanding of the student loan industry and FAME's previous financings.

C. Fees (40 points)

1. Competitiveness of fees.
2. Cost of additional expenses.

The total possible points a proposal may receive is 100.

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 Underwriter 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 Underwriter 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 Underwriter 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.