



JOSH MANDEL
STATE TREASURER OF OHIO

REQUEST FOR QUALIFICATIONS:

**UNDERWRITER SERVICES
AND
INTEREST RATE EXCHANGE
AGREEMENT COUNTERPARTY**

STATE TREASURER OF OHIO

RELATING TO:

GENERAL OBLIGATION BOND ISSUANCE AND MANAGEMENT
SPECIAL OBLIGATION AND REVENUE BOND ISSUANCE AND MANAGEMENT
STATE HIGHWAY INFRASTRUCTURE BOND ISSUANCE AND MANAGEMENT

ISSUED BY:

STATE TREASURER OF OHIO JOSH MANDEL
OFFICE OF DEBT MANAGEMENT
30 EAST BROAD STREET, 9TH FLOOR
COLUMBUS, OHIO 43215



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**REQUEST FOR QUALIFICATIONS
TO SERVE AS UNDERWRITER AND
INTEREST RATE EXCHANGE AGREEMENT COUNTERPARTY**

I. Introduction

The State Treasurer of Ohio (“Treasurer’s office” or “Treasurer”) is soliciting qualifications from investment banking firms seeking to provide underwriter services and/or to serve as interest rate exchange agreement counterparty beginning March 1, 2012 in connection with the general obligation, lease appropriation backed, and revenue obligation debt issued by the Treasurer. A comprehensive list of the debt programs currently applicable to this request for qualifications (“RFQ”) is provided below, and an explanation of each is available at <http://obm.ohio.gov/SectionPages/BondsDebt/>.¹ For the effective period of this RFQ, the Treasurer’s office anticipates several new money issuances, which will be issued through negotiated and/or competitive methods of sale. In addition to programmed new money issuances, refunding and/or restructuring obligations may be issued.

Bond Issue	*Ratings	Sources of Payment
Highway Capital Improvement Bonds	Aa1/AAA/AA+	Highway User Receipts
Parks and Recreation Capital Facilities Bonds	Aa2/AA/AA	Lease Revenue
Mental Health Capital Facilities Bonds	Aa2/AA/AA	Lease Revenue
Cultural and Sports Facilities Bonds	Aa2/AA/AA	Lease Revenue
State Highway Infrastructure Bonds (GARVEE)	Aa1/AA/AA-	Federal Transportation Grants
Economic Development Bonds	Aa2/AA/AA-	Net Liquor Profits**
Revitalization Projects Bonds	Aa3/AA-/AA-	Net Liquor Profits**
Correctional Facilities	Aa2/AA/AA	Lease Revenue
Youth Services Facilities	Aa2/AA/AA	Lease Revenue
Administrative Facilities	Aa2/AA/AA	Lease Revenue
Transportation Facilities	Aa2/AA/AA	Highway User Receipts
Public Safety Facilities	Aa2/AA/AA	Highway User Receipts

*Moody's Investors Service, Inc., Standard & Poor's Rating Services, Inc., and Fitch Ratings, Inc. respectively
** Please see footnote 1 below

The Treasurer’s office will evaluate RFQ responses based on criteria in Section III and will develop a single qualified pool of underwriters to be utilized to select transaction teams (senior and co-managing underwriters) for Treasurer of State issued negotiated and/or competitive financings during the specified term. The Treasurer’s office will also develop a separate and qualified pool of firms to serve as interest rate exchange counterparty.

¹ As a result of the State’s FY 2012-13 Operating Budget (H.B. 153), effective January 1, 2012 the Treasurer’s office will acquire revenue bond issuing authority for programs previously managed by the Ohio Building Authority pursuant to O.R.C. 152.02. Additionally, the Operating Budget provides for the transfer of the liquor enterprise to a nonprofit job creation entity, JobsOhio, therefore eventually limiting or eliminating the Treasurer’s issuing authority for the Chapter 166 Economic Development bonds and Chapter 151 Revitalization Projects bonds.



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The firm(s) selected to provide underwriter services will not be eligible to serve as a financial advisor for Treasurer of State issuances during the effective dates set forth in this RFQ. Firms wishing to be considered as underwriter should respond to questions 1-14 and 19-25. Firms applying to serve as underwriter that also wish to be considered for inclusion in the qualified pool of interest rate exchange counterparties must also respond to questions 15-18. Firms applying solely to be considered for the qualified pool of interest rate exchange agreement counterparties must respond to questions 1-3 and 15-25.

Qualified firms will be responsible for notifying the Treasurer's office of material changes in ownership, organization, personnel, litigation or conflicts, regulatory investigations or enforcement actions, and any other material changes or developments within 30 days of occurrence.

Any and all inquiries regarding this RFQ should be submitted via email to **Seth Metcalf, General Counsel and Chief Financial Officer, at seth.metcalf@tos.ohio.gov**. All questions and responses will be posted to the web at www.ohiotreasurer.gov/Investor. With the sole exception of submitting questions via the above protocol, respondents shall not communicate directly with the Treasurer's office or its financial advisors about this RFQ². Any such communication will automatically disqualify the respondent and its proposal from consideration. Please note that all questions and answers become a matter of public record and may be made available to all RFQ respondents. Responses that are labeled "confidential", or contain information identified as "confidential", will not be considered by the Treasurer's office.

The Treasurer's office may conduct interviews with one or more responding firms. The Treasurer's office reserves the right to reject all responses or to solicit additional information regarding a firm's participation in debt issuances that occur subsequent to its response to this RFQ. The Treasurer's office may take into consideration any other information, including information not requested in this RFQ or not included in the statements received.

This RFQ is not and shall not be construed as an offer of a contract by the Treasurer. Any contractual arrangement for underwriting services will be evidenced by a separate contract and/or correspondence by the Treasurer. The Treasurer's office may, at its discretion and at any time, add or remove firms from the qualified pools based on changes submitted or other information that becomes known.

II. Scope of Services

Underwriting

Underwriters responding to this RFQ may be asked to provide or assist in the provision of the following services if selected to serve:

- Advise and consult with the Treasurer and his representatives in the development and execution of a comprehensive plan of finance and marketing, including the evaluation of alternative structures (including fixed and variable rate), and terms and conditions to best accomplish the Treasurer's goals.

² Public Financial Management, Inc. and Acacia Financial Group, Inc. currently serve as Financial Advisors to the Treasurer of State.



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- Assist with the preparation for, and participate in, meetings, conference calls and presentations with various market participants, including, investors, rating agencies, credit enhancement providers and/or public officials.
- Employ mutually acceptable underwriter's counsel(s), responsible for rendering related opinions and drafting documents including but not limited to the official statement (including disclosure provisions), the bond purchase agreement, and the agreement among underwriters.
- Review of legal and other documents related to the marketing and issuance of the proposed securities, including but not limited to, official statements, bond resolutions, indentures and disclosure documents.
- Deliver timely reports and provide insight and recommendations on the amount and timing of the sale in light of competing supply, prevailing interest rates, investor demand, economic conditions, and other factors.
- Assist the financial advisor in identifying tasks, assigning responsibilities and coordinating dates for completing activities related to the plan of finance.
- Develop and manage all underwriting syndicate communication and coordination.
- Provide to and discuss with the Treasurer's office and its financial advisor preliminary price views and market updates on a regular basis in the weeks and days leading up to pricing.
- Provide, in advance of the pricing, the proposed pricing scales and spreads of each member of the underwriting team, a recommended pre-pricing scale, the rationale for determining the recommended scale and a list of comparable transactions.
- During the pricing of the obligations, provide: (i) the ability to remotely monitor the placement, type and status of orders on a real-time basis, (ii) on-site facilities for the Treasurer's office and its representatives to effectively monitor and oversee the pricing process, and (iii) frequent status reports summarizing order flow, maturity by maturity subscription, and intra-day market movements.
- Utilize the firm's capital to underwrite the bonds as necessary.
- Purchase, or participate in the purchase of, the obligations upon terms and conditions as mutually acceptable to the Treasurer and the underwriters as set forth in a bond purchase agreement.
- Review with the Treasurer's office and its financial advisor, all information necessary to determine appropriate orders, allocations and allotments of the bonds.
- Provide a comprehensive closing book summarizing key aspects of the transaction, including a full pricing summary outlining day-of-pricing market conditions, the effect of the conditions on the pricing, orders, and allocations by firm.
- Analysis of potential refunding opportunities as they may arise.
- Other related services as requested by the Treasurer.

Counterparty

- Coordination with the Treasurer's office and its financial advisor in regard to interest rate swap structuring and valuation methodology, present value of a basis point analyses, and pre-executing determination of spread, including both expense and profit components relative to mid-market levels.
- Ability to act, at the Treasurer's discretion, as counterparty on interest rate risk exchange agreements in accordance with the State's Interest Rate Risk Management Policy.
- Other related services as requested by the Treasurer.



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III. Evaluation Criteria

Proposals will be evaluated based upon several factors, including but not limited to:

1. Capability of the firm to perform the required scope of services, including:
 - Knowledge of and experience in the Ohio and national municipal bond markets, including prior Treasurer's office transactions;
 - Experience and ability to determine and assist in negotiating advantageous pricing levels;
 - Experience with other statewide issuers;
2. Qualifications, education and experience of the individuals to be assigned;
3. Commitment to Ohio:
 - Experience with Ohio issuers;
 - Physical presence within the State;
4. Capacity to efficiently market, aggressively price and underwrite municipal obligations, particularly those similar in structure and credit to the obligations issued by the Treasurer's office, including but not limited to the ability to distribute those obligations throughout Ohio and on a national basis;
5. Financial capacity and willingness to underwrite at appropriately aggressive levels.

IV. Submission

Interested firms must respond to this RFQ in all applicable respects. For firms wishing to be qualified as underwriters, responses to this RFQ are strictly limited to a total of twelve (12) pages, at no smaller than 12-point font, not including the requested attachments. An additional four (4) pages may be added by firms that are also applying for inclusion in the qualified pool of interest rate exchange agreement counterparties. Responses from firms applying solely for consideration as interest rate exchange agreement counterparties are limited to no more than eight (8) pages. Restated questions within the response can be in font smaller or larger than 12-point font. Responses to the RFQ are also required to include a complete copy of the response on a CD or USB flash drive in both MSWord and PDF format.

A single page cover letter and table of contents may be submitted with the proposal at the discretion of the respondent firm and will not count toward the applicable page limit. Information contained in the cover letter will not be used to evaluate the response. The responses must include the enclosed Information Sheet identifying the primary contact person and the position for which the firm is submitting qualifications and the enclosed Certifications page signed by an individual who is authorized to legally bind the respondent.



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Six (6) copies of your response enclosed in sealed containers are to be delivered to:

Josh Mandel, State Treasurer of Ohio
c/o Seth Metcalf, General Counsel and Chief Financial Officer
30 East Broad Street, 9th Floor
Columbus, Ohio 43215

Please respond no later than 1:00 p.m. EDT on Friday, December 30, 2011. Faxed or emailed copies will not be accepted. A responding firm bears full responsibility for the timely delivery of its response at the prescribed location. Responses received after the time and date listed above will not be considered.

V. Information to be Provided by Responding Firms

All responses should restate the question along with the corresponding answer.

General Firm Information

1. Overview and Organizational Structure:
 - i) Provide a brief overview of your firm and its areas of business operations; and
 - ii) Identify ownership and legal organization (e.g., corporation, partnership).
2. Footprint:
 - i) Provide the total number of offices and the location of each;
 - ii) Provide the total number of employees and public finance professionals;
 - iii) State the location of offices in the State of Ohio and the number and type of employees at each office including public finance professionals; and
 - iv) Discuss any recent changes in staffing levels and/or number of offices.
3. Staffing Plan:
 - i) Identify the firm representative who would be directly responsible for overseeing this engagement and complete the information sheet provided in Section VII of this RFQ; and
 - ii) Provide a staffing plan listing the individual(s) who will be assigned to this engagement. Outline the role of each and provide a summary of his/her relevant professional experience. Include years and type of experience in addition to the number of years with the firm. *Note, resumes may be attached as Appendices and do not count toward the page limit.*

Experience, Management and Capital Commitment

4. Describe your firm's experience, qualifications and resources to perform the tasks identified in the scope of services. Highlight your firm's experience and knowledge of the municipal bond market. If your firm is ranked nationally by the Securities Data Corporation, provide your applicable ranking. Include the principal location of your public finance division and discuss any significant changes in public financing staffing since January 2008.



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5. Describe your firm's experience, qualifications and resources with respect to its ability to distribute tax-exempt and taxable municipal obligations (both fixed rate and variable rate) nationally and in the State of Ohio. Additionally categorize – as primarily institutional, primarily retail, or institutional and retail – your firm's distribution capability. Also provide the following information:
 - i) The number of institutional salespeople dedicated to municipal bonds;
 - ii) The number and type of institutional accounts covered by your municipal sales force;
 - iii) The number of retail salespeople dedicated to municipal bonds; and
 - iv) The number of Ohio retail accounts held by your firm.

6. As an Appendix, provide a summary tabular listing (listing separately for bonds and for notes) of the following types of negotiated transactions for which your firm has served as senior manager or co-senior manager since January 2008 and provide aggregate totals for each category. Within each category listed below sort the response, first by rating, then by pledge. Also indicate the issuer name, par amount, tax status, and interest rate mode.
 - i) Bonds or notes issuances for state-level issuers outside of Ohio (highlight and total separately any GARVEE transactions);
 - ii) Bonds or note issuances for state-level issuers or agencies in the State of Ohio (highlight and total separately any Treasurer's office issuance experience and GARVEE transactions); and
 - iii) Bonds or note issuances of more than \$30,000,000 for non-state-level issuers in Ohio (e.g., local governments and school districts).

7. What is your firm doing to maximize your distribution capabilities and to find new segments of investors, especially in light of the changes to the municipal marketplace since the beginning of the financial crisis in 2008?

8. Assume that the Treasurer's office is issuing a \$100 million GO Highway Capital Improvement tax-exempt transaction with a 15-year amortization and is pricing the week of July 18, 2011. Present your firm's marketing and pricing proposal including bond structure, coupon, price, yield, spread to MMD, call structure/analysis and overall market conditions update. In your marketing discussion, please include:
 - i) Maximizing and expanding interest within our institutional investor base;
 - ii) Maximizing retail orders (including your firm's definition of a 'retail order'); and
 - iii) Approaches to encourage active participation by all members of the underwriting team (e.g. designation policy).

9. Identify and discuss recommendations or strategies your firm would propose to best position Ohio to achieve the lowest cost of borrowing on future financings. If necessary, provide recommendations specific to the credits (e.g. Special Obligation, Lease Revenue Appropriation and General Obligation) issued by the Treasurer's office. Describe any challenges you foresee with respect to your recommendations.



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10. Provide the following financial and municipal inventory information:
 - i) Your firm's excess net capital position as of the date of the most recent filing with the NASD;
 - ii) Your firm's process and limitations relating to determining the amount of bonds your firm may underwrite on a municipal financing;
 - iii) Your firm's maximum amount of capital the firm is permitted to commit to a municipal underwriting; and
 - iv) A description of your firm's secondary market holdings, including your daily inventory of (1) municipal fixed-income securities, (2) Ohio-issuer municipal fixed-income securities; and (3) variable rate municipal securities.
11. Describe at least four (but no more than eight) recent examples of municipal financings that demonstrate your firm's willingness to commit capital to underwrite unsold balances and affirm the value of the issuer's obligations. Identify and include contact information for the issuer(s) involved in these financings.
12. Assuming a multi-year timeframe, provide recommendations on the most cost effective method of introducing more variable rate debt into the State's debt portfolio, including the possibility of synthetic variable rate. Include a discussion of the risk factors associated with your recommendation.
13. Identify factors that uniquely qualify your firm and discuss any other factors you believe should be considered.
14. Provide three (3) references of municipal issuers for which your firm has served as underwriter in the last three years that can be contacted by the Treasurer's office. Identify the primary contact (name, title, address, telephone and e-mail) and identify the relevant transaction(s) or extent of the relationship.

Counterparty

15. Describe your firm's experience and capabilities with respect to derivative products for municipal issuers.
16. Identify the legal name and credit ratings for the entity or entities your firm would use as the counterparty for a derivative transaction with the Treasurer's office. Identify, if applicable, whether any subsidiary entity is of a "continuing" or "terminating" nature.
17. Provide a tabular list of the notional amount by type (synthetic fixed, synthetic variable, basis swap, etc.) of swaps or derivatives you have entered into since January 1, 2008 for state-level issuers.



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18. When pricing a negotiated swap, how will your firm ensure transparency for the Treasurer's office in each component of the total price and ensure that the Treasurer's office receives an aggressive price relative to the market?

Regulatory

19. With respect to the State of Ohio, describe your firm's compliance with MSRB Rule G-37, if applicable.
20. Provide a discussion of your firm's approach to compliance with the provisions in the Dodd-Frank Act relating to underwriting and derivative firms' relationship to issuers.
21. Describe any investigation, review or litigation regarding a violation or alleged violation by your firm of any state or federal securities, investment advisor, or tax law or regulation relating to tax-exempt financings that is currently pending or that was concluded since January 1, 2006.
22. Describe any official investigation or review, or litigation regarding a violation or alleged violation by your firm of any State of Ohio ethics (Chapter 102 and Sections 2921.42 and 2921.43 of the Ohio Revised Code), campaign financing (Chapter 3517 of the Ohio Revised Code), or lobbying (Sections 101.70 et seq. and 121.60 et seq. of the Ohio Revised Code) laws or rules that is currently pending or concluded since January 1, 2006.
23. Detail any existing or potential conflict of interest that your firm might have if selected to serve as underwriter. Describe your plans and procedures for identifying conflicts of interest, providing timely notice about the conflict, and managing or resolving the conflict if possible.
24. Describe reasons for and explanations of any deviation from the Certifications in Section VII of this RFQ.

Attachment

25. Provide one copy of your firm's most recent annual report including audited financial statements (please submit only one copy, not one for each of the six copies of your response).



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VI. Certifications

In addition to responding to the foregoing items, this firm certifies that:

1. The firm's position as underwriter to the Treasurer of State will not create any conflict of interest for the firm or any of its assigned personnel, and it will promptly disclose to the Treasurer any such conflict of interest if, as and when it arises and is known to the firm.
2. The firm is an equal opportunity employer and does not discriminate against applicants or employees on the basis of race, color, religion, sex, age, disability, national origin, or veteran status.
3. All of the assigned personnel of the firm who are not United States citizens will have executed a valid I-9 form and have valid employment authorization documents.
4. The firm is not currently in violation of or under any investigation or review for a violation of any state or federal law or regulation that might have a material adverse impact on the firm's ability to serve if selected.
5. The firm is and will remain in compliance with all applicable federal, state and local laws, including but not limited to the applicable provisions of the following for which it also makes the following related certifications:
 - (i) The Federal (41 U.S.C. 701(a)) and Ohio (R.C. 153.03) Drug Free Workplace Acts. The firm will make good faith efforts to ensure that all of its employees will not have or be under the influence of illegal drugs or alcohol or abuse prescription drugs in any way while working on State property.
 - (ii) The Ohio Patriot Anti-Terrorism Act (Sections 2909.32-.34 of the Ohio Revised Code). [Note: This Act was amended by Am. Sub. H.B. No. 461 enacted in December 2006 by the 126th Ohio General Assembly.]
 - (iii) State of Ohio ethics (Chapter 102 and Sections 2921.42 and 2921.43 of the Ohio Revised Code) and lobbying (Sections 101.70 and 121.60 et seq. of the Ohio Revised Code).
 - (iv) Chapter 3517 of the Ohio Revised Code, campaign financing, including that all applicable parties listed in Division (I)(3) or (J)(3) of Ohio Revised Code section 3517.13 are in full compliance with Divisions (I)(1) and (J)(1) of Ohio Revised Code section 3517.13.
 - (v) Section 9.24 of the Ohio Revised Code. The firm is not subject to an "unresolved" finding for recovery under that section.
6. The firm understands and agrees that, if selected to serve as underwriter or interest rate exchange counterparty to the Treasurer's office, during the two year period of this RFQ, it and its affiliates: (1) will not be eligible to provide financial advisory services to Treasurer's office; and (2) do not currently and will not have, without prior notice to Treasurer's office, an ownership or similar direct financial interest in any firm designated to provide financial advisory services to Treasurer's office during that period, nor may any such firm have an ownership or similar direct financial interest in it.

Firm: _____ Date: _____

By: _____ Title: _____

Name: _____



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VII. Information Sheet

State Treasurer of Ohio
**Statement of Qualifications to serve as Underwriter
and
Interest Rate Exchange Agreement Counterparty**

Name of Firm: _____

Contact Person: _____

Telephone Number: _____

Facsimile Number: _____

E-Mail Address: _____

Mailing Address: _____

Qualification Categories: Underwriter
(check as appropriate) Interest Rate Exchange Agreement Counterparty

Date: _____

Signature: _____