

November 28, 2011

**REQUEST FOR FINANCIAL ADVISORY
STATEMENT OF QUALIFICATIONS**

To Interested Firms:

The California State Treasurer's Office (STO) requests that financial advisory firms interested in being admitted to the STO's financial advisor pool submit a Statement of Qualifications to this office by 1:00PM on December 16, 2011. The Statement of Qualifications should respond to the attached Request for Qualifications (RFQ).

Financial advisory firms admitted to the pool will be eligible to be considered for an appointment to serve as a pricing or financial advisor for bonds, notes, and other debt obligations for programs for which the State Treasurer makes the appointment. Additionally, State of California (State) conduit financing authorities chaired by the State Treasurer typically require firms they appoint to be a member of the STO's financial advisor pool. Financial advisors to underlying conduit borrowers typically are not required to be part of the pool.

Please note that all existing members of the STO's financial advisor pool must respond to this RFQ to remain in the pool, and that a Supplemental RFQ specific to the General Obligation Bond, State Public Works Board Lease Revenue Bond, and Revenue Anticipation Notes programs will be issued in December.

The STO desires a diverse pool of financial advisory firms for the purpose of best assisting the STO in meeting our debt financing goals, as well as providing quality financial advisory services to State financing authorities chaired by the State Treasurer. Firms of any size are encouraged to respond.

It is the STO's protocol that firms (and their agents) are to refrain from advocating or inquiring about the status of this selection process unless contacted by the STO. Any necessary contact with the State regarding this request should be directed exclusively to Deanne Brown at (916) 654-6169 or via e-mail at dbrown@treasurer.ca.gov, unless instructed otherwise by a member of the STO. Failure to adhere to this protocol may result in disqualification.

Sincerely,

/S/

Blake Fowler
Director
Public Finance Division

REQUEST FOR FINANCIAL ADVISORY STATEMENT OF QUALIFICATIONS

I. OVERVIEW

The State Treasurer's Office (STO) requests a Statement of Qualifications from financial advisory firms interested in providing financial advisory and related services. Selected firms will be admitted to the STO's Financial Advisor pool (the Pool) and will be eligible to be considered for an appointment to complete special projects or to serve as a pricing or financial advisor for bonds, notes, and other debt obligations for programs for which the State Treasurer makes the appointment. Such programs include, but are not limited to, the State's General Obligation (GO) Bond program, the Revenue Anticipation Notes (RAN) program, the State Public Works Board (SPWB) Lease Revenue Bond (LRB) program, the Economic Recovery Bond (ERB) program, the Grant Anticipation Revenue Vehicles (GARVEE) program for Caltrans and the Veteran's GO bond program. In addition, the State conduit financing authorities listed below, typically require firms they appoint as financial advisors to be members of the Pool. Note that financial advisors hired by the underlying conduit borrowers are generally not required to be a member of the Pool:

- California Educational Facilities Authority
- California Health Facilities Financing Authority
- California Pollution Control Financing Authority
- California School Finance Authority
- California Alternative Energy and Advanced Transportation Financing Authority
- California Transportation Financing Authority
- California Infrastructure and Economic Development Bank

II. SCOPE OF SERVICES

A. FINANCIAL ADVISOR

The scope of services may include, but not be limited to, the following:

1. Assist with the development of financing plans;
2. Advise on the merits of competitive, negotiated or private placement of debt;
3. Review and comment on the preliminary and final official statements, participate in due diligence meetings, and participate in bond document review sessions;
4. Participate in conference calls with STO staff and other financing team members regarding liability assignments, retention, priority of orders, and designation policies;

5. Review industry best practices and make recommendations;
6. Provide input on how to market the bonds to retail and institutional investors. Review and comment on the marketing plans submitted by the syndicate members, including review of proposed underwriter spreads and estimated cost of issuance items;
7. Analyze the cost benefit of different structuring and pricing options. This includes, but is not limited to, fixed rate versus variable rate bonds, insured versus uninsured bonds, callable versus non-callable bonds, and par versus discounted or premium bonds;
8. Analyze the cost benefit of purchasing bond insurance, if available;
9. Participate in all pricing discussions. Provide data on market comparables and different indices that can be used in pricing discussions. Provide a cost/benefit analysis of different structuring and pricing options. Provide independent price guidance for each maturity across a range of couponing alternatives. Analyze and recommend fair pricing levels based on historical pricings and the pricing of comparable credits in the then current municipal bond markets;
10. On a refunding, assist STO staff in structuring and bidding out the refunding escrow and evaluate the purchase of State & Local Government Securities (SLGS) and/or open-market securities;
11. If requested by STO staff, assist in reviewing the book running senior manager's proposed allocation of the bonds;
12. For competitively sold transactions, assist in the preparation of the official notice of sale and bidding provisions, structure bond amortization, arrange electronic bidding logistics, independently evaluate and verify bids, verify the TIC calculations and conformance with bidding parameters, and recommend an award;
13. Participate in a post-financing review as directed by STO staff. At a minimum, this work will include preparation of a memorandum that addresses how the State's bonds priced relative to market indices, comparables, and any goals established prior to sale;
14. Analyze any proposals for new products as they pertain to the particular financing;
15. Assist with investor outreach and marketing strategy, as requested;
16. Assist STO staff in rating agency or investor meetings related to the particular financing, as requested;
17. Review and report on the feasibility of potential refunding of outstanding bonds;

18. Provide training to STO staff, as requested; and
19. Provide additional services as needed from time to time including, but not limited to, special projects.

B. PRICING ADVISOR

The scope of services may include, but not be limited to, the following:

1. Assist STO staff in reviewing the book running senior manager's quantitative analyses related to the bond sizing, structure, and flow of funds. Participate in discussions relating to structure and marketing of bonds;
2. Participate in all pricing discussions. Provide data on market comparables and indices. Provide a cost/benefit analysis of different structuring and pricing options. Provide independent price guidance for each maturity across a range of couponing alternatives. Analyze and recommend fair pricing levels based on historical pricings and the pricing of comparable credits in the then current municipal bond market; and
3. Participate in a post-financing review as directed by STO staff. At a minimum, this work will include preparation of a memorandum that addresses how the State's bonds priced relative to market indices, comparables, and any goals established prior to sale.

C. FINANCIAL ADVISOR ON FINANCING AUTHORITY FINANCINGS

From time to time, the financing authorities might require the services of a financial advisor similar to those services described under Sections II.A and II.B above or to assist with special projects.

III. CONTENT OF STATEMENT OF QUALIFICATIONS

Responses should be limited to 15 pages (excluding attachments and appendices) using a typeface font of no less than 12 pitch. Failure to provide all requested information or deviation from the required format may result in disqualification. Address the following items in responding to this Request for Qualifications:

A. MINIMUM QUALIFICATIONS

1. The firm has provided proof of registration with the Municipal Securities Rulemaking Board and Securities and Exchange Commission as required by SEC rules and the Dodd-Frank Wall Street Reform and Consumer Protection Act. Please provide registration numbers as requested in **Attachment E**.

2. The firm or its advisors designated to work on State financings, must have a minimum of three years of municipal finance experience, which can include financial advisory experience, investment advisory experience, or investment banking experience. This must be addressed in the response to Section III.B.3 below.
3. The firm has not disclosed any matters in Section III.E (LEGAL) that would preclude participation in the pool as determined by the STO.
4. The STO will not contract or otherwise do business – absent a compelling public interest – with publicly held U.S. expatriate corporations. This policy is designed to ensure that companies with which the STO does business meet threshold standards of corporate accountability. As a result of this policy, STO does not allow expatriate firms to participate in the pool. Please complete **Attachment G**.
5. The firm must comply with the Darfur Contracting Act of 2008 by completing **Attachment D**. The Act was passed by the California Legislature and signed into law by the Governor to preclude state agencies generally from contracting with “scrutinized” companies that do business in the African nation of Sudan (of which the Darfur region is a part), for the reasons described in Public Contract Code section 10475. A scrutinized company is a company doing business in Sudan as defined in Public Contract Code section 10476.

Scrutinized companies are ineligible to, and cannot bid on, or submit a proposal for a contract with a state agency for goods or services. [Public Contract Code section 10477(a)]. Therefore, Public Contract Code section 10478 (a) requires a company that currently has, or within the previous three years has had, business activities or other operations outside of the United States to certify that it is not a “scrutinized” company when it submits a bid or proposal to a state agency. A scrutinized company may still, however, submit a bid or proposal for a contract with a state agency for goods or services if the company first obtains permission from the Department of General Services (DGS), according to the criteria set forth in Public Contract Code section 10477(b)

6. At the time a pricing or financial advisory firm is selected for any appointment for which the firm may earn at least \$1 million in compensation, the firm will be required to certify that it is in compliance with the provisions of the Iran Contracting Act of 2010 (Public Contract Code section 2200, et seq.). Specifically, the selected firm will be required to certify that it is not on the then current list of persons engaged in investment activities in Iran created by the California Department of General Services pursuant to Public Contract Code section 2203(b) and not lending credit to any firm on the list as defined in the Iran Contracting Act of 2010, or, in the alternative, should otherwise be eligible to perform advisory services for the State of California pursuant to Public Contract Code section 2203(c). Please note that if a firm claims the section 2203(c) exemption, additional findings by the STO are required and will be made solely at the discretion of the STO.

7. The firm must maintain adequate professional liability insurance coverage with either a securities transaction rider or coverage without exclusion for securities transactions. Provide as an appendix evidence of professional liability insurance coverage for the firm and its advisors including coverage amounts. The evidence of coverage should indicate whether securities transactions are covered.

B. FINANCIAL ADVISORY EXPERIENCE

1. Briefly describe your firm's organization structure and its history of providing financial advisory services.
2. Provide a description of your firm's qualifications and experience that demonstrate its capability to provide the scope of services described in Section II of this RFQ.
3. Describe the firm's experience serving as pricing or financial advisor for taxable and tax-exempt obligations issued by the State, State agencies, State financing authorities, local California issuers and issuers outside of California since January 1, 2008. State whether your firm is an independent financial advisory firm or part of a firm that also provides underwriting services. List in an appendix the name of the issuer, the name of the issue, the sale date, the size of the issue, type of issue, method of sale, and the firm's role in the transaction (e.g., pricing advisor, financial advisor, co-financial advisor).
4. Provide a brief description of your firm's experience on a debt issuance in which you recommended an innovative or unique financing idea, which resulted in savings to the issuer.
5. Discuss your firm's experience in advising municipal issuers who issue variable rate debt.
6. Identify the types of municipal debt in which the firm has particular expertise.
7. Provide a short narrative describing your firm's technical expertise.
8. Is the firm a registered investment advisor? If so, please attach evidence of such registration.
9. Provide at least two samples of your firm's written work. (The response to this question will not count against the page limit.)

C. PERSONNEL

Please complete **Attachment A** regarding the personnel available to work on financings for the State, State agencies and State financing authorities. In addition, please complete **Attachment C** listing contact information for the relevant personnel.

D. CALIFORNIA PRESENCE

Describe the firm's presence in California. Include answers to these questions in your response: How many California residents does the firm employ? What was the percentage of the worldwide compensation (including distributions to partners) paid to California residents the past year? Does the firm have a California office? Has the firm opened or closed offices in California or otherwise changed its commitment to California within the last two years? What are the firm's plans for its California municipal finance practice during the next two years?

E. LEGAL

Provide information regarding the following:

1. Any criminal indictments or convictions brought against the firm or its employees within the past ten years where the charges involved an offering of municipal securities. Please describe in detail each such indictments or convictions.
2. Any material pending legal action, settlement, or judgment involving a claim of fraud, whether civil or criminal. Please describe in detail each pending action, including the nature of the action and the potential liability of the firm or its employees.
3. Any pending legal action, including disciplinary actions, alleging malpractice or violations of law in connection with an offering of municipal securities against the firm or its employees. Please describe in detail each pending action and the potential liability of the firm or its employees. Also provide information regarding any settlements or judgments involving malpractice or violations of law entered into by the firm or its employees within the past five years.

F. LEGAL UPDATE

Please execute and submit **Attachment B**, the *Legal Disclosure Certification*, agreeing to provide disclosure of this information to the STO on a quarterly basis.

G. REGISTRATION, DISCIPLINARY ACTION, AND LITIGATION

Complete **Attachment E**.

H. DISABLED VETERAN BUSINESS ENTERPRISE

State law establishes participation goals of three percent for Disabled Veteran Business Enterprises (DVBEs) in contracts for professional bond services awarded by State agencies. These goals apply to the annual dollar amount expended on professional bond services, including financial advisory fees.

Firms requesting DVBE status must submit their DVBE Certificate with the statement of qualifications, and resubmit annually as the DVBE Certificate is renewed.

I. MINORITY/WOMEN BUSINESS ENTERPRISES

Although state law no longer establishes participation goals for Minority Business Enterprises (MBEs) or Women Business Enterprises (WBEs), it does require the STO to report annually to the Governor and the Legislature on the level of participation by MBEs and WBEs in contracts for professional bond services awarded (Government Code Section 16855). The STO requests businesses disclose this information, on a voluntary basis, by completing **Attachment F**. This information will be used for reporting purposes only and will not be used for the purpose of financial advisor appointments.

J. FEES

Fees will be established on a transaction-by-transaction basis or for certain programs, a fixed fee schedule will be established.

IV. **DELIVERY**

The STO will accept Statements of Qualifications by e-mail only:

E-mail: InvestorRelations@treasurer.ca.gov

Subject: Financial Advisor Pool Statement of Qualifications

Electronic deliveries must be in Adobe Acrobat PDF format. Signature pages not included in the e-mailed submission may be faxed to the attention of Deanne Brown at (916) 657-4827. No other fax transmittals will be accepted.

Due by 1:00PM on December 16, 2011.

V. **CALIFORNIA PUBLIC RECORDS ACT**

All material submitted in response to this solicitation will become the property of the State of California and will not be returned. In addition, all material submitted may be considered a public record by the STO and subject to disclosure pursuant to the California Public Records Act (Government Code Section 6250 et seq.). Should the STO receive a request for any proposals submitted in response to this RFQ, the bidder

submitting the requested proposal will be contacted prior to disclosure of the proposal to determine what portions, if any, of the proposal may be confidential. The STO reserves the right, consistent with the California Public Records Act, to make the final determination whether a proposal, or any portion of it, is confidential and not subject to disclosure.

VI. STATEMENT EVALUATION

Statements of Qualifications will be evaluated based on the following criteria (not listed in order of importance):

- A. Qualifications and experience of firm and personnel named in the Statement of Qualifications;
- B. Capability to provide required services;
- C. Past experience on State, State agency, and State financing authority debt financings, as well as other public debt financings.

The STO reserves the right to:

- A. Request additional information from any firm prior to its selection;
- B. Select firms that will best meet the STO's needs; and
- C. Consider information about any firm from other sources in addition to the information submitted by the firm.

The STO may from time to time seek ideas, advice, and proposals from pool members. Neither inclusion in the pool nor providing ideas, advice, and proposals offers any assurance that any firm will be selected to provide financial advisory services.

VII. REMOVAL FROM AND ADDITIONS TO THE POOL

Any firm may be removed or suspended from the pool for reasons that include, but are not limited to, the following:

- A. Disqualification because of legal proceedings outlined in Questions 1-3 of Section III.E, including actions, settlements or judgments, disciplinary actions by state or federal regulatory agencies, criminal indictments or convictions, and claims of fraud whether criminal or civil;
- B. Unacceptable performance in any bond sale as determined by an evaluation completed by the Public Finance Division or a financing authority;
- C. Being the subject of disciplinary action by state or federal regulatory agencies;

- D. Filing for protection under federal or state bankruptcy laws;
- E. Failure to continue to meet the minimum qualifications listed under Section III.A; and
- F. Failure to submit continuing disclosure reports.

From time to time, the STO may admit additional members to the pool. Pool applicants will be required to submit a response to the Request for Financial Advisory Statements of Qualifications and will be evaluated based on the same criteria used to establish the pool.

VIII. ONGOING COMPLIANCE WITH MINIMUM QUALIFICATIONS

To remain in the pool, a firm must meet Section III.A., Minimum Qualifications, at all times. Pool members are responsible for notifying the STO in writing if they no longer meet the minimum qualifications. In addition, firms should promptly contact the Director of the Public Finance Division if they are currently appointed to a bond sale or project.

Firm

**STATE OF CALIFORNIA
OFFICE OF THE STATE TREASURER
Personnel Experience**

Identify key personnel (include partners, principals, and associates) who would be directly involved in bond transactions.

Name	Title	Office Location	Role	How Long In Current Position?	How Long Employed at Current Firm?	How Long in Municipal Finance Practice?
-------------	--------------	------------------------	-------------	--	---	--

(FIRM NAME)
LEGAL DISCLOSURE CERTIFICATION

I, (Person's Name), (Job Title), certify as follows:

I am authorized to execute this Certification on behalf of (FIRM NAME).

The firm is interested in providing financial advisory services to the State of California and has submitted a Statement of Qualifications to the State Treasurer's Office in order to be considered for placement in the financial advisor pool, which may provide such services.

In the Statement of Qualifications, the firm has responded to questions regarding legal proceedings against the firm, as specified, in connection with offerings of municipal securities in California transactions and nationwide.

In addition, the firm has provided proof of registration with the Municipal Securities Rulemaking Board and the Securities and Exchange Commission as required by SEC rules and the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The firm agrees to provide quarterly updates no later than 30 days after March 31, June 30, September 30 and December 31 to the State Treasurer's Office regarding changes to the information submitted, including information about legal proceedings originating after submission of the Statement of Qualifications by submitting an updated Quarterly Disclosure Report. I understand that if the firm fails to submit the Quarterly Disclosure Report along with the appropriate documentation within one week of the required date, the firm may be suspended from the financial advisor pool and would be required to request reinstatement.

I certify that I have reviewed the requirements for updating the State Treasurer's Office regarding legal proceedings as outlined in the Request for Statement of Qualifications, and I agree, on behalf of the firm, to fulfill the requirements outlined therein.

DATE: _____

Signature

(Printed Name)

(Job Title)

**STATE OF CALIFORNIA
OFFICE OF THE STATE TREASURER
Contacts at the Firm**

Primary Contact with State Treasurer's Office

Name:

Title:

Address:

City/State/Zip: ,

Phone:

Fax:

E-mail Address:

Contact to receive all RFQs

Name:

Title:

Address:

City/State/Zip: ,

Phone:

Fax:

E-mail Address:

Managing Director (or comparable position)

Name:

Title:

Address:

City/State/Zip: ,

Phone:

Fax:

E-mail Address:

Head of Public Finance Unit (or comparable position)

Name:

Title:

Address:

City/State/Zip: ,

Phone:

Fax:

E-mail Address:

STATE OF CALIFORNIA
OFFICE OF THE STATE TREASURER
Darfur Contracting Act

Pursuant to Public Contract Code section 10478, if a proposer currently, or within the previous three years has had business activities, or other operations outside of the United States, it must certify that it is not a “scrutinized” company as defined in Public Contract Code section 10476.

Please check one of the following three paragraphs and sign below:

1. We do not currently have, or we have not had within the previous three years, business activities, or other operations outside of the United States.

OR

2. We are a scrutinized company as defined in Public Contract Code section 10476, but we have received written permission from the Department of General Services (DGS) to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.

OR

3. We currently have, or we have had within the previous three years, business activities, or other operations outside of the United States, but we certify below that we are not a scrutinized company as defined in Public Contract Code section 10476.

CERTIFICATION:

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective proposer to the clause listed above. This certification is made under the laws of the State of California.

(FIRM’S NAME)

Signature

(Printed Name)

DATE:

YOUR SOQ WILL BE DISQUALIFIED UNLESS THE SOQ INCLUDES THIS SIGNED FORM.

**STATE OF CALIFORNIA
OFFICE OF THE STATE TREASURER
Registration, Disciplinary Action, and Litigation**

REGISTRATION

Please provide each of the following:

Firm's MSRB Number:

Firm's Municipal Advisor Registration Number (SEC):

OPTIONAL: Is your firm registered with the Securities and Exchange Commission and/or by the Department of Corporations as an Investment Advisor (NASD Series 65), please provide your firm's IARD/CRD number:

DISCIPLINARY ACTION & LITIGATION

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1. Are there now pending any legal actions alleging violations of law in connection with an offering of municipal securities in a California transaction against the firm, any partner of the firm, or any employee of the firm? If yes, please describe each such pending action on a separate attachment. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Have there been any settlements or judgments involving such actions within the last two years? If yes, please describe each such settlement or judgment, including the nature of the action and the amount of recovery on a separate attachment. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are there pending any legal or disciplinary matters involving such actions against the firm by any state or federal regulatory agency? If yes, please describe each action on a separate attachment. | <input type="checkbox"/> | <input type="checkbox"/> |

Please include information about any criminal indictments or convictions against the firm or its employees where the charges involved an offering of municipal securities anywhere in the United States. In addition, include information regarding any material pending legal action, settlement, or judgment involving a claim of fraud, whether civil or criminal.

STATE OF CALIFORNIA
OFFICE OF THE STATE TREASURER
Minority Business Enterprise and Women’s Business Enterprise Certification

This is the official certification form to be established as a Minority Business Enterprise (MBE) or Women’s Business Enterprise (WBE) with the California State Treasurer’s Office. This certification is strictly voluntary.

Instructions: Please answer all questions carefully. If a question does not apply to your firm or circumstances, please enter “N/A”.

1. Firm Name:

Home Office Address:

No. Street City/State Zip Code

Telephone Number(s):

(Area Code) Number Fax (Area Code) Number

California Address:

No. Street City/State Zip Code

California Telephone:

(Area Code) Number Fax (Area Code) Number

2. Name of Firm President / Chief Executive Officer / Managing Partner:

First Name M.I. Last Name Title

3. Name and Title of Person Completing this Application:

First Name M.I. Last Name Title

4. Certified Status Requested:

Minority Business Enterprise (MBE)

Women Business Enterprise (WBE)

**STATE OF CALIFORNIA
OFFICE OF THE STATE TREASURER
California Taxpayer and Shareholder Protection Act of 2003**

California Public Contract Code section 10286.1 generally provides that a state agency may not enter into any contract with an expatriate corporation or its subsidiaries unless the chief executive officer of the agency or his or her designee waives, in writing, the prohibition against contracting with such an entity upon a finding that the contract is necessary to meet a compelling public interest.

Pursuant to section 10286.1, the STO will not contract or otherwise do business – absent a compelling public interest – with publicly held U.S. expatriate corporations. This policy is designed to ensure that companies with which the STO does business meet threshold standards of corporate accountability. As a result of this policy, STO generally does not allow expatriate firms to participate in the pool.

Please check **one** of the following two paragraphs and sign below:

- 1. We are not an expatriate corporation or subsidiary of an expatriate corporation within the meaning Public Contract Code Section 10286 and 10286.1, and are eligible to contract with the State of California

OR

- 2. We are an expatriate corporation but we have received written permission from the Director of the Public Finance Division to enter into the contract.

CERTIFICATION:

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective proposer to the clause listed above. This certification is made under the laws of the State of California.

Firm Name

DATE: _____

Signature