

STEPHEN F. AUSTIN UNIVERSITY

**REQUEST FOR PROPOSALS
FOR
UNDERWRITING SERVICES**

Proposal Issue Date: **October 29, 2018**

Proposal Due Time/Date: **12:00PM Central Time on November 8, 2018**

Submit electronically to: **mary.williams@hilltopsecurities.com**
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REQUEST FOR PROPOSALS FOR UNDERWRITING SERVICES

Introduction and Information on Proposed Bonds

The Stephen F. Austin University (“SFA”) is soliciting proposals from qualified underwriting firms in connection with the proposed issuance of \$71mm Series 2019A Board of Regents Revenue Financing System tax-exempt bonds and up to \$40mm taxable Series 2019B, both with par call features. The following information pertains to the proposed Bonds:

Issuer: Board of Regents of Stephen F. Austin University

Purpose: New money to be used to finance:

- a) Fine Arts Expansion Initiative - \$37,000,000
- b) Welcome SFA and One Stop Shop - \$13,000,00
- c) Basketball practice facility - \$25,600,000
- d) Student Housing and dining- \$39,500,000 (dining portion taxable, amt TBD)

Amortization: Assume each project will be amortized over 30 years with level debt service

Security: The Bonds will be issued pursuant to the Resolution approved by the Board of Regents of Stephen F. Austin University on October 29, 2018. The Bonds will be issued as parity debt and the pledge includes all lawfully available revenues of the Stephen F. Austin University Revenue Financing System.

Rating: It is anticipated that the underlying credit ratings for the Bonds will be:

Fitch: AA-
Moody’s: A+

Sale Date: The Bonds are currently expected to be brought to the week of January 21, 2019 and delivery around February 14, 2019.

Interest Rate

Structure: The Series 2019A will be structured as tax-exempt fixed rate obligations and the Series 2019B will be structured as taxable fixed rate obligations, both with a par calls.

Principal

Amortization
and Maturity:

It is anticipated that the first principal payment will occur on October 15, 2019, with approximately level annual debt service thereafter through a final maturity date of October 15, 2048. It’s anticipated there will and no capitalized interest.

Service

Providers: SFA has engaged the following firms as Bond Counsel and Financial Advisor:

Bond Counsel

McCall, Parkhurst & Horton
Carol Pumbo
Phone: (512) 478-3805
E-Mail: cpumbo@mphlegal.com

Financial Advisor

Hilltop Securities Inc.
Mary Williams & Ester Flores
Phone: (214) 953-4021/214-953-8863
E-Mail: mary.williams@hilltopsecurities.com
Ester.flores@hilltopsecurities.com

Scope of Services

The firm selected as underwriter for the proposed Bonds will be expected to provide a full range of investment banking, marketing, and underwriting services. These services are to include:

1) Assessment of financing alternatives

The firm (or firms) chosen to work with SFA will be expected to provide a detailed financing proposal that evaluates all options available to SFA and identifies the advantages and disadvantages of each. Such analysis should include any market or interest rate risk associated with the recommended approach.

2) Structuring of proposed bonds

The underwriter will be called upon to work with SFA and the Financial Advisor to recommend an issue structure that is consistent with SFA's financing objectives. The firm selected will assist with the evaluation of a variety of structural options. Proposals will be expected to describe the advantages and disadvantages of each approach. Consideration of structuring alternatives will include assessment of credit enhancements and other creative approaches that do not expose the Issuer to unacceptable risk.

3) Assist with development of legal documentation

The underwriter will be expected to work with Bond Counsel and other members of the financing team to develop all required legal documentation. Emphasis will be on development of a framework for issuance that offers the Issuer favorable terms and conditions and preserves future financing flexibility.

4) Assist with development of disclosure materials

SFA is committed to the development of disclosure materials that satisfy all applicable requirements and are consistent with industry practices. The underwriter chosen will work closely with SFA, the Financial Advisor and its Bond Counsel in the preparation of all disclosure materials.

5) Participate in the acquisition of ratings and/or credit enhancements, as requested

The underwriter may be called upon to participate in the solicitation of ratings and/or credit enhancements. The role of the underwriter in this process will be determined by SFA and may be limited to the development of supporting materials.

6) Preparation of pre-pricing information

The firm selected to serve as underwriter will be required to provide certain market information prior to the pricing of the proposed Bonds. Such information is to include: (i) a description of general market conditions

leading up to the scheduled pricing date; (ii) detailed sales results for recent comparable issues; (iii) suggested coupon rates and reoffering yields for the proposed Bonds; (iv) a schedule of other offerings expected to be in the market on the scheduled pricing date; (v) a calendar of financial and economic reports that may affect market conditions at the time the Bonds are to be priced and (vi) other information that may affect the marketing of SFA's obligations.

7) Negotiate the pricing of the offering

The underwriter will negotiate the pricing of the proposed Bonds with SFA and the Financial Advisor. The underwriter will be required to provide justification for the proposed pricing and any proposed re-pricings.

8) Assist with development of a plan for marketing the obligations

SFA is committed to the development of a marketing plan that will result in the most favorable interest rates on the obligations. Additionally, SFA expects the sale process to fairly compensate members of the financing team (and any members of a selling group) for their sales efforts. During the order period, the underwriter will be required to provide regular reports on order activity, with such information broken down by firm, priority of order, size and maturity.

9) Work with SFA and the Financial Advisor on bond allotment

SFA is committed to the equitable treatment of all members of its underwriting team. The underwriter will be required to coordinate the allotment of bonds with SFA and the Financial Advisor.

10) Prepare a post-sale analysis

The underwriter will be expected to prepare a post-sale analysis that includes the following: (i) a debt schedule for the issue that includes principal and interest requirements, as well as the true interest cost; (ii) a comparison of orders and allotments by year and by firm; (iii) a comparison of the coupon rates and reoffering yields with issues of similar term and credit quality marketed at or about the same time; (iv) data needed to complete and submit the Texas Bond Review Board report, and (v) a discussion of any circumstances relating to the market or SFA's offering that may have impacted the sale results.

Proposal Content

- 1) Submit a cover letter summarizing your proposal. Please limit the cover letter to no more than two (2) pages.
- 2) Provide the firm name and ownership structure, (public, private, HUB). Include a brief description of the firm, covering ownership, organizational structure, size, and capitalization. Describe any staffing, organizational or ownership changes which the firm, and in particular, the municipal finance department has undergone in the past year. Describe any additional changes that are expected to occur within the next six months. Please describe the firm's sales force, specifying the number of sales people in Texas – both retail and institutional.
- 3) Provide a list of the individuals who will be assigned to work with SFA on the proposed financing (investment bankers and bond marketing specialists), identifying personnel with day to day responsibility.
- 4) Describe your proposed marketing plan as of November 7, 2018, including thoughts on retail and

institutional demand for the bonds. What particular market niche or marketing advantage would your firm bring to the management of the proposed bond issue? Discuss this rationale and how your firm is the best suited to sell to retail and institutional sectors, as well as your ideas to broaden the distribution for SFA's bonds.

- 5) Please discuss the scenario of
- 1) \$75mm tax-exempt issue and a \$40mm taxable issue
 - 2) \$105mm tax-exempt issue and a \$10mm taxable issue
- Each assuming a 30 fixed rate bonds, level debt service, 1st maturity 10/15/19, last 10/15/48, par call option and no cap I for "AA-/A+" rated.

Describe what you would consider to be the optimum structure of the underwriting team for this transaction. Include a description of the characteristics of the firms that you would include as co-managers. Comment on the value of a selling group for this transaction.

- 6) Provide a breakdown of your estimated underwriting spread for the above scenarios. Please indicate who your firm proposes to utilize as underwriter's counsel for this transaction. Please include a list of estimated underwriting expenses, including underwriting counsel and their proposed fee for preparing the POS & OS. SFA reserves the right to approve any firm employed to serve as underwriter's counsel. Payment of underwriters counsel will be made from the expense component of the underwriting spread
- 7) Disclose any relationships, contractual or otherwise, that your firm has with any individual, organization or firm that would present a potential conflict, or appearance thereof, with your role as underwriter.
- 8) Provide a summary of any inquiries, investigations or litigation over the past five years (including those in progress) that concern your firm's (or any employee's) underwriting, investment banking, capital markets or financial advisory activities. Include a description of any inquiries or actions taken against your firm or employees by any court or regulatory authority, including fines, suspensions, censure, etc.

Questions Concerning the RFP

Questions concerning the RFP are to be directed to Mary Williams or Ester Flores of Hilltop Securities.

Proposal Submission

Please email your proposal to mary.williams@hilltopsecurities.com, ester.flores@hilltopsecurities.com, kruwelljf@sfasu.edu, and dgallant@sfasu.edu by noon on Thursday, November 8th, 2018.

SFA reserves the right to (i) reject any and all proposals, (ii) waive irregularities in any proposal, and (iii) request clarification of any information submitted. SFA assumes no liability for expenses incurred by firms in the preparation of their responses to this Request for Proposal for Underwriting Services. Once received, all proposals become the property of SFA.

All compensation paid to the firm selected will be contingent upon the sale and delivery of the proposed bond issue.

BOARD OF REGENTS OF STEPHEN F. AUSTIN UNIVERSITY

~\$115,000,000*

**REVENUE FINANCE SYSTEM BONDS, SERIES 2019
(Athletics, Fine Arts, Welcome Center & Housing)**

- TENTATIVE SCHEDULE OF EVENTS -

Nov-18							Dec-18							Jan-19							Feb-19								
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S		
				1	2	3							1			1	2	3	4	5							1	2	
4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12	3	4	5	6	7	8	9		
11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19	10	11	12	13	14	15	16		
18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26	17	18	19	20	21	22	23		
25	26	27	28	29	30	23	24	25	26	27	28	29	27	28	29	30	31	24	25	26	27	28							
							30	31																					

Date	Action
Sunday & Monday Oct 28 & 29	BOR Meeting – Approve Bond Resolutions Distribute UW RFP
Thursday, November 8	RFP Due
Week of November 12	UW RFP selection
Monday, November 19	UWC distribute draft of POS - including FY18 financials
Tuesday, November 20	FY18 AFR due to state
Friday, November 30	Moody’s and Fitch rating calls
Week of December 17	Receive Moody’s & Fitch ratings (need before Jan. BRB app due, BRB not needed if Fitch rating remains AA-)
Tuesday, December 26	BRB Notice of Intent Due (only in the event of a Fitch downgrade)
Tuesday, January 1	BRB Application Due (only in the event of a Fitch downgrade)
Tuesday, January 8	BRB Planning Session (only in the event of a Fitch downgrade)
Thursday, January 17	BRB Board meeting (only in the event of a Fitch downgrade) Due diligence call (negotiated sale)
Friday, January 18	Electronic distribution POS
Wednesday, January 23	Prepricing
Thursday, January 24	Price Bonds/BPA signed
Tuesday, February 5	7 business days to post Final OS
Thursday, February 14	Receive approval from AG & deliver of the bonds
No later than April 14	Submit BRB Final Report

* Estimate, subject to change.